ANNUAL REPORT 2023

louis poulsen

Louis Poulsen A/S Kuglegårdsvej 19 1434 Copenhagen K Denmark CVR 59742817	The Annual General Meeting adopted the annual report on 14/06-2024	Dirigent (Chairman of the General Meeting) Kristoffer Mejborn

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ENTITY DETAILS

LOUIS POULSEN A/S
Kuglegårdsvej 19, 1434 Copenhagen K, Denmark

Central Business Registration No (CVR): 59742817
Registered in: Copenhagen

FINANCIAL YEAR: 01.01.2023 - 31.12.2023

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BOARD OF DIRECTORS

Daniel Lalonde, chair
Giovanni Casali
Dalila Dolci
Lars Stilling Pedersen
Jesper Westergaard Jensen

EXECUTIVE BOARD

Søren Mygind Eskildsen, CEO

AUDITORS

EY Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

FIVE-YEAR SUMMARY

	2023 DKK'm	2022 DKK'm	2021 DKK'm	2020 DKK'm	2019 DKK'm
Key figures					
Revenue	837	1.125	1.094	912	842
Gross profit/loss	409	545	549	438	410
EBITDA (Earnings before depreciations and amortisation)	179	270	310	237	195
EBITA (Earnings before amortisation)	122	210	250	173	136
Operating profit/loss	115	198	237	165	125
Net financials	(16)	(19)	(16)	(4)	(11)
Profit/loss for the year	75	140	172	125	87
Total assets	767	821	864	761	844
Investments in property, plant and equipment	34	27	26	15	25
Equity	306	339	422	394	522
Net working capital	(73)	(40)	(24)	(107)	84
Cash flows from (used in) operating activities	141	129	221	234	144
Cash flows from (used in) investing activities	(45)	(49)	(48)	(41)	(43)
Cash flows from (used in) financing activities	(110)	(134)	(207)	(121)	(117)
Ratios					
Net margin (%)	9.0	12.4	15.7	13.7	10.3
EBITDA ratio (%)	21.4	24.0	28.3	26.0	23.3
EBITA ratio (%)	14.6	18.7	22.9	19.0	16.2
Solvency ratio (%)	39.9	41.3	48.8	51.8	61.8
Primary ratio (%)	29.0	48.2	67.8	44.5	29.3

The financial ratios have been calculated as follows

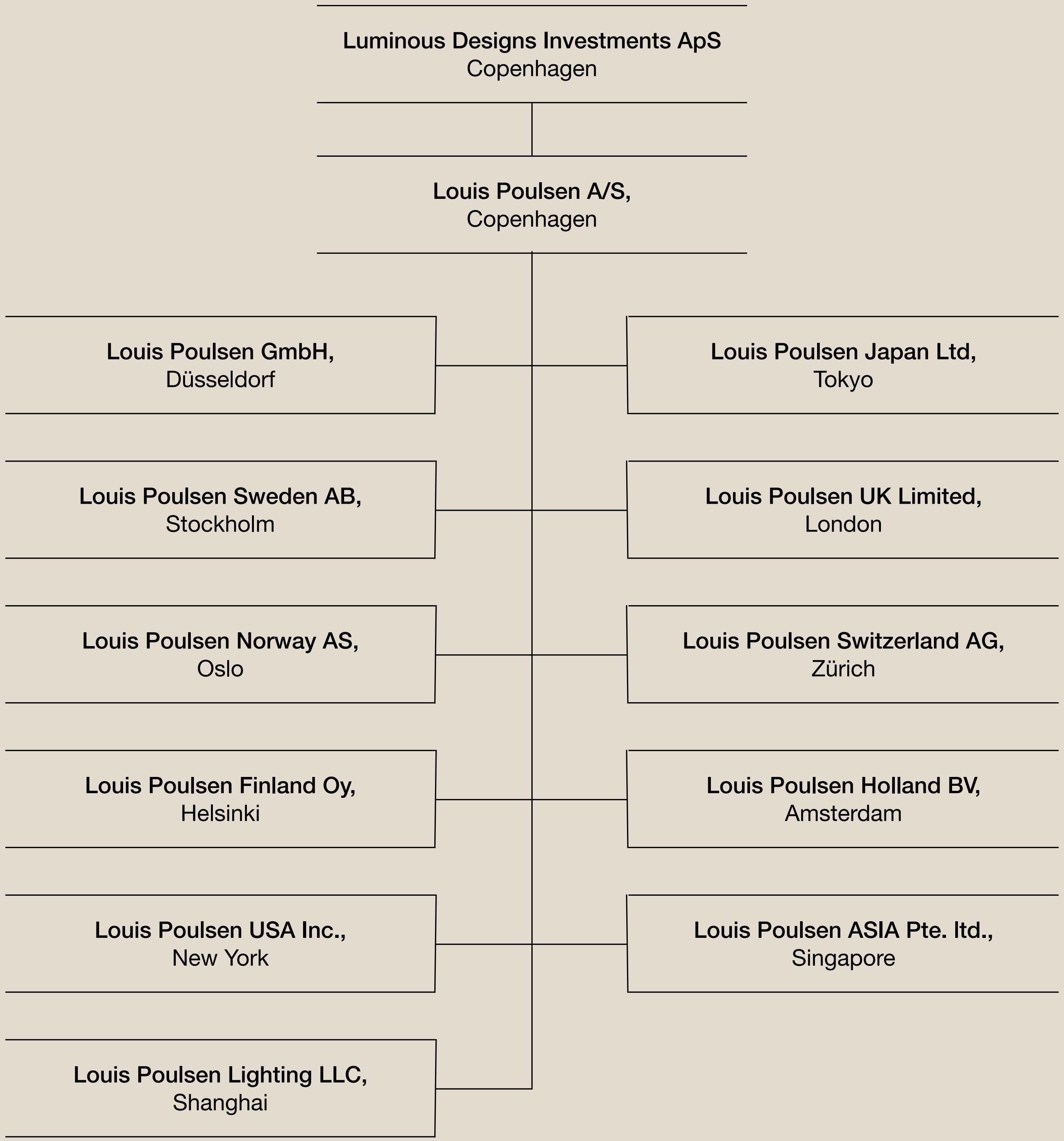
FIVE-YEAR SUMMARY

RATIOS	CALCULATION FORMULA	CALCULATION FORMULA REFLECTS
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
EBITDA ratio (%)	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$	The entity's profitability before depriciation and amortisation
EBITA ratio (%)	$\frac{\text{EBITA x 100}}{\text{Revenue}}$	The entity's profitability before amortization
Solvency ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity
Primary ratio (%)	$\frac{\text{EBITA x 100}}{\text{Average invested capital}}$	The return on invested capital in the entity

The average invested capital have been calculated as follows:
Total assets - cash - non-current assets except goodwill.

MANAGEMENT COMMENTARY

GROUP STRUCTURE



Louis Poulsen A/S has local Sales Representation Offices in Spain and France.

PRIMARY ACTIVITIES

The Louis Poulsen group manufactures and sells lighting fixtures to private consumers and professionals In Denmark and abroad. The group is internationally recognized for providing exclusive lighting fixtures of high quality and functional design. Louis Poulsen is an internationally acclaimed high-end lighting brand. Louis Poulsen build on a strong heritage, and always aspire to exceed expectations in delivering long-lasting design that shapes light for people and spaces. The products primarily serve the upper segments of the professional and private consumer markets that attach great importance to the unique lighting and the high quality levels. Louis Poulsen´s products fulfil the most stringent international demands for energy optimization and at the same time they meet the demand for a unique design as well as comfortable and glare free lighting.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

During 2023 we have witnessed soft demand and a gradual normalization of the global high-end lighting market. Within this environment, we have utilized our integration activities in Flos B&B Italia Group to secure good cooperation in many areas such as digital transformation, go-to-market strategies, international opportunities, production and procurement just to mention some.

Overall, Louis Poulsen delivered resilience in a year with unpredictable market situations where we were able to invest in the world's first Louis Poulsen Flagship Store, in Tokyo. This proves the continuing appeal of Louis Poulsen and the strength and relevance of our brand.

We navigated through 2023 under high inflation, geopolitical tension and rising interest rates. These macroeconomic factors alongside with the normalization of market conditions had a significant impact on the demand especially for the business to consumer segment, which has decreased for 2023.

Revenue decreased by 26 percent to DKK 837 million compared to DKK 1,125 million in 2022.

The gross profit margin increased by one percent to 49 percent in 2023 against 48 percent in 2022 despite the decrease in revenue. Operating profit (EBIT) declined 42 percent to DKK 115 million in 2023 compared to DKK 198 million in 2022.

The decline in revenue and profit was expected after recent years' extraordinary market conditions but landing below expectations set in the Annual Report for 2022. The volatility and complex market conditions as mentioned above are assessed as the main reasons for this.

Management considers the financial development to be satisfactory under given market conditions.

Further information on the financial development for the subsidiaries is available in the annual report pages 22 and forward.

OUTLOOK

2024 is the year where Louis Poulsen will celebrate our 150-year anniversary as a Danish Company. An achievement we are very proud of and among other events will be celebrated by different Anniversary Limited Editions of some of our iconic products.

In 2024, the Louis Poulsen Group expects revenue growth between 1 and 8 % followed by a similar increase in capacity costs. The primary result is expected to increase and be in line with 2022.

Uncertainty to achieve the expected growth in revenue are the macroeconomic factors mentioned above alongside with the development in the market conditions.

During 2024 we will continue our focus on brand awareness, including our grand opening of our showroom on Madison Avenue in New York City.

The growth in revenue is further expected to be achieved by developing line extensions and introducing new limited editions.

RISK MANAGEMENT

Market risks

The group's products are primarily positioned in the high-end markets. The economic development in the professional and private consumer markets will affect the financial results.

Currency risks

Due to sales activities in foreign markets and purchase from foreign countries, cash flow and net positions are influenced by changes in exchange rates for a number of currencies. It is group policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in the next twelve months based on the budget. The group does not use speculative hedging.

Credit risks

The group's credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

INTELLECTUAL CAPITAL RESOURCES

The group has an experienced and highly competent staff working throughout the value chain. The group will continue to implement measures to attract and retain highly skilled staff with expertise in the development of lighting to ensure future growth. Great demand is placed on the employees' technical and craftsman skills and their ability to engage in a logistically demanding production process. The Danish labor market has been highly competitive in 2023, and there is a general increase in demand for talent within most areas, which is expected to continue.

To ensure high product quality and competitive production the group continuously optimizes production. This demands a high level of competence, and the group therefore continuously invests in competency development. It is, however, just as important for Louis Poulsen A/S to attract and retain both skilled and unskilled workers and employees with medium to higher education level.

During 2023 Louis Poulsen A/S has recruited competencies within the area of supply chain with focus on production, sourcing, R&D, delivery performance and project management. In order to adapt to the lower expectations in sales, the number of blue-collar workers have been adjusted in the factory in Vejen as well as white collar workers in other parts of the group.

RESEARCH AND DEVELOPMENT ACTIVITIES

Louis Poulsen continuously invests in development, updates and improvements of its product portfolio. Costs related to development of products are expensed in the income statement, or accounted for as an asset following the accounting policies.

GROUP RELATIONS

The consolidated financial statements comprise the parent company Louis Poulsen A/S and its subsidiaries being incorporated in the annual report of Louis Poulsen A/S. The consolidated accounts include profit and loss for all subsidiaries.

Louis Poulsen's sales organization is based in Copenhagen, and the company's production facilities are based in Vejen. The daily management is carried out from Denmark in close cooperation with our owners.

Sales and distribution outside Denmark are carried out through the 10 subsidiaries or through agents and distributors operating on behalf of Louis Poulsen A/S.

The Louis Poulsen group had 327 employees as of 31 December 2023, including 101 being employed in the subsidiaries abroad. The majority of the Danish employees are engaged in the company's production in Vejen.

Development in staff:	**Denmark**	**Subsidiaries**
Number of employees beginning of 2023	355	129
Recruited during 2023	33	26
Leavers during 2023	-61	-54
Number of employees end of 2023	327	101

EVENTS AFTER THE BALANCE SHEET DATE

No event has occurred after the balance sheet date to this date, which may materially affect the assessment of the Company's financial position.

CORPORATE SOCIAL RESPONSIBILITY

STATUTORY REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Business model
Louis Poulsen is a proud Danish manufacturer of premium lighting solutions. Our philosophy is deeply rooted in the Scandinavian design tradition where form follows function. Since our founding we have sought, not only to design lamps, but to shape light.

Louis Poulsen is internationally recognised for providing our customers with exclusive lighting solutions of high quality and functional design. Our products are sold to both the consumer and commercial markets in Denmark and abroad. With our unique lighting and high quality, we serve the upper segments of both markets in the product categories of Decorative, Outdoor and Indoor Architectural. All our products meet the demand for a unique design as well as comfortable and glarefree lighting as well as fulfilling international demands for energy optimisation.

At Louis Poulsen, our aim is to improve quality of life by providing functional products that make people feel good, both indoor and outdoor. Sustainability in terms of long-lasting products has always been a cornerstone of our business, and our products are long-lasting both in their durability and their design. Since Louis Poulsen was founded in 1874, timelessness has been a key element in our design philosophy, and we believe that the best designs are the ones that withstand the test of time. Creating long-lasting products and extending products life-time is also a way of decreasing the environmental footprint.

Since 2018, Louis Poulsen has been owned by Design Holding S.p.A. (now Flos B&B Italia Group S.p.A.) which is jointly controlled by the Carlyle Group with funds managed by Investindustrial. The Flos B&B Italia Group consists of complementary companies that all have a strong individual identity and significant design heritage.

Flos B&B Italia Group is a global leader in high-end design with a cultural heritage of European origin. Louis Poulsen's management and sales operation are based in our headquarters in Copenhagen while our production facility is located in Vejen, Denmark.

We believe that making business in a manner that respects people and environment is the source of long-term value creation and sustainable economic growth. Being a responsible company entails managing the impact we have towards all our stakeholders. The passion and creativity of our employees are the heart of our company and we want to ensure that Louis Poulsen is an engaging and safe place to work.

As part of assessing the sustainability topics that are most important to Louis Poulsen, we also assess the most material sustainability risks related to human rights, environment, social aspects and anticorruption on an annual basis. The most material risks identified can be found below.

Being a responsible company entails considering a wider spectrum of stakeholders in our decision-making.

We want to do business in a way that minimises negative impact on people and the environment and supports positive value creation. However, we acknowledge that we still have a long way to go in implementing systematic sustainability management in line with best practice. This is why we have set up an action plan to define and implement required activities to take the necessary steps in the right direction.

Our goal is to reduce the environmental impact of our value chain and improve resource efficiency. The main risk of negatively impacting the environment and climate relates to energy use, waste from our operations, transport of our products and the business travel undertaken by our employees. Our environmental and climate policy addresses our responsibilities as they relate to our products and our operations. In line with our environmental policy, we strive towards continuous improvement in our day-to-day operations where we focus on reducing waste, energy use and greenhouse gas emissions.

HUMAN RIGHTS

Louis Poulsen believes upholding human rights is fundamental. The company draw its understanding of these rights from the Universal Declaration of Human Rights, its related treaties and declarations, and the broader ethical reasoning behind their development.

Potential risks
Potential exposure to human rights risks along the supply chain (e.g. child labour, bonded labour or living wage).

Current mitigation activities
- Long-lasting relationship with key suppliers, also through ESG risk assessment and oversight.
- Ethical requirements related to human and labor rights for suppliers.
- Implementation of the principles of the Supplier Code of Conduct and Code of Ethics.

Our comprehensive training programs in 2023 led to a notable increase in employee awareness and understanding of human rights, fostering a more inclusive and respectful workplace culture. Moving forward, our goal is to ensure that all new employees undergo comprehensive training in human rights upon joining the company.

ENVIRONMENT

Potential risks
Physical risks correlated with climate change on owned assets and facilities.

Physical risks correlated with raw material depletion and waste related impacts in the supply chain and direct operations.
Transitional risks correlated with climate change and energy transition.

Potential interruption of procurement and distribution channels due to direct and indirect effects of climate change.

Reputational risks coming from noncompliance with environ-mental legislation both in own operations and across the value chain.

Risk of limited energy supply and rising energy costs following the outbreak of the Russian-Ukrainian conflict.

Inability to respond to market and legislative trends concerning the environmental impacts and performance of products.

Current mitigation activities
- Producing long-lasting solutions and investing in R&D to further expand products lifecycle and progressively reduce carbon footprint by using more sustainable materials and ensuring energy efficiency in use phase.
- Supply chain ESG risk assessment and oversight.
- Implementation of dedicated internal policies and lawcompliance activities.
- Compliance with the principles of the European Eco-design Framework Directive.
- Diversification of energy supply sources to ensure reliability in procurement.
- Implementation of the principles of the Supplier Code of Conduct and Sustainability Policy.

SOCIAL AND EMPLOYEE CONDITIONS

Potential risks
Inability to attract and retain talents with adequate skills and backgrounds.

Potential nonconformity or reputational impact related to cases of discrimination.

Inability to ensure high Health and safety standards and performance both within own operations and across the supply chain.

Current mitigation activities
- Employer branding initiatives and employee engagement.
- Implementation of adequate training and development programs.
- Implementation of a whistleblowing system and a Code of Ethics.
- H&S management systems along with clear guidelines and procedures for mitigating health and safety-related risks and accidents.
- Implementation of the principles of the Supplier Code of Conduct.
- Monitoring of H&S performance of key suppliers.

Louis Poulsen believes that its activities in 2023 have contributed to maintaining a good working environment. Louis Poulsen expects to continue its work with ensuring a good and healthy work life for employees.

ANTI-CORRUPTION

Louis Poulsen doesn't tolerate bribery or corruption.

Potential risks
Potential non-conformity and reputational risks related to cases of corruption, unfair competition or unethical business practices.

Current mitigation activities
- MOG 231 and related procedures and instruments.
- Implementation of the Code of Ethics and Whistleblowing Policy.
- Full alignment with applicable national legislations Compliance Program.

In the financial year, no instances or allegations of corruption, bribery, or unethical behavior were reported or identi-fied within our organization, indicating the effectiveness of our anti-corruption measures. In the future, we aim to strengthen our compliance measures by regularly reviewing and updating our anti-corruption policies to align with evolving laws and best practices.

COMPLIANCE PROGRAM

As Louis Poulsen operates across several cultures, traditions, local laws and practices, it is important that we ensure that all employees are aware of the common set of principles, which provide guidance about what Louis Poulsen considers responsible business practices and ethical behavior. These principles are outlined in the Flos B&B Italia Group's Code of Conduct (CoC). We have implemented measures to ensure that all employees are familiar with our CoC and that everyone reflects our policies. We consider the CoC to be a vital part of the organisation to ensure that we always work within the framework of the law and facilitate successful enforcement, in case of unethical or illegal conduct. The CoC is updated and improved on a regular basis to align with business requirements and stakeholder expectations.

DIVERSITY AND EQUAL OPPORTUNITIES INCLUDING GENDER DISTRIBUTION IN MANAGEMENT

At Louis Poulsen, all employees are appreciated for their skills, experience, and unique points of view regardless of gender, age, nationality, religion, sexual orientation, language, political views or disabilities.

We are committed to creating and maintaining a workplace in which all employees have the opportunity to participate and contribute to the success of the business and are valued for their skills, experience and unique perspectives. Our commitment to our employees, forms part of our company policy and the way we do business at Louis Poulsen.

At Louis Poulsen, we believe that a diverse workforce helps the company perform better in the long run. We therefore encourage everyone with the right skills to apply for our vacancies. To facilitate this development, we initiated the formalisation of a recruitment policy for leadership positions. According to our policy at least one applicant of each gender must be invited for a job interview when qualified applicants from both genders are available.

The policy aims to ensure that all Louis Poulsen employees are treated equally, irrespective of gender, age, race, religion etc., thereby ensuring equal opportunities for engagement, terms of employment, training and promotion.

Louis Poulsen aims at reaching a gender distribution in both management levels that reflects the gender distribution in the company as a whole. Louis Poulsen aims to have a ratio of 35% women in leadership positions with staff responsibility before 2027. The share of women in leadership positions with staff responsibility represented 27% by the end of 2023. Consequently, Louis Poulsen wishes to increase the share of women in leadership positions. To facilitate this development a corporate policy has been implemented in 2022, which includes several initiatives, e.g. a recruitment policy according to which at least one female applicant must be admitted to job interview assuming qualified female applicants are available.

In 2023, there has been an insufficient number of qualified candidates from the underrepresented gender to attain an equal gender distribution at the management levels.

Through this policy and an ongoing focus on development of employees at all levels of the organization irrespective of age and gender, Louis Poulsen wishes to contribute to the education and development of potential female managers and board members.

Gender distribution

		2023
Top managerial position (Board of Directors)	Total number of members	3
	Underrepresented gender in pct.	33
Other managerial positions (1 and 2)	Total number of members	22
	Underrepresented gender in pct.	27
	Target figure in pct.	35
	Year for fulfilment of target figure	2027

Other managerial positions comprise the Executive Board and the direct management level below (other management levels).

Louis Poulsen A/S target is to reach equal gender representation on the board. At the end of 2023, the Board of Directors consists of 1 woman (33%) and 2 men (67%), excluding our employee representatives. We therefore find the target of equal gender representation to be fulfilled.

DATA ETHICS

Data ethics is an important area for Louis Poulsen, including specific protection of personal data. Louis Poulsen has defined and implemented a set of rules for data protection to ensure compliance in relation to the company's collection, processing and storage of data.

Louis Poulsen's set of data protection rules and related guidelines (GDPR and IT Policy), form the basis of the company's Data Ethics policy. With this basis for Data Ethics, Louis Poulsen respects the expectations of our partners to operate in accordance with legal and ethical standards and we establish a solid basis for a trusting cooperation with our customers.

Louis Poulsen is committed to ensuring that all business and services are conducted in an ethically and legally impeccable manner and aligns business activities with the relevant requirements.

Louis Poulsen uses the necessary data for operating the business such as customer, supplier, HR and regulatory data. The data consists of master data received from the involved stakeholders and operational data either received from the stakeholders or generated during the operational processes. The processing of personal data, such as name, address, e-mail address or telephone number, is always in accordance with the general data protection regulation (GDPR) and the specific data protection rules of the country in question. The set of rules for data protection contains information about data controller and data protection consultant, data collection and data processing, duration of data storage and rights, etc. Louis Poulsen's set of data protection rules also contains information on data protection for business associates.

Louis Poulsen wants to ensure a fundamental development and permanent maintenance of suitable, target-oriented measures to raise the awareness of Louis Poulsen employees on data ethics.

Decisions about data use and new technology, including how the company's efforts and policies for data ethics are evaluated, are thus anchored in the organization through training and information, e.g. via intranet through the Louis Poulsen Group's Compliance rules.

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

		Group		Parent	
		2023	2022	2023	2022
	Notes	DKK'm	DKK'm	DKK'm	DKK'm
Revenue	1	837	1.125	656	889
Production costs	3,4	-428	-580	-395	-513
Gross profit		**409**	**545**	**261**	**376**
Sales and distribution expenses	3,4	-207	-245	-81	-98
Administrative expenses	2,3,4	-87	-102	-82	-92
Operating profit (EBIT)		**115**	**198**	**98**	**186**
Dividends		0	0	4	5
Financial income	5	0	0	0	0
Financial expenses	6	-16	-19	-15	-18
Profit before tax		**99**	**179**	**87**	**173**
Tax on profit for the year	7	-24	-39	-21	-38
Profit for the year	**8**	**75**	**140**	**66**	**135**
Attributable to:					
Equity holders of the parent		75	140	66	135
		75	**140**	**66**	**135**
Other comprehensive income					
Items to be reclassified to the Statement of Profit or Loss, when specific conditions are met:					
Hedge reserve from effective hedges		-3	0	-3	0
Total comprehensive income for the year		**72**	**140**	**63**	**135**
Attributable to:					
Equity holders of the parent		72	140	63	135
		72	**140**	**63**	**135**

BALANCE SHEET

		Group		Parent	
		2023	2022	2023	2022
Assets	**Notes**	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**
Completed development projects		44	44	44	44
Acquired licences		17	13	17	13
Acquired trademarks		49	53	49	53
Acquired rights		8	10	8	10
Goodwill		156	156	156	156
Development projcts in progress		20	26	20	26
Intangible assets	**9**	**294**	**302**	**294**	**302**
Plant and equipment		36	34	36	34
Other fixtures and fittings, tools and equipment		14	11	7	6
Leasehold improvements		14	5	6	5
Right of use assets	11	108	93	79	76
Prepayments for plant and equipment		3	12	3	10
Property, plant and equipment	**10**	**175**	**155**	**131**	**131**
Investments in group enterprises	12	0	0	107	107
Deposits	12	11	6	4	3
Deferred tax assets	13	6	7	0	0
Fixed assets investments		**17**	**13**	**111**	**110**
Non-current assets		**486**	**470**	**536**	**543**
Raw materials and consumables		66	89	64	92
Work in progress		22	30	21	29
Manufactured goods and goods for resale		82	94	54	53
Inventories		**170**	**213**	**139**	**174**
Trade receivables	14	58	67	18	21
Receivables from group enterprises		0	0	63	55
Other receivables		1	2	0	0
Prepayments	15	7	10	5	7
Receivables		**66**	**79**	**86**	**83**
Cash		45	59	9	25
Total current assets		**281**	**351**	**234**	**282**
Total assets		**767**	**821**	**770**	**825**

		Group		Parent	
		2023	2022	2023	2022
Equity and liabilities	**Notes**	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**
Share capital		10	10	10	10
Reserve for development expenditure		0	0	48	53
Retained earnings		197	227	110	139
Hedging reserves		-1	2	-1	2
Dividend proposed for the year		100	100	100	100
Equity		**306**	**339**	**267**	**304**
Deferred tax	13	34	37	34	37
Lease liabilities	16	102	87	79	74
Trade payables to group enterprises	17	0	0	190	225
Other provisions	19	16	26	1	0
Total non-current liabilities		**152**	**150**	**304**	**336**
Borrowings	17	48	19	48	19
Trade payables		95	86	82	72
Lease liabilities	16	17	14	9	8
Trade payables to group enterprises		78	92	0	0
Income tax liabilities		0	0	10	38
Other debt	18	71	121	50	48
Total current liabilities		**309**	**332**	**199**	**185**
Total liabilities		**461**	**482**	**503**	**521**
Equity and Liabilities		**767**	**821**	**770**	**825**

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STATEMENT OF CHANGES IN EQUITY

Group

	Contributed capital	Retained earnings	Hedging reserve	Currency translation reserve	Proposed divided	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
2023						
Equity beginning of year	10	227	2	0	100	339
Exchange rate adjustments	0	0	0	-5	0	-5
Other comprehensive income for the year, net of tax	0	0	-3	0	0	-3
Profit/loss for the year	0	-25	0	0	100	75
Total recognised comprehensive income	**10**	**197**	**-1**	**0**	**200**	**406**
Transactions with the owners						
Dividend distributed	0	0	0	0	-100	-100
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**-100**	**-100**
Equity end of year	**10**	**197**	**-1**	**0**	**100**	**306**
2022						
Equity beginning of year	10	186	2	0	224	422
Exchange rate adjustments	0	1	0	0	0	1
Other comprehensive income for the year, net of tax	0	0	0	0	0	0
Profit/loss for the year	0	40	0	0	100	140
Total recognised comprehensive income	**10**	**227**	**2**	**0**	**324**	**563**
Transactions with the owners						
Dividend distributed	0	0	0	0	-224	-224
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**-224**	**-224**
Equity end of year	**10**	**227**	**2**	**0**	**100**	**339**

Contributed capital are unchanged over the last 5 years.

The share capital is fully paid.

The Company's share capital is DKK 10,000,000 divided into shares of DKK 1 or any multiple thereof.

Parent

	Contributed capital	Reserve for development expenditure	Retained earnings	Currency translation reserve	Hedging reserve	Proposed dividend	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
2023							
Equity beginning of year	10	53	139	0	2	100	304
Exchange rate adjustments	0	0	0	0	0	0	0
Other comprehensive income for the year, net of tax	0	0	0	0	-3	0	-3
Transfer	0	-5	5	0	0	0	0
Profit/loss for the year	0	0	-34	0	0	100	66
Total recognised comprehensive income	**10**	**48**	**110**	**0**	**-1**	**200**	**367**
Transactions with the owners							
Dividend distributed	0	0	0	0	0	-100	-100
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**0**	**-100**	**-100**
Equity end of year	**10**	**48**	**110**	**0**	**-1**	**100**	**267**
2022							
Equity beginning of year	10	50	106	0	2	224	392
Exchange rate adjustments	0	0	0	0	0	0	0
Other comprehensive income for the year, net of tax	0	0	1	0	0	0	1
Transfer	0	3	-3	0	0	0	0
Profit/loss for the year	0	0	35	0	0	100	135
Total recognised comprehensive income	**10**	**53**	**139**	**0**	**2**	**324**	**528**
Transactions with the owners							
Dividend distributed	0	0	0	0	0	-224	-224
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**0**	**-224**	**-224**
Equity end of year	**10**	**53**	**139**	**0**	**2**	**100**	**304**

Contributed capital are unchanged over the last 5 years.

The share capital is fully paid.

The Company's share capital is DKK 10,000,000 divided into shares of DKK 1 or any multiple thereof.

CASHFLOW STATEMENT

		Group	
		2023	2022
	Notes	DKK'm	DKK'm
Operating profit/loss		115	198
Amortisation, depreciation and impairment losses	4	68	72
Working capital changes	20	25	-83
Cash flow from operating activities		208	187
Financial income received	5	0	0
Financial expenses paid	6	-9	-13
Income taxes refunded/(paid)		-58	-45
Cash flows from operating activities		**141**	**129**
Acquisition etc of intangible assets	9	-23	-29
Acquisition etc of plant and equipment	10	-22	-20
Cash flows from investing activities		**-45**	**-49**
Bank loan	17	29	19
Incurrence of payable to group enterprises	17	-14	92
Dividend paid		-100	-224
Lease payments		-25	-21
Cash flows from financing activities		**-110**	**-134**
Increase/decrease in cash and cash equivalents		**-14**	**-54**
Cash and cash equivalents beginning of year		59	113
Cash and cash equivalents end of year		**45**	**59**
Cash and cash equivalents at year-end are composed of:			
Cash		**45**	**59**
Cash and cash equivalents end of year		**45**	**59**

NOTES 1-3

Note 1 - Revenue

	Group	
	2023 DKK'm	**2022 DKK'm**
Geografical		
Scandinavia	443	626
Rest of Europe	134	161
Rest of World	260	338
	837	**1.125**
Market segments		
B2B sales	263	324
B2C sales	543	773
E-commerce	31	28
	837	**1.125**

All the revenues relates to lighting fixtures and satisfied delivered in accordance with agreed inco term.

	Parent	
	2023 DKK'm	**2022 DKK'm**
Lighting fixtures, domestic	279	465
Lighting fixtures, abroad	377	424
	656	**889**

Note 2 - Fees to independent auditor

	Group	
	2023 DKK'm	**2022 DKK'm**
Fees for statutory audit	1	1
	1	**1**

Note 3 - Staff Costs and Management and Staff Information

	Group		Parent	
	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Wages and salaries	207	254	158	179
Pension costs	16	15	14	13
Other social security costs	7	10	5	7
Share based payments	0	0	0	0
Defined contributions plans	0	0	0	0
Defined benefit plan	0	0	0	0
	230	**279**	**177**	**199**
Number of employees at balance sheet date	**428**	**500**	**327**	**357**
Average number of employees	**410**	**486**	**313**	**357**
Staff costs split by function:				
Production costs	98	116	98	116
Distribution, production and marketing costs	102	134	49	54
Administration costs	30	29	30	29
	230	**279**	**177**	**199**

Remuneration of management Executive Board and Board of Directors	**2023 DKK'm**	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Salaries	5	5	5	5
Pension	0	0	0	0
	5	**5**	**5**	**5**

The Executive Board and other senior executives are covered by bonus schemes that are based on yearly performance.

Remuneration to three board members, incl. the Chairmen is paid by the ultimate parent, Flos B&B Italia Group S.p.A. Remuneration to two members of the Board of Directors is paid by Louis Poulsen A/S and amounts to mDKK 0.1 for 2023 and mDKK 0.1 for 2022.

Share based payments
Executive Board and Board of Directors and some senior managers were in 2019 covered by the parent company Flos B&B Italia Group S.p.A's share option program. The program entitles participants to acquire shares (call-option) in Flos B&B Italia Group S.p.A at a price based on a pre-defined price at the time of granting in 2019. No options were granted in 2022 and 2023. The call-option expires in 2026.

NOTES 4-5

4. Depreciation, amortisation and impairment losses

	Group		Parent	
	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Amortisation of intangible assets (production costs)	31	35	31	35
Depreciation on plant and equipment	37	37	26	25
	68	**72**	**57**	**60**
Split by function				
Production costs	34	35	34	35
Sales and distribution expenses	19	18	8	6
Administrative expenses	15	19	15	19
	68	**72**	**57**	**60**

	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
5. Financial income				
Exchange gains	0	0	0	0
	0	**0**	**0**	**0**

NOTES 6-8

6. Financial expenses

	Group		Parent	
	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Interests on bank accounts	4	1	3	0
Financial expenses from group enterprises	2	2	5	5
Financial charges on deposits	0	2	0	0
Exchange rate adjustments, net	1	8	0	6
Lease liabilities	7	6	6	5
Other interest expenses	2	0	1	2
	16	**19**	**15**	**18**

7. Tax on profit for the year

The details of taxes is as follows:	Group		Parent	
	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Current tax	27	43	24	40
Change in deferred tax	-3	-4	-3	-2
Taxes of other comprehensive income	0	0	0	0
	24	**39**	**21**	**38**

The reconciliation between income taxes and the effective tax rate, resulting from the application of the current rate in Denmark to pre-tax profit for 2023 and 2022 is follow:

	Group				Parent			
	%	**2023 DKK'm**	**%**	**2022 DKK'm**	**%**	**2023 DKK'm**	**%**	**2022 DKK'm**
Profit before tax		99		179		87		173
Corporate tax in Denmark, 22 %	22%	22	22%	39	22%	19	22%	38
Prior year´s taxes	3%	3	0%	0	3%	3	-1%	-1
Permanent differences	-1%	-1	0%	0	-1%	-1	1%	1
Actual taxes recognised in profit and loss	**24%**	**24**	**22%**	**39**	**24%**	**21**	**22%**	**38**

8. Proposed distribution of profit

	Group		Parent	
	2023 DKK'm	**2022 DKK'm**	**2023 DKK'm**	**2022 DKK'm**
Proposed dividend for the financial year	100	100	100	100
Retained earnings	-25	40	-34	35
	75	**140**	**66**	**135**

NOTE 9

9. Intangible assets

2023	Group				
	Completed development projects	Acquired licences	Acquired trademarks	Acquired rights	Subtotal
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of the year	113	50	124	31	318
Additions	17	12	0	0	29
Disposals	0	0	0	0	0
Cost end of year	**130**	**62**	**124**	**31**	**347**
Amortisation and impairment losses beginning of year	-69	-37	-71	-21	-198
Amortisation for the year	-17	-8	-4	-2	-31
Reversal regarding disposals	0	0	0	0	0
Amortisation and impairment losses end of year	**-86**	**-45**	**-75**	**-23**	**-229**
Carrying amount end of year	**44**	**17**	**49**	**8**	**118**

2023 continued	Group		
	Goodwill	Development projects in progress	Total
	DKK'm	DKK'm	DKK'm
Cost beginning of the year	245	26	589
Additions	0	16	45
Disposals	0	-22	-22
Cost end of year	**245**	**20**	**612**
Amortisation and impairment losses beginning of year	-89	0	-287
Amortisation for the year	0	0	-31
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	**-89**	**0**	**-318**
Carrying amount end of year	**156**	**20**	**294**

Impairment
With the exception of goodwill, all intangible assets are considered to have a finite useful life. In the impairment test, the recoverable amount was compared with the carrying amount. The recoverable amount is based on a calculation of the value in use using cash flow estimates based on the budget for 2024 and expectations for the next 4 years (Discounted cash-flow)) as well as the value of the brand (Relied from Royalty method)". The long-term growth rate in the terminal period has been set to 2.25% so that it equals (2022: 2.25%), which is in line with long-term government bonds.

The expected long-term rate of inflation 2023 has shown no indication of impairment. It have been assessed that it is a single CGU as it is a single global brand.
In the impairment test a discount rate of 9.3% was used for 2023 (2022: 9.3%).

Key assumptions used in value in use calculations
and sensitivity to changes in assumptions:
- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period
- Marked based royalty rates

Likely changes in key assumptions is not expected to result in a impairment at 31 December 2023, due to the headroom between the recoverable value and carrying amount.

Development projects
Development projects in progress comprise ongoing development of new lighting fixtures that have not yet been completed. Not capitalized costs to development projects recognized in the income statement amounts in 2023 to DKK 2 million (2022: DKK 2 million). The cost of development projects comprises costs such as salaries, amortisation and indirect costs. New lighting fixtures are developed for the domestic market as well as markets abroad.

The development projects are regularty evaluated by management. In the evaluation the management evaluates the progress of the projects and the future market for the lighting fixtures.

9. Intangible assets

2023	Parent				
	Completed development projects	Acquired licences	Acquired trademarks	Acquired rights	Subtotal
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of the year	113	50	124	31	318
Additions	17	12	0	0	29
Disposals	0	0	0	0	0
Cost end of year	**130**	**62**	**124**	**31**	**347**
Amortisation and impairment losses beginning of year	-69	-37	-71	-21	-198
Amortisation for the year	-17	-8	-4	-2	-31
Reversal regarding disposals	0	0	0	0	0
Amortisation and impairment losses end of year	**-86**	**-45**	**-75**	**-23**	**-229**
Carrying amount end of year	**44**	**17**	**49**	**8**	**118**

2023 continued	Parent		
	Goodwill	Development projects in progress	Total
	DKK'm	DKK'm	DKK'm
Cost beginning of the year	245	26	589
Additions	0	16	45
Disposals	0	-22	-22
Cost end of year	**245**	**20**	**612**
Amortisation and impairment losses beginning of year	-89	0	-287
Amortisation for the year	0	0	-31
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	**-89**	**0**	**-318**
Carrying amount end of year	**156**	**20**	**294**

NOTE 9

9. Intangible assets

2022	Group				
	Completed development projects	Acquired licences	Acquired trademarks	Acquired rights	Subtotal
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of the year	99	43	124	31	297
Additions	14	7	0	0	21
Disposals	0	0	0	0	0
Cost end of year	**113**	**50**	**124**	**31**	**318**
Amortisation and impairment losses beginning of year	-53	-30	-62	-18	-163
Amortisation for the year	-16	-7	-9	-3	-35
Reversal regarding disposals	0	0	0	0	0
Amortisation and impairment losses end of year	**-69**	**-37**	**-71**	**-21**	**-198**
Carrying amount end of year	**44**	**13**	**53**	**10**	**120**

2022 continued

	Group		
	Goodwill	Development projects in progress	Total
	DKK'm	DKK'm	DKK'm
Cost beginning of the year	245	18	560
Additions	0	20	41
Disposals	0	-12	-12
Cost end of year	**245**	**26**	**589**
Amortisation and impairment losses beginning of year	-89	0	-252
Amortisation for the year	0	0	-35
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	**-89**	**0**	**-287**
Carrying amount end of year	**156**	**26**	**302**

9. Intangible assets

2022	Parent				
	Completed development projects	Acquired licences	Acquired trademarks	Acquired rights	Subtotal
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of the year	99	43	124	31	297
Additions	14	7	0	0	21
Disposals	0	0	0	0	0
Cost end of year	**113**	**50**	**124**	**31**	**318**
Amortisation and impairment losses beginning of year	-53	-30	-62	-18	-163
Amortisation for the year	-16	-7	-9	-3	-35
Reversal regarding disposals	0	0	0	0	0
Amortisation and impairment losses end of year	**-69**	**-37**	**-71**	**-21**	**-198**
Carrying amount end of year	**44**	**13**	**53**	**10**	**120**

2022 continued

	Parent		
	Goodwill	Development projects in progress	Total
	DKK'm	DKK'm	DKK'm
Cost beginning of the year	245	18	560
Additions	0	20	41
Disposals	0	-12	-12
Cost end of year	**245**	**26**	**589**
Amortisation and impairment losses beginning of year	-89	0	-252
Amortisation for the year	0	0	-35
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	**-89**	**0**	**-287**
Carrying amount end of year	**156**	**26**	**302**

NOTE 10

10. Plant and equipment

2023	Group				
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold Impronents	Prepayments for plant and equipment	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of year	161	20	16	12	209
Additions	13	7	11	3	34
Disposals	-4	-1	0	-12	-17
Foreign exchange adjustments	0	0	0	0	0
Cost end of year	**170**	**26**	**27**	**3**	**226**
Depreciation and impairment losses beginning of year	-127	-9	-11	0	-147
Depreciation for the year	-11	-3	-2	0	-16
Reversal regarding disposals	4	0	0	0	4
Foreign exchange adjustments	0	0	0	0	0
Amortisation and impairment losses end of year	**-134**	**-12**	**-13**	**0**	**-159**
Carrying amount end of year	**36**	**14**	**14**	**3**	**67**

2022	Group				
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold Impronents	Prepayments for plant and equipment	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of year	150	24	16	8	198
Additions	11	4	1	11	27
Disposals	0	-8	-1	-7	-16
Foreign exchange adjustments	0	0	0	0	0
Cost end of year	**161**	**20**	**16**	**12**	**209**
Depreciation and impairment losses beginning of year	-115	-10	-9	0	-134
Depreciation for the year	-12	-6	-3	0	-21
Reversal regarding disposals	0	7	1	0	8
Foreign exchange adjustments	0	0	0	0	0
Amortisation and impairment losses end of year	**-127**	**-9**	**-11**	**0**	**-147**
Carrying amount end of year	**34**	**11**	**5**	**12**	**62**

10. Plant and equipment

2023	Parent				
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold Impronents	Prepayments for plant and equipment	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of year	161	23	15	10	209
Additions	13	2	3	3	21
Disposals	-4	0	0	-10	-14
Foreign exchange adjustments	0	0	0	0	0
Cost end of year	**170**	**25**	**18**	**3**	**216**
Depreciation and impairment losses beginning of year	-127	-17	-10	0	-154
Depreciation for the year	-11	-1	-2	0	-14
Reversal regarding disposals	4	0	0	0	4
Foreign exchange adjustments	0	0	0	0	0
Amortisation and impairment losses end of year	**-134**	**-18**	**-12**	**0**	**-164**
Carrying amount end of year	**36**	**7**	**6**	**3**	**52**

2022	Parent				
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold Impronents	Prepayments for plant and equipment	Total
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Cost beginning of year	150	24	14	8	196
Additions	11	0	1	9	21
Disposals	0	-1	0	-7	-8
Foreign exchange adjustments	0	0	0	0	0
Cost end of year	**161**	**23**	**15**	**10**	**209**
Depreciation and impairment losses beginning of year	-115	-17	-8	0	-140
Depreciation for the year	-12	0	-2	0	-14
Reversal regarding disposals	0	0	0	0	0
Foreign exchange adjustments	0	0	0	0	0
Amortisation and impairment losses end of year	**-127**	**-17**	**-10**	**0**	**-154**
Carrying amount end of year	**34**	**6**	**5**	**10**	**55**

NOTE 11

11. Right of use assets

2023	Group		
	Land and buildings	**Plant and machinery**	**Total**
	DKK'm	**DKK'm**	**DKK'm**
Cost beginning of the year	148	18	166
Additions	34	2	36
Disposals	0	0	0
Cost end of year	**182**	**20**	**202**
Depreciation and impairment losses beginning of year	-60	-13	-73
Depreciation for the year	-18	-3	-21
Reversal regarding disposals	0	0	0
Amortisation end of year	**-78**	**-16**	**-94**
Carrying amount end of year	**104**	**4**	**108**

2022	Group		
	Land and buildings	**Plant and machinery**	**Total**
	DKK'm	**DKK'm**	**DKK'm**
Cost beginning of the year	143	15	158
Additions	5	3	8
Disposals	0	0	0
Cost end of year	**148**	**18**	**166**
Depreciation and impairment losses beginning of year	-47	-10	-57
Depreciation for the year	-13	-3	-16
Reversal regarding disposals	0	0	0
Amortisation end of year	**-60**	**-13**	**-73**
Carrying amount end of year	**88**	**5**	**93**

11. Right of use assets

2023	Parent		
	Land and buildings	**Plant and machinery**	**Total**
	DKK'm	**DKK'm**	**DKK'm**
Cost beginning of the year	109	12	121
Additions	14	1	15
Disposals	0	0	0
Cost end of year	**123**	**13**	**136**
Depreciation and impairment losses beginning of year	-36	-9	-45
Depreciation for the year	-11	-1	-12
Reversal regarding disposals	0	0	0
Amortisation end of year	**-47**	**-10**	**-57**
Carrying amount end of year	**76**	**3**	**79**

2022	Parent		
	Land and buildings	**Plant and machinery**	**Total**
	DKK'm	**DKK'm**	**DKK'm**
Cost beginning of the year	108	10	118
Additions	1	2	3
Disposals	0	0	0
Cost end of year	**109**	**12**	**121**
Depreciation and impairment losses beginning of year	-27	-7	-34
Depreciation for the year	-9	-2	-11
Reversal regarding disposals	0	0	0
Amortisation end of year	**-36**	**-9**	**-45**
Carrying amount end of year	**73**	**3**	**76**

NOTE 12

12. Fixed asset investments

	Group	
	2023	**2022**
	Deposits	**Deposits**
	DKK'm	**DKK'm**
Cost beginning of the year	6	6
Additions	6	0
Disposals	-1	0
Cost end of year	**11**	**6**
Value adjustments beginning of year	0	0
Dividends	0	0
Exchange rate adjustments	0	0
Value adjustments end of year	**0**	**0**
Carrying amount end of year	**11**	**6**

	Parent			
	2023	**2022**	**2023**	**2022**
	Investments in group enterprises	**Investments in group enterprises**	**Deposits**	**Deposits**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Cost beginning of the year	107	107	3	3
Additions	0	0	1	0
Disposals	0	0	0	0
Cost end of year	**107**	**107**	**4**	**3**
Value adjustments beginning of year	0	0	0	0
Dividends	0	0	0	**0**
Exchange rate adjustments	0	0	0	0
Value adjustments end of year	**0**	**0**	**0**	**0**
Carrying amount end of year	**107**	**107**	**4**	**3**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements is available on page 55.

NOTE 13

13. Deferred tax

	Group		Parent	
	Consolidated statement of profit or loss		Parent statement of financial position	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Fiscal losses carried forward	0	-3	0	-2
Amortisation of fixed assets	0	0	0	0
Provision for doubtful debts	1	1	0	0
Provision for other risks	0	0	0	0
Intangible assets	-1	-5	-1	0
Inventories	-2	3	-2	0
Deferred tax expense/(benefit)	**-2**	**-4**	**-3**	**-2**

	Group		Parent	
	Consolidated statement of financial position		Parent statement of financial position	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Deferred tax beginning of year	**-30**	**-34**	**37**	**39**
Recognsed in profit or loss	2	4	-3	-2
Recognsed in comprehensive income	0	0	0	0
Foreign exchange adjustments	0	0	0	0
Deferred tax end of year	**-28**	**-30**	**34**	**37**

	Group		Parent	
	Consolidated statement of financial position		Parent statement of financial position	
Relates as follows:	**2023**	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Fiscal losses carried forward	4	4	0	0
Amortisation of fixed assets	1	1	0	0
Provision for doubtful debts	0	1	0	0
Provision for other risks	1	1	0	0
Intangible assets	-31	-32	31	32
Plant and equipment	0	0	0	0
Inventories	-3	-5	3	5
Deferred tax	**-28**	**-30**	**34**	**37**
Recognised as follows:				
Deferred tax assets	6	7	0	0
Deferred tax liabilities	-34	-37	34	37

NOTE 14

14. Trade receivables

The group's credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

The following table shows the breakdown by geographic areas of the amount of trade receivables, including the breakdown by geographic areas of the amount of the provision for write-down:

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Denmark	14	21	14	14
EEC*	20	25	4	7
Non-EEC	24	21	0	0
Total Trade Receivables	**58**	**67**	**18**	**21**

*EEC are defined as countries within the European Economic Community (EEC).

Group
Trade receivables, amounting to DKK 60 million, are broken down by maturity, without taking into account the loss allowance for bad debts of DKK 2 million:

Parent
Trade receivables, amounting to DKK 19 million, are broken down by maturity, without taking into account the loss allowance for bad debts of DKK 1 million

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Trade receivables, gross	**60**	**68**	**19**	**22**
Loss allowance for bad debts beginning of year	-1	-1	-1	0
Change in loss allowance, net	-1	0	0	-1
Realised losses	0	0	0	0
Confirmed losses provided in previous years	0	0	0	0
Foreign exchange adjustments	0	0	0	0
Loss allowance for bad debts end of year	**-2**	**-1**	**-1**	**-1**
Trade receivables, net	**58**	**67**	**18**	**21**

All trade receivables fall due within 12 months. Due to the short-term nature of the trade receivables, their carrying amount is considered to be approximately the same as their fair value.

Credit risk on trade receivables:

	Group				Parent			
	Gross carrying amount	**Loss allowance**	**Net carying amount**	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carying amount**	**Weighted average loss rate**
2023								
Not overdue	36	0	36	0%	12	0	12	0%
1 - 30 days overdue	14	0	14	0%	5	0	5	0%
31 - 60 days overdue	3	-1	2	33%	1	0	1	0%
61 - 90 days overdue	2	0	2	0%	0	0	0	0%
More than 90 days overdue	5	-1	4	20%	1	-1	0	100%
Total	**60**	**-2**	**58**		**19**	**-1**	**18**	

	Group				Parent			
	Gross carrying amount	**Loss allowance**	**Net carying amount**	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carying amount**	**Weighted average loss rate**
2022								
Not overdue	47	0	47	0%	15	0	15	0%
1 - 30 days overdue	15	0	15	0%	5	-1	4	20%
31 - 60 days overdue	2	-1	1	50%	1	0	1	0%
61 - 90 days overdue	2	0	2	0%	1	0	1	0%
More than 90 days overdue	2	0	2	0%	0	0	0	0%
Total	**68**	**-1**	**67**		**22**	**-1**	**21**	

NOTE 15

15. Prepayments

Prepayments comprise incurred insurance costs and other costs relating to subsequent financial years. Prepayments include a positive fair value of forward exchange contracts of DKK 2.9 million (2022: DKK 3.6 million).

NOTE 16

16. Lease liabilities

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Liability beginning of the year	101	107	82	88
Additions	36	8	15	2
Decreases	0	0	0	0
Interest	7	6	6	5
Payments	-25	-20	-15	-13
Liability end of year	**119**	**101**	**88**	**82**
Current lease liabilities	**17**	**14**	**9**	**8**
Non-current lease liabilities	**102**	**87**	**79**	**74**

NOTE 17

17. Credit institutions and borrowings

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Non-current borrowings				
Non-current debt to the parent company	0	0	190	225
Non-current lease liabilities	102	87	79	74
Total non-current	**102**	**87**	**269**	**299**
Current borrowings				
Current debt to the parent company	78	92	0	0
Bank loan	48	19	48	19
Current lease liabilities	17	14	9	8
Total current	**143**	**125**	**57**	**27**
Total credit institutions and borrowings	**245**	**212**	**326**	**326**
Nominal value	245	212	326	326
Maturity of non-current and current borrowings				
Less than one year	143	125	57	27
Between one and five years	65	87	232	299
More than five years	37	0	37	0
Total maturity	**245**	**212**	**326**	**326**

The borrowings are mainly in DKK and EUR. Both non-current and current borrowing is with floating interest rates.
The fair value of the floating rate loans approximates the carrying amount.

NOTE 18

18. Financial risk management

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The group's products are primarily positioned in the high-end markets.
The economic development in the professional and private consumer markets will affect the financial results.

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.
The Louis Poulsen Group's presentation currency is DKK, but a significant part of the Group's activities and investments are denominated in other currencies.

Consequently, there is a substantial risk of foreign exchange rate fluctuations having an impact on the Group's reported profit or loss, financial position and/or cash flow in DKK. Currency risk between DKK and EUR is not covered due to the Danish Goverment's fixed currency rate policy.

It is group policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in the next twelve months based on the budget.

Where the budgettet quarterly netposition is above DKK 3 million, 80% for the net exposure is hedged.

The Louis Poulsen Group only hedges commercial exposures and consequently does not enter into derivative transactions for trading or speculative purpose.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's external interest bearing debt with floating interest rates.

Louis Poulsen has an external interest-bearing debt of DKK 48 million. The debt is a bank loan with a variable interest.
Right of use liabilities are fixed and not influenced by interest rates.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Louis Poulsen Group is exposed to credit risk from trading partners and customers.
The group has no vital risks related to a trading partner or single customer.

The group's credit risks relate to trade receivables included in the balance sheet.

The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

For trade receivables, the exposures are managed globally through fixed procedures, and credit limits are set as deemed appropriate for the customer, taking local market conditions into account.

Liquidity risk
Liquidity is managed centrally and is continually assessed. It is ensured that, at any given time, sufficient financial resources are available.

Liqidity is budgettet each year and monthly follow up on deviations.
At year end the Group has a DKK 45 million positive cash-flow position.

Based on the financial reserves with banks and credit facilities available in credit institutions and from related parties, there are no significant liquidity risks.

NOTE 18

18. Financial risk management

	Group			Parent		
	Less than 1 year	**Between 1 - 5 years**	**After 5 years**	**Less than 1 year**	**Between 1 - 5 years**	**After 5 years**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**
2023						
Group enterprises	95	0	0	82	0	0
Lease liabilities	17	65	37	9	42	37
Trade payables to group	78	0	0	0	190	0
Other payables	71	0	0	50	0	0
	261	**65**	**37**	**141**	**232**	**37**

	Less than 1 year	Between 1 - 5 years	After 5 years	Less than 1 year	Between 1 - 5 years	After 5 years
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**
2022						
Trade payables	86	0	0	72	0	0
Lease liabilities	14	45	42	8	35	39
Trade payables to group	92	0	0	0	0	0
Other payables	121	0	0	48	0	0
	313	**45**	**42**	**128**	**35**	**39**

Thers is no difference between the nomial amount and booked value.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent.
The primary objective of the Group's capital management is to maximise the shareholder value.
The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements.
To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders.
The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt.
The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	Group	
	2023 DKK'm	**2022 DKK'm**
Interest-bearing loans and borrowings	48	19
Trade and other payables	244	299
Less: cash and short-term deposits	-45	-59
Net debt	**247**	**259**
Equity (total capital)	306	339
Capital and net debt	**553**	**598**
Gearing ratio	**45%**	**43%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

18. Financial risk management

Louis Poulsen A/S has entered into forward exchange contracts for the following 12 months to secure sales and cost of goods sold in the following currencies:

	Principal value of unrealised forward contracts end 2023	Principal value of unrealised forward contracts end 2022	Contract amount 2023	Positive fair value	Negative fair value	Weighted average contract rate	Covered period
2023							
Japanese yen (JPY)	1,334	1,248	67	3	0	0,050	12 months
Norwegian krone (NOK)	42	48	27	0	-1	0,643	12 months
Swedish krone (SEK)	76	91	49	0	-2	0,645	12 months
Chinese Yuan Renminbi (CNY)	31	65	30	0	-1	0,968	12 months
			173	**3**	**-4**		

All contracts are subscribed with the company's bank.
There is no hedging ineffectiveness in this period.

In 2023, there has been the following fair value adjustments of financial instruments:

	Fair value of financial instruments		Fair value adjustments through the equity		Fair value adjustments through the income statement	
	Group	**Parent**	**Group**	**Parent**	**Group**	**Parent**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**	**DKK'm**
Financial instruments	-1	-1	-1	-1	10	10

Derivatives

Louis Poulsen uses foreign currency swaps to hedge its exposure against fluctuations in foreign currency prices.

	Group			Parent		
2023	Assets	Liabilities	Hedge reserve	Assets	Liabilities	Hedge reserve
Foreign currency swap	3	4	-1	3	4	-1
2022	Assets	Liabilities	Hedge reserve	Assets	Liabilities	Hedge reserve
Foreign currency swap	4	2	2	4	2	2

The fair value at 31 December 2023 and 2022 was measured in accordance with level 2 in the fair value hierarchy (IFRS 13). Level 2 is based on non-quoted prices, observable either directly or indirectly. Prices from third party specialists are used to quote the prices for unrealisedderivative financial instruments.

The value of the financial instruments recognised in other comprehensive income will be re-cycled from equity to profit & loss at the time the underlying cash flows from the hedging item is recognised in profit & loss i.e. within 12 months. All derivatives are also presented as short term on the balance sheet as maturity is within 12 months.

NOTE 18 CONTINUED

Exchange rate sensitivity analysis

	Change in exchange rate	Profit / (Loss)	Equity
2023			
Japanese yen (JPY)	+10%	(6)	(3)
Norwegian krone (NOK)	+10%	(3)	1
Swedish krone (SEK)	+10%	(5)	2
Chinese Yuan Renminbi (CNY)	+10%	3	1
		(11)	**1**

NOTE 19

19. Other provisions

Other provisions mainly consist of provisions regarding pension accrual to employer pension in Germany amounting to DKK 12.5 million. Pension plans in Germany relates to approx. 60 former employees' defined benefit pension plans ending in 1999. The plan is governed by the employment laws of Germany. The level of benefits provided depends on the member's and the employer's annual contributions and the annuity factor at retirement age. The latest actuarial assessments of liabilities and assets have been made in 2023. The present value of the scheme's liabilities have been assessed using the Projected Unit Credit Method. The actuarial gain during the year amounts to DKK 0.1 million. Remaining pension plans are defined contribution pension plans, that are settle on a ongoing basis in accordance with local laws and regulations.

The following table summarise the components of net defined benefit pension recognised in the statement of profit or loss and the amounts recognised in the statement of financial position:

	Group	
	2023 DKK'm	2022 DKK'm
Defined benefit pension beginning of year	**13**	**12**
Actuarial changes	0	1
Interest cost	0	0
Benefits paid	0	0
Exchange differences	0	0
Defined benefit pension end of year	**13**	**13**

NOTE 20

20. Change in working capital

	Group	
	2023 DKK'm	2022 DKK'm
Increase/decrease in inventories	43	-18
Increase/decrease in receivables	10	-4
Increase/decrease in trade payables etc	9	-73
Other changes	-37	12
	25	**-83**

NOTE 21

21. Unrecognised rental and lease commitments

	Group		Parent	
	2023	2022	2023	2022
	DKK'm	DKK'm	DKK'm	DKK'm
Low value lease	1	1	1	1
Liabilities under rental or lease agreements until maturity in total	**1**	**1**	**1**	**1**

There are no short-term leases. Low-value assets are not recognized in the income statement.

NOTE 22

22. Contingent liabilities

	Group		Parent	
	2023	2022	2023	2022
	DKK'm	DKK'm	DKK'm	DKK'm
Recourse and non-recourse guarantee commitments	2	3	1	3
Contingent liabilities in total	**2**	**3**	**1**	**3**

Louis Poulsen A/S is in a Danish joint taxation arrangement in which Luminous Designs Investments ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The parent company (Louis Poulsen A/S) has, following the subscription of bonds in the related company IDG (parent company), together with other companies in the DH group, jointly guaranteed for the issued bonds amounting to 875 mEUR. The guarantee is however limited within the restrictions of the Danish Company act., including self-financing rules.

NOTE 23

23. Assets charged and collateral

None

NOTE 24

24. Transactions with related parties

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	DKK'm	**DKK'm**	**DKK'm**	**DKK'm**
Revenues	20	26	330	450
Purchased finished goods	10	9	10	9
Distribution costs	0	0	6	6
Administrative expenses	21	21	24	26
Other financial expenses	2	2	7	7
Trade receivables from group enterprises	6	7	63	62
Trade payables to group enterprises	84	103	190	290

NOTE 25

25. Group relations

Group
Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Flos B&B Italia Group S.p.A., Via Mercanti 12 – 20121 Milan (MI), Italy

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Flos B&B Italia S.p.A., Via Mercanti 12 – 20121 Milan (MI), Italy
(Annual Reports can be requested by contacting the company)

Parent
Related parties with controlling interest:
- Flos B&B Italia S.p.A., Via Montenapoleone No29, Milan, Italy, parent
- Luminous Designs Investments ApS, Kuglegårdsvej 19, Copenhagen K, parent

Refer to note 3 for remuneration of management.

NOTE 26

26. Subsidiaries

	Registered in	**Corporate form**	**Equity inte-rest %**
Louis Poulsen USA Inc.	New York, USA	Inc.	100,0
Louis Poulsen Asia Pte. Ltd.	Singapore, Asia	Ltd.	100,0
Louis Poulsen Germany GmbH	Düsseldorf, Germany	GmbH	100,0
Louis Poulsen Sweden AB	Stockholm, Sweden	AB	100,0
Louis Poulsen Norway AS	Oslo, Norway	AS	100,0
Louis Poulsen Finland Oy	Helsinki, Finland	Oy	100,0
Louis Poulsen UK Limited	London Great Britain	Limited	100,0
Louis Poulsen Japan Ltd.	Tokyo, Japan	Ltd.	100,0
Louis Poulsen Switzerland AG	Zürich, Switzerland	AG	100,0
Louis Poulsen Holland B.V.	Amsterdam, Holland	B.V.	100,0
Louis Poulsen Lighting (Shanghai) LLC	Shanghai, China	LLC	100,0

**Equity interest unchanged since last year*

NOTE 27

27. New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2023 consolidated financial statements. Louis Poulsen A/S expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the Group’s financial statements when implemented.

MATERIAL ACCOUNTING POLICIES

REPORTING CLASS

This Annual Report has been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act applying to enterprises of reporting class C (large). Further they are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are further described at the end of the accounting policies for both the consolidated and parent company.

The Financial Statements are presented in Danish kroner (DKK), which is the functional currency of the Parent Company. All amounts are rounded to nearest million DKK.

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

RECOGNITION AND MEASUREMENT

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

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

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

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

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

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Danish kroner, DKK, which is also the functional currency of the Parent Company. Each subsidiary determines its own functional currency, and items recognised in the financial statements of each entity are measured using that functional currency.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

BASIS OF CONSOLIDATION

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

FOREIGN CURRENCY TRANSLATION

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non- monetary items.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

INCOME STATEMENT

Revenue

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

PRODUCTION COSTS

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

SALES AND DISTRIBUTION EXPENSES

Sales and distribution expenses comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amorti- sation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the sales and distribution process.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

FINANCIAL INCOME

Financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

FINANCIAL EXPENSES

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

TAX ON PROFIT/LOSS FOR THE YEAR

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

The Entity is jointly taxed with its ultimate owner and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

BALANCE SHEET GOODWILL

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the

"ONCE YOU HAVE EXPERIENCED GOOD LIGHTING, LIFE IS FILLED WITH NEW VALUES."

- Poul Henningsen

assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

FAIR VALUE

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities
Level 2: Value based on recognised valuation methods on the basis of observable market information
Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

INTANGIBLE ASSETS

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

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

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.
Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years. Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

LEASES

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease commitment:

- Fixed payments.
- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate.
- Payments overdue subject to a residual value guarantee.
- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Group will exercise.
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Cars	1-4 years
Office supply	3 years
Properties over lease term	1-15 years

The Group presents the leased asset and the lease commitment separately in the balance sheet.

The Group has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5-14 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. Estimated useful lives and residual values are reassessed annually.

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

INVESTMENTS IN GROUP ENTERPRISES

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value

INVENTORIES

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.
Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

INVENTORY OBSOLESCENCE

In general the majority of the products are evergreens. Finish goods are very rarely sold at prices lower than production prices. Risk on inventories more relates to raw materials or semi fished goods were either quantities are too high compared to consumptions or goods are related to discontinued products.

Procedures and policies are in place to identify and write down on goods, where costs exceeds net realisable value.

RECEIVABLES

Trade receivables are initially recognised at fair value equal to the transaction price, and subsequently measured at amortised cost less allowance for lifetime expected credit losses.

Trade receivables are written off when all possible options have been exhausted and there are no reasonable expectations of recovery.

The Louis Poulsen Group applies the simplified approach to measure expected credit loss and a lifetime expected loss allowance for all trade receivables.

PREPAYMENTS

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

CASH
Cash comprises cash in hand and bank deposits.

DEFERRED TAX

Deferred tax liabilities and deferred tax assets are measured according to the temporary difference approach, which means that all temporary differences between the carrying amount and the tax base of assets and liabilities are recognised in the Statement of Financial Position as deferred tax assets and deferred tax liabilities.

Deferred tax reflects the impact of any temporary differences. To the extent calculated deferred tax is positive, this is recognised in the Statement of Financial Position as deferred tax assets at the expected realisable value. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differ ences can be utilised. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

INCOME TAX PAYABLE OR RECEIVABLE

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

EQUITY

Hedge reserve comprises fair value of derivative financial instruments qualifying as hedge of future assets or liabilities. Translation reserve comprises foreign exchange differences from translating foreign entities and long-term loans to foreign entities.

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividend proposed for the year is recognised as a liability in the financial statements at the time of adoption by the shareholders at the Annual General Meeting. The dividend proposed in respect of the financial year is stated as a separate item under equity.

OTHER PROVISIONS

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, defined benefit plans, decided and published restructuring, etc.

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

Under defined benefit plans, the Group has an obligation to pay a fixed amount or a fixed percentage of the salary at retirement. This means that the Group carries the risk of any changes in the actuarially calculated capital value of the pension plans. Annual actuarial calculations are made of the present value of the future benefits to which the employees are entitled. The present value is calculated based on a number of assumptions relating to the future development in salary levels and interest, inflation, and mortality rates. The present value of the defined benefit obligation is recognised in the balance sheet as a liability. Actuarial gains or losses are recognised directly in equity.

OTHER CURRENT DEBT

Other current debt are measured at amortised cost, which usually corresponds to nominal value. This comprises all uncommitted loans, and committed loans and credit facilities, with maturity less than 1 year. Furthermore, suppliers and affiliates are included. Other debt comprises employee-related debt, other debts to authorities, derivative financial instruments, sales incentives, licences and royalty debt.

CASH FLOW STATEMENT

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

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

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

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

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

MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the Financial Statements it is necessary that Management makes accounting estimates and judgements that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment. The estimates are expectations of the future, or other sources of estimation uncertainty, based on assumptions.

Management believes that the estimates are the most likely outcome of future events. Management bases the estimates on historical experience and other assumptions that Management assesses are reasonable under the given circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made, that can have significant impact on the amounts recognised in the Financial Statements.

Further information on the areas that involve a high degree of estimation and judgement and are material to the financial statements, can be obtained in the respective notes.

INVENTORIES

The carrying amount of inventories is based on a number of assumptions including assumptions on future events. Inventories are adjusted to reflect the net realisable value, comprising actual cost less provisions for obsolescence.

When the net realisable value is lower than cost, inventory items are impaired and measured at net realisable value. The calculation of write down is based on the Louis Poulsen Group's internal impairment policy, which in general is evaluated based on a combination of assumptions on demand planning and product movements.

LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE AND LEASE TERM

The Company cannot readily determine the implicit borrowing rate, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

IMPAIRMENT OF GOODWILL

In accordance with IAS 36, Goodwill is not subject to amortisation and it is instead tested for impairment at least once a year.

For impairment test purposes Louis Poulsen is considered as one single Cash Generating Unit.
The recoverable amount has been determined based on the calculation of value in use. In which the projections of the cash flows were those assumptions made in the initial business plan.

The calculation of the value in use in particular senitive to the following assumptions:
- Revenue trends
- Marginality
- disclount rate
- growth rates

Please refer to the respective note of intangible assets in the consolidated financial statements.

STATEMENT BY THE MANAGEMENT

STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Louis Poulsen A/S for the financial year 2023.

The annual report is presented in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2023 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, results for the year, cash flows and financial position as well as a description of material risks and uncertainties that the Company faces.

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

Executive Board

Søren Mygind Eskildsen
CEO

Board of Directors

Daniel Lalonde

Giovanni Casali

Dalila Dolci

Lars Stilling Pedersen

Jesper Westergaard Jensen

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF LOUIS POULSEN A/S

OPINION

We have audited the consolidated financial statements and the parent Company financial statements of Louis Poulsen A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent Company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.
Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen
EY Godkendt
Revisionspartnerselskab
CVR-no. 30 70 02 28

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DESIGN TO SHAPE LIGHT

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