BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

2021

GEORG JENSEN A/S ANNUAL REPORT 2021
CVR NO. 26 57 36 45

SØNDRE FASANVEJ 7 | DK-2000 FREDERIKSBERG

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ESTABLISHED 1904

ANNUAL REPORT 2021

THE ANNUAL REPORT WAS APPROVED AT THE COMPANY'S ORDINARY GENERAL MEETING HELD ON 26 APRIL 2022

CHAIRMAN OF THE MEETING:

JACOB MELANDER

BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

CONSOLIDATED FINANCIAL STATEMENTS

2021

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SØNDRE FASANVEJ 7 | DK-2000 FREDERIKSBERG

CONTENTS


"Rubber for Industry"
Goodyear Rubber Products Corp.
1
2
3
4

COMPANY INFORMATION

Company	Georg Jensen A/S Søndre Fasanvej 7 DK-2000 Frederiksberg Phone: +45 38 14 98 98 Fax: +45 38 14 99 13 Web site: www.georgjensen.com CVR No.: 26 57 36 45 Financial year: 1 January - 31 December Municipality of residence: Frederiksberg
Board of Directors:	Andrea Jayne Davis, Chairman David Ching Chi Chu Celine Infeld Karl Sebastian Inger Robert W. Bostock Annick Desmecht Shi Zheng Ida Heiberg Bøttiger, elected by employees Inge Andersen, elected by employees
Executive Board:	Mehul Tank, CEO
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (a Danish limited liability company)

The general meeting will be held on 26 April 2022 at the Company's address.

KEY FIGURES AND FINANCIAL RATIOS

DKK million	2021	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	1,110	932	1,014	1,041	1,089
Gross profit	690	569	622	652	676
EBITDA	231	152	150	145	147
EBIT	109	1	-11	-2	-21
Net financials	-32	-42	-34	-33	-47
Profit for the year	67	-45	-48	-149	-50
STATEMENT OF FINANCIAL POSITION					
Total assets	1,024	991	951	1,019	1,229
Invested capital	526	426	447	492	662
Net working capital	170	172	221	275	291
Total equity	241	172	231	257	402
Net interest-bearing debt	277	416	387	450	537
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	198	141	179	138	92
Investment in tangible assets	12	10	14	19	22
Cash flow from financing activities	-83	-88	-102	-97	-65
Net cash flow for the year	73	31	41	2	-2

DKK million	2021	2020	2019	2018	2017
KEY RATIOS					
Development in Revenue	19%	-8%	-3%	-4%	0%
Gross margin	62%	61%	61%	63%	62%
EBITDA margin	21%	16%	15%	14%	13%
EBIT margin	10%	0%	-1%	0%	-2%
Return on equity	33%	-22%	-20%	-45%	-12%
Equity ratio	24%	17%	24%	25%	33%
Return on invested capital	21%	0%	-2%	0%	-3%
Revenue/invested capital	2.1	2.2	2.3	2.1	1.6
Financial gearing	115%	243%	167%	175%	133%
EMPLOYEES					
Average number of employees	1,097	1,080	1,142	1,230	1,287
NUMBER OF STORES					
Retail stores*	93	100	97	97	106

*Number of stores is from 2021 and going forward calculated without pop-up stores.

Definition of Key Ratios is on page 40.

HIGHLIGHTS OF 2021

Growth delivered on a solid foundation

Following years of revenue contraction and focus on improving underlying profitability, 2021 was the year to deliver growth. Anchored in a clear set of strategic priorities, the focus has been on expanding our business in mature markets as well as in growth markets. With the results of 2021 we are encouraged to see that our efforts have resulted in strengthened relationships direct to consumers and further bolstered our relationships worldwide with B2B accounts. These efforts contributed with increasing net revenue in 2021 and provides a solid platform for further prosperity.

On the back of Q4 2021 we have reported 5 quarters of consecutive growth and the financial performance substantiates our ability to steer through rapidly changing market conditions via leveraging current organizational setup and business relationships. Thus, in 2021 business delivered growth of 19% to 2020 but equally important we grew 9% compared to 2019, which is the most recent year prior to the Covid-19 pandemic.

Improved profitability builds on gross margin expansion and operating leverage

EBITDA grew 52% compared to 2020 while EBITDA-margin increased 4.5 percentage points from 16.3% in 2020 to 20.8% in 2021.

Strict discounting discipline across all channels coupled with targeted price increases have contributed to the expansion of gross margin by 1.1 percentage point in 2021. The changed pricing procedures have further been a part of mitigating the impact from higher raw material prices and higher freight costs, which have accelerated throughout 2021.

Combined with a favorable gross margin development, growth in EBITDA is driven by continued operating leverage derived from a scalable sales platform leveraging partnerships in B2B as well as strengthening relationships within E-business.

Investing into the future

While strategic initiatives have accommodated a transformation of Georg Jensen, they are simultaneously laying the grounds for the future commercial priorities. To support continued profitable growth, we have identified investment areas for each our sales channels and product areas.

Beyond continued investment in digital marketing, the revised focus for Georg Jensen has further led to assigning resources and investing into a strengthening of commercial capabilities in particular around e-commerce sales. Our investments have paved the way for an improved understanding of consumer behaviors while at the same time allowed us to target and optimize communication direct to consumer. We are encouraged by the results and B2C revenue growing 14% in 2021 despite continued impact from Covid-19 in Retail channel.

As part of investing into the future, we have also embarked on a world-wide upgrade of our ERP back-bone. This will enable further omnichannel functionalities for the benefit of our customers. First round of upgrades was completed in Q3 2021.

CEO LETTER

A PIVOT TO GROWTH AND PROFITABILITY

2021 was a transformative year for Georg Jensen, despite the uncertainty around Covid-19 and a challenging retail environment. As we started the year, we implemented several key strategic initiatives to support growth and accelerate our shift to customer centricity. Resources were prioritized to deliver on these initiatives, which ranged from a recalibrated product focus, digital marketing programs that centered on our icons and an upgrade in core skillsets and tools for the organization. As the organization embraced these initiatives, Georg Jensen was able to deliver a step change in its performance and grow sales 19% to DKK 1,110 million, EBITDA 52% to DKK 231 million and deliver a profit before tax of DKK 77 million. Combined with continued focus on margin expansion and working capital measures, we generated DKK 73 million of cash during the year.

This performance was against a backdrop of continued uncertainty in several core markets around Covid-19 and related retail restrictions for prolonged periods throughout 2021, as governments sought to slow the spread of Covid-19. We estimate that 10% of our total retail estate was closed during the year. Other countries provided guidance to work from home and we saw significant footfall swings in the year. Despite these challenges, we grew our overall B2C business 14% to 2020 as customers shifted their spend to E-business and returned to stores when they reopened.

We also focused on partnering closely with our B2B accounts to deliver successful product launches and improve availability of top performing products. Demand for our products remained strong throughout the year, especially from those accounts with established ecommerce capabilities, and we delivered B2B growth of 24% in 2021.

Our product launches in 2021 centered on reinvigorating and amplifying our icons and this targeted focus delivered a meaningful improvement in sales. Within Home we successfully launched into an adjacent category, Dinnerware, through expansion of our existing design languages Bernadotte, Sky and Cobra. In Jewellery, we modernized the Moonlight Grapes collection and expanded the range into gold and diamonds, while in Silver Holloware, our Copenhagen smithy continued its tradition of evolving our design language in collaboration with Nendo (Japan) to produce a modern take on Silver vases. Equally important, we began our journey to use only recycled gold by the end of 2022 and already achieved 75% consumption by the end of 2021.

Both of our categories, Home and Jewellery, delivered strong growth in 2021, driven by our successful product performance, better availability and expansion in distribution. The Home category saw success in both our core mature markets as well as growth markets to deliver 23% growth in 2021. The Jewellery category, which was disproportionately impacted by Covid in 2020 given its larger retail footprint, saw a strong rebound in the year and grew 20% in 2021.

Throughout the year, the organization kept a continued focus on gross margin expansion, cost containment and working capital efficiency. These efforts translated into a healthy cash generation and further improved liquidity for Georg Jensen and will enable us to invest further on strategic initiatives to deliver growth into 2022 and beyond. We once again experienced the benefits of being a global company, as different parts of the organization were able to compensate for each other to deliver its highest level of sales since 2015.

The results of 2021 were achieved by the continued hard work and dedication of our employees, many of whom were juggling work and personal responsibilities, while navigating Covid-19 guidelines. Their wellbeing remains paramount to us, and we recognize their commitment to delivering on our strategic initiatives and step-up in performance.

As we look forward into 2022 and the Omicron wave continues to surge in some countries but begins to recede in others, we are faced with new uncertainties and remain vigilant around rising inflation and energy costs, as well as volatility in precious metal prices and global stock markets. The magnitude of these headwinds is still uncertain, but Georg Jensen is well positioned to navigate our business to deliver continued growth and introduce Georg Jensen to a wider global audience.

Mehul Tank
CEO, Georg Jensen

PRODUCT HIGHLIGHTS AND PRODUCT DEVELOPMENT

The product launches of 2021 were focused on updating and further strengthening key iconic collections whilst simultaneously extending them into new categories.

At the beginning of February 2021, a line extension of the Cobra collection was launched, that introduced various serving- and decorative pieces to create an expansive aesthetic universe that is as functional as it is flexible. The new products continue to embrace the flowing organic forms of the existing collection, resulting in soulful, elegant designs that also reveal a hint of playfulness.

This was followed in March by the extension of the signature Moonlight Grapes collection, with an update that modernized and lightened the language of this well-known icon a new, lighter design language. Originally inspired by the iconic silver Grape bowl from 1918, the Moonlight Grapes collection abstracts the grape motif which has been central to Georg Jensen's aesthetic story for over a century and an example of a long-running tradition of reimagining our heritage for the modern world.

In celebration of International Women's Day, Nanna Ditzel's most recognizable designs in silver and 18kt gold were reintroduced. Ditzel's designs revealed an affinity for crafting organic forms that complement the natural shape of the body, while creating striking, sculptural silhouettes that exude the simple elegance that defined the mid-century aesthetic.

Concurrently in the Home category, an extension into dinnerware of the Bernadotte and Sky collections were launched. Marking a thrilling new chapter, as Georg Jensen continued to broaden the offering for Home and provide new opportunities to create complete table settings in porcelain, serving dishes and glassware. The Sky collection reinforced the soft lines and minimalist design language while the Bernadotte collection played on the iconic grooves that were central to Bernadotte's Art Deco-inspired designs.

August marked the exciting relaunch of the Grapes Wine cooler no. 357. The silver hollowware's Grapes Collection perfectly exemplifies the Georg Jensen values of excellence in design and craftmanship. Originally created in 1921, the reintroduction of this archival Art Nouveau piece was accompanied by a caviar bowl, matching spoon, and champagne goblet. Together they represent the timeless beauty of the Art Nouveau style and the very finest in hand crafted sterling silver.

Kicking of the fall season focus turned to the celebration of Her Majesty Queen Margrethe II and her 50-year jubilee. In 2020, Danish designers were invited to participate in a design, in line with Georg Jensen's collaborative heritage since 1906. The selected design was created by the Danish architect duo, Ditte Bjerregaard and Sofie Elkjær Jensen, and was inspired by the royal moto; 'The help of God, the love of the people, Denmark's strength'.

Continuing this proud tradition of design collaborations that position Georg Jensen at the forefront of contemporary design, three striking 'Mizuki' vases were launched in Silver at the end of the year. Working with Nendo, an award-winning Japanese design studio, that the vases perfectly combine Japanese minimalism with the Danish brand's unique design language. Oki Sato, Nendo's head designer, took inspiration from the natural world when tracing the soft, organic lines that define the three distinct designs.

By building on our iconic collections 2021 was a year of solidifying core stories and directions that can endure the test of time and remain true to our values of timeless designs.

FINANCIAL REVIEW

FINANCIAL REVIEW

Net Revenue

Net revenue amounted to DKK 1,110 million (2020: DKK 932 million), an increase of 19%. The net revenue was impacted by retail restrictions caused by Covid-19 pandemic however decline in net revenue in the retail channel was more than compensated for by growth in E-business leading to a B2C growth of 14%. In addition, B2B channel delivered a 24% growth to 2020 with net revenue amounting to DKK 490 million.

Europe delivered net revenue of DKK 599 million (54% of total net revenue), a growth of 18% to 2020. The APAC region delivered net revenue of DKK 443 million (40% of total net revenue), which represents an increase of 19% compared to 2020. Net revenue for North America increased by 33% in 2021, going from DKK 46 million to DKK 61 million.

In 2021, Home and Jewellery product segments grew by 23% and 20%, respectively, to 2020.

Gross Profit

Gross profit increased by DKK 121 million to DKK 690 million (2020: DKK 569 million) driven by higher net revenue and further bolstered by gross margin expansion from 61% in 2020 to 62% in 2021.

Other External Cost

Other external cost increased by DKK 7 million, primarily due to higher marketing activity.

Staff Cost

In 2021 staff cost increased by DKK 25 million, from DKK 244 million to DKK 269 million, mainly driven by an overall increase of employees and a underlying change in personnel mix, roles and competences.

Other operating income and costs

Due to Covid-19 pandemic lockdowns were entered nationally and locally and decreasing revenue. The Group participated in government programs, designed to protect jobs and retail operating costs during the trading restrictions. This provided a contribution to these costs of a total of DKK 5.3 million for the whole Group. The received government support is recognized in other operating income.

Operating Profit before Depreciation and Amortization

In 2021 the operating profit before depreciation and amortization amounted to DKK 231 million compared to DKK 152 million in 2020. The improvements in operating profit before depreciation and amortization are mainly driven by gross profit increase of DKK 121 million, which in turn is driven by higher net revenue and further bolstered by gross margin expansion from 61% in 2020 to 62% in 2021. Due to the higher sales and continued growth investments, there has also been an increase in structural costs, mainly staff costs, of DKK 42 million.

Operating Profit

Operating profit increased by DKK 108 million in the year, to DKK 109 million compared to a profit of DKK 1 million last year. Further reductions in depreciations and amortizations this year contribute positively by DKK 29 million. The reductions mainly relates to reduction in number of leasehold properties in 2021 and a one-off impairment loss in 2020 regarding unquoted shares.

Net Financial Items

Net financial items amounted to an expense of DKK 32 million compared to an expense of DKK 42 million in

2020. The change is driven by a positive deviation on realized loss on derivate financial instruments of DKK 5 million, and Other financial costs of DKK 2 million.

Profit before Taxes

Profit before tax was positive by DKK 77 million in 2021 compared to a negative amount of DKK 42 million in 2020.

Net Profit

Net profit was positive by DKK 67 million vs. negative by DKK 45 million in 2020.

Assets and Cash and Cash Equivalents

Total assets amounted to DKK 1,024 million as of 31 December 2021 compared to DKK 991 million in 2020. The increase of DKK 33 million primarily concerns tangible assets, inventories, trade receivables and cash and cash equivalent.

Equity

Equity increased by DKK 69 million to DKK 241 million (2020: DKK 172 million).

Cash Flow and Net Interest-Bearing Debt

Cash flow from Operations ended at DKK 198 million compared to DKK 141 million in 2020, an increase of DKK 71 million. The main contributor to this is the increase in EBIT of DKK 108 million.

In 2021 the Net interest-bearing debt decreased by DKK 139 million from DKK 416 million to DKK 277 million mainly driven by a decrease in IFRS 16 lease obligations of DKK 63 million, and an increase of cash and cash equivalents of DKK 74 million. The reduction in IFRS 16 lease obligations relates to reduction in number of leasehold properties in 2021 and the fact that some of the larger leases expires in 2022.

OUTLOOK

Comment on the outlook expressed for 2021

The 2020 Annual report expressed a positive outlook indicating that both net revenue and profitability would grow in 2021. The outlook was further updated on the back of Q3 2021 interim results, where the Group specified that "Growth rates for revenue and EBITDA for 2021FY are expected to exceed 10% compared to 2020FY".

Since the release of interim results for Q3 2021 the Group kept its growth momentum into Q4 and delivered stronger than anticipated net revenue and profitability.

Outlook for 2022

The current trading environment remains uncertain as Covid-19 continues to have an impact on the businesses' sales channels and manufacturing base. Recently, multiple APAC markets have imposed new Covid-19 restrictions which impacts footfall at retail level as well as hampering the supply chain operations.

Despite these challenges we expect that overall revenues will continue to grow within B2C and B2B channels and, with a continued focus on margin improvement, cost containment and selective investment, we expect to improve profitability further in 2022.

See also disclosures in Going Concern Assumption in note 2.1 and Subsequent Events in note 18.1.

RISK MANAGEMENT

The Board of Directors regularly assesses the Company's overall risks and the individual risk factors associated with its activities. The Board of Directors adopts guidelines for key risk areas, monitors progress and prepares action plans for reducing and managing individual risk factors, including financial and business risks, insurance and environmental conditions and compliance with competition law.

Business Risk

Commercial risk: As an international brand, Georg Jensen is subject to the international economic development, in particular the consumption of luxury goods. This consumption is driven by several factors including brand integrity, product relevance and channel operations.

Since its launch in 1904, the Georg Jensen brand represents quality craftsmanship and timeless aesthetic design. With its philosophy of engaging designers who contribute their own style and creativity, Georg Jensen has remained relevant and true to its brand for over 100 years. On the product side, cohesive concepts are being developed to introduce new designs while existing design languages are expanded in response to customer trends, with the goal of both being to maintain the brand's position as a leading Danish design company.

The current Covid-19 pandemic highlighted the Company's sensitivity to sales channel fluctuations and the high fixed costs for lease charges and salaries, associated with the relatively high gross margins, from its retail operations. We seek to mitigate this dependency, as well as broader cyclical economic trends, via wider geographical diversification of sales, servicing the customer in different sales channels, spanning from owned retail, to external retail, to e-commerce and B2B, and investment in omni-channel capabilities.

Logistics risk: If the right products are not available in the stores at the right time, the amount of returned and surplus products rises, which in turn increases the risk of obsolete products. Late delivery or non-delivery thus poses a risk. Sales, Operations and Planning (SO&P) processes are subject to ongoing review and strengthening in order to ensure alignment between the demand and supply, including delivery time, in order to adjust and manage stock levels.

Production facilities: Georg Jensen depends on two production facilities for Silver/Holloware (Copenhagen, Denmark) and Jewellery/Seasonal (Chiang Mai, Thailand) whereas the production of Home Decór products is outsourced to 3rd party suppliers primarily in China. Production of Watches is primarily outsourced to 3rd party suppliers. Contingency plans and training are used and communicated in execution for different scenarios which can trigger interruption of operations, and we work with miscellaneous preventative actions to prevent interruption. Existing inventory levels are a preventive factor for a short period of time; insurance against interruptions in operations partly mitigates negative financial impacts.

IT breakdown: Risk control measures such as firewalls, access control, contingency plans etc. are assessed on a regular basis in order to identify and minimize these risks.

Cyber risks: We have seen an increased level of sophistication and creativity within attempts to breach data. Georg Jensen are partnering with reputable online vendors with high security standards and we are meticulously monitoring data activities to early capture and prevent malicious acts that would lead to data breaches for Georg Jensen or our online vendors.

Employees: Georg Jensen strives to offer unique career opportunities and talent development. The HR department is responsible for the development and updating of guidelines and training tools to support managers at all levels. Part of the performance culture ensures that all employees have clear goals and act as accountable, trustworthy ambassadors for our brand and company.

Brand and image: The brand and its reputation are managed through company values and integrated into corporate and social responsibility standards for Georg Jensen. Risks related to brand and reputation are addressed by way of prevention in a communication strategy prepared annually and proactively by way of consistent and transparent public relations and communication efforts, both externally and internally and through relevant channels.

Intellectual property rights: Georg Jensen aims to use and safeguard our intangible assets by securing key trademarks in key markets, selectively defending our trademarks and designs when necessary and appropriate.

Environment: Georg Jensen controls the value chain in our own factories where we continuously work on reducing the use of hazardous materials, noise and pollution and other elements that can cause a risk to employees or the environment. We also continuously work to improve our internal quality system in order to reduce deficiencies.

Financial Risk and Financial Instrument

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risk and the day-to-day operations are handled by the Treasury department. The Board of Directors reviews and agrees on policies for managing each of these risks.

External risks

Macroeconomic factors: A substantial part of the Company's sourcing and sales takes place in markets which, from time to time, experience political and economic turmoil. This can affect Georg Jensen's business and thus poses a risk. Reliable and accurate sales forecasting allows flexible planning and reaction time to reduce the impact of macroeconomic factors. We furthermore seek to eliminate the dependency on cyclical economic trends via wider geographical diversification of sales, as well as the use of other sales channels, such as online, B2B and franchise agreements.

Corporate Governance

Georg Jensen's internal control and risk management: The purpose of Georg Jensen's internal control and risk management systems in relation to the financial reporting process, is to provide financial statements with a true and fair value in accordance with the International Financial Reporting Standards (IFRS) with supplement of local Danish requirements in accordance with the Danish Financial Statements Act.

The Board of Directors is responsible for the overall governance and have established an Audit Committee which assist the Board in supervising the reporting process. The Audit Committee reviews significant risks and seeks to ensure risks are handled timely, efficient and proactively.

Internal controls and risk management systems in relation to the Financial Statement process:

Control environment, the Group's internal control framework identifies key processes and control procedures to reduce and mitigate financial risks and ensure reliable financial reporting.

Risk assessment, the Board of Directors and Executive Board assess risks on an ongoing basis, including risks related to the financial reporting, and assess measures to manage, reduce or eliminate identified risks.

Control activities, the financial information reported by Georg Jensen A/S and its subsidiaries follows a formalized and structured process and is controlled by local controllers with local market knowledge as well as the controlling function within Group Finance. The Group controlling function is continuously trained in new accounting and reporting requirements and monitors compliance with relevant legislation on an ongoing basis.

Information and communication, Group entities have dedicated controllers within Group Finance. The Group Finance function reports to the Chief Financial Officer (CFO).

Monitoring, financial risks are reviewed through monthly performance reviews.

Georg Jensen's internal control and risk management is under continuous development in order to adapt to the changes in the surroundings.

Management duties

Other managerial positions of the members of the Board of Directors are:

Andrea Jayne Davis:
- Abax AS (and parent companies)
- Corneliani Srl
- Corneliani S.pA. (and parent companies)
- Dainese S.pA.
- Ibis Topco Limited
- Ibis Midco Limited
- Investcorp Europe Holdings Limited
- Investcorp International Limited
- Investcorp Securities Limited
- POC Sweden AB (and parent companies)
- Sarti Holding (UK) Limited

Celine Infeld:
- Sanolium Group Holding AB
- Sanos Group (and parent companies)

David Ching Chi Chu:
- RenBio, Inc.
- Bond Apparels International Ltd.
- Nobilia Fashion International Group Ltd.

Karl Sebastian Inger:
- Abax AS
- POC Holdings
- Sanolium Group AB
- Sanolium Group Holding AB
- Sanolium Holding AB
- Sanos Group (and parent companies)

Annick Desmecht:
- Brands, Clicks & Mortar Limited
- Number 39CG (Freehold) Limited

Robert W. Bostock:
- Clinic Holdings (UK) Limited
- Cloudcare (and parent companies)
- Corneliani Holdings
- Crops Holdings (UK) Limited
- Dainese S.p.A.
- Dauphine Holdings (UK) Limited
- Innovation Holdco Limited

- Muscles UK Holdings Limited
- POC Sweden AB (and parent company)
- Sarti Holding (UK) Limited
- Triplog Holdings Limited
- Virtus UK Holdings Limited
- Vivaticket S.p.A.

Data ethics

In June 2021, Georg Jensen A/S complemented the existing data protection guidelines with the establishment of a 'Global Code of Conduct', which all employees must adhere to, and in the Global Code of Conduct', the section "Privacy and Personal Data Protection Policy" reflects Georg Jensen's commitment to handle data responsibly and based on principles of honesty, transparency and accountability. Georg Jensen complies with these principles in addition to applicable laws to ensure that employees, customers, suppliers, partners and consumers feel safe when entrusting the group with their data.

Any violation of Georg Jensen Global Code of Conduct, the Privacy and Personal Data Protection Policy or Georg Jensen's internal procedures can be reported by employees through Georg Jensen's whistleblower scheme. There were no reports in 2021.

CSR

General

Georg Jensen acknowledges our impact on and our responsibility for the countries and communities where we operate. We work proactively to ensure environmentally, socially and economically responsible business processes.

As of December 2021, we became certified member of the Responsible Jewellery Council (RJC) after completing a comprehensive audit process of all aspects of our jewellery business, from sourcing of materials, manufacturing in our own facilities in Thailand and sale in our retail store network. In addition, many of our HQ functions participated in the audit process to ensure that all our business practices and policies are compliant with the requirements of the RJC. Obtaining the RJC Certification is a significant milestone, and we are very proud of this achievement. The RJC Certification is a recognition that our business practices are respectful towards the environment, our employees and the communities in which we operate.

During 2021, we initiated the transition towards the use of recycled precious metals like gold and silver in our jewellery production. We have made significant progress in substituting the gold we use with recycled gold and are pleased to report that 75% of our gold usage in 2021 was recycled. Over the coming years, as recycled silver becomes more widely available, we will move our silver consumption to recycled silver. We expect to complete the full transition to recycled precious metal in our jewellery production by the end of 2025.

Since 2009, we have been a UN Global Compact signatory. The Ten Principles of the UN Global Compact guide our work and the way we address material sustainability issues throughout our value chain, from design through production to our retail stores. Through our UN Global Compact commitment, all areas of the value chain are integrated into our business procedures and strategy.

The UN Global Compact requires participants to report on their progress and to embed the Ten Principles into their strategies and operations. Since 2009, Georg Jensen has submitted an annual COP (Communication on Progress) report. The most recent progress and results are available in the Georg Jensen 2021 COP report*.

* https://www.georgjensen.com/en-gb/csr

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Georg Jensen A/S for the financial year 1 January to 31 December 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January to 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 26 April 2022

Executive Board

Mehul Tank
CEO

Board of Directors

Andrea Jayne Davis Chairman	David Ching Chi Chu	Celine Infeld
Robert W. Bostock	Karl Sebastian Inger	Annick Desmecht
Shi Zheng	Ida Heiberg Bøttiger	Inge Andersen

INDEPENDENT AUDITORS' REPORTS

To the shareholders of Georg Jensen A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Georg Jensen A/S for the financial year 1 January to 31 December 2021 comprise the consolidated income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Georg Jensen A/S for the financial year 1 January to 31 December 2021 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the bond of Georg Jensen A/S for listing on Nasdaq Stockholm, we were first appointed as auditors of Georg Jensen A/S on 24 April 2019 for the financial year 2019. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of three years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory The Group has recognized inventory of DKK 285,1 million as at 31 December 2021. The valuation of inventory across the Group is dependent on establishing appropriate valuation methods, including write down models and assumptions made by Management in relation to indirect productions costs and internal profit elimination. Furthermore, key judgement made by management in relations to write down of inventory relates to applying a write down model based on inventory days for each item number at inventory and in relation to internal profit elimination. We focused on the valuation of inventory because the measurement is complex and requires significant estimates made by Management. Write down of obsolete inventory is described in note 10.1.	We evaluated the appropriateness of management's model for write downs for excess and obsolete inventory, tested the mathematical accuracy of the model, and agreed to relevant sales data. We tested sales prices and retrospective analysis performed by Management to evaluate the accounting estimates in relation to the inventory write down. We reconciled the data in the internal profit model and indirect productions cost model, and we evaluated and challenged the significant assumption made by Management in applying the Group's accounting policy in relation to indirect productions costs and internal profit eliminations.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 26 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Michael Groth Hansen
State Authorised Public Accountant
mne33228

Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

CONSOLIDATED INCOME STATEMENT

DKK million	Note	2021	2020
Revenue	4.1, 4.2	1,110.1	932.4
Cost of sales	5.1	-420.2	-363.2
Gross profit		**689.9**	**569.2**
Other external costs		-202.7	-195.0
Staff costs	6.1	-268.7	-243.8
Other operating income and costs	7.1	12.5	21.8
Operating profit before depreciation and amortization		**231.0**	**152.2**
Depreciation, amortization and impairment losses	9.1,9.2	-122.2	-151.5
Operating profit		**108.8**	**0.7**
Financial income	8.1	3.1	1.2
Financial costs	8.1	-34.6	-43.3
Profit before tax		**77.3**	**-41.4**
Tax on profit for the year	8.2	-10.0	-3.7
Profit for the year		**67.3**	**-45.1**

OTHER COMPREHENSIVE INCOME

DKK million	Note	2021	2020
Profit for the year		**67.3**	**-45.1**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	15.1	-0.4	0.3
Items that will be reclassified to profit or loss			
Adjustment Cash flow hedges		-1.0	0.1
Exchange differences on foreign operations		3.7	-15.2
Other comprehensive income after tax		**2.3**	**-14.8**
Total comprehensive income for the year		**69.6**	**-59.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS, ASSETS

DKK million	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9.1	49.5	56.0
Tangible assets	9.2,9.3	259.5	321.4
Financial assets		46.5	42.7
Total non-current assets		**355.5**	**420.1**
CURRENT ASSETS			
Inventories	10.1	285.1	268.8
Trade receivables	10.2	127.2	115.5
Other receivables		5.6	3.5
Receivable from group enterprises		16.4	15.4
Prepayments		12.9	19.0
Cash and cash equivalents	12.4	221.7	148.4
Total current assets		**668.9**	**570.6**
TOTAL ASSETS		**1,024.4**	**990.7**

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS, LIABILITIES

DKK million	Note	2021	2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11.1	139.6	139.6
Share premium		488.3	488.3
Hedging reserve		0.2	1.2
Translation reserve		7.0	3.3
Retained earnings		-393.9	-460.9
Total equity		**241.2**	**171.5**
LIABILITIES			
NON-CURRENT LIABILITIES			
Bond	12.3	298.0	298.0
Lease liabilities	9.3	139.9	201.1
Provisions	15.2	11.8	14.4
Deferred tax	9.4	0.7	3.3
Retirement benefit obligation	15.1	8.5	8.3
Other payables		10.2	9.8
Total non-current liabilities		**469.1**	**534.9**
CURRENT LIABILITIES			
Credit institutions	12.4	2.8	5.7
Trade payables		83.6	77.7
Other payables		143.3	121.2
Lease liabilities	9.3	73.9	75.4
Tax payables	9.4	7.5	1.3
Provisions	15.2	3.0	3.0
Total current liabilities		**314.1**	**284.3**
Total liabilities		**783.2**	**819.2**
TOTAL EQUITY AND LIABILITIES		**1,024.4**	**990.7**

STATEMENT OF CHANGES IN EQUITY

ACCOUNTING POLICIES APPLIED

Share premium

The share premium comprises the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued. The share premium reserve can be distributed.

Reserve for hedging transactions

Reserve for hedging transactions comprises the accumulated net change of the fair value of hedging transactions which qualify for recognition as cash flow hedges, and where the hedged transaction has not yet been realized, less tax.

Translation reserve

The translation reserve comprises foreign exchange differences arising in connection with the translation of foreing subsidiaries' financial statements.

2021 **DKK million**	**Share capital**	**Share premium**	**Reserve for hedging transaction**	**Translation reserve**	**Retained earnings**	**Total Equity**
Equity at 1 January 2021	**139.6**	**488.3**	**1.2**	**3.3**	**-460.9**	**171.5**
Profit for the year	0.0	0.0	0.0	0.0	67.3	67.3
Other comprehensive income						
Remeasurements of defined benefit pension plans	0.0	0.0	0.0	0.0	-0.3	-0.3
Adjustment Cash flow hedges	0.0	0.0	-1.0	0.0	0.0	-1.0
Exchange adjustment	0.0	0.0	0.0	3.7	0.0	3.7
Total comprehensive income	**0.0**	**0.0**	**-1.0**	**3.7**	**-0.3**	**2.4**
Equity at 31 December 2021	**139.6**	**488.3**	**0.2**	**7.0**	**-393.9**	**241.2**

2020 **DKK million**	**Share capital**	**Share premium**	**Reserve for hedging transaction**	**Translation reserve**	**Retained earnings**	**Total Equity**
Equity at 1 January 2020	**139.6**	**488.3**	**1.1**	**18.5**	**-416.1**	**231.4**
Profit for the year	0.0	0.0	0.0	0.0	-45.1	-45.1
Other comprehensive income						
Remeasurements of defined benefit pension plans	0.0	0.0	0.0	0.0	0.3	0.3
Adjustment Cash flow hedges	0.0	0.0	0.1	0.0	0.0	0.1
Exchange adjustment	0.0	0.0	0.0	-15.2	0.0	-15.2
Total comprehensive income	**0.0**	**0.0**	**0.1**	**-15.2**	**0.3**	**14.8**
Equity at 31 December 2020	**139.6**	**488.3**	**1.2**	**3.3**	**-460.9**	**171.5**

CASH FLOW STATEMENT

DKK million	Note	2021	2020
Net profit for the year		67.3	-45.1
Non-cash items	17.2	164.0	173.7
Change in working capital	17.1	2.2	48.7
Cash flows from operating activities before financial income and expenses		**233.5**	**177.3**
Financial cost, paid	8.1	-31.5	-33.9
Cash flows from ordinary activities		**202.0**	**143.4**
Income taxes paid		-4.0	-2.5
Net cash flow from operating activities		**198.0**	**140.9**
Purchase of intangible assets		-27.0	-8.1
Purchase of property, plant and equipment		-11.5	-9.6
Change in other financial assets		-3.7	-4.3
Net cash flow from investing activities		**-42.2**	**-22.0**
Changes in credit institutions (overdraft facilities)		-2.9	-1.8
Repayment of loans from credit institutions		0.0	-0.7
Repayment of lease liabilities		-77.6	-83.2
Loan to Group companies		-2.0	-2.0
Cash flow from financing activities		**-82.5**	**-87.7**
Net cash flow for the year		73.3	31.2
Cash and cash equivalents, beginning of the year		148.4	117.2
Cash and cash equivalents, end of the year		**221.7**	**148.4**
Cash and cash equivalents in the statements of cash flows comprise:			
Cash and cash equivalents		221.7	148.4
Cash and cash equivalents		**221.7**	**148.4**

ACCOUNTING POLICIES APPLIED

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

The statement of cash flows presents cash flow from operating activities indirectly based on the net profit for the year.

Cash flow from operating activities is calculated as operating profit adjusted for non-cash operating items, provisions, financials paid, change in working capital as well as taxes paid.

Cash flow from investing activities is the aggregated change in the cash position resulting from investments in assets and changes resulting from amounts spent on investments in capital assets.

Cash flow from financing activities is the result from financing activities of the business.

NOTES

NOTES

1.1 ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2021 comprises the financial statements of Georg Jensen A/S.

The financial statements for the year ended 31 December 2021 have been prepared in accordance with IFRS and the accounting policies are unchanged from last year.

Implementation of new standards, amendments and interpretations

Georg Jensen A/S has assessed the effect of the new standards, amendments and interpretations effective for the financial years beginning on or after 1 January 2021. Georg Jensen A/S has concluded that all new standards, amendments and interpretations are either not relevant to Georg Jensen A/S or have no significant effect on the Financial Statements of Georg Jensen A/S.

New standards, amendments and interpretations adopted but not yet effective

Georg Jensen A/S has assessed the effect of the new standards, amendments and interpretations effective for the financial years beginning on or after 1 January 2021. Georg Jensen A/S has concluded that all new standards, amendments and interpretations are either not relevant to Georg Jensen A/S or have no significant effect on the Financial Statements of Georg Jensen A/S.

BASIS OF CONSOLIDATION

The consolidated financial statements consist of the financial statements of Georg Jensen Group A/S and its subsidiaries in which the Company's voting rights directly or indirectly exceed 50%, or in which the Company is able to exercise a controlling interest in any other way.

The consolidated financial statements are prepared on the basis of the parent company financial statements and the individual subsidiaries by consolidating items of a uniform nature. Equity interests, intercompany transactions, intercompany balances, unrealized intercompany gains on inventories and dividends are eliminated.

The items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements. Please refer to note 12 in the parent company. The significant accounting policies deemed by Management to be material for the understanding of the consolidated financial statements are listed in the statement of changes in equity, statement of cash flows as well as below where they are described in more detail in the relevant notes:

1.1	**Accounting policies**
2.1	**Going concern**
3.1	**Significant accounting estimates and judgements**
4.1	**Segment information**
4.2	**Revenue**
5.1	**Cost of sales**
6.1	**Staff costs**
7.1	**Other operating income and costs**
8.1	**Financial income and costs**
8.2	**Tax for the year**
9.1	**Intangible assets**
9.2	**Tangible assets**
9.3	**Leases**
9.4	**Deferred tax**
10.1	**Inventory**
10.2	**Trade receivables**
11.1	**Equity**
12.1	**Financial instruments by category**
12.2	**Fair value measurement**
12.3	**Financial risk**
12.4	**Net interest-bearing debt**

12.5 Contingent liabilities

13.1 Remuneration of Key management and board of directors

14.1 Related parties

15.1 Retirement benefit obligation

15.2 Provisions

16.1 Fee to auditors elected at the annual general meeting

17.1 Working capital

17.2 Cash flow statement, and other adjustments

18.1 Events after the reporting period

FOREIGN CURRENCY

Functional currency

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency of each entity in the Group. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies.

The consolidated financial statements and the parent company financial statements are reported in Danish Kroner (DKK). DKK is considered the primary currency of the Group's operations and the functional currency of the parent company.

FOREIGN CURRENCY TRANSLATION

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement under financial income or costs, respectively.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the end of the reporting period.

The difference between the exchange rate ruling at the end of the reporting period and the exchange rate at the date when the receivable or payable arose or was recorded in the most recent financial statements is recognized in the income statement under financial income or costs.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured based on historical cost are translated at the exchange rates ruling at the transaction date.

TRANSLATION IN THE CONSOLIDATED FINANCIAL STATEMENTS

The statements of financial position of foreign subsidiaries are translated into DKK at the exchange rate ruling at the end of the reporting period, while income statements are translated into DKK at monthly average exchange rates during the year.

Foreign exchange differences arising on the translation of foreign subsidiaries' opening equity using the exchange rates ruling at the end of the reporting period as well as on the translation of the income statements using average exchange rates at the end of the reporting period are recognized under other comprehensive income.

KEY FIGURES

The key figures and financial ratios presented in highlights have been prepared for the company. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Invested capital
Assets less cash and cash equivalents and non-interest-bearing debt

Net interest-bearing debt
Interest-bearing debt less cash and cash equivalents

Development in revenue (%)
Development in revenue as a ratio of last year's revenue

Gross margin (%)
Gross profit as a ratio of revenue

EBITDA margin (%)
Operating profit before depreciation and amortization(EBITDA) as a ratio of revenue

EBIT margin (%)
Operating profit (EBIT) as a ratio of revenue

Return on equity (%)
Net profit/(loss) as a percentage of average equity

Equity ratio
Total equity as ratio of total assets

Return on invested capital
Operating profit (EBIT) as a ratio of average invested capital

Revenue/invested capital
Revenue divided by average invested capital

Financial gearing
Interest bearing debt as percentage of total equity

2.1 GOING CONCERN

Capital Resources, Going Concern Assumptions, and COVID-19 Implications

At time of Covid-19 outbreak Georg Jensen was impacted by the profound retail restrictions impacting the traffic in our own retail stores and in department stores in all markets. This immediately posed a significant risk to the earnings and cashflow generation for Georg Jensen. However, during the pandemic demand for Georg Jensen products continued to grow and the channel shift from retail into E-commerce and B2B was seen as an opportunity to strengthen customer relationships and further grow sales with B2B partners to further support sales penetration in selected markets. Between 2019 and 2021 revenue increased DKK 96 million (9% growth).

During the same period, we have imposed strict scrutiny on OPEX and CAPEX investments. Investments have carefully been evaluated and prioritized in order to support the focus on growth. Thus, we have swiftly switched marketing funds from retail-oriented investments to online focused. While pivoting to a growth mode, growth initiatives have been self-funded and consequently EBITDA grew from DKK 152 million in 2020 to DKK 231 million in 2021 (55% growth).

Market volatility continues to exist coming out of 2021 but we have demonstrated an agile approach to drive sales and strengthened profitability. Liquidity has been conservatively managed during the pandemic. Since 2019 the "Cash and cash equivalents" grew from DKK 117 million, to DKK 148 million in 2020 and ending at DKK 222 million in 2021. Strategy for 2022 remains unchanged and we expect a continued financial strengthening of Georg Jensen.

In addition, the bond reaches maturity in Q2 2023 and we will during 2022 focus on a refinancing. We strongly believe that the financial performance is accommodating a refinancing without any major disruptions.

Management has prepared the annual report for 2021 based on the assumption of going concern.

3.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant accounting estimates and judgements by management

The preparation of the Annual Report requires that the Management makes estimates and assumptions, which by definition will vary to the actual results, that affect the recognized assets and liabilities, including the disclosures made regarding contingent assets and liabilities, when applying the Groups accounting policies.

Management bases its estimates on historical experience and other assumptions considered relevant at the time. These estimates and assumptions form the basis for the recognized carrying amounts of assets and liabilities and the derived effects on the income statement and other comprehensive income. The actual result may deviate over time.

The estimates made and the underlying assumptions are reconsidered on an ongoing basis.

Management considers the following estimates and judgements and the relevant accounting policies essential for preparing the consolidated financial statement. In the opinion of Management, the result of these estimates and uncertainties are reflected in the Annual Report based on the information available and assumptions made.

Inventory valuation

Inventory provision relating to finished items and raw material is assessed on a quarterly basis. The inventory provision is based on the approved policy. A provision is recognized if the expected net realizable value is lower than the cost of the products. Net realizable value is the estimated selling price less the estimated costs of reworking, completion and sale of the inventory.

See note number 10.1 for details in the valuation of the inventory.

Leases

See note 9.3 for significant judgements in determining the lease term.

Impairment assessment of property, plant, and equipment, and intangible assets

The carrying amounts of property, plant and equipment and intangible assets are reviewed on an annual basis to determine if an impairment is needed beyond ordinary depreciation policies for the specific assets. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount. The impairment test includes significant judgments made by Management, such as assumption of projected future cash flows.

4.1 SEGMENT INFORMATION

The group segments are based on a regional split. All regions are operated as independent business units, each with their own well-defined strategy plan, and they are responsible for their financial performance. The financial performance of the individual segment is presented in note 4.1 and 4.2. The group's revenue by primary sales channels is distributed [44/53/3] across the groups segments. For the primary product lines the split is [49/45/6].

Accounting Policies Applied
Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board, who are considered the Chief operating decision maker (CODM).

The Executive Board evaluates operating profits of business segments separately in order to make decisions in relation to resource allocation and performance measurement. The segment results are evaluated in the basis of operating results, which are calculated by the same methods as in the consolidated financial statements. Depreciation, financial income, costs and corporate taxes are calculated at Group level and are not allocated to the business segments. Other segments comprise group mark-up and cost related to group functions including supply chain.

Segment income and costs comprise income and costs that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Revenue which is reported to Management, is measured by the same methods as in the income statement. Cost allocation between business segments is made on an individual basis.

No information has been provided as to the segments' share of the items concerning financial position or cash flows as the Executive Board does not use this segmentation in the internal reporting. Profit/loss elements of the segmentation are recognized according to the countries' individual position included in the continental segment. I.e. revenue is recognized according to the country providing the sale and not the position of the customer.

DKK million	Europe	APAC	North America	Other segments	Total 2021
Total revenue	599.1	442.7	61.4	6.9	1,110.1
Gross Profit	**208.2**	**266.4**	**21.3**	**194.0**	**689.9**
OPEX	-65.9	-162.1	-17.2	-213.7	-458.9
EBITDA	**142.3**	**104.3**	**4.1**	**-19.7**	**231.0**
Amortisations & depreciations					-122.2
EBIT					**108.8**
Financial income					3.1
Financial expenses					-34.6
Profit before tax					**77.3**

DKK million	Europe	APAC	North America	Other segments	Total 2020
Total revenue	507.2	371.4	46.1	7.7	932.4
Gross Profit	**154.0**	**220.8**	**17.1**	**177.3**	**569.2**
OPEX	-69.2	-150.8	-19.8	-177.2	-417.0
EBITDA	**84.8**	**70.0**	**-2.7**	**0.1**	**152.2**
Amortisations & depreciations					-151.5
EBIT					**0.7**
Financial income					1.2
Financial expenses					-43.3
Profit before tax					**-41.4**

	2021		2020	
Geographical split	**Revenue**	**Non-current assets**	**Revenue**	**Non-current assets**
Denmark	293.1	199.9	263.2	229.5
Australia	228.2	64.4	183.4	69.1
Taiwan	93.3	6.9	93.0	5.3
Other	495.5	87.0	392.8	116.2
Total	**1,110.1**	**358.2**	**932.4**	**420.1**

Non-current assets consist of other assets than financial instruments and deferred tax.

4.2 REVENUE

The group derives revenue from the transfer of goods in the following major sales channels and product lines:

PRIMARY SALES CHANNELS	2021	2020
B2B	490.0	395.5
B2C	588.6	516.0
Other	31.5	20.9
Total	**1,110.1**	**932.4**
PRIMARY PRODUCT LINES		
Jewellery	538.1	446.7
Home	497.2	403.7
Other	74.8	82.0
Total	**1,110.1**	**932.4**

ACCOUNTING POLICIES APPLIED

Sale of goods wholesale

Sales are recognized when control of the products has transferred. The group has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of maximum 30 days, which is consistent with market practice. The group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods retail and online
Revenue from the sale of goods is recognized when a group entity sells a product to the customer. Payment of the transaction price is, for Retail due immediately when the customer purchases the item and for Online Sale when the goods are shipped.

It is the group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a contract liability and a right to the returned goods are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

5.1 COST OF SALES

Accounting Policies Applied

Cost of goods sold includes direct costs incurred when generating the revenue for the year. The group recognizes costs of goods sold as revenue is earned.

Direct Sales Costs

Direct sales costs include direct costs incurred to assure the revenue, ex. costs related to outbound fairs, royalties etc. Direct sales costs are recognized as the costs occurs.

DKK million	2021	2020
COST OF SALES		
Cost of goods sold	339.8	303.3
Direct sales cost	80.4	59.9
Total	**420.2**	**363.2**

6.1 STAFF COSTS

DKK million	2021	2020
TOTAL SALARIES, REMUNERATION ETC MAY BE SPECIFIED AS FOLLOWS:		
Wages and salaries	243.1	219.7
Pensions, defined contribution plans	15.8	13.8
Other staff costs	9.8	10.3
Total staff costs	**268.7**	**243.8**

Average number of Group employees	**1,097**	**1,080**

Accounting Policies Applied

Staff costs include salaries, remuneration, retirement benefit schemes and other staff costs to the Group's employees, including those to the members of the management and Board of Directors.

Staff costs are recognized in the financial year in which the employee performs his/her work. Costs related to long-term employee contribution plans, are allocated and recognized in the period to which they relate.

See note 13.1 for further information on remuneration to the Key management and Board of Directors and note 15.1 for further information on the Groups' retirement benefit obligation.

7.1 OTHER OPERATING INCOME AND COSTS

DKK million	2021	2020
TOTAL OTHER OPERATING INCOME AND COSTS MAY BE SPECIFIED AS FOLLOWS:		
Other income	13.1	24.4
Other expenses	-0.6	-2.6
Total other operating income and costs	**12.5**	**21.8**

Accounting Policies Applied

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Other operating income and costs are recognized in the financial year they refer to.

Government support is comprised of grants for compensation of costs or losses already incurred and recognized. Government support is recognized when there is reasonable assurance that the support will be received.

Government support for compensation for costs or losses incurred and recognized without resulting in further future costs or losses are recognized in the income statement as other operating income in the period where the compensation is granted.

Georg Jensen received government support of DKK 5.3 million in total. (2020: DKK 22.3 million).

8.1 FINANCIAL INCOME AND COSTS

DKK million	2021	2020
Financial income:		
Other interest income	1.0	0.8
Interest income from financial assets measured at amortized costs	**1.0**	**0.8**
Net loss on foreign currency translation	2.1	0.4
Total financial income	**3.1**	**1.2**
Financial costs:		
Interest on liabilities to credit institutions	-1.0	-1.0
Interest on bond	-18.0	-18.2
Interest on leases	-11.9	-13.4
Other interest costs	-0.4	-0.3
Interest cost from financial liabilities measured at amortized costs	**-31.3**	**-32.9**
Other financial costs	-3.5	-5.4
Realized loss on derivative financial instruments	0.2	-5.0
Other financial costs	**-3.3**	**-10.4**
Total financial cost	**-34.6**	**-43.3**
Net financials	**-31.5**	**-42.1**

Accounting Policies Applied

Financial income and costs include interest, realized and unrealized foreign currency translation adjustments, fair value adjustments of derivative financial instruments which do not qualify for hedge accounting and supplements, deductions and allowances relating to the payment of tax.

Interest income and costs are accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used in discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability respectively

8.2 TAX FOR THE YEAR

Accounting Policies Applied

Tax for the year consists of current tax for the year and adjustments in deferred tax. Tax for the year relating to the profit/loss for the year is recognized in the income statement, and tax for the year relating to items recognized under other comprehensive income or directly in equity is recognized under other comprehensive income or directly in equity, respectively.

Foreign currency translation adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the end of the reporting period, are expected to apply in the respective countries when the deferred tax is expected to crystallize as current tax.

Changes in deferred tax as a result of changed tax rates or tax rules are recognized in the income statement unless the deferred tax is attributable to transactions which have been recognized previously under other comprehensive income or directly in equity.

The parent company is taxed jointly with all consolidated wholly owned Danish subsidiaries. The current tax expense is allocated among the companies of the Danish tax pool in proportion to their taxable income (full absorption with refunds for tax losses). The jointly taxed companies pay tax under the Danish on-account tax scheme.

DKK million	2021	2020
Current tax		
Current tax on profits for the year	10.7	2.4
Prior-year adjustment, current tax	-0.5	-0.4
Total current tax	**10.2**	**2.0**
Deferred tax		
Deferred tax adjustment for the period	-0.2	1.7
Total deferred tax	**-0.2**	**1.7**
Total income tax	**10.0**	**3.7**
Recognized as follows		
Tax on profit for the year	10.2	2.0
Deferred tax adjustment	-0.2	1.7
Tax for the year	**10.0**	**3.7**

BREAKDOWN ON TAX ON PROFIT FOR THE YEAR

DKK million	2021	2020
Calculated tax on profit before tax, 22%	17.0	-9.0
Non recognized tax loss carry forward for the year	0.0	12.3
Impact of utilization of tax loss carry forward not recognized	-8.9	0.0
Deferred tax adjustment for the period	2.4	0.0
Impact of deviations in tax rates	-0.1	0.6
Withholding taxes	-0.4	-0.2
Total tax on profit for the year	**10.0**	**3.7**
Effective tax rate for the year (%)	**13%**	**-9%**

9.1 INTANGIBLE ASSETS

Accounting Policies Applied

Intangible assets are measured at cost price, comprising directly and indirectly related expenses, less accumulated impairment losses and amortization.

Software and IT development are amortized over the useful life of 3-7 years. Costs include the acquisition price as well as costs arising directly in connection with the acquisition and until the point of time when the asset is ready for use. Amortization is provided on a straight-line basis over the expected useful life.

Rights acquired are measured at cost less accumulated amortisation. The depreciation period reflects the expected economic lifecycle of the activity relating to the rights.

Expenses relating to the development of products, where the intention is to manufacture and market the product, are recognized in the balance sheet when the applicable criteria are fulfilled. In other cases the expenses are carried to the income statement when they are defrayed.

Development expenses are stated in the balance sheet at cost price, comprising the direct and indirect costs attributable to the development activities, less accumulated depreciation and impairment.

Development projects concern either cost for developing of new products within the group's current selections as well as cost for developing of software. Costs concerning software relate to either the ERP-upgrade as well as costs for developing a new online sales platform.

Development of new products is only initiated when a business plan documenting the expected costs and the expected future cash flow is prepared and approved. All products developed are up for sale on all markets.

Status on development projects is assessed on a quarterly basis and impairment tested on an annual basis.

Amortization takes place on a straight line basis as shown below:

Software	3-7 years
Rights	5-10 years
Completed development projects:	Max. 5 years

INTANGIBLE ASSETS

2021

DKK million	Soft-ware*	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 January	**88.3**	**74.4**	**36.1**	**3.2**	**202.0**
Additions for the year	0.2	0.0	0.0	26.8	27.0
Exchange adjustments	-0.2	1.3	0.0	0.0	1.1
Disposals	-0.3	0.0	-16.7	-1.1	-18.1
Transferred to other items	-5.2	17.0	3.8	-16.3	-0.7
Cost at 31 December	**82.8**	**92.7**	**23.2**	**12.6**	**211.3**
Impairment losses and amortization at 1 January	**46.2**	**70.2**	**29.6**	**0.0**	**146.0**
Amortization for the year	13.6	2.7	2.6	0.0	18.9
Disposals	-0.3	0.0	-15.8	0.0	-16.1
Exchange adjustments	-0.2	1.3	0.0	0.0	1.1
Transferred to other items	-5.4	17.5	-0.2	0.0	11.9
Impairment losses and amortization at 31 December	**53.9**	**91.7**	**16.2**	**0.0**	**161.8**
Carrying amount at 31 December	**28.9**	**1.0**	**7.0**	**12.6**	**49.5**

*Software relating to the business development of ERP systems is significant as an individual asset and has a carrying amount of DKK 27.4 million, and a remaining lifetime of 5 years.

No identification of impairment for intangible assets per 31 december 2021.

INTANGIBLE ASSETS

2020

DKK million	Soft-ware*	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 January	**80.7**	**75.4**	**32.7**	**8.8**	**197.6**
Additions for the year	0.1	0.0	0.0	8.0	8.1
Exchange adjustments	-0.8	-1.1	0.0	0.0	-1.9
Disposals	-1.6	0.0	-0.2	0,0	-1.8
Transferred to other items	9.9	0.1	3.6	-13.6	0.0
Cost at 31 December	**88.3**	**74.4**	**36.1**	**3.2**	**202.0**
Impairment losses and amortization at 1 January	**37.7**	**57.0**	**25.2**	**0.0**	**119.9**
Amortization for the year	10.4	14.1	4.6	0.0	29.1
Disposals	-1.3	0.0	-0.2	0.0	-1.5
Exchange adjustmensts	-0.6	-0.9	0.0	0.0	-1.5
Impairment losses and amortization at 31 December	**46.2**	**70.2**	**29.6**	**0.0**	**146.0**
Carrying amount at 31 December	**42.1**	**4.2**	**6.5**	**3.2**	**56.0**

* Software relating to the business development of ERP systems is significant as an individual asset and has a carrying amount of DKK 28.3 million, and a remaining lifetime of 5 years.

No identification of impairment for intangible assets per 31 december 2020.

9.2 TANGIBLE ASSETS

Accounting Policies Applied

Property, plant and equipment primarily consist of leasehold improvements and equipment, which are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use.

The net present value of estimated costs in respect of demounting and disposal of the asset and of restoring the place where the asset was used is added to costs.

The difference between cost and the expected scrap value is depreciated on a straight-line basis over the expected economic lives of the assets.

Gains and losses on disposal of property, plant and equipment are computed as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement under other operating income or costs.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Depreciation

The depreciation period is determined on the basis of Management's experience in the Group's business area, and Management believes the following estimates to be the best estimate of the economic lives of the assets:

Buildings	25-30 years
Lease assets	Lease period
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

If the depreciation period or the scrap values are changed, the effect on depreciation going forward is recognized as a change in accounting estimates.

TANGIBLE ASSETS 2021

DKK million	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment*	Leasehold im-provements	Property, plant and equipment in progress	Total
Cost at 1 January	**688.9**	**35.4**	**202.6**	**219.7**	**0.0**	**1,146.6**
Additions for the year	10.4	3.9	6.2	3.7	0.2	24.4
Disposals for the year	0.0	-5.3	-23.8	-14.0	0.0	-43.1
Exchange adjustments	-14.4	-0.8	-2.5	8.1	0.0	-9.6
Transferred to other items	21.2	-0.4	-9.9	-22.0	0.1	-11.0
Cost at 31 December	**706.1**	**32.8**	**172.6**	**195.5**	**0.3**	**1,107.3**
Impairment losses and depre-ciation at 1 January	**411.9**	**34.7**	**177.7**	**201.0**	**0.0**	**825.3**
Depreciation for the year	81.3	0.6	11.6	7.5	0.0	101.0
Impairment and depreciation of assets for the year	0.0	-5.7	-23.7	-14.0	0.0	-43.4
Exchange adjustments	-15.2	-0.8	-2.3	7.4	0.0	-10.9
Transferred to other items	22.0	-0.5	-23.7	-22.2	0.2	-24.2
Impairment losses and amortization at 31 December	**500.0**	**28.3**	**139.6**	**179,7**	**0.2**	**847.8**
Carrying amount at 31 December	**206.1**	**4.5**	**33.0**	**15.8**	**0.1**	**259.5**
***Right-of-use asset**	**184.7**	**0.0**	**0.6**	**0.0**	**0.0**	**185.3**

No identification of impairment for tangible assets per 31 december 2021

TANGIBLE ASSETS 2020

DKK million	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment*	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January	**528.4**	**38.8**	**228.4**	**233.0**	**1.4**	**1,030.0**
Additions for the year	153.2	0.2	9.1	6.0	0.9	169.4
Disposals for the year	0.0	-0.7	-32.3	-16.1	0.0	-49.1
Exchange adjustments	7.3	-2.9	-4.9	-3.2	0.0	-3.7
Transferred to other items	0.0	0.0	2.3	0.0	-2.3	0.0
Cost at 31 December	**688.9**	**35.4**	**202.6**	**219.7**	**0.0**	**1,146.6**
Impairment losses and depre-ciation at 1 January	**306.0**	**37.2**	**197.6**	**205.5**	**0.0**	**746.3**
Depreciation for the year	92.6	0.9	14.9	13.9	0.0	122.3
Impairment and depreciation of assets for the year	0.0	-0.7	-31.3	-16.1	0.0	-48.1
Exchange adjustments	13.3	-2.7	-3.6	-2.3	0.0	4.7
Impairment losses and amortization at 31 December	**411.9**	**34.7**	**177.6**	**201.0**	**0.0**	**825.2**
Carrying amount at 31 December	**277.0**	**0.7**	**25.0**	**18.7**	**0.0**	**321.4**
***Right-of-use asset**	**253.6**	**0.0**	**0.9**	**0.0**	**0.0**	**254.5**

No identification of impairment for tangible assets per 31 december 2020

9.3 LEASES

Accounting Policies Applied

The group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 2 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There are no short-term or low-value lease contracts.

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate

The lease payments are discounted using the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximize operational flexibility in terms of managing contracts.

Critical estimates in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Right-of-Use Assets	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2021	253.6	0.9	254.5
Additions	10.0	0.2	10.2
Depreciation	-80.2	-0.5	-80.7
Exchange adjustments	1.3	0.0	1.3
Modification to lease terms	0.0	0.0	0.0
At 31 December 2021	**184.7**	**0.6**	**185.3**

Right-of-Use Assets	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2020	196.4	0.9	197.3
Additions	62.0	0.7	62.7
Depreciation	-90.8	-0.7	-91.5
Exchange adjustments	-4.3	0.0	-4.3
Modificatin to lease terms	90.3	0.0	90.3
At 31 December 2020	**253.6**	**0.9**	**254.5**

Lease liabilities	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2021	275.6	0.9	276.5
Additions	12.8	0.0	12.8
Amortisation	-89.0	-0.5	-89.5
Interests	11.9	0.0	11.9
Exchange adjustments	2.1	0.0	2.1
Modification to lease terms	0.0	0.0	0.0
At 31 December 2021	**213.4**	**0.4**	**213.8**

Variable leases(turnover based leases) not included in lease liabilities amount to DKK 45.1 million in 2021. The total cash out flow for the year from all leases is DKK 137.5 million. For 2022 variable lease payments are expected to amount to DKK 40.0 - 55.0 million.

Lease liabilities	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2020	210.5	0.9	211.4
Additions	62.0	0.7	62.7
Amortisation	-95.9	-0.7	-96.6
Interest	13.4	0.0	13.4
Exchange adjustments	-4.7	0.0	-4.7
Modification to lease terms	90.3	0.0	90.3
At 31 December 2020	**275.6**	**0.9**	**276.5**

Variable leases(turnover based leases) not included in lease liabilities of DKK 41.1 million in 2020. The total cash out flow for the year from all leases is DKK 137.7 million. For 2021 variable lease payments are expected to amount to DKK 40.0 - 55.0 million.

9.4 DEFERRED TAX

Accounting Policies Applied

Deferred tax assets, including the tax base of deferrable tax losses, are recognized at the expected value of their utilization of future taxable income and are set off against deferred tax liabilities within the same legal entity and jurisdiction.

If deferred tax is an asset, it is included in non-current assets based on an assessment of the potential for future realization. Taxes are recognized when it is likely that these will be utilized in the foreseeable future. Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively.

Risks relating to transfer pricing, disagreement(s) with local tax authorities, etc. arise as a result of global activity. Based on an assessment and review of the outcome of pending matters, management considers that the provisions made for uncertain tax positions recognized in payable and deferred tax are adequate.

Critical estimate

Deferred tax assets are recognized if it is likely that there will be taxable income in the future against which timing differences or tax loss carry forwards may be used. The significant estimate regarding deferred tax consists of the expectations to future recognition of the asset.

DKK million	2021	2020
Net tax liability beginning of period	**1.3**	**1.8**
Tax payable on profit for the period	10.2	2.0
Tax paid during the period	-4.0	-2.5
Net tax liabilities at 31 December	**7.5**	**1.3**
Recognized as follows		
Tax payable	7.5	1.3
Net tax liabilities at 31 December	**7.5**	**1.3**

DKK million	2021	2020
Deferred tax at 1 January	-3.3	-2.0
Addition/disposal for the period	0.2	-1.7
Write-down of tax asset	2.4	0.4
Net deferred tax at 31 December	**-0.7**	**-3.3**
Recognized as follows:		
Deferred tax liabilities	-0.7	-3.3
Net deferred tax at 31 December	**-0.7**	**-3.3**

DKK million	Net deferred tax at 1 January 2021	Write-down on deferred tax Recognized in profit for the year	Net deferred tax at 31 December 2021
Intangible assets	0.0	0.0	0.0
Property plant and equipment	-3.3	2.6	-0.7
Total	**-3.3**	**2.6**	**-0.7**

DKK million	Net deferred tax at 1 January 2020	Write-down on deferred tax Recognized in profit for the year	Net deferred tax at 31 December 2020
Intangible assets	0.0	0.0	0.0
Property plant and equipment	-2.0	-1.3	-3.3
Total	**-2.0**	**-1.3**	**-3.3**

Deferred tax liability for the Group amounts to DKK 0.7 million at 31 December 2021 (Deferred tax liability DKK 3.3 million in 2020). The deferred tax liability mainly concerns the subsidiary in Australia. Deferred tax asset for the Group make up for DKK 0.0 million at 31 December 2021 (DKK 0.0 million in 2020).

At year end the non-recognized tax losses carry forward for the Danish entities amounted to DKK 221.8 million (tax-value DKK 48,8 million at a tax-rate of 22%). There is no expiry date on the tax losses.

10.1 INVENTORY

Accounting Policies Applied

Raw materials and components are measured at acquisition price, or net realization value if lower.

Work in progress and finished goods and goods for resale are measured at cost price (compiled by the weighted average method) with addition of indirect production costs, or at net realization value if lower.

Indirect production costs comprise of fixed costs and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in manufacturing process as well as costs of factory administration and management.

Significant accounting estimates

The inventory provision is assessed by Stock keeping unit(SKU) level and is based on lifecycle code set per item and the months on hands for sale. Furthermore, an individual assessment is made for some items. The inventory provision is split into finished items ready for sales and raw material or spare parts.

Based on our historic performance, and when looking at our product groups as a whole, we do not sell items below the cost of the product, with only a few exceptions to this by SKU level. The inventory provision in 2021 has been calculated based on individual assessment on the relevant raw materials and finished goods. The inventory provision increased slightly from 2020 to 2021, mainly driven by adjustments to individual SKU's life cycle registrations.

Georg Jensen has during the last years focused on the assortment structure and inventory accounts. By the end of 2021 management is confident that inventory levels are represented accurately and fairly.

DKK million	2021	2020
Raw materials and components	57.2	51.6
Work in progress	3.1	3.4
Finished goods and goods for resale	270.9	256.6
Total inventories, gross	**331.2**	**311.6**
Changes in inventory write-downs:		
Inventories write down at 1 January	**42.8**	**21.2**
Write-downs for the year, addition	3.7	24.0
Write-downs for the year, reversal (utilized)	-0.4	-2.4
Total inventory write-downs	**46.1**	**42.8**
Total inventories, net	**285.1**	**268.8**

10.2 TRADE RECEIVABLES

DKK million	2021	2020
Receivables not due	108.7	87.0
Less than 90 days overdue	24.6	29.5
91-180 days overdue	1.0	3.8
181-365 days overdue	0.0	2.9
More than 1 year overdue	4.6	3.3
Receivables, gross	138.9	126.5
Provision for customer return	-5.1	-3.2
Provision for bad debt	-6.5	-7.8
Total trade receivables	**127.3**	**115.5**
Change in provision for bad debt		
Provision for bad debt at 1 January	7.8	6.2
Provision made	0.6	1.6
Provision used	-1.9	0.0
Provision for bad debt at 31 December	**6.5**	**7.8**

Accounting Policies Applied

On initial recognition, receivables are measured at fair value and subsequently at amortized cost which usually corresponds to the nominal value less provision for bad debts.

Receivables are written down to net realizable value corresponding to the amount of expected future net payments received on the receivables. Write-downs are calculated on the basis of individual assessments of the receivables.

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Impairment of receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

11.1 EQUITY

Accounting Policies Applied

Proposed dividends are recognized as a liability at the time of adoption by the shareholders at the annual general meeting. Description of capital management in note 12.3, see liquidity risk.

DKK million	Number
Share Capital at 1 January 2020	**1,396**
Share Capital at 1 January 2021	**1,396**
Share Capital at 31 December 2021	**1,396**

The share capital consists of 1,396,491 shares with a nominal value of DKK 100 each. No shares carry any special rights.

12.1 FINANCIAL INSTRUMENTS BY CATEGORY

DKK million	Carrying amount 2021	Carrying amount 2020
Carried at amortised cost		
Receivable from group enterprises	16.3	15.4
Financial assets	5.6	3.5
Trade receivables	127.2	115.5
Cash and cash equivalents	221.7	148.4
Financial assets at amortized cost	**370.8**	**282.8**
Derivatives	**1.8**	**3.1**
Carried at amortised cost		
Credit institutions	2.8	5.7
Lease liabilities	213.8	276.5
Bond	298.0	298.0
Trade payables	83.8	77.7
Other payables (Deposit)	4.5	6.8
Financial liabilities at amortized cost	**602.9**	**664.7**
Derivatives	**1.9**	**4.2**

As carried amounts measured in the balance sheet all are regulated according to the official year end exchange rate, the carried amounts are assessed as representable for fair value.

12.2 FAIR VALUE MEASUREMENT

Accounting Policies Applied

Financial instruments measured at fair value
Financial instruments measured at fair value can be divided into three levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value of listed securities is within level 1 of the fair value hierarchy. Non-listed shares and other securities are within level 3 of the fair value hierarchy.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly.

Financial instruments carried at amortised cost

The bond is measured at amortized cost.

	Assets	Equity and liabilities	
DKK million	**Derivatives***	**Bond**	**Derivatives***
2021			
Level 1	0.0	298.0	0.0
Level 2	1.8	0.0	1.9
Level 3	0.0	0.0	0.0
Total 2021	**1.8**	**298.0**	**1.9**
2020			
Level 1	0.0	298.0	0.0
Level 2	3.1	0.0	4.2
Level 3	0.0	0.0	0.0
Total 2020	**3.1**	**298.0**	**4.2**

*Derivatives is accounted for within other receivables and payables in the balance sheet.

12.3 FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks:

- Credit risk
- Market risks, i.e. interest rate risk, currency risk and raw material risk
- Liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The financial receivables of the Group all fall due within 12 months. It is the Group's policy that all major customers and other partners undergo regular credit assessment. A credit line is set on the basis of the credit worthiness of the individual customers and counterparties. The Group has a credit insurance program for sales from Georg Jensen A/S, where more than 90% of invoice amounts are insured, which is unchanged in 2021. Exceptions to the insurance program needs senior management approval. The Group does not have any material risks relating to individual private customers or partners.

Historically seen, the Group has had relatively small losses as a consequence of non-payment by customers or counterparties. At year-end write downs on bad debt was DKK 6.5 million (2020: DKK 7.8 million).

Other financial assets at amortized cost comprise loans receivable and other receivables. All of these financial assets are considered to have low credit risk and thus the impairment provision calculated basis of 12 month expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or the value of its holdings of financial instruments. The sensitivity analysis is shown in the section relating to currency risk.

The sensitivity analyses for currency risk and interest rate risk have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies remain unchanged from hedge designations in place at 31 December 2021.

Interest rate risk

The interest rate risk of Georg Jensen is primarily related to floating rate debt. The interest applied to the loans is variable on 3-month terms. The Board of Directors has assessed the cost of hedging compared to the risk of interest rate increases and has decided to remain related to floating rate. Thus, at the end of 2021 Georg Jensen has no interest rate swaps.

A general increase in interest rates by 1 percentage point is estimated, all other things being equal, to affect profit before tax and equity, excluding tax effect, negatively by approximately DKK 1.3 million (2020: DKK 1.2 million). A decline by one percentage point would affect by approximately DKK 0 (2020: DKK 0) as our bank debt has a minimum interest rate limit.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Next interest rate fixing		
Borrowings by interest rate levels	**Carrying amount**	**0-1 year**	**1-5 years**	**+5 years**
2021				
3-6%	2.8	2.8	0.0	0.0
6-8%	298.0	298.0	0.0	0.0
Total	**300.8**	**300.8**	**0.0**	**0.0**
2020				
3-6%	5.7	5.7	0.0	0.0
6-8%	298.0	298.0	0.0	0.0
Total	**303.7**	**303.7**	**0.0**	**0.0**

Currency risk

The currency risks of Georg Jensen are mainly related to the purchase and sales of goods in foreign currencies. The largest exposure for purchases are EUR, THB and USD whereas largest invoicing currencies are EUR, SEK, TWD, JPY and AUD.

Currency price risk is hedged for up to 12 months with a decreasing hedging degree over the period pursuant to the Hedging Policy approved by the Board of Directors. However, hedge accounting is not applied and in this regard refers to the economic hedging.

The Board of Directors has approved that EUR (primarily related to the bond issue) is not hedged due to the high correlation to DKK.

All changes in financial instruments are recognized as financial income and financial expenses in the income statement.

To hedge this price risk Georg Jensen uses a portfolio of financial instruments as FX-forwards, currency swaps as well as options.

The table below shows the annual impact on the P/L from exchange rate increases of 10%, (except EUR, where an increase of 0.5% have been applied) in Georg Jensen's primary foreign currencies based on financial assets and liabilities at year end (in DKK millions).

	2021	2020
	P/L before tax	P/L before tax
AUD	0.9	1.1
CNY	0.0	0.0
EUR	-1.3	-1.5
GBP	0.4	-0.5
HKD	-0.1	-0.3
JPY	-0.3	-1.1
NOK	0.5	-0.2
SEK	0.4	-0.2
THB	1.0	1.1
TWD	-0.8	-0.6
USD	-1.5	4.7

Georg Jensen has equity investments in foreign affiliated companies, whose net assets are affected by exchange rate fluctuations in connection with translation to DKK in the consolidated accounts. This translation risk is not regarded as a foreign currency risk and is therefore not included in the sensitivity calculations.

At year end the market value of FX derivatives was DKK -0.4 million (2020: DKK -2.6 million). All currency hedging expires within 1 year.

Raw material price risks

Georg Jensen is exposed to fluctuations in commodity prices through its production. The main raw materials are gold and silver. These risks are hedged for up to 12 months with a decreasing hedging degree over the period pursuant to the Hedging Policy approved by the Board of Directors.

To hedge this price risk Georg Jensen uses silver and gold futures.

The sensitivity on profit for the year and equity from raw material price movements of 10% of gold and silver after impact of hedge accounting amounts to DKK 3.8 million at year end 2021 (2020: DKK 4.0 million).

The effective part of the fair values of the raw material price futures, used for and complying with the conditions for hedge accounting for future transactions, is recognized directly in equity until the hedged transactions are realized and subsequently recognized in the income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment, to ensure that an economic relationship exists between the hedged item and hedging instruments.

As per 31 December 2021 the market value of gold and silver futures was DKK 0.2 million (2020: DKK 1.5 million), of which DKK 0.2 million (2020: DKK 1.5 million) was recognized directly in equity. All commodity price hedging expires within 1 year.

Liquidity risk

The purpose of Georg Jensen's cash management procedures is to ensure that the Group at all times has an adequate level of cash and debt to meet financial obligations. Liquidity forecasts are continuously updated with a higher granularity for the next three months than the monthly outlooks for a rolling 12 month period.

Georg Jensen has a bond issue of 40 million EUR until May 2023 and a committed revolving credit facility of 10 million EUR with DNB Bank until Nov 2022.

Georg Jensen's loan and credit agreements contain one financial covenant. The covenant has not been breached in 2021.

Furthermore, some of the subsidiaries have smaller facilities in place to manage local cash flow.

The Group short term budget and longer terms plans shows that the Group will be able to meet its commitments on an ongoing basis.

Maturity analysis of loans and borrowing 2021, DKK million	**2022**	**2023**	**2024-2025**	**After 2025**	**Total**
Credit institutions and bond	18.0	308.3	0.0	0.0	326.3
Lease liabilities	82.6	55.0	71.4	26.2	235.2
Trade payables	83.8	0.0	0.0	0.0	83.8
Derivatives	1.9	0.0	0.0	0.0	1.9
Total payment obligations	**186.3**	**363.3**	**71.4**	**26.2**	**647.2**

Maturity analysis of loans and borrowing 2020, DKK million	**2021**	**2022**	**2023-2024**	**After 2024**	**Total**
Credit institution	18.1	18.1	311.3	0.0	347.5
Lease liabilities	86.9	75.2	89.1	55.6	306.8
Trade payables	77.7	0.0	0.0	0.0	77.7
Payable to group enterprises	0.0	0.0	0.0	0.0	0.0
Derivatives	4.2	0.0	0.0	0.0	4.2
Total payment obligations	**186.9**	**93.3**	**400.4**	**55.6**	**736.2**

12.4 NET INTEREST-BEARING DEBT

Accounting Policies Applied

Financial liabilities

On initial recognition, financial liabilities, including bank loans, are measured at fair value. In subsequent periods, financial liabilities are measured at amortized cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognized in the income statement as financial costs over the term of the loan.

DKK million	2021	2020
Net interest-bearing debt comprises:		
Credit institutions (Current)	2.8	5.7
Lease liabilities	213.8	276.5
Bond	298.0	298.0
Gross interest-bearing debt	**514.6**	**580.2**
Receivables to group enterprises	-16.3	-15.4
Cash and cash equivalents	-221.7	-148.4
Gross interest-bearing receivables	**-238.0**	**-163.8**
Net interest-bearing debt	**276.6**	**416.4**

12.5 CONTINGENT LIABILITIES

Accounting Policies Applied
Contingent liabilities comprise potential liabilities which have not yet been confirmed as to whether these will cause an outflow of the Group's resources actual liabilities which are not possible to measure with sufficient reliability.

For the credit facilities with a credit institution a floating charge on the Company's assets of DKK 200 million (2020: DKK 200 million) and a mortgage registered to the owner of DKK 10 million (2020: DKK 10 million) on a building with an accounting book value of DKK 3.7 million (2020: DKK 4.1 million) have been recorded in the Land Register. For the same credit facilities, shares in the subsidiaries Georg Jensen Retail A/S and Georg Jensen Pty. Ltd. have been pledged as collateral.

For local credit facility in Thailand a mortgage charge on land & buildings with a net booked value of DKK 15.7 million by the end of 2021 in Georg Jensen (Thailand) Ltd. has been registered. The mortgage charge is maximized to DKK 5.9 million.

For local credit facility in Taiwan a mortgage charge on accounts receivable with a net booked value of DKK 6.6 million by the end of 2021, has been registered. The mortgage charge was not utilized by the end of 2021.

Georg Jensen Group is subject to tax legislation in the countries in which it operates. Any significant accounting estimates relating to the statements of current tax, deferred tax and pending tax matters in the individual countries have been provided.

The parent company is liable as a surety guarantor for loans of DKK 0.7 million (2020: DKK 1.4 million) raised by Georg Jensen (Thailand) Ltd. with IFU.

13.1 REMUNERATION TO KEY MANAGEMENT AND BOARD OF DIRECTORS

Accounting Policies Applied

Key Management includes Board of Directors, Executive Management and the extended Executive Leadership in Georg Jensen A/S. Key Management is a total of 7 members by end 2021. The compensation paid or payables to key management for employee services is shown below:

DKK million	2021	2020
Wages and salaries*	16.7	10.7
Pensions, defined contribution plans	0.9	0.6
Key Management in Total	**17.6**	**11.3**
Fees to board of directors	0.3	0.4
Total	**0.3**	**0.4**
Total Remuneration	**17.9**	**11.7**

*For further details please see parent financial statement note 4 staff costs.

14.1 RELATED PARTIES

Controlling interest

Georg Jensen A/S's immediate Parent Company is Georg Jensen Investment ApS, Copenhagen, Denmark. Ownership and voting share is 100%. Georg Jensen A/S is fully consolidated in the consolidated annual report for Georg Jensen Investment ApS from where it can be obtained. The ultimate Parent Company is Investcorp European Buyout Fund 2019 B, LP, located on Cayman Islands.

Other related parties

The Company's related parties are the members of the Board of Directors and Executive Board of Georg Jensen A/S, the sole shareholder Georg Jensen Investment ApS, Key Management and affiliated companies.

Transactions

No agreements or other transactions with the Company have been concluded in which the Board of Directors or Executive Board has had an economic interest besides transactions as a consequence of the employment relationship.

TRADING TRANSACTIONS

During the year Group companies entered into the following transactions with related parties who are not members of the group.

	Type of transaction	Transaction amount	
DKK million		**2021**	**2020**
Receivables from group enterprises			
Parent companies	Interest	0.9	0.8
	Addition to loan	2.0	2.0
Total		**2.9**	**2.8**

Intercompany balances can be seen in the consolidated statements for the group.

15.1 RETIREMENT BENEFIT OBLIGATIONS

Accounting Policies Applied

Defined benefit plans

Obligations relating to defined contribution plans are recognized in the income statement in the period in which the employees performed their work, and contributions due are recognized in the statement of financial position under other liabilities. For defined benefit plans, an annual actuarial assessment is made of the net present value of future benefits to be paid under the plan.

The net present value is calculated based on assumptions of the future developments of, e.g., salary, interest, inflation and mortality rates. The net present value is only calculated for those benefits to which the employees have earned the right through their past employment for the Group.

The actuarial calculation of the net present value less the fair value of any assets related to the plan is included in the statement of financial position as retirement benefit obligations, however, please see below. Differences between the expected development of assets and liabilities in connection with retirement benefit schemes and the realized values are termed actuarial gains or losses.

Subsequently, all actuarial gains or losses are recognized in the comprehensive income. If a retirement plan represents a net asset, the asset is only recognized to the extent that it offsets future contributions from the plan, or it will reduce future contributions to the plan.

The assumptions used for the actuarial calculations and valuations may vary from country to country due to local, economic and social differences.

The Group has used external and independent actuaries for the statement of retirement benefit obligation.

The retirement benefit obligations are specified as follows:

DKK million	2021	2020
Present value of defined benefit obligation, Thailand	7.6	7.3
Present value of defined benefit obligation, Taiwan	1.8	1.7
Total retirement benefit obligation	**9.4**	**9.0**

The plan assets are specified as follows:

DKK million	2021	2020
Fair value of plan assets, Thailand	0.0	0.0
Fair value of plan assets, Taiwan	0.9	0.8
Total plan assets	**0.9**	**0.8**

The development of the present value of defined benefit obligation is specified as follows:

DKK million	2021	2020
Retirement benefit obligation at 1 January	**9.0**	**9.0**
Current service cost	0.6	0.0
Past service cost	0.0	-0.1
Interest expenses	0.2	0.2
Total amount recognized in the profit and loss	**0.8**	**0.1**
Demographical changes	0.9	0.0
Financial changes	-1.2	0.3
Total amount recognized in other comprehensive income	**-0.3**	**0.3**
Exchange rate adjustments	-0.1	-0.2
Benefit payments	0.0	-0.2
Present value of defined benefit obligations	**9.4**	**9.0**

DKK million	2021	2020
Fair value at 1 January	**0.8**	**1.0**
Exchange rate adjustments	0.1	-0.1
Benefit payments	0.0	-0.1
Present value of defined benefit asset	**0.9**	**0.8**

	31 December 2021			31 December 2020		
DKK million	**Quoted**	**Un-quoted**	**Total**	**Quoted**	**Un-quoted**	**Total**
Cash and cash equivalents	0.9	0.0	0.9	0.8	0.0	0.8
Total plan assets	**0.9**	**0.0**	**0.9**	**0.8**	**0.0**	**0.8**

Future cashflows relating to benefit payments are noted as follows:

2021 DKK million	1 year	2-5 year	After 5 years	Total
Taiwan	0.0	0.2	1.6	1.8
Thailand	0.0	1.5	12.6	14.1
Total	**0.0**	**1.7**	**14.2**	**15.9**

2020 DKK million	1 year	2-5 year	After 5 years	Total
Taiwan	0.0	0.2	1.4	1.6
Thailand	0.4	0.5	12.2	13.1
Total	**0.4**	**0.7**	**13.6**	**14.7**

The significant actuarial assumptions were as follows (weighted averages):

DKK million	2021	2020
Discount rate for monthly employee (annual)	1.7%	2.0%
Future salary increases for monthly employee (annual)	2.2%	3.7%

Assumption regarding the mortality and disability rate of Thailand mortality table of 2017 and Taiwan mortality table of 2012, are based on official data, and make up 100% in mortality rate, and 10% in disability rate for male and female respectively.

Expected contributions to post-employment benefit plans for the year ending 31 December 2021 are approx. DKK 0.0 million. (2020: DKK 0.0 million).

The weighted average duration of the defined benefit obligation is 15 years for Thailand and 8 years for Taiwan. (2020: 15 years for Thailand and 8 years for Taiwan).

15.2 PROVISIONS

Accounting Policies Applied

Provisions are recognized when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the Company's financial resources.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the end of the reporting period. Provisions with an expected term of more than a year at end of the reporting period are measured at present value.

The accounting estimates applied in respect of provisions are based on Management's best estimates of assumptions and judgments. The majority of the provisions are expected to be settled within one year. Due to uncertainty in the settlement process, these estimates may be affected significantly by changes in these assumptions and judgments applied. These estimates are based on existing contractual obligations and past experience. Based on the information available, Georg Jensen A/S considers the provisions to be adequate.

2021

DKK million	Reestablishment leases	Other	Total
Provisions at 1 January	**14.4**	**3.0**	**17.4**
Adjustment of reestablishment	-2.7	0.0	-2.7
Reclassified provisions	0.0	0.0	0.0
Exchange Adjustment	0.1	0.0	0.1
Provisions at 31 December	**11.8**	**3.0**	**14.8**
Provisions specified in the statement of financial positions is as follows:			
Non-current liabilities	10.2	0.0	10.2
Current liabilities	1.6	3.0	4.6
Provisions at 31 December	**11.8**	**3.0**	**14.8**

2020

DKK million	Reestablishment leases	Other	Total
Provisions at 1 January	**12.8**	**3.0**	**15.8**
Adjustment of reestablishment	1.6	0.0	1.6
Reclassified provisions	0.0	0.0	0.0
Exchange adjustment	0.0	0.0	0.0
Provisions at 31 December	**14.4**	**3.0**	**17.4**
Provisions specified in the statement of financial positions is as follows:			
Non-current liabilities	10.3	0.0	10.3
Current liabilities	4.1	3.0	7.1
Provisions at 31 December	**14.4**	**3.0**	**17.4**

16.1 FEE TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2021	2020
Audit fee to PwC	2.6	2.6
Other statements and opinions with guarantees	0.0	0.1
Tax services	0.5	0.6
Non-audit services	0.0	0.0
Total fee to the auditors elected at the annual general meeting	**3.1**	**3.3**

Fees for non-audit services performed for the Group by the statutory auditors, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, amounted to DKK 0.5 million (2020: DKK 0.7 million). The services comprise other statements and opinions with guarantees, tax advisory services concerning transfer pricing and other general financial reporting and tax consultancy. .

17.1 WORKING CAPITAL

DKK million	2021	2020
Inventories	285.1	268.8
Trade receivables	127.2	115.5
Other receivables	5.6	3.5
Prepayments	12.9	19.0
Total assets	**430.8**	**406.8**
Trade payables	83.7	77.7
Other payables	153.5	131.0
Retirement benefit obligation	8.5	8.3
Other provisions	14.8	17.4
Total liabilities	**260.5**	**234.4**
Working capital	**170.3**	**172.4**
Changes in working capital		
Change in inventory	-16.3	19.4
Change in receivables	-7.7	-12.2
Change in other provisions	20.1	28.1
Change in suppliers etc.	6.1	13.4
Total other adjustments	**2.2**	**48.7**

17.2 CASH FLOW STATEMENT, NON-CASH ITEMS

DKK million	2021	2020
Financial income	-3.1	-1.2
Financial cost	34.6	43.3
Depreciation, Amortization and impairment losses	122.2	151.5
Losses and gain on sales of fixed assets	-0.9	0.0
Tax on profit/loss for the year	10.0	3.7
Other	1.2	-23.6
Total other adjustments	**164.0**	**173.7**

18.1 EVENTS AFTER THE REPORTING PERIOD

Following the invasion of Ukraine in February 2022, Georg Jensen has paused its sales to and purchases from Russia, which is expected to have a limited direct impact on business. The broader impact, which includes higher volatility in pricing of silver, gold and diamonds, increased inflationary pressures from oil prices and freight bottlenecks in the transportation routes between APAC region and Western world have been considered in the outlook for 2022.

No other events have occurred after the balance sheet date that materially affects the financial position of Georg Jensen.


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BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

PARENT FINANCIAL STATEMENTS

2021

GEORG JENSEN A/S ANNUAL REPORT 2021
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INCOME STATEMENT

DKK million	Note	2021	2020
Revenue	2	723.2	595.9
Cost of sales		-395.6	-342.9
Gross profit		**327.6**	**253.0**
Staff costs	4	-133.2	-113.1
Other external costs	8	-86.7	-141.6
Other operating income and costs	5	-0.2	2.3
Operating profit before depreciation and amortization		**107.5**	**0.6**
Depreciation, amortization and impairment losses	10, 11	-38.0	-39.8
Operating profit		**69.5**	**-39.2**
Result of investments in subsidiaries		10.0	22.9
Financial income	6	23.8	14.5
Financial costs	6	-31.5	-47.6
Profit before tax		**71.8**	**-49.4**
Tax on profit for the year	7	-4.5	4.3
Profit for the year		**67.3**	**-45.1**

BALANCE SHEET, ASSETS

DKK million	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10		
Software		27.4	40.1
Lease and trademark rights		0.5	1.2
Completed development projects		7.0	6.4
Development projects in progress		12.5	3.2
Total Intangible assets		**47.4**	**50.9**
Tangible assets	11		
Land and buildings		3.7	4.1
Plant and machinery		0.1	0.4
Other fixtures and fittings, tools and equipment		18.2	11.0
Leasehold improvements		0.2	0.3
Leases		14.4	27.6
Property, plant and equipment in progress		0.0	0.0
Total Tangible assets		**36.6**	**43.4**
Financial assets			
Investments in subsidiaries	12	358.2	351.0
Deposits	13	8.2	8.0
Other securities	14	10.0	10.0
Total financial assets		**376.4**	**369.0**
Total non-current assets		**460.4**	**463.3**
CURRENT ASSETS			
Inventories	15	**160.8**	**148.5**
Receivables			
Trade receivables		73.6	59.8
Receivables from group enterprises		54.0	50.9
Other receivables		2.8	3.5
Income tax, receivable		0.9	4.6
Prepayments	17	5.0	7.7
Total receivables		**136.3**	**126.5**
Cash at bank and in hand		**84.4**	**105.2**
Total current assets		**381.5**	**380.2**
TOTAL ASSETS		**841.9**	**843.5**

BALANCE SHEET, LIABILITIES

DKK million	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	18	139.6	139.6
Share premium account		488.3	488.3
Reserve for development costs		15.2	7.5
Retained earnings		-401.9	-463.9
Total equity		**241.2**	**171.5**
LIABILITIES			
Non-current liabilities			
Bond	19	298.0	298.0
Lease liabilities	19	0.1	16.3
Other payables	19	8.7	8.6
Other provisions	20	2.4	2.4
Total non-current liabilities		**309.2**	**325.3**
CURRENT LIABILITIES			
Trade payables		51.3	40.6
Payable to group enterprises		126.3	221.1
Lease liabilities	19	16.2	15.3
Other payables		97.7	69.7
Total current liabilities		**291.5**	**346.7**
Total liabilities		**600.7**	**672.0**
TOTAL EQUITY AND LIABILITIES		**841.9**	**843.5**

STATEMENT OF CHANGES IN EQUITY

2021 DKK million	Share capital	Share premium account	Reserve for develop-ment cost	Retained earnings	Total Equity
Equity as at January 1	**139.6**	**488.3**	**7.5**	**-463.9**	**171.5**
Adj. of hedging instruments	0.0	0.0	0.0	0.0	0.0
Other equity adjustments subsidiaries	0.0	0.0	0.0	0.0	0.0
Profit/loss of the year	0.0	0.0	0.0	67.3	67.3
Capitalised development costs	0.0	0.0	7.7	-7.7	0.0
Currency adjustment	0.0	0.0	0.0	2.4	2.4
Equity as at December 31	**139.6**	**488.3**	**15.2**	**-401.9**	**241.2**

2020 DKK million	Share capital	Share premium account	Reserve for develop-ment cost	Retained earnings	Total Equity
Equity as at 1 January	**139.6**	**488.3**	**34.9**	**-431.4**	**231.4**
Adj. of hedging instruments	0.0	0.0	0.0	0.0	0.0
Other equity adjustments subsidiaries	0.0	0.0	0.0	0.0	0.0
Profit/loss of the year	0.0	0.0	0.0	-45.1	-45.1
Capitalised development costs	0.0	0.0	-27.4	27.4	0.0
Currency adjustment	0.0	0.0	0.0	-14.8	-14.8
Equity as at December 31	**139.6**	**488.3**	**7.5**	**-463.9**	**171.5**

NOTES

1 ACCOUNTING POLICIES APPLIED

The financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act (Class D).

The accounting policies are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements, page 38-40. The accounting policies is further described in the individual notes for the group.

The accounting policy for lease agreements are similar with the consolidated financial statement for Georg Jensen A/S. The company's accounting policy for recognition of leases is based on IFRS 16.

Intercompany transactions

Intercompany transactions which do not fulfill the arm's length principle will be disclosed in the annual report. Please refer to note 14.1 of the group for further information regarding group accounts.

Segment information

Information regarding segments are disclosed in note 2, splitting the revenue into channels and segments.

Cash flow statement

No separate statement of cash flows has been prepared for the parent company; please refer to the statement of cash flows for the Group page 35.

Supplementary accounting policies for the parent company

Shares in subsidiaries recognized via the equity method. See note 12 for further description.

Other securities

Other securities consists of unquoted shares and recognized at cost price in the balance.

Inventory

Information regarding inventory is disclosed in note 10.1 of the group.

Equity

Refer to note 11.1 of the group.

Financial instruments and risks

Information regarding financial instruments and risks are disclosed in note 12.3 of the group.

Contingent liabilities

Information regarding contingent liabilities are disclosed in note 12.5 of the group.

Events after the reporting period

Information regarding subsequent events after the reporting are disclosed in note 18.1 of the group.

2 REVENUE

CHANNEL INFORMATION

Primary Sales Channels	2021	2020
B2B	418.0	350.4
B2C	98.6	93.2
Other	206.6	152.3
Total	**723.2**	**595.9**

Primary product lines		
Jewellery	297.5	233.8
Home	395.7	331.0
Other	30.0	31.1
Total	**723.2**	**595.9**

SEGMENT INFORMATION

Geographical split	2021	2020
Denmark	277.5	239.0
Europe ex. Denmark	279.9	223.0
APAC	135.1	114.9
North America	29.6	15.7
Other	1.1	3.3
Total	**723.2**	**595.9**

3 SPECIAL ITEMS

DKK million	2021	2020
Other costs	-5.3	-22.3
Total special items	**-5.3**	**-22.3**

In 2021 Georg Jensen A/S received government support of DKK 5.3 million in total. The Government support relates to Personnel costs DKK 1.9 million and other fixed costs DKK 3.4 million, recognized as other operating income in the consolidated income statement. For further disclosures please refer to note 7.1 in the consolidated financial statement and note 5 in the parent company.

4 STAFF COSTS

DKK million	2021	2020
Wages and salaries	123.9	104.2
Pensions	10.3	8.9
Other social security expenses	-1.0	0.0
Total wages	**133.2**	**113.1**

Remuneration to Executive Board and Board of directors	2021	2020
Fee to executive board	6.4	3.9
Fee to board of directors	0.3	0.4
Total remuneration to Executive Board and Board of directors	**6.7**	**4.3**

Average number of employees	**200**	**193**

Remuneration to Key Management and Board of Directors are disclosed in note 13.1 Remuneration to Key Management and Board of Directors in the consolidated financial statements.

5 OTHER OPERATING ITEMS

DKK million	2021	2020
Other income	0.3	2.6
Other expenses	-0.5	-0.3
Total other income	**-0.2**	**2.3**

Georg Jensen A/S received government support of DKK 0.3 million in total (2020: 2.6 million). The government support relates to personnel costs

6 FINANCIAL ITEMS

DKK million	2021	2020
Interest income	23.8	14.5
Interest expenses	-31.5	-47.6
Total financial items	**-7.7**	**-33.1**

For the Parent company, interest income to affiliated companies is DKK 11.4 million (2020: DKK 10.8 million) while interest expenses to affiliated companies is DKK nil (2020: DKK 14.1 million).

7 TAX ON PROFIT FOR THE YEAR AND DEFERRED TAX

DKK million	2021	2020
Current tax for the year	4.5	-4.3
Adjustment previous years/current tax	0.0	0.1
Deferred tax for the year	0.0	-0.1
Total tax for the year	**4.5**	**-4.3**

8 FEE TO AUDITORS

DKK million	2021	2020
Audit fee to PwC	2.0	1.8
Other statements and opinions with guarantees	0.1	0.1
Tax services	0.3	0.4
Non-audit services	0.0	0.0
Total fee to auditors	**2.4**	**2.3**

Fees for non-audit services performed for the Parent by the statutory auditors, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, amounted to DKK 0.4 million (2020: DKK 0.5 million). The services comprise other statements and opinions with guarantees, M&A support, tax advisory services concerning transfer pricing and other general financial reporting and tax consultancy.

9 DISTRIBUTION OF PROFIT/LOSS

Distribution of profit/loss

Profit/loss for the year is proposed distributed as follows:

DKK million	2021	2020
Retained earnings	67.3	-45.1
Profit/loss for the year	**67.3**	**-45.1**

10 INTANGIBLE ASSETS

2021 DKK million	Software	Lease and trademark rights	Completed development projects	Development projects in progress	Total
Cost at 1 January	**80.4**	**9.4**	**36.1**	**3.2**	**129.1**
Additions for the year	0.0	0.0	0.0	26.7	26.7
Disposals	-0.3	0.0	-16.7	-1.1	-18.1
Transferred to other items	-5.4	18.1	3.8	-16.3	0.2
Cost at 31 December	**74.7**	**27.5**	**23.2**	**12.5**	**137.9**
Value adjustments at 1 January	**40.3**	**8.2**	**29.7**	**0.0**	**78.2**
Amortization/impairment for the year	12.7	0.2	2.6	0.0	15.5
Disposals	-0.3	0.0	-15.8	0.0	-16.1
Transferred to other items	-5.4	18.6	-0.3	0.0	12.9
Value adjustments at 31 December	**47.3**	**27.0**	**16.2**	**0.0**	**90.5**
Carrying amount at 31 December	**27.4**	**0.5**	**7.0**	**12.5**	**47.4**

Development projects covers IT development and design, development & construction of new product lines. No identification of impairment for intangible assets per 31 december 2021.

11 TANGIBLE ASSETS

2021 DKK million	Land and buildings	Plant and machin-ery	Other fixtures and fittings, tools and equipment	Leases*	Leasehold improve-ments	Property, plant and equipment in progress	Total
Cost at 1 January	**16.3**	**8.0**	**109.4**	**76.0**	**23.5**	**0.0**	**233.2**
Additions for the year	0.0	0.0	0.0	0.0	0.0	0.8	0.8
Disposals	0.0	-4.7	-20.6	0.0	0.0	0.0	-25.3
Transferred to other items	0.0	-0.5	16.3	0.0	0.0	-0.8	15.0
Impairment and depreciation of sold assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost at 31 December	**16.3**	**2.8**	**105.1**	**76.0**	**23.5**	**0.0**	**223.7**
Value adjustments at 1 January	**12.2**	**7.6**	**98.4**	**48.4**	**23.2**	**0.0**	**189.8**
Depreciation for the year	0.4	0.2	6.3	13.2	0.1	0.0	20.2
Disposals	0.0	-4.6	-20.6	0.0	0.0	0.0	-25.2
Transferred to other items	0.0	-0.5	2.8	0.0	0.0	0.0	2.3
Value adjustments at 31 December	**12.6**	**2.7**	**86.9**	**61.6**	**23.3**	**0.0**	**187.1**
Carrying amount at 31 December	**3.7**	**0.1**	**18.2**	**14.4**	**0.2**	**0.0**	**36.6**

* Of leases DKK 14.0 million refers to Land and buildings. No identification of impairment for tangible assets per 31 december 2021.

12 INVESTMENT IN SUBSIDIARIES

Accounting Policies Applied

Investments in subsidiaries are recognized and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognized at DKK 0 million. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is set up against receivables from group enterprises or recognized in provisions.

Other investment securities and capital interests are measured at fair market value on the date of the balance sheet.

DKK million	2021	2020
Cost at 1 January	696.9	696.9
Cost at 31 December	**696.9**	**696.9**
Value adjustments at 1 January	**-345.9**	**-350.6**
Net profit/loss of the year	10.0	22.9
Dividend to the Parent Company	0.0	0.0
FX adjustment	2.5	-14.8
Carried forward to other entries 1 January	-57.2	-60.6
Carried forward to other entries 31 December	51.9	57.2
Value adjustments at 31 December	**-338.7**	**-345.9**
Carrying amount at 31 December	**358.2**	**351.0**

	Place of registered office	Votes and ownership	Currency
Georg Jensen (Thailand) Ltd.	Thailand	100%	THB
Georg Jensen Retail A/S	Denmark	100%	DKK
Georg Jensen Japan Ltd.	Japan	100%	JPY
Georg Jensen (Taiwan) Ltd.	Taiwan	100%	TWD
Georg Jensen Inc.	USA	100%	USD
Georg Jensen U.K. Ltd.	UK	100%	GBP
Georg Jensen Pty. Ltd	Australia	100%	AUD
Georg Jensen Silver AB	Sweden	100%	SEK
Georg Jensen (Singapore) Ltd.	Singapore	100%	SGD
Argenterie d'art de Georg Jensen S.A.R.L.	France	100%	EUR
Georg Jensen Sølvsmedie GmbH	Germany	100%	EUR
Georg Jensen Hong Kong Holding Ltd.	Hong Kong	100%	HKD
SUBGROUP			
Georg Jensen China Ltd. (Hong Kong)	Hong Kong	100%	HKD
Georg Jensen HK Ltd. (Hong Kong)	Hong Kong	100%	HKD
Georg Jensen (Beijing) Trading Limited	China	100%	CNY
Georg Jensen (Macau) Limited	Macau	100%	MOP

13 DEPOSITS

DKK million	2021	2020
Deposits at 1 January	**8.0**	**7.5**
Addition for the year	0.2	0.5
Deposits at 31 December	**8.2**	**8.0**

14 OTHER SECURITIES

DKK million	2021	2020
Other securities at 1 January	**10.0**	**10.0**
Addition	0.0	0.0
Other securities at 31 December	**10.0**	**10.0**

15 INVENTORY

DKK million	2021	2020
Raw materials and components	16.2	15.3
Work in progress	2.3	3.1
Finished goods and goods for resale	142.3	130.1
Carrying amount at 31 December	**160.8**	**148.5**

16 DEFERRED TAX ASSETS

DKK million	2021	2020
Deferred tax at 1 January	0.0	**0.1**
Addition	0.0	-0.1
Write-down of deferred tax asset	0.0	0.0
Deferred tax at 31 December	**0.0**	**0.0**

See note 9.4 for the group for full disclosure on deferred tax.

17 PREPAYMENTS

Accounting policies applied

Prepayments consists of prepaid expenses concerning rent, insurance of premiums, tools, marketing, royalty, licenses, subscriptions and prepayments to other external vendors.

18 EQUITY

Accounting policies applied

The share capital consists of 1,396,491 shares of nominal value of DKK 100. No shares carry any special rights.

19 LONG-TERM DEBT

DKK million	2021	2020
Bond	298.0	298.0
Lease liabilities	0.1	16.3
Other payables	8.7	8.6
Long-term debt between 1 and 5 year	**306.8**	**322.9**
Within 1 year		
Lease liabilities	16.2	15.3
Short-term debt within a year	**16.2**	**15.3**
Total debt	**323.0**	**338.2**

20 OTHER PROVISIONS

DKK million	2021	2020
Other provisions at 1 January	2.4	2.4
Other Provision	**2.4**	**2.4**
Total provisions	**2.4**	**2.4**

Other provisions relates to reestablishment for land and buildings, and fall due 1 of January 2023

21 EVENTS AFTER THE REPORTING PERIOD

Following the invasion of Ukraine in February 2022, Georg Jensen has paused its sales to and purchases from Russia, which is expected to have a limited direct impact on business. The broader impact, which includes higher volatility in pricing of silver, gold and diamonds, increased inflationary pressures from oil prices and freight bottlenecks in the transportation routes between APAC region and Western world have been considered in the outlook for 2022.

No other events have occurred after the balance sheet date that materially affects the financial position of Georg Jensen.