

ANNUAL REPORT

2024

LIEWOOD

LIEWOOD A/S

BLEGDAMSVEJ 124 / 2100 COPENHAGEN Ø
CVR NO. 36 97 15 09

ANNUAL REPORT FOR 2024

The Annual Report was presented and adopted
at the Annual General Meeting of the company
on 27th June 2025

Anne Marie Lie Norvig
Chairman of the general meeting

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Liewood A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

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

Copenhagen, 27th June 2025

Executive Board

Anne Marie Lie Norvig

Louise Vedel Petersen

Board of Directors

Jimmi Mortensen
Chairman

Lars Radoor Sørensen
Vice Chairman

Anne Marie Lie Norvig

Bo Boulund Knudsen

Kim Balle

INDEPENDENT AUDITOR'S REPORT

To the shareholders of LIEWOOD A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Liewood A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 during the audit, or otherwise appears to be materially misstated.

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

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

INDEPENDENT AUDITOR'S REPORT

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

• Evaluate the overall presentation, structure and contents 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.

• Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Hellerup, 27th June 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Rœbild
State Authorised Public Accountant
mne33262

COMPANY INFORMATION

The Company	LIEWOOD A/S Blegdamsvej 124 DK-2100 Copenhagen Ø CVR No: 36 97 15 09 Financial period: 1 January - 31 December Financial year: 9th financial year Municipality of reg. office: Copenhagen
Board of Directors	Jimmi Mortensen, chairman Lars Radoor Sørensen, vice chairman Anne Marie Lie Norvig Bo Boulund Knudsen Kim Balle
Executive board	Anne Marie Lie Norvig Louise Vedel Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

DKK in thousands.	2024	2023	2022	2021	2020
KEY FIGURES					
Profit/loss					
Gross profit	55,792	71,924	106,398	130,543	73,816
Profit/loss before of primary operations	-18,066	-17,878	27,670	86,271	50,811
Profit/loss of financial income and expenses	-6,541	-5,501	-12,708	-3,627	293
Net profit/loss for the year	-21,007	-18,077	11,377	64,208	39,799
Balance sheet					
Balance sheet total	138,536	171,038	221,357	190,652	80,762
Investment in property, plant and equipment	2,642	2,860	12,205	5,469	2,233
Equity	41,125	43,490	60,816	85,729	45,005
Number of employees	84	105	102	64	31
Ratios					
Gross margin	19.4%	21.7%	27.8%	35.7%	38.1%
Profit margin	-6.3%	-5.4%	7.2%	23.6%	26.2%
Return on assets	-13.0%	-10.6%	12.5%	45.3%	62.9%
Solvency ratio	29.7%	25.4%	27.5%	45.0%	55.7%
Return on equity	-49.7%	-34.7%	15.5%	98.2%	138.9%

The Financial Ratios have been calculated as described in Accounting Policies.

MANAGEMENT REPORT

LIEWOOD is a modern lifestyle brand designing a universe of products made for children and loved by parents.
Blending aesthetics, functionality, and sustainability, we offer timeless pieces across toys, interiors, nursery essentials, mealtime products, apparel, accessories, and footwear. Rooted in Nordic design traditions, every product is thoughtfully crafted from durable materials under ethical conditions. With a focus on quality and conscious living, LIEWOOD inspires families to make mindful choices - creating products made to be cherished, passed down, and enjoyed as part of everyday life. We bring affordable luxury to modern childhood, supporting families with beautifully designed solutions for all stages of growing up.

A strong position in a challenging market
At LIEWOOD, we have experienced a remarkable growth in the years following its launch and established a strong market presence. A development we are very thankful and proud of. Unfortunately, the Company has over the last couple of years experienced a challenging market, which has had a significant impact on the sales and result. Despite these challenges, we made substantial progress in several key areas, which we believe will position us for future stability and growth.

2024 has like in 2023 been both a developing and challenging year. While we expected to stabilize and growth our business, further, our customer segment experienced a challenging market environment, resulting in a decline in both sales and profitability compared to our expectations. This trend was influenced by a combination of macroeconomic pressures, shifting consumer behavior, and intensified competition across key markets. Throughout 2024, we have initiated several strategic measures aimed at streamlining operations and reducing costs. These included organizational restructuring, process improvements, and targeted efficiency programs. While these initiatives have laid a strong foundation for long-term improvements, the full financial and operational impact has not yet been realized within 2024. Therefore, the financial result for 2024 is not satisfactory to the management.

While 2024 presented headwinds, the actions taken have laid the groundwork for a more agile and resilient strategy. We remain committed to adapting to market dynamics and capturing growth opportunities in especially our wholesale channels. This underlines the continued high level of trust that consumers place in LIEWOOD and our brand. It reflects the enduring appeal and reputation we have built highlighting the strong connection and loyalty that end-consumers have towards our products and values.

Gross profit for the period declined, primarily driven by increased cost prices and elevated freight rates, which have put pressure on margins. In addition to these structural cost challenges, gross profit was further impacted by the strategic clearance of aged inventory at discounted prices. This inventory clean-up, while affecting short-term profitability, was necessary to optimize stock levels and improve operational efficiency going forward.

MANAGEMENT REPORT

The company's cash position is currently at very strong level, reflecting the positive impact of several strategic initiatives undertaken during the year. These include the successful clearance of aged inventory and a thorough clean-up of customer balances. As part of this process, a prudent and relatively high provision for doubtful debts was recognized in 2024, ensuring a more accurate and conservative representation of receivables.
These actions have not only strengthened the balance sheet but also enhanced financial transparency and resilience, positioning the company well for future growth.

In 2024, we successfully completed the strategic relocation of our warehouse and fulfillment operations from Denmark to Poland. This transition marks a significant milestone in our ongoing efforts to optimize logistics, enhance service delivery, and support long-term growth. We are now well-positioned to scale our operations more efficiently and respond more dynamically to market demands. The Poland facility will serve as a central hub for future growth initiatives and continued service excellence.

The financial results for 2024 were significantly affected by several one-time items, which account for a substantial portion of the loss. These include refinement of our customer portfolio and a strategic withdrawal from non-profitable markets. However, resolving these issues lays a solid and sustainable foundation for growth in 2025 and beyond. The income statement shows a profit of -21 million DKK, and as of December 31, 2024, the balance sheet shows a positive equity of 41.1 million DKK.

Sticking to the course by strengthening the financial position
As a response to the current challenges, we have recalibrated our strategy and financial objectives for LIEWOOD towards 2028. We expect a greater gross profit in 2025 and a continuously improvement of the Company's net working capital. These initiatives have positioned the Company for more stable and sustainable growth in 2025 and beyond.

With a focus on continuing to strengthen our market presence, the past year has been prioritized to stabilize and invest in our core business, building a solid platform for the years to come.

We are proud of our vision and our values, and we remain in a strong position across markets, and we aim for growth in our key markets in the time to come.

MANAGEMENT REPORT

Making thoughtful choices on behalf of the future

At LIEWOOD, we dedicate ourselves to creating high-quality products for families and children across the world. We believe in being thoughtful and making informed decisions when creating safe and long-lasting products to the consumer.

Therefore, we are very mindful in our choice of materials like organic cotton, recycled polyester, recycled nylon and recycled plastic, as well as preferring mono materials for a large part of textile production, for easier recycling. The focus is continuously on sourcing better materials and experienced suppliers.

To ensure that all materials used in the supply chain meet the REACH standards and EU regulation, LIEWOOD has a Code of Conduct and Supplier Manual which is updated once a year, which ensures suppliers follows the updated requirements. At LIEWOOD, we take pride in our commitment to sustainability and quality. We strategically narrow down our supply chain to partner with the right stakeholders, ensuring that we deliver high-quality, long-lasting, and fully traceable products. Each year, we undergo rigorous audits for both the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS). In 2025, we are proud to announce that LIEWOOD once again achieved flawless results with zero non-conformities.

In addition, LIEWOOD has an Internal Compliance Team dedicated to ensuring that all products are tested in accordance with the safety regulations of the markets in which we operate. We utilize QARMA for our quality control (QC) processes, ensuring that all production orders undergo rigorous inspections. Furthermore, we use Claimlane to manage after-sales claims efficiently, providing our customers with reliable and responsive service.

Global standards as a driving force in production

At LIEWOOD, we are committed to contributing to the United Nations' 17 Sustainable Development Goals (SDGs), which aim to address global challenges. As part of our efforts to reduce fossil fuel consumption, most of our plastic products are partially made from recycled post-consumer plastic. In 2024, we updated some of our key steel products to 80% recycled steel, reducing CO2 emissions. We continuously strive to increase the proportion of recycled materials in our products, aligning our practices with the SDGs to create a better future for the new generation of consumers.

Our value chain—from raw material sourcing through production, transportation, and final product delivery—comprises multiple stages, each with potential impacts on people and the environment. We recognize our responsibility to deepen our understanding of these processes and to continually enhance transparency and accountability throughout.

Looking ahead, our goals include fully mapping our raw material suppliers, increasing the number of products made from recycled and certified materials, innovate on packaging methods and overall, we aim to enhance our design processes with greater creativity and efficiency. While we are proud of our progress, we acknowledge that there is still much work to be done.

MANAGEMENT REPORT

Engaged employees as a core value

At LIEWOOD, our employees are our most valuable asset and central to the continued success of our company. We rely on their knowledge, expertise, and dedication to drive innovation and growth. To support this, LIEWOOD established its Working Committee in 2022 to help maintain a safe, healthy, and inclusive working environment. In 2024, we were pleased to receive a visit from the Danish Working Environment Authority, which resulted in no remarks or issues—an outcome that reflects our strong commitment to employee well-being. Additionally, our annual employee satisfaction survey showed positive and stable results, reinforcing our focus on engagement and workplace quality.

We believe in the power of responsible business practices to create positive change across our stakeholder network. This includes a deep commitment to upholding fundamental human rights throughout our operations—from our headquarters in Copenhagen to every part of our global value chain. We fully endorse the International Bill of Human Rights, and the labor standards set by the International Labor Organization (ILO). Our approach is guided by the UN Guiding Principles on Business and Human Rights, particularly the “protect, respect, and remedy” framework.

Moreover, we uphold a strict zero-tolerance policy on corruption and bribery, reinforcing our commitment to integrity and ethical conduct in all areas of our business.

Financial Risks

Productions and procurement take place outside of Denmark, and a considerable part of the revenue is earned outside Denmark and settled in currencies other than DKK. This exposes LIEWOOD to continued fluctuations in exchange rates that affect both earnings and cash flows. To minimize risks, the company conducts ongoing hedging. However, the USD had a positive impact on the annual result. LIEWOOD only hedges cash flows and not speculative transactions.

Future Expectations

Looking ahead LIEWOOD is cautiously optimistic about the outlook for 2025. The restructuring efforts undertaken in 2024 have laid a solid foundation for future growth. LIEWOOD aims to continue its positive development, offering a core range of products to customers, strengthening the cooperation with existing customers, acquire new customers and grow within it’s own direct-to- consumer channel. Based on the current economic outlook and consumer behavior trends, we project that 2025 will mirror the challenges experienced in 2024. We will continue emphasis on operational efficiency and cost management to improve profitability. The first five months have been positive, with higher growth in sales than expected, and we are maintaining our expectations for the year. Consequently, we expect our EBITDA for 2025 to be between 10 – 20 million DKK.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

INCOME STATEMENT
1 JANUARY - 31 DECEMBER

Note	DKK	2024	2023
	Gross profit	**55,791,994**	**71,923,642**
1	Staff expenses	-63,003,716	-75,372,452
2	Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	-10,853,954	-14,429,098
	Profit/loss before financial income and expenses	**-18,065,677**	**-17,877,908**
	Income from investments in subsidiaries	-3,236,984	1,073,279
3	Financial income	3,493,712	1,962,243
4	Financial expenses	-6,797,741	-8,536,848
	Profit/loss before tax	**-24,606,689**	**-23,379,234**
5	Tax on profit/loss for the year	3,599,891	5,301,973
6	**Net profit/loss for the year**	**-21,006,798**	**-18,077,261**

BALANCE SHEET 31 DECEMBER

ASSETS

Note	DKK	2024	2023
	Completed development projects	12,832,483	16,203,788
	Acquired trademarks	845,149	979,277
7	**Intangible assets**	**13,677,632**	**17,183,065**
	Other fixtures and fittings, tools and equipment	7,361,099	11,691,527
	Leasehold improvements	592,536	968,844
8	**Property, plant and equipment**	**7,953,635**	**12,660,371**
9	Investments in subsidiaries	0	0
10	Deposits	450,384	364,173
	Fixed asset investments	**450,384**	**364,173**
	Fixed assets	**22,081,652**	**30,207,609**
	Finished goods and goods for resale	35,114,893	63,626,249
	Prepayments for goods	27,692,604	27,159,924
	Inventories	**62,807,496**	**90,786,173**
	Trade receivables	30,348,771	22,852,648
	Receivables from group enterprises	6,150,461	8,907,342
	Other receivables	10,323,432	3,973,113
11	Deferred tax asset	3,688,236	804,230
	Corporation tax receivable from group enterprises	122,254	1,149,476
12	Prepayments	1,327,549	1,923,927
	Receivables	**51,960,703**	**39,610,736**
	Cash at bank and in hand	**1,686,222**	**10,433,324**
	Current assets	**116,454,422**	**140,830,233**
	Assets	**138,536,073**	**171,037,842**

BALANCE SHEET 31 DECEMBER

LIABILITIES AND EQUITY

Note	DKK	2024	2023
	Share capital	400,000	400,000
	Reserve for development costs	10,009,336	12,638,954
	Reserve for hedging transactions	1,942,076	-162,615
	Reserve for exchange rate conversion	-427,550	35,863
	Retained earnings	29,200,828	30,578,008
	Equity	**41,124,689**	**43,490,210**
	Provisions relating to investments in group enterprises	3,897,279	196,833
	Provisions	**3,897,279**	**196,833**
13	Other payables	1,411,715	1,539,339
	Long-term debt	**1,411,715**	**1,539,339**
	Credit institutions	53,611,503	70,808,859
	Trade payables	22,544,573	21,545,144
	Payables to group enterprises	6,516,031	21,425,370
	Other payables	9,430,282	12,032,087
	Short-term debt	**92,102,389**	**125,811,460**
	Debt	**93,514,104**	**127,350,799**
	Liabilities and equity	**138,536,073**	**171,037,842**

14 Contingent assets, liabilities and other financial obligations
15 Related parties
16 Subsequent events
17 Accounting Policies

STATEMENT OF CHANGES IN EQUITY

DKK	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	400,000	12,638,954	-162,615	35,863	30,578,008	43,490,210
Exchange adjustments	0	0	0	-56,320	0	-56,320
Other changes	0	0	0	-407,093	0	-407,093
Fair value adjustment of hedging instruments, end of year	0	0	2,698,322	0	0	2,698,322
Tax on adjustment of hedging instruments for the year	0	0	-593,631	0	0	-593,631
Development costs for the year	0	732,699	0	0	-732,699	0
Depreciation, amortisation and impairment for the year	0	-3,362,317	0	0	3,362,317	0
Group contribution	0	0	0	0	12,070,000	12,070,000
Other equity movements	0	0	0	0	4,930,000	4,930,000
Net profit/loss for the year	0	0	0	0	-21,006,798	-21,006,798
Equity at 31 December	**400,000**	**10,009,336**	**1,942,076**	**-427,550**	**29,200,828**	**41,124,689**

NOTES TO THE FINANCIAL STATEMENTS

DKK	2024	2023
1. STAFF EXPENSES		
Wages and salaries	56,716,352	66,782,219
Pensions	5,564,986	7,665,944
Other social security expenses	199,980	237,886
Other staff expenses	522,399	686,403
	63,003,716	**75,372,452**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	5,995,946	10,972,760
Board of directors	500,000	0
	6,495,946	**10,972,760**
Average number of employees	84	105

Liewood A/S has introduced a warrant program which has been developed as part of the company's overall incentive strategy, with the aim of encouraging selected key individuals to actively contribute to the company's long-term value creation. The program is structured as an equity-based scheme, under which participants, subject to certain conditions, are granted the right to acquire shares in the company.

The warrants program for the Board of Directors, Executive Management, and key employees of Liewood A/S provides the opportunity to acquire subscription rights to shares in the company. Shares may be subscribed at a price of DKK 100 per share, fixed at the time of agreement.

Subscription of shares may take place until the latest of December 31, 2026. In case of EXIT such as sale of 50% or more of the company's shares to a third party, the completion of a stock exchange listing, the liquidation of the company or fusion eg. can the member decide to acquire subscription rights of shares in the company in relation to the EXIT.

During the 2024 financial year, Liewood A/S issued a total of 41,989 warrants to board of directors, executives and key employees. As of 31 December 2024, the covered executives and key employees had acquired a total of 0 warrants.

NOTES TO THE FINANCIAL STATEMENTS

DKK	2024	2023
2. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		
Amortisation of intangible assets	4,444,791	7,633,310
Depreciation of property, plant and equipment	6,409,163	6,795,788
	10,853,954	**14,429,098**
3. FINANCIAL INCOME		
Interest received from group enterprises	3,091,680	1,962,243
Other financial income	4,264	0
Exchange adjustments, income	397,768	0
	3,493,712	**1,962,243**
4. FINANCIAL EXPENSES		
Interest paid to group enterprises	842.085	865,880
Other financial expenses	5,955,655	6,474,964
Exchange adjustments, expenses	0	1,196,004
	6,797,741	**8,536,848**
5. INCOME TAX EXPENSE		
Current tax for the year	-122,254	-149,476
Deferred tax for the year	-2,884,007	-4,950,571
	-3,006,261	**-5,100,047**
Thus distributed:		
Income tax expense	-3,599,891	-5,301,973
Tax on equity movements	593,630	201,926
	-3,006,261	**-5,100,047**
6. PROFIT ALLOCATION		
Retained earnings	-21,006,798	-18,077,261
	-21,006,798	**-18,077,261**

NOTES TO THE FINANCIAL STATEMENTS

DKK

7. INTANGIBLE FIXED ASSETS

	Completed Development projects	Acquired trademarks
Cost at 1 January	25,588,114	1,198,420
Additions for the year	939,358	0
Cost at 31 December	26,527,472	1,198,420
Impairment losses and amortisation at 1 January	9,384,326	219,143
Amortisation for the year	4,310,663	134,128
Impairment losses and amortisation at 31 December	13,694,989	353,271
Carrying amount at 31 December	**12,832,483**	**845,149**

LIEWOOD's development projects consist of development, improvement and upgrading of the Company's Webshop for the B2B-segment, logistics and Enterprise Resource Planning system. The development, improvements and upgrading are completed on an ongoing basis and are ready for use upon completion. The software platforms form the basis of a large part of the Company's existing business. The improvements and upgrading are expected to have lives of three years which are considered to reflect the useful lives. The projects are progressing according to plan using the resources allocated by Management to the development.

NOTES TO THE FINANCIAL STATEMENTS

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements
8. PROPERTY, PLANT AND EQUIPMENT		
Cost at 1 January	24,437,825	2,789,717
Additions for the year	1,623,210	79,217
Cost at 31 December	26,061,035	2,868,934
Impairment losses and depreciation at 1 January	12,746,298	1,820,873
Depreciation for the year	5,953,638	455,525
Impairment losses and depreciation at 31 December	18,699,936	2,276,398
Carrying amount at 31 December	**7,361,099**	**592,536**

DKK	2024	2023
9. INVESTMENTS IN SUBSIDIARIES		
Cost at 1 January	485,124	186,992
Additions for the year	0	298,132
Cost at 31 December	485,124	485,124
Value adjustments at 1 January	-682,007	-1,791,150
Exchange adjustment	-56,320	35,863
Other changes	-407,093	0
Net profit/loss for the year	-3,236,984	1,073,280
Value adjustments at 31 December	-4,382,404	-682,007
Equity investments with negative net asset value transferred to provisions	3,897,280	196,883
Carrying amount at 31 December	**0**	**0**

Investment in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Liewood GmbH	Germany	100%
Liewood UK Limited	United Kingdom	100%

NOTES TO THE FINANCIAL STATEMENTS

DKK	Deposits
10. OTHER FIXED ASSET INVESTMENTS	
Cost at 1 January	364,173
Additions for the year	94,461
Disposal for the year	-8,250
Cost at 31 December	450,384
Carrying amount at 31 December	**450,384**

DKK	2024	2023
11. DEFERRED TAX ASSET		
Deferred tax asset at 1 January	804,230	-4,146,341
Amounts recognised in the income statement for the year	2,290,375	3,542,293
Amounts recognised in equity for the year	593,631	1,408,278
Deferred tax asset at 31 December	**3,688,236**	**804,230**

The deferred tax asset arises from tax losses carried forward from previous financial years. Following a comprehensive restructuring process, LIEWOOD has implemented measures aimed at eliminating future losses. Based on the approved budgets and actual results realized subsequent to the balance sheet date, management has assessed the tax losses will be utilized within a period of 3 to 5 years.

12. PREPAYMENTS

Prepayments under assets are made up of prepaid costs relating to rent, insurance premiums and subscriptions.

13. LONG-TERM DEBT

Payment due within 1 years are recognized in short-term debt. Other debt is recognized in long-term debt.

The debt falls due for payment as specified below:

Other payables		
After 5 years	1,411,715	1,539,339
Long-term part	1,411,715	1,539,339
Other short-term payables	9,430,282	12,032,087
	10,841,997	**13,571,426**

NOTES TO THE FINANCIAL STATEMENTS

DKK	2024	2023

14. CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Charges and security

The following assets have been placed as security with bankers:		
Other fixtures and fittings, tools and equipment	7,361,099	11,691,527
Completed development projects and acquired trademarks	13,677,632	17,183,065
Leasehold improvements	592,536	968,844
Inventories	62,807,496	86,628,136
Trade receivables	30,348,771	22,852,648

The security with bankers comprises of a business mortgage registered to Liewood A/S totaling t.DKK 70,000, providing security for bank loans in Liewood A/S of t.DKK 53,611.

Rental and lease obligations

The company has entered into operational leases. The leases have up to 11 months to maturity and total outstanding lease payments total t.DKK 91.

The company has entered into a lease on premises. These contracts are non-cancellable until 1 June 2028. The annual rent amounts to t.DKK 11,227. The total outstanding lease payments are t.DKK 41.141.

Other contingent liabilities

Liewood A/S has issued a letter of financial support to the subsidiaries Liewood GmbH and Liewood UK Limited to cover negative equity balances.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Lie ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTIES

Controlling interest	Basis
Lie ApS	Majority shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Lie ApS	Copenhagen

The Group Annual Report of Lie ApS may be obtained at the following address:
Lie ApS
Blegdamsvej 124
2100 Copenhagen Ø

16. SUBSEQUENT EVENTS

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

17. ACCOUNTING POLICIES

The Annual Report of Liewood A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Adjustment of comparative figures

Certain reclassifications have been made in the balance sheet for the Company. Comparative and key figures have been adjusted accordingly.

Change in accounting estimate

The company has revised the amortization periods for certain software systems to better reflect their expected useful lives. B2B portal and ERP system has been changed from 3 years to 7 years and PLM/PIM system from 3 years to 5 years. The change is based on extended economic lifespans and ongoing minor updates that do not significantly alter system functionality. Existing assets will be amortized over the revised remaining life, and new assets from 2024 onward will follow the new periods.

The impact in 2024 has been a reduction in depreciation expenses of DKK 5.4 million, resulting in a corresponding increase in the carrying amount of assets by the same amount.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Lie ApS, the Company has not prepared consolidated financial statements.

With reference to the exemption in section 96(3) of the Danish Financial Statements Act and to the notes regarding fee to auditors appointed at the general meeting included in the Consolidated Financial Statements of Lie ApS, the Company has excluded the information in the Financial Statement.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Lie ApS, the Company has not prepared a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

Recognition and measurement
Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement consider predictable losses and risks occurring before the presentation of the Annual Report which confirms or invalidate affairs and conditions existing at the balance sheet date.

Translation policies
Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

NOTES TO THE FINANCIAL STATEMENTS

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognized in the income statement unless the derivative financial instrument is designated and qualified as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.
Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognized in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognized in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognized in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognized. The amount is recognized in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognized directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognized in the income statement.

INCOME STATEMENT

Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably, and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognized exclusively of VAT and net discounts relating to sales.

NOTES TO THE FINANCIAL STATEMENTS

Cost of goods sold
Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses
Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit
With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of goods sold and other external expenses.

Staff expenses
Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries
The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses
Financial income and expenses comprise interest, realised and unrealised exchange adjustments, well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEET

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortization and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover the cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or at a lower recoverable amount. An amount corresponding to the recognized development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognized in financial years beginning on or after 1 January 2016. The reserve is reduced by amortization of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work. The amortization period is 3-7 years.

Other intangible fixed assets

Patents are measured at cost less accumulated amortization and less any accumulated impairment losses or at a lower value in use.

Patents are amortized over the remaining patent period or a shorter useful life. The amortization period is 10 years.

NOTES TO THE FINANCIAL STATEMENTS

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 - 8 years
Leasehold improvements	3 - 8 years

The fixed assets' residual values are determined at nil.

Depreciation periods and residual value are reassessed annually.

Impairment of fixed assets
The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

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

The item "Investments in subsidiaries" in the balance sheet include 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 unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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 a dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments
Other fixed asset investments consist of deposits.

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

The net realisable value of inventories is calculated at the amount expected to be generated by sales of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined by allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and goods for resale equals landed cost.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments
Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

EQUITY
Dividend
Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities
Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities
Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

FINANCIAL HIGHLIGHTS
Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity