MATER A/S

Glentevej 47, DK-2400 København NV

Annual Report for 2024

CVR No. 29 78 66 07

The Annual Report was presented and adopted at the Annual General Meeting of the company on 31/3 2025

Anders Hagstrøm
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MATER 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.

København NV, 28 March 2025

Executive Board

Ketil Årdal
CEO

Board of Directors

Brian Christopher Walker Chairman	Troels Øberg Vice chairman	Jakob Fuhr Hansen
Jens Christian Collin Erichsen	Jesper Klaus Schierbeck-Hansen	Henrik Axel Demant Marstrand

Independent Auditor's report

To the shareholders of MATER 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 MATER 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.

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.

Independent Auditor's report

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

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.

Hillerød, 28 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Brian Rønne Nielsen
State Authorised Public Accountant
mne33726

Michael Blom
State Authorised Public Accountant
mne32797

Company information

The Company	MATER A/S Glentevej 47 DK-2400 København NV CVR No: 29 78 66 07 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Brian Christopher Walker, chairman Troels Øberg, vice chairman Jakob Fuhr Hansen Jens Christian Collin Erichsen Jesper Klaus Schierbeck-Hansen Henrik Axel Demant Marstrand
Executive Board	Ketil Årdal
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit/loss		**2,821,367**	**-2,203,960**
Staff expenses	4	-10,442,532	-13,333,499
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-3,580,825	-3,678,512
Other operating expenses		-480,405	-245,115
Profit/loss before financial income and expenses		**-11,682,395**	**-19,461,086**
Financial income		83,519	70,541
Financial expenses		-2,382,263	-1,136,666
Profit/loss before tax		**-13,981,139**	**-20,527,211**
Tax on profit/loss for the year	6	269,796	-5,200,534
Net profit/loss for the year		**-13,711,343**	**-25,727,745**

Distribution of profit

	2024	2023
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-13,711,343	-25,727,745
	-13,711,343	**-25,727,745**

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		659,111	2,080,440
Acquired other similar rights		377,377	484,014
Development projects in progress		2,405,272	421,798
Intangible assets	7	**3,441,760**	**2,986,252**
Plant and machinery		8,196,187	3,669,289
Other fixtures and fittings, tools and equipment		382,387	673,682
Leasehold improvements		340,558	263,860
Property, plant and equipment	8	**8,919,132**	**4,606,831**
Investments in subsidiaries	9	8	16,801
Deposits	10	502,126	500,952
Fixed asset investments		**502,134**	**517,753**
Fixed assets		**12,863,026**	**8,110,836**
Raw materials and consumables		657,699	594,312
Finished goods and goods for resale		9,606,282	10,115,462
Inventories		**10,263,981**	**10,709,774**
Trade receivables		6,162,684	3,804,685
Receivables from group enterprises		716,704	769,025
Other receivables		734,530	364,486
Corporation tax		269,796	92,796
Prepayments		210,802	432,610
Receivables		**8,094,516**	**5,463,602**
Cash at bank and in hand		**627,343**	**2,049,313**
Current assets		**18,985,840**	**18,222,689**
Assets		**31,848,866**	**26,333,525**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital	12	7,488,046	5,659,124
Reserve for development costs		2,390,219	1,951,746
Retained earnings		2,224,251	2,446,825
Equity		**12,102,516**	**10,057,695**
Lease obligations		5,299,970	2,585,836
Other payables		7,337,634	7,190,718
Long-term debt	13	**12,637,604**	**9,776,554**
Lease obligations	13	1,219,855	414,187
Prepayments received from customers		804,299	1,841,715
Trade payables		4,821,785	3,224,402
Payables to group enterprises		0	255,366
Other payables	13	262,807	763,606
Short-term debt		**7,108,746**	**6,499,276**
Debt		**19,746,350**	**16,275,830**
Liabilities and equity		**31,848,866**	**26,333,525**

Going concern	1
Uncertainty relating to recognition and measurement	2
Key activities	3
Contingent assets, liabilities and other financial obligations	14
Accounting Policies	15

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	5,659,124	1,951,746	2,446,825	10,057,695
Capital increase	1,828,922	0	13,927,242	15,756,164
Development costs for the year	0	438,473	-438,473	0
Net profit/loss for the year	0	0	-13,711,343	-13,711,343
Equity at 31 December	**7,488,046**	**2,390,219**	**2,224,251**	**12,102,516**

Notes to the Financial Statements

1. Going concern

In February 2025 the Company received a capital increase of DKK 6 million. The Company has the right to claim further capital increases. Also the Company received a bank draft facility for the future use. Based on this management concludes that the Company has sufficient access to liquidity.

2. Uncertainty relating to recognition and measurement

The company has development costs of DKK 3,442 thousand, and as a result, there is a general uncertainty regarding the measurement of these development costs as the value is dependent of further income.

3. Key activities

Mater was founded in Copenhagen in 2006 and is a pioneering green-tech design brand with a clear mission to promote sustainability and circularity in the furniture industry.

Since its establishment, the company has worked to create a more responsible approach to consumption by transforming waste materials into high-quality furniture through innovative technologies. This effort supports a circular economy and contributes to a significant reduction in the industry's environmental impact.

In 2024, Mater has strengthened its position as one of the leading players in sustainable furniture and materials. The company has further developed its material technology and optimized production processes to make the use of recycled and circular raw materials even more efficient.

The company has also expanded its international presence through strategic partnerships and stronger market activation. Research and development have remained a key focus area in 2024, with Mater working to optimize new material compositions and further develop technologies that enable an even broader use of recycled resources.

With a strong focus on innovation, product development, and international expansion, Mater is working purposefully to create a furniture industry where waste becomes a valuable resource and circular solutions are a natural part of future design.

4. Staff expenses

	2024	2023
	DKK	DKK
Wages and salaries	9,458,561	11,895,959
Pensions	698,688	850,446
Other social security expenses	116,722	148,982
Other staff expenses	168,561	438,112
	10,442,532	**13,333,499**
Average number of employees	**14**	**16**

Notes to the Financial Statements

5. Special items

	2024	2023
	DKK	DKK
Write-downs of current assets, that exceed normal write-downs	0	5,338,852
	0	**5,338,852**

In 2023, the company wrote down its tax asset to DKK 0 due to uncertainty regarding its use.

6. Income tax expense

	2024	2023
	DKK	DKK
Current tax for the year	-269,796	-92,796
Deferred tax for the year	0	5,338,852
Adjustment of tax concerning previous years	0	-45,522
	-269,796	**5,200,534**

7. Intangible fixed assets

	Completed development projects	Acquired other similar rights	Develop-ment projects in progress
	DKK	DKK	DKK
Cost at 1 January	7,335,657	1,172,017	421,798
Additions for the year	0	0	1,983,474
Cost at 31 December	7,335,657	1,172,017	2,405,272
Impairment losses and amortisation at 1 January	5,255,215	688,003	0
Amortisation for the year	1,459,420	106,637	0
Transfers for the year	-38,089	0	0
Impairment losses and amortisation at 31 December	6,676,546	794,640	0
Carrying amount at 31 December	**659,111**	**377,377**	**2,405,272**

8. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	DKK	DKK	DKK
Cost at 1 January	6,808,407	1,698,576	1,552,966
Additions for the year	5,534,441	585,453	245,269
Cost at 31 December	12,342,848	2,284,029	1,798,235
Impairment losses and depreciation at 1 January	3,139,121	1,024,894	1,289,107
Depreciation for the year	1,007,540	876,748	168,570
Impairment losses and depreciation at 31 December	4,146,661	1,901,642	1,457,677
Carrying amount at 31 December	**8,196,187**	**382,387**	**340,558**
Including assets under finance leases amounting to	7,595,566	0	0

9. Investments in subsidiaries

	2024	2023
	DKK	DKK
Cost at 1 January	16,801	8
Additions for the year	0	16,793
Disposals for the year	-16,793	0
Cost at 31 December	8	16,801
Carrying amount at 31 December	**8**	**16,801**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Owner-ship	Equity	Net profit/loss for the year
Mater AB	Sverige	0%	0	0
Mater Design LTD	England	100%	-2,097,197	150,533

Mater AB was sold during the financial year.

Notes to the Financial Statements

10. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	500,952
Additions for the year	1,174
Cost at 31 December	502,126
Carrying amount at 31 December	**502,126**

11. Deferred tax asset

	2024	2023
	DKK	DKK
Deferred tax asset at 1 January	0	5,338,852
Amounts recognised in the income statement for the year	0	-5,338,852
Deferred tax asset at 31 December	**0**	**0**

In 2024, the company entered into a distribution agreement with a major player in the US market. The agreement provides access to broad distribution throughout the US and management expects a strong increase in revenue over a number of years. Management estimates that the company will become profitable within 3-4 years and will be able to start using the value of the tax losses for carryforwards.

The tax asset amounts to DKK 12,491 thousand as of 31 December 2024.

12. Share capital

The share capital consists of 7,488,046 shares of a nominal value of DKK 1. No shares carry any special rights.

The Company holds a total of 291,950 shares with a nominal value of DKK 291,950 corresponding to 3,89% of the total capital.

	2024	2023
	DKK	DKK

13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2024	2023
Lease obligations		
After 5 years	442,401	0
Between 1 and 5 years	4,857,569	2,585,836
Long-term part	5,299,970	2,585,836
Within 1 year	1,219,855	414,187
	6,519,825	**3,000,023**

	2024	2023
Other payables		
After 5 years	0	0
Between 1 and 5 years	7,337,634	7,190,718
Long-term part	7,337,634	7,190,718
Other short-term payables	262,807	763,606
	7,600,441	**7,954,324**

	2024	2023
	DKK	DKK

14. Contingent assets, liabilities and other financial obligations

Charges and security

	2024	2023
The following assets have been placed as security with bankconnections and the growth fund		
Company mortgage totaling DKK 13,000 thousand, providing a mortgage on receivables from sales, intangible rights and other tangible fixed assets with a total accounting value of	29,613,467	22,107,542

14. Contingent assets, liabilities and other financial obligations

	2024	2023
	DKK	DKK
Rental and lease obligations		
Lease obligations, period of non-terminability 6 months	580,116	463,412
Lease obligations, period of non-terminability 16 months	0	35,528

Notes to the Financial Statements

15. Accounting policies

The Annual Report of MATER A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

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

Assets are recognised 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 recognised 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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 recognised 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 recognised 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

Income statement

Revenue

Revenue from the sale of goods is recognised 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 recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables 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.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 year.

Development costs and costs for internally acquired rights are recognised in the balance sheet as development projects. Allocated labour costs and material consumption are included in the development costs. Upon completion of the project, amortisation is made over 3 years. Development projects that have not been completed are not amortised.

Property, plant and equipment

Property, plant and equipment are measured at cost 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period 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 amortisation and depreciation.

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

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

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

Notes to the Financial Statements

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

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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, including the tax base of tax loss carry-forwards, 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.

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 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.

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