



Convert A/S

Lundbergsvej 10
8400 Ebeltoft
CVR No. 39159090

Annual report 2024

The Annual General Meeting adopted the
annual report on 11.06.2025

Jesper Fredberg Jensen
Chairman of the General Meeting

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Entity details

Entity

Convert A/S

Lundbergsvej 10

8400 Ebeltoft

Business Registration No.: 39159090

Registered office: Syddjurs

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Lars Herman Petersen, chairman

Peter Trillingsgaard

Massimo Forti

Jesper Fredberg Jensen

Anne Sophie Gamborg

Executive Board

Peter Vinkler Simonsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Convert A/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Ebeltoft, 11.06.2025

Executive Board

Peter Vinkler Simonsen

Board of Directors

Lars Herman Petersen
chairman

Peter Trillingsgaard

Massimo Forti

Jesper Fredberg Jensen

Anne Sophie Gamborg

Independent auditor's report

To the shareholders of Convert A/S

Opinion

We have audited the financial statements of Convert A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 11.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Jens Lauridsen

State Authorised Public Accountant
Identification No (MNE) mne34323

Management commentary

Primary activities

The company's main activity is the development of new functional and innovative materials to the interior design industry, in which upcycled End-of-Life fabrics from industrial laundries, fashion and production are used.

Events after the balance sheet date

To meet the company's financing needs, new loans were established with the shareholders in April 2025 to secure liquidity for 2025. In addition, the shareholders have forgiven DKK 17.5 million on the existing loans, which has resulted in positive equity in the company. Also refer to note 1.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss	2	1,459,200	(1,052,575)
Staff costs	3	(9,852,783)	(8,785,309)
Depreciation, amortisation and impairment losses		(7,249,160)	(10,147,080)
Operating profit/loss		(15,642,743)	(19,984,964)
Other financial expenses	4	(3,413,593)	(2,252,062)
Profit/loss before tax		(19,056,336)	(22,237,026)
Tax on profit/loss for the year	5	181,062	0
Profit/loss for the year		(18,875,274)	(22,237,026)
Proposed distribution of profit and loss			
Retained earnings		(18,875,274)	(22,237,026)
Proposed distribution of profit and loss		(18,875,274)	(22,237,026)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Acquired intangible assets		16,237,496	20,337,500
Intangible assets	6	16,237,496	20,337,500
Plant and machinery		61,255,916	63,210,561
Other fixtures and fittings, tools and equipment		50,100	91,194
Leasehold improvements		1,425,651	1,847,950
Property, plant and equipment	7	62,731,667	65,149,705
Fixed assets		78,969,163	85,487,205
Raw materials and consumables		6,877,423	7,036,799
Inventories		6,877,423	7,036,799
Trade receivables		1,400,783	1,141,500
Other receivables		164,413	506,591
Prepayments		85,500	0
Receivables		1,650,696	1,648,091
Current assets		8,528,119	8,684,890
Assets		87,497,282	94,172,095

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		13,500,000	13,500,000
Retained earnings		(19,262,548)	(387,274)
Equity		(5,762,548)	13,112,726
Lease liabilities		45,792,765	46,648,295
Payables to owners and management		26,571,494	20,717,059
Non-current liabilities other than provisions	8	72,364,259	67,365,354
Current portion of non-current liabilities other than provisions	8	4,908,306	3,038,891
Bank loans		7,732,625	6,527,494
Prepayments received from customers		1,103,406	83,552
Trade payables		3,500,588	2,658,954
Payables to owners and management		3,154,131	807,330
Other payables		496,515	577,794
Current liabilities other than provisions		20,895,571	13,694,015
Liabilities other than provisions		93,259,830	81,059,369
Equity and liabilities		87,497,282	94,172,095
Uncertainty related to going concern	1		
Unrecognised rental and lease commitments	9		
Contingent assets	10		

Statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	13,500,000	(387,274)	13,112,726
Profit/loss for the year	0	(18,875,274)	(18,875,274)
Equity end of year	13,500,000	(19,262,548)	(5,762,548)

Notes

1 Uncertainty related to going concern

To meet the company's financing needs, new loans were established with the shareholders in April 2025 to secure liquidity for 2025. In addition, the shareholders have forgiven DKK 17.5 million on the existing loans, which has resulted in positive equity in the company.

The management assesses that the company, through the above mentioned agreements, its own earnings and current credit facilities can maintain sufficient liquidity reserves for continued operations. The company's management expects positive results in the future.

Recognition and measurement of the company's assets and liabilities as of 31.12.2024 have therefore been made on the assumption of going concern

2 Gross profit/loss

Herein are included other operating income relating to public grants, which is recognized with DKK 45k in 2023 and 285k in 2022.

3 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	9,030,846	8,165,494
Pension costs	589,987	474,886
Other social security costs	231,950	144,929
	9,852,783	8,785,309
Average number of full-time employees	21	18

4 Other financial expenses

	2024 DKK	2023 DKK
Other interest expenses	3,322,813	2,185,833
Exchange rate adjustments	90,574	39,569
Other financial expenses	206	26,660
	3,413,593	2,252,062

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Adjustment concerning previous years	(181,062)	0
	(181,062)	0

6 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	42,500,000
Cost end of year	42,500,000
Amortisation and impairment losses beginning of year	(22,162,500)
Amortisation for the year	(4,100,004)
Amortisation and impairment losses end of year	(26,262,504)
Carrying amount end of year	16,237,496

In connection to the preparation of the financial statements Managements have considered whether indications for impairment exist. This assessment is based on current expectations and require Management to exercise professional judgment. On basis of the expectations for the future cash flows from operations Management have concluded that no impairment loss should be recognized.

7 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	83,065,741	793,350	3,600,775
Additions	605,112	0	126,006
Cost end of year	83,670,853	793,350	3,726,781
Depreciation and impairment losses beginning of year	(19,855,180)	(702,156)	(1,752,825)
Depreciation for the year	(2,559,757)	(41,094)	(548,305)
Depreciation and impairment losses end of year	(22,414,937)	(743,250)	(2,301,130)
Carrying amount end of year	61,255,916	50,100	1,425,651
Recognised assets not owned by entity	59,589,844	0	0

8 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due within 12 months 2023 DKK	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Lease liabilities	2,308,306	3,038,891	45,792,765	28,488,352
Payables to owners and management	2,600,000	0	26,571,494	0
	4,908,306	3,038,891	72,364,259	28,488,352

9 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	6,445,813	6,319,398

10 Contingent assets

The company has a non-recognized deferred tax asset of DKK 12,300k.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Recognition and measurement

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

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

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

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

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

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including subsidy from The Danish Agency for Labour Market and Recruitment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses and gains and losses from the sale of intangible assets.

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet**Intellectual property rights etc.**

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

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

	Useful life
Plant and machinery	5-20 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the

goods agreed or completion of the service agreed.