Natures Collection A/S

Troldhøjvej 7, DK-8722 Hedensted

Annual Report for 2024

CVR No. 32 09 65 30

The Annual Report was presented and adopted at the Annual General Meeting of the company on 4/4 2025

Tage Pedersen
Chairman of the general meeting

Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

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

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hedensted, 4 April 2025

Executive Board

Lasse Pedersen
CEO

Board of Directors

Carsten Dahl
Chairman

Lasse Pedersen

Tage Pedersen

Daniel Skovbakke

Independent Auditor's report

To the shareholder of Natures Collection 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 Natures Collection 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.

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.

Independent Auditor's report

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.

- 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.

Trekantområdet, 4 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Forthoft Lind
State Authorised Public Accountant
mne34169

Company information

The Company	Natures Collection A/S Troldhøjvej 7 DK-8722 Hedensted CVR No: 32 09 65 30 Financial period: 1 January - 31 December Municipality of reg. office: Hedensted
Board of Directors	Carsten Dahl, chairman Lasse Pedersen Tage Pedersen Daniel Skovbakke
Executive Board	Lasse Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle
Lawyers	SKOV Advokataktieselskab Havneparken 4 7100 Vejle
Bankers	Sydbank Kirketorvet 4 7100 Vejle

Management's review

Key activities

The company's activities include the production and trade of finished goods made from leather and natural products for the furniture and clothing industries.

Development in the year

2024 has been a challenging year for the industry, with the market experiencing an overall decline of 25-30%. Despite these market challenges, the company has achieved significant progress in both revenue and profitability. The income statement of the Company for 2024 shows a profit of DKK 1,970,446, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 2,083,258. This result exceeds expectations and is a direct outcome of strategic initiatives and efficient execution across the organization.

Efficiency, digitalization, and online growth

Throughout the year, several key IT projects have been completed, and internal processes have been streamlined, resulting in a more efficient and scalable business model. Notably, the online business has experienced substantial growth, driven by the launch of multiple webshops and the subsequent activation of investments in this area.

Financial results and deferred tax asset

2024 marks the first profitable year since 2021, underscoring the positive development. A portion of the deferred tax asset has been recognized, while the unrecognized asset of DKK 1.6 million represents a future strengthening of equity.

Commercial initiatives and future outlook

The company’s commercial initiatives, including collaborations with Amazon, the development of webshops, and other market-focused strategies, have laid a solid foundation for further growth. These efforts are expected to have a positive impact on the 2025 financial results and will continue to contribute to the company’s future development.

Positive expectations for 2025

With a strong market position and continued investments in digitalization, automation, and commercial growth opportunities, a positive trajectory is anticipated for 2025. Growth in both revenue and profitability remains the primary objective, with an ongoing focus on strengthening market positioning.

Overall, 2024 has been a year of significant achievements, and the company looks forward to building upon this progress in 2025.

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	2024	2023
		DKK	DKK
Gross profit	2	**20,274,133**	**9,432,910**
Staff expenses	3	-11,839,289	-12,067,296
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-1,781,761	-3,486,753
Profit/loss before financial income and expenses		**6,653,083**	**-6,121,139**
Financial income		2,132	947
Financial expenses	5	-5,609,574	-6,519,517
Profit/loss before tax		**1,045,641**	**-12,639,709**
Tax on profit/loss for the year		924,805	0
Net profit/loss for the year		**1,970,446**	**-12,639,709**

Distribution of profit

	2024	2023
	DKK	DKK
Proposed distribution of profit		
Retained earnings	1,970,446	-12,639,709
	1,970,446	**-12,639,709**

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		9,640,446	5,100,205
Goodwill		630,471	383,328
Intangible assets	6	**10,270,917**	**5,483,533**
Other fixtures and fittings, tools and equipment		684,029	4,394,006
Property, plant and equipment		**684,029**	**4,394,006**
Investments in subsidiaries		46,907	0
Fixed asset investments		**46,907**	**0**
Fixed assets		**11,001,853**	**9,877,539**
Finished goods and goods for resale		54,478,472	60,169,821
Prepayments for goods		217,000	1,777,982
Inventories		**54,695,472**	**61,947,803**
Trade receivables		7,194,642	7,288,251
Receivables from group enterprises		8,986,918	5,917,586
Other receivables		158,708	376,655
Deferred tax asset		1,569,139	644,334
Prepayments		1,114,749	690,749
Receivables		**19,024,156**	**14,917,575**
Cash at bank and in hand		**298,451**	**290,210**
Current assets		**74,018,079**	**77,155,588**
Assets		**85,019,932**	**87,033,127**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		500,000	500,000
Reserve for development costs		7,519,548	3,649,941
Retained earnings		-5,936,290	-4,037,129
Equity		**2,083,258**	**112,812**
Credit institutions		54,365,128	56,746,760
Trade payables		6,807,729	7,157,771
Payables to group enterprises		17,479,848	13,325,945
Payables to owners and Management		879	289
Other payables		4,283,090	9,689,550
Short-term debt		**82,936,674**	**86,920,315**
Debt		**82,936,674**	**86,920,315**
Liabilities and equity		**85,019,932**	**87,033,127**

Going concern	1
Contingent assets, liabilities and other financial obligations	7
Accounting Policies	8

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	3,978,160	-4,365,348	112,812
Development costs for the year	0	4,786,531	-4,786,531	0
Depreciation, amortisation and impairment for the year	0	-1,245,143	1,245,143	0
Net profit/loss for the year	0	0	1,970,446	1,970,446
Equity at 31 December	**500,000**	**7,519,548**	**-5,936,290**	**2,083,258**

Notes to the Financial Statements

1. Going concern

The company's capital resources are considered sufficient to meet the company's planned operational activities and investments in the coming financial year. The company's owner has issued a subordination declaration for their receivable of DKK 17.479.848, valid until June 30, 2026. The necessary liquidity will be made available to the company.

2. Special items

	2024 DKK	2023 DKK
Gain from the sale of fixed assets	1,745,001	2,285,563
Work performed for own account listed under assets	3,875,915	1,156,221
	5,620,916	**3,441,784**

3. Staff expenses

	2024 DKK	2023 DKK
Wages and salaries	11,063,767	11,306,222
Pensions	631,981	621,145
Other social security expenses	143,541	139,929
	11,839,289	**12,067,296**
Average number of employees	**26**	**27**

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

	2024 DKK	2023 DKK
Amortisation of intangible assets	1,754,194	1,383,108
Depreciation of property, plant and equipment	27,567	2,103,645
	1,781,761	**3,486,753**

	2024	2023
	DKK	DKK

5. Financial expenses

Interest paid to group enterprises	453,903	769,260
Other financial expenses	3,307,849	3,421,004
Exchange loss	1,847,822	2,329,253
	5,609,574	**6,519,517**

6. Intangible fixed assets

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 January	9,490,145	788,328
Additions for the year	6,136,578	0
Cost at 31 December	15,626,723	788,328
Impairment losses and amortisation at 1 January	4,389,940	0
Amortisation for the year	1,596,337	157,857
Impairment losses and amortisation at 31 December	5,986,277	157,857
Carrying amount at 31 December	**9,640,446**	**630,471**

	2024	2023
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Mortgage deeds registered to the mortgagor totalling kDKK 12,500, providing security in intangible and tangible fixed assets, receivables from sales, and inventories at a total carrying amount of:	72,891,967	79,113,593

	2024	2023
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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 LAP Troldhøj Holding 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.

8. Accounting policies

The Annual Report of Natures Collection 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.

Translation policies

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.

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 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, work on own account recognised in assets, other operating income, 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.

The Company is jointly taxed with LAP Troldhøj Holding ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management's experience with the individual business areas.

Development projects

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

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

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

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 6 year.

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.

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	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.

Inventories

Inventories are measured at the lower of 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 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.

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.

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

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