
Society of Lifestyle A/S

Industrivej 29, DK-7430 Ikast

Annual Report for 2023

CVR No. 26 65 24 05

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 18/6 2024

Klaus Juhl Pedersen
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	10
Balance sheet 31 December	11
Statement of changes in equity	13
Cash Flow Statement 1 January - 31 December	14
Notes to the Financial Statements	15

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Society of Lifestyle A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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.

Ikast, 18 June 2024

Executive Board

Klaus Juhl Pedersen
Executive Officer

Board of Directors

Dion Møberg Eriksen
Chairman

Rikke Juhl Jensen

Gitte Juhl Capel

Klaus Juhl Pedersen

Independent Auditor's report

To the shareholder of Society of Lifestyle 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Society of Lifestyle A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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.

Herning, 18 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Hans Jørgen Andersen
State Authorised Public Accountant
mne30211

Company information

The Company	Society of Lifestyle A/S Industrivej 29 7430 Ikast Telephone: +45 97252714 Email: denmark@societyoflifestyle.com Website: www.societyoflifestyle.com CVR No: 26 65 24 05 Financial period: 1 January - 31 December Incorporated: 12 June 2002 Financial year: 22th financial year Municipality of reg. office: Ikast-Brande
Board of Directors	Dion Møberg Eriksen, chairman Rikke Juhl Jensen Gitte Juhl Capel Klaus Juhl Pedersen
Executive Board	Klaus Juhl Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning
Bankers	Jyske Bank Sølvgade 24 7400 Herning

Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	284,264	376,623	432,676	368,204	306,123
Gross profit	74,868	81,138	120,450	112,704	73,397
Profit/loss of primary operations	10,696	-2,205	44,986	48,507	6,821
Profit/loss of financial income and expenses	-2,686	6,089	-1,791	88	400
Net profit/loss for the year	-7,611	-7,591	33,555	38,671	5,586
Balance sheet					
Balance sheet total	164,646	193,982	209,853	150,374	132,083
Investment in property, plant and equipment	1,600	8,269	21,548	3,302	6,382
Equity	84,276	92,292	123,850	87,630	96,029
Cash flows					
Cash flows from:					
- operating activities	30,005	-6,749	-22,546	47,583	3,611
- investing activities	-1,585	-8,118	-21,498	-3,311	-8,151
- financing activities	-28,470	12,474	39,841	-46,143	-68,091
Change in cash and cash equivalents for the year	-50	-2,393	-4,203	-1,871	-72,631
Number of employees	125	161	151	141	146
Ratios					
Return on assets	6.5%	-1.1%	21.4%	32.3%	5.2%
Solvency ratio	51.2%	47.6%	59.0%	58.3%	72.7%
Return on equity	-8.6%	-7.0%	31.7%	42.1%	4.3%

Management's review

Key activities

The most important activities of the Company consist of trading and purchasing within interior and interior design under the brand House Doctor. In addition, the Company has three brands; Meraki (care products), Nicolas Vahé (gourmet food) and ByNord (bedding).

Market overview

The Company has branches in Sweden, the United Kingdom, the Netherlands and Germany.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 5,778,742 of continuing activities, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 84,276,176.

The past year and follow-up on development expectations from last year

The Ukraine crisis continues to cause a challenging market situation. Retailer customers are nervous as the market is volatile primarily due to inflation and high interest rates, which have had a negative effect for Society of Lifestyle A/S, and we have thus not met the expectations for revenue and earnings.

In 2023 we took a decision to focus primarily on European markets and as a consequence we closed down our physical representation in USA. All costs related to this decision are included in the result for 2023 and has affected the net result negatively due to the impact from discontinuing activities.

During 2023 we have seen the benefits of the 2022 restructuring process which, together with a continued focus on increased efficiency, has led to significant cost savings.

The result in 2023 has not met management's expectations, but we believe we have a strong setup for a positive outlook for the future.

Special risks - operating risks and financial risks

Foreign exchange risks

A significant part of the Company's purchases is carried out in foreign currency, just like the majority of the Company's sale. To cover the risk of negative exchange rate fluctuation the Company engage in hedging transactions lasting up to 12 months.

No special risks besides the common risk within the Company's industry has been identified.

Targets and expectations for the year ahead

Management expects a continued challenging activity level in 2024 due to uncertainty in the global economy, caused by an increased global crisis level which can influence both the market situation and purchase freight prices negatively. Revenue is expected to be comparable to 2023. The effect of internal restructuring and improved processes leads us to aim for a significantly better bottom line in 2024 than in 2023.

A profit before tax in the range of DKK 10 - 20 mio. is expected in 2024.

External environment

The Company's activities are not considered to have a significant impact on the environment.

Intellectual capital resources

The Company's future earnings depend on a high level of knowledge resources within the design of new products, branding to new and existing customers, as well as purchasing and inventory management.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

Management's review

Business model

The Company's business model is the design, purchase and sale of home furnishing and interior, body care products and gourmet food. The production itself is handled by a large number of subcontractors, most of whom are based outside Denmark.

Risk analysis

The Company's risk of having an impact on the areas specified in the law regarding the environment and climate, social and employee conditions, human rights and anti-corruption is assessed to be limited. Furthermore, the Company's business activities do not add additional risks related to corporate social responsibility. The Company complies with relevant legislation in all the countries in which it operates.

Nevertheless, the Company is particularly aware of the potential risks associated with the Company's work, including attracting and retaining skilled employees.

The Company's sales activities take place mainly in Europe, where a high degree of regulation and regulatory control exists. The Company does not experience significant risks in relation to human rights, corruption and the environment. The Company has not prepared policies for corruption and the environment since the risk of issues in these areas are considered very limited. Regarding human rights we have no formal policy, but our employee handbook describes how we want to relate to each other, what can be expected from each other and each employee's responsibility in terms of cooperation and interacting; both internally and externally.

Work environment

Society of Lifestyle A/S has a focus on providing employees with the opportunity to achieve personal success. We want to provide a work climate and a leadership behavior where we aim to help the individual employee to be a success. For us, success is a matter of being happy so you can deliver your very best in any work situation.

The Company seeks to create a workplace where both the physical and mental work environment are given high priority. This is reflected in an active work environment organization that ensures modern facilities in the office, follow-up on illness, etc.

All employees are informed about safety and personnel policies in general and the health scheme ensures security for optimal options should the need for treatment arise. The company has registered one minor work accident during 2023. The company will continue its focus on work environment in the coming years.

Society of Lifestyle A/S is aware of the well-being of its employees, and to ensure the right focus, we have annual employee satisfaction surveys, which we use to set up initiatives that need to be worked on.

Management's review

Social responsibility

Society of Lifestyle A/S aims to make a positive impact on both local and global communities. We are committed to social responsibility and giving back. In 2023, we made cash donations to aid organizations.

Our company's human rights policy is integrated into our Ethical Sourcing Policy and Code of Conduct. This Code reflects our core values and is grounded in the Universal Declaration of Human Rights and the UN Global Compact, addressing Human Rights, Labor, Environment, and Anti-Corruption. The 10 Principles of the UN Global Compact are drawn from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

All our suppliers have agreed to our Code of Conduct and policies. Vendors in high-risk countries are required to provide complete transparency of the production facilities used for Society of Lifestyle A/S products. Since 2022, we have been mapping our suppliers, including Tier 1. Our safety representatives visit these factories to assist in improving daily operations.

In 2023, we did not record any human rights violations.

By the end of 2025, all suppliers in high-risk countries will be required to undergo third-party audits. We accept BSCI, Sedex, and SA8000 reporting.

Environment

The Company's activities do not significantly affect the external environment, but management is generally aware of measures that can protect the environment, including optimization of energy consumption in warehouse and choice of transport solutions as well as reduction of packaging materials.

The Company does not engage in research or development activities.

Statement on gender composition, cf. section 99b of the Financial Statements Act

The Company's top management level consists of the Board of Directors. The board consists of four persons. Three of them are the owners of the Company represented by one male and two female owners; as chairman we have engaged with an external professional. Other management levels consist of 10 managers with personnel responsibility.

An overview of gender composition on management levels:

	<u>2023</u>
Top management	
Total number of members	4
Underrepresented gender %	50%
Target figure %	50%
Year for meeting target	n/a
Other management levels	
Total number of members	10
Underrepresented gender %	50%
Target figure %	50%
Year for meeting target	n/a

Management's review

It is the Company's policy to have an equal gender composition at all management levels. Through 2023, this has been fulfilled and it is assessed that an equal gender distribution has been achieved in accordance with the Danish Business Authority's guidelines.

Statement on data ethics

The Company handles general data in the form of customer, supplier and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies. As the Company primarily sells B2B and has extremely limited processing of personally sensitive data, the Company's assessment is that there is no need for a policy for data ethics. The Company will continuously assess whether a policy is necessary.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

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	2023	2022
		DKK	DKK
Revenue	1	284,263,617	376,623,139
Other operating income		1,781,756	3,510,893
Expenses for raw materials and consumables		-163,360,601	-241,700,028
Other external expenses		-47,817,164	-57,295,841
Gross profit		74,867,608	81,138,163
Staff expenses	2	-58,083,302	-77,001,660
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-6,088,079	-6,322,169
Other operating expenses		0	-19,040
Profit/loss before financial income and expenses		10,696,227	-2,204,706
Financial income	4	1,754,612	8,358,477
Financial expenses	5	-4,440,745	-2,269,423
Profit/loss before tax		8,010,094	3,884,348
Tax on profit/loss for the year	6	-2,231,352	-1,201,905
Profit/loss of continuing activities		5,778,742	2,682,443
Discontinuing activities	8	-13,389,591	-10,273,831
Net profit/loss for the year	7	-7,610,849	-7,591,388

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Goodwill		625,000	775,000
Intangible assets	9	625,000	775,000
Other fixtures and fittings, tools and equipment		20,581,281	24,933,834
Leasehold improvements		247,198	232,591
Property, plant and equipment	10	20,828,479	25,166,425
Other investments	11	30,000	30,000
Deposits	11	1,816,056	1,825,500
Fixed asset investments		1,846,056	1,855,500
Fixed assets		23,299,535	27,796,925
Inventories	12	74,732,352	84,245,979
Trade receivables		19,305,306	24,751,627
Receivables from group enterprises		29,060,401	27,209,747
Other receivables		388,294	731,835
Deferred tax asset	13	3,991,000	2,151,000
Prepayments	14	2,514,762	3,069,875
Receivables		55,259,763	57,914,084
Cash at bank and in hand		2,866,542	2,916,600
Current assets		132,858,657	145,076,663
Assets relating to discontinuing activities		8,487,349	21,108,621
Assets		164,645,541	193,982,209

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		20,000,000	20,000,000
Reserve for hedging transactions		-941,361	-526,567
Other reserves		-36,294	-45,701
Retained earnings		65,253,831	72,864,680
Proposed dividend for the year		0	0
Equity		84,276,176	92,292,412
Lease obligations		9,398,602	11,699,911
Long-term debt	15	9,398,602	11,699,911
Credit institutions		6,733,203	32,603,360
Lease obligations	15	2,301,307	2,078,115
Prepayments received from customers		692,430	701,676
Trade payables		17,994,658	13,704,491
Payables to group enterprises		34,243,283	34,764,955
Corporation tax		434,106	339,488
Other payables		6,048,413	5,797,801
Short-term debt		68,447,400	89,989,886
Debt		77,846,002	101,689,797
Liabilities relating to discontinuing activities	8	2,523,363	0
Liabilities and equity		164,645,541	193,982,209
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Subsequent events	21		
Accounting Policies	22		

Statement of changes in equity

	Share capital	Reserve for hedging transactions	Other reserves	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2023	20,000,000	-526,567	-45,701	72,864,680	92,292,412
Exchange adjustments	0	0	9,407	0	9,407
Fair value adjustment of hedging instruments, beginning of year	0	55,442	0	0	55,442
Fair value adjustment of hedging instruments, end of year	0	-587,229	0	0	-587,229
Tax on adjustment of hedging instruments for the year	0	116,993	0	0	116,993
Net profit/loss for the year	0	0	0	-7,610,849	-7,610,849
Equity at 31 December 2023	20,000,000	-941,361	-36,294	65,253,831	84,276,176

	Share capital	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2022	20,000,000	543,716	50,679	80,456,068	22,800,000	123,850,463
Exchange adjustments	0	0	-96,380	0	0	-96,380
Ordinary dividend paid	0	0	0	0	-22,800,000	-22,800,000
Fair value adjustment of hedging instruments, beginning of year	0	-1,316,716	0	0	0	-1,316,716
Fair value adjustment of hedging instruments, end of year	0	-55,442	0	0	0	-55,442
Tax on adjustment of hedging instruments for the year	0	301,875	0	0	0	301,875
Net profit/loss for the year	0	0	0	-7,591,388	0	-7,591,388
Equity at 31 December 2022	20,000,000	-526,567	-45,701	72,864,680	0	92,292,412

Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		-7,610,849	-7,591,388
Adjustments	16	5,978,503	-3,191,199
Change in working capital	17	33,152,329	7,077,679
Cash flow from operations before financial items		31,519,983	-3,704,908
Financial income		3,009,080	9,915,897
Financial expenses		-4,440,745	-2,365,807
Cash flows from ordinary activities		30,088,318	3,845,182
Corporation tax paid		-83,741	-10,594,057
Cash flows from operating activities		30,004,577	-6,748,875
Purchase of property, plant and equipment		-1,600,133	-8,275,042
Sale of property, plant and equipment		6,000	146,600
Sale of fixed asset investments made etc		9,444	10,500
Cash flows from investing activities		-1,584,689	-8,117,942
Reduction of lease obligations		-2,078,117	-2,368,728
Repayment of payables to group enterprises		-521,672	0
Raising of payables to group enterprises		0	34,512,861
Dividend paid		0	-22,800,000
Change in loans from credit institutions		-25,870,157	3,130,163
Cash flows from financing activities		-28,469,946	12,474,296
Change in cash and cash equivalents		-50,058	-2,392,521
Cash and cash equivalents at 1 January		2,916,600	5,309,121
Cash and cash equivalents at 31 December		2,866,542	2,916,600
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,866,542	2,916,600
Cash and cash equivalents at 31 December		2,866,542	2,916,600

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Revenue		
Geographical segments		
Revenue, Denmark	69,522,947	90,131,886
Export sales, EU	166,253,348	214,369,889
Export sales, other foreign countries	48,487,322	72,121,364
	<u>284,263,617</u>	<u>376,623,139</u>
	2023	2022
	DKK	DKK
2. Staff Expenses		
Wages and salaries	53,224,518	70,983,713
Pensions	3,517,328	4,017,913
Other social security expenses	1,341,456	2,000,034
	<u>58,083,302</u>	<u>77,001,660</u>
Including remuneration to the Executive Board and Board of Directors	<u>1,173,368</u>	<u>2,514,866</u>
Average number of employees	<u>125</u>	<u>161</u>
	2023	2022
	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	150,000	150,000
Depreciation of property, plant and equipment	5,938,079	6,172,169
	<u>6,088,079</u>	<u>6,322,169</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
4. Financial income		
Interest received from group enterprises	1,618,774	859,996
Other financial income	135,838	86,667
Exchange gains	0	7,411,814
	<u>1,754,612</u>	<u>8,358,477</u>
	2023	2022
	DKK	DKK
5. Financial expenses		
Interest paid to group enterprises	2,061,843	691,967
Other financial expenses	1,740,856	1,577,456
Exchange loss	638,046	0
	<u>4,440,745</u>	<u>2,269,423</u>
	2023	2022
	DKK	DKK
6. Income tax expense		
Current tax for the year	178,359	190,586
Deferred tax for the year	1,936,000	712,000
Adjustment of tax concerning previous years	0	-2,556
	<u>2,114,359</u>	<u>900,030</u>
thus distributed:		
Income tax expense	2,231,352	1,201,905
Tax on equity movements	-116,993	-301,875
	<u>2,114,359</u>	<u>900,030</u>
	2023	2022
	DKK	DKK
7. Profit allocation		
Retained earnings	-7,610,849	-7,591,388
	<u>-7,610,849</u>	<u>-7,591,388</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
8. Discontinuing activities		
Other external expenses	-18,420,059	-14,729,250
Gross profit/loss	-18,420,059	-14,729,250
Financial income	1,254,468	1,557,419
Profit/loss before tax	-17,165,591	-13,171,831
Tax on profit/loss for the year	3,776,000	2,898,000
Net profit/loss for the year of discontinuing activities	-13,389,591	-10,273,831
Receivables	8,487,349	21,108,621
Current assets	8,487,349	21,108,621
Assets relating to discontinuing activities	8,487,349	21,108,621
Debt	2,523,363	0
Liabilities relating to discontinuing activities	2,523,363	0
9. Intangible fixed assets		
		Goodwill
		DKK
Cost at 1 January		1,500,000
Cost at 31 December		1,500,000
Impairment losses and amortisation at 1 January		725,000
Amortisation for the year		150,000
Impairment losses and amortisation at 31 December		875,000
Carrying amount at 31 December		625,000

Notes to the Financial Statements

10. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	52,095,741	518,012
Additions for the year	1,497,128	103,005
Disposals for the year	-136,654	0
Cost at 31 December	<u>53,456,215</u>	<u>621,017</u>
Impairment losses and depreciation at 1 January	27,161,907	285,421
Depreciation for the year	5,842,620	88,398
Reversal of impairment and depreciation of sold assets	-129,593	0
Impairment losses and depreciation at 31 December	<u>32,874,934</u>	<u>373,819</u>
Carrying amount at 31 December	<u>20,581,281</u>	<u>247,198</u>
Amortised over	<u>3-7 years</u>	<u>3-5 years</u>
Including assets under finance leases amounting to	<u>11,699,913</u>	<u>0</u>

11. Other fixed asset investments

	Other investments	Deposits
	DKK	DKK
Cost at 1 January	30,000	1,825,500
Disposals for the year	0	-9,444
Cost at 31 December	<u>30,000</u>	<u>1,816,056</u>
Carrying amount at 31 December	<u>30,000</u>	<u>1,816,056</u>

12. Inventories

	2023	2022
	DKK	DKK
Finished goods and goods for resale	64,960,372	75,519,102
Prepayments for goods	9,771,980	8,726,877
	<u>74,732,352</u>	<u>84,245,979</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
13. Deferred tax asset		
Deferred tax asset at 1 January	2,151,000	-35,000
Amounts recognised in the income statement for the year	-2,052,993	1,884,125
Amounts recognised in equity for the year	3,892,993	301,875
Deferred tax asset at 31 December	3,991,000	2,151,000

The recognised tax asset comprises tax loss carry-forward expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, emphasis has been placed on the fact that several factors have given rise to extra costs in 2022 and 2023, which are not expected to occur again in the coming years. Therefore, it is expected that the Company's revenue will be increasing.

14. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

	2023	2022
	DKK	DKK

15. 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:

Lease obligations

After 5 years	0	2,274,517
Between 1 and 5 years	9,398,602	9,425,394
Long-term part	9,398,602	11,699,911
Within 1 year	2,301,307	2,078,115
	11,699,909	13,778,026

Notes to the Financial Statements

	2023	2022
	DKK	DKK
16. Cash flow statement - Adjustments		
Financial income	-3,009,080	-9,915,896
Financial expenses	4,440,745	2,269,423
Depreciation, amortisation and impairment losses, including losses and gains on sales	6,082,079	6,151,369
Tax on profit/loss for the year	-1,544,648	-1,696,095
Other adjustments	9,407	0
	<u>5,978,503</u>	<u>-3,191,199</u>
	2023	2022
	DKK	DKK
17. Cash flow statement - Change in working capital		
Change in inventories	9,513,627	26,819,096
Change in receivables	17,115,593	-9,223,076
Change in trade payables, etc	7,054,896	-9,146,183
Fair value adjustments of hedging instruments	-531,787	-1,372,158
	<u>33,152,329</u>	<u>7,077,679</u>
	2023	2022
	DKK	DKK
18. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers: Corporate mortgage totaling TDKK 50,000. which provides a mortgage on inventories, receivables from sales and services, other fixtures and fittings, tools and equipment as well as intangible assets to a total carrying amount of	115,237,000	134,706,000
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	749,000	693,000
Between 1 and 5 years	236,000	330,000
	<u>985,000</u>	<u>1,023,000</u>
Leases with a total lease obligation during the notice period of	12,391,000	17,398,000

Notes to the Financial Statements

2023	2022
DKK	DKK

18. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The company has issued an unlimited surety bond to Nordmark Invest ApS' balances with credit institutions.

The 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 Up & Up Capital A/S, which is the management company of the joint taxation purposes. Moreover, the 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.

19. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Up & Up Capital A/S	Parent company, ultimate
House Doctor Group ApS	Parent company
Other related parties	
Nordmark Invest ApS	Sister company
Society of Lifestyle US Inc.	Sister company
Society of Lifestyle Asia	Sister company

Transactions

During the year, apart from intra-group transactions and normal management remuneration, no transactions were carried out with the Board of Directors, the Executive Board, senior executives, significant shareholders, affiliated companies or other related parties that were not carried out on normal market terms pursuant to section 98 c, subsection 7.

Consolidated Financial Statements

The company is included in the consolidated report for:

<u>Name</u>	<u>Place of registered office</u>
Up & Up Capital A/S	Ikast

Notes to the Financial Statements

20. Fee to auditors appointed at the general meeting

Reference is made to the consolidated financial statements of Up & Up Capital A/S.

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Society of Lifestyle A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

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.

Derivative financial instruments

Derivative financial instruments are initially recognised 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 recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised 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 recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised 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 recognised 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 recognised. The amount is recognised 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 recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

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.

Notes to the Financial Statements

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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.

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 Up & Up Capital A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

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	3-7 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

Fixed asset investments

Fixed asset investments, which consist of unlisted shares, are measured at cost price at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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 equity 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.

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.

Notes to the Financial Statements

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.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$