Lie ApS

Blegdamsvej 124, DK-2100 Copenhagen Ø

Annual Report for 2023

CVR No. 36 99 68 62

The Annual Report was presented and adopted at the Annual General Meeting of the company on 30/6 2024

Anne Marie Lie Norvig
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Annual Report of Lie ApS for the financial year 1 January - 31 December 2023.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

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

Copenhagen, 30 June 2024

Executive Board

Anne Marie Lie Norvig
CEO

Independent Auditor's report

To the shareholder of Lie ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Lie ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Hellerup, 30 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Company information

The Company	Lie ApS Blegdamsvej 124 2100 Copenhagen Ø CVR No: 36 99 68 62 Financial period: 1 January - 31 December Municipality of reg. office: København
Executive Board	Anne Marie Lie Norvig
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	337,677	385,459	355,204	193,995
Gross profit	76,122	106,860	130,157	73,933
Profit/loss of primary operations	-15,855	26,021	85,045	50,439
Profit/loss of financial income and expenses	-7,260	-11,639	-2,808	277
Net profit/loss for the year	-17,979	10,817	63,782	39,389
Balance sheet				
Balance sheet total	215,952	226,536	194,196	86,548
Investment in property, plant and equipment	2,860	12,398	5,469	2,233
Equity	71,627	89,854	90,777	51,729
Cash flows				
Cash flows from:				
- operating activities	23,661	6,422	3,286	863
- investing activities	-8,245	-31,148	-11,641	-2,044
- financing activities	-1,000	-10,450	6,674	-2,038
Change in cash and cash equivalents for the year	14,416	-35,176	-1,681	7,408
Number of employees	108	105	64	31
Ratios				
Gross margin	22.5%	27.7%	36.6%	38.1%
Profit margin	-4.7%	6.8%	23.9%	26.0%
Solvency ratio	33.2%	39.7%	46.7%	59.8%
Return on equity	-22.3%	12.0%	89.5%	122.4%

The key figures and ratios have been calculated as described in the Accounting Policies.

Management's review

With a philosophy of creating fun, functional, and conscious choices, LIEWOOD is made for children to be loved by parents.

In our work with designing and producing toys, interiors, nursery, apparel, accessories, and footwear for children we keep our strong values as our guideline in our everyday work - making durable safe products in a timeless design for the contemporary family.

A strong position in a challenging market

At the Group, we have experienced strong growth over the past years. A development we are very thankful for and proud of.

2023 has been both a developing and challenging year. While we expected to grow further, macro developments caused that we did not meet our financial expectations. Therefore, the financial result for 2023 is not satisfactory to the management, despite having achieved a continued high revenue of 338 million DKK.

We have achieved significant growth in our direct-to-consumer channel despite an overall decline in commercial activities in 2023. This underlines the continued high level of trust that consumers place in LIEWOOD and our brand. It reflects the enduring appeal and reputation we have built, highlighting the strong connection and loyalty that end-consumers have towards our products and values.

But operating in a changing market that faces financial difficulties and has a strong competition on pricing is challenging. It has resulted in a natural reluctance among retailers. And like many colleagues in the industry, we experienced a lower demand due to a changed consumer behaviour and a decreasing costumer confidence globally due to economic uncertainty.

While the organization was geared for a higher growth, this resulted in a too high cost base which is reflected in the results for 2023. This, alongside higher prices on raw materials, high inflation, and higher freight rates, resulted in lower margins and net profit compared to previous years.

In 2023, we have made great investments into the future: we have invested in the relocation of our distribution centre to Poland in late 2023 and a new ERP-system, which will further contribute to ensuring operational efficiency and the company's future growth. Finally, we have invested in a new and improved B2B shop platform. These investments have been resource demanding and capex investments are reflected in the net profit.

In addition, following the COVID-19 pandemic, both the Group and retailers are facing challenges with excessive inventory. Consequently, it was necessary to trim the balance sheet and sell out aging stock at lower margins. This exercise has had a significant negative impact on the result for 2023.

The income statement shows a profit of -18 million DKK, and as of December 31, 2023, the balance sheet shows a positive equity of 59 million DKK.

Sticking to the course by strengthening the financial position

As a response to the current challenges, we have recalibrated our strategy and financial objectives for LIEWOOD towards 2028. We expect a greater gross profit in 2024 and improvements to networking capital.

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

Additionally, we have strengthened the board and leadership team and made significant developments to our corporate leadership and strategic direction, as part of our journey of strategic realignment. This is not to change the core of the Group but to ensure the best journey for the Group going forth. We are proud of our vision and our values, and we remain in a strong position across markets, and we aim for growth in our key markets in the time to come.

Making thoughtful choices on behalf of the future
We dedicate ourselves to creating high-quality products for families and children across the world. We believe in being thoughtful and making responsible and conscious choices when creating safe and long-lasting products offering sustainable advantages to the consumer.
Therefore, we use sustainable materials like organic cotton, recycled polyester, nylon, and plastic and other sustainable materials, as well as mono materials for a large part of textile production, for easier recycling. The focus is continuously on sourcing responsible materials and suppliers.

To ensure that all materials used in the supply chain meet the REACH standards and EU regulations, the Group has an internal RSL (Restricted Substances List). The Code of Conduct and Supplier Manual is updated twice a year to make sure the Group follows the updated requirements. To structure and focus our efforts, we have adopted a systematic approach based on GOTS and GRS goals and we continue to expand and follow GOTS certification requirements in our growing supply chain.

In addition, the Group has an Internal Compliance Team to ensure all products are being tested for both safety and hazardous chemicals. All the production goes through rigid QC inspections from our partners.

Global standards as a driving force in production
The Group has decided to align with the ten fundamental principles of the United Nations Global Compact for Corporate Social Responsibility. We are committed to integrating these principles into our strategy and corporate culture, with a specific focus on human rights, labour rights, environmental preservation, and anti-corruption measures. For the upcoming years, we have planned to perform materiality assessment for materials within our value chain covering the areas of environment, human rights, and corruption, among others.

The value chain including raw materials through processing, transport, and the final presentation of our products to end customers involves multiple stages, each with potential risks to people and the environment. Consequently, we consider it our duty to enhance our understanding of this process and continually improve transparency. Simultaneously, we strive to simplify and promote transparency for end customers, empowering them to make informed and responsible choices.

Engaged employees as a core value
Our people are our most valuable asset and crucial for the future success of the Group, as we depend on their knowledge and expertise. As a result, the Group's Working Committee has been established to ensure that the organization focuses on maintaining a safe and healthy work environment. The committee conducts regular employee surveys to ensure a proper work environment. The employee survey for 2023 was satisfactory.

We believe we can enact change and positively impact our stakeholders. We are committed to being a responsible business and respecting fundamental human rights throughout our value chain – from our HQ in Copenhagen and through operations and those of external stakeholders. We respect and uphold all human rights stated in the International Bill of Human Rights, including the labour rights expressed by the International Labor Organization (ILO), and recognize the "protect, respect, and remedy" framework outlined by the UN Guiding Principles on Business and Human Rights. Likewise, we also have a zero-tolerance policy for corruption and bribery.

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

Future Expectations
The Group aims to continue its positive development, offering a core range of products to customers, strengthening the corporation with existing customers and continuing the growth within its own direct-to-consumer channel. Based on the current economic outlook and consumer behaviour trends, we project that 2024 will mirror the challenges experienced in 2023. Specifically, we anticipate stagnant revenue growth with a slight downturn in commercial activities. In response, we have continued our focus on cost optimization and COGS reduction with the aim of achieving an EBITDA margin of +8 % and realizing an improved gross profit by the end of 2024. Consequently, we expect our EBIDTA for 2024 to be between 20 – 25 million DKK. Additionally, we will consolidate our operating platform and resources to scale our digital business model further 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	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		DKK	DKK	DKK	DKK
Revenue		337,677,179	385,459,380	0	0
Work on own account recognised in assets		0	3,542,293	0	0
Cost of goods sold		-202,352,554	-229,161,601	0	0
Other external expenses		-59,202,238	-52,979,602	-55,816	-119,458
Gross profit		**76,122,387**	**106,860,470**	**-55,816**	**-119,458**
Staff expenses	1	-76,994,570	-72,280,122	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-14,982,631	-8,559,117	-553,533	-525,617
Profit/loss before financial income and expenses		**-15,854,814**	**26,021,231**	**-609,349**	**-645,075**
Income from investments in subsidiaries		0	0	-12,834,855	8,077,663
Financial income	2	10,016	1,559	875,896	96,487
Financial expenses		-7,269,958	-11,640,751	-2,069	-31,195
Profit/loss before tax		**-23,114,756**	**14,382,039**	**-12,570,377**	**7,497,880**
Tax on profit/loss for the year	3	5,136,159	-3,564,909	-165,814	19,924
Net profit/loss for the year	4	**-17,978,597**	**10,817,130**	**-12,736,191**	**7,517,804**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Completed development projects		16,203,788	18,279,806	0	0
Acquired trademarks		979,277	1,113,412	0	0
Goodwill		2,160,718	2,649,942	0	0
Intangible assets	5	**19,343,783**	**22,043,160**	**0**	**0**
Other fixtures and fittings, tools and equipment		11,783,752	15,021,002	92,225	156,537
Leasehold improvements		968,844	1,731,443	0	0
Property, plant and equipment	6	**12,752,596**	**16,752,445**	**92,225**	**156,537**
Investments in subsidiaries	7	0	0	33,038,767	45,829,073
Deposits	8	364,173	403,040	0	0
Fixed asset investments		**364,173**	**403,040**	**33,038,767**	**45,829,073**
Fixed assets		**32,460,552**	**39,198,645**	**33,130,992**	**45,985,610**
Finished goods and goods for resale		63,626,249	94,430,358	0	0
Prepayments for goods		27,159,924	34,003,782	0	0
Inventories		**90,786,173**	**128,434,140**	**0**	**0**
Trade receivables		31,255,894	40,658,856	0	0
Receivables from group enterprises		0	0	21,513,804	23,191,924
Other receivables		4,293,142	2,837,276	0	18,368
Deferred tax asset	9	807,816	0	3,586	19,924
Corporation tax		2,000,000	2,504,000	2,000,000	2,504,000
Prepayments	10	2,061,716	4,589,939	0	0
Receivables		**40,418,568**	**50,590,071**	**23,517,390**	**25,734,216**
Cash at bank and in hand		**52,286,280**	**8,313,051**	**3,568,293**	**3,041,786**
Current assets		**183,491,021**	**187,337,262**	**27,085,683**	**28,776,002**
Assets		**215,951,573**	**226,535,907**	**60,216,675**	**74,761,612**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		50,000	50,000	50,000	50,000
Reserve for net revaluation under the equity method		0	0	25,530,663	38,320,696
Reserve for development costs		12,638,953	14,258,248	0	0
Reserve for hedging transactions		-115,456	-623,764	0	0
Retained earnings		46,441,116	58,532,549	33,433,950	33,846,338
Equity attributable to shareholders of the Parent Company		**59,014,613**	**72,217,033**	**59,014,613**	**72,217,034**
Minority interests		12,612,160	17,636,548	0	0
Equity		**71,626,773**	**89,853,581**	**59,014,613**	**72,217,034**
Provision for deferred tax	9	0	4,126,417	0	0
Provisions		**0**	**4,126,417**	**0**	**0**
Credit institutions		108,616,744	79,060,183	0	0
Trade payables		21,601,859	37,288,017	52,000	40,000
Payables to owners and Management		586	578	586	578
Payables to group enterprises relating to corporation tax		0	0	1,149,476	2,504,000
Other payables		14,105,611	16,207,131	0	0
Short-term debt		**144,324,800**	**132,555,909**	**1,202,062**	**2,544,578**
Debt		**144,324,800**	**132,555,909**	**1,202,062**	**2,544,578**
Liabilities and equity		**215,951,573**	**226,535,907**	**60,216,675**	**74,761,612**

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Statement of changes in equity

Group

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50,000	14,258,248	-623,764	58,532,549	72,217,033	17,636,548	89,853,581
Exchange adjustments	0	0	0	25,463	25,463	10,400	35,863
Extraordinary dividend paid	0	0	0	-1,000,000	-1,000,000	0	-1,000,000
Fair value adjustment of hedging instruments, end of year	0	0	651,675	0	651,675	266,177	917,852
Tax on adjustment of hedging instruments for the year	0	0	-143,367	0	-143,367	-58,559	-201,926
Development costs for the year	0	4,230,062	0	-4,230,062	0	0	0
Depreciation, amortisation and impairment for the year	0	-5,849,357	0	5,849,357	0	0	0
Net profit/loss for the year	0	0	0	-12,736,191	-12,736,191	-5,242,406	-17,978,597
Equity at 31 December	**50,000**	**12,638,953**	**-115,456**	**46,441,116**	**59,014,613**	**12,612,160**	**71,626,773**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	50,000	38,320,696	33,846,338	72,217,034
Exchange adjustments	0	25,463	0	25,463
Extraordinary dividend paid	0	0	-1,000,000	-1,000,000
Fair value adjustment of hedging instruments, end of year	0	651,674	0	651,674
Tax on adjustment of hedging instruments for the year	0	-143,367	0	-143,367
Net profit/loss for the year	0	-13,323,803	587,612	-12,736,191
Equity at 31 December	**50,000**	**25,530,663**	**33,433,950**	**59,014,613**

Cash flow statement 1 January - 31 December

		Group	
	Note	2023	2022
		DKK	DKK
Result of the year		-17,978,597	10,817,130
Adjustments	11	17,142,277	23,763,218
Change in working capital	12	31,253,460	3,222,492
Cash flow from operations before financial items		**30,417,140**	**37,802,840**
Financial income		10,024	1,559
Financial expenses		-7,269,958	-11,640,751
Cash flows from ordinary activities		**23,157,206**	**26,163,648**
Corporation tax paid		504,000	-19,741,850
Cash flows from operating activities		**23,661,206**	**6,421,798**
Purchase of intangible assets		-5,423,154	-18,660,295
Purchase of property, plant and equipment		-2,860,251	-12,398,334
Fixed asset investments made etc		-40,418	-89,320
Sale of fixed asset investments made etc		79,285	0
Cash flows from investing activities		**-8,244,538**	**-31,147,949**
Dividend paid		-1,000,000	-10,450,000
Cash flows from financing activities		**-1,000,000**	**-10,450,000**
Change in cash and cash equivalents		**14,416,668**	**-35,176,151**
Cash and cash equivalents at 1 January		-70,747,132	-35,570,981
Cash and cash equivalents at 31 December		**-56,330,464**	**-70,747,132**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		52,286,280	8,313,051
Overdraft facility		-108,616,744	-79,060,183
Cash and cash equivalents at 31 December		**-56,330,464**	**-70,747,132**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	68,404,337	65,132,638	0	0
Pensions	7,665,944	6,480,967	0	0
Other social security expenses	237,886	231,749	0	0
Other staff expenses	686,403	434,768	0	0
	76,994,570	**72,280,122**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**108**	**105**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Financial income				
Interest received from group enterprises	0	0	865,880	96,487
Other financial income	10,016	1,559	10,016	0
	10,016	**1,559**	**875,896**	**96,487**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Income tax expense				
Current tax for the year	0	0	149,476	0
Deferred tax for the year	-4,934,233	3,201,033	16,338	-19,924
	-4,934,233	**3,201,033**	**165,814**	**-19,924**
thus distributed:				
Income tax expense	-5,136,159	3,564,909	165,814	-19,924
Tax on equity movements	201,926	-363,876	0	0
	-4,934,233	**3,201,033**	**165,814**	**-19,924**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK

4. Profit allocation

	2023	2022	2023	2022
Extraordinary dividend paid	1,000,000	300,000	1,000,000	300,000
Reserve for net revaluation under the equity method	0	0	-13,323,803	7,588,171
Minority interests' share of net profit/loss of subsidiaries	-5,242,406	3,299,327	0	0
Retained earnings	-13,736,191	7,217,803	-412,388	-370,367
	-17,978,597	**10,817,130**	**-12,736,191**	**7,517,804**
Extraordinary dividend after year end	1,750,000	1,000,000	1,750,000	1,000,000

5. Intangible fixed assets

	Group			Parent company
	Completed development projects	Acquired trademarks	Goodwill	Goodwill
	DKK	DKK	DKK	DKK
Cost at 1 January	20,164,957	1,198,420	5,092,196	200,000
Additions for the year	5,423,157	0	0	0
Cost at 31 December	25,588,114	1,198,420	5,092,196	200,000
Impairment losses and amortisation at 1 January	1,885,151	85,008	2,442,254	200,000
Amortisation for the year	7,499,175	134,135	489,224	0
Impairment losses and amortisation at 31 December	9,384,326	219,143	2,931,478	200,000
Carrying amount at 31 December	**16,203,788**	**979,277**	**2,160,718**	**0**

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

Notes to the Financial Statements

6. Property, plant and equipment

	Group		Parent company
	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	21,782,988	2,777,236	192,935
Additions for the year	2,847,772	12,481	0
Disposals for the year	-102,070	0	-102,070
Cost at 31 December	24,528,690	2,789,717	90,865
Impairment losses and depreciation at 1 January	6,761,988	1,045,793	36,398
Depreciation for the year	6,085,020	775,080	64,312
Reversal of impairment and depreciation of sold assets	-102,070	0	-102,070
Impairment losses and depreciation at 31 December	12,744,938	1,820,873	-1,360
Carrying amount at 31 December	**11,783,752**	**968,844**	**92,225**

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK

7. Investments in subsidiaries

	2023 DKK	2022 DKK
Cost at 1 January	7,508,104	7,508,104
Cost at 31 December	7,508,104	7,508,104
Value adjustments at 1 January	38,320,969	56,498,502
Exchange adjustment	25,463	0
Net profit/loss for the year	-12,834,855	8,077,663
Dividend to the Parent Company	0	-24,850,000
Other equity movements, net	508,307	-915,975
Amortisation of goodwill	-489,221	-489,221
Value adjustments at 31 December	25,530,663	38,320,969
Carrying amount at 31 December	**33,038,767**	**45,829,073**
Positive differences arising on initial measurement of subsidiaries at net asset value	4,892,196	4,892,196
Remaining positive difference included in the above carrying amount at	2,160,718	2,649,942

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Liewood A/S	Copenhagen	71%
Liewood GmbH	Germany	71%
Liewood UK Limited	United Kingdom	71%

Notes to the Financial Statements

8. Other fixed asset investments

Group

	Deposits
	DKK
Cost at 1 January	403,040
Additions for the year	40,418
Disposals for the year	-79,285
Cost at 31 December	364,173
Carrying amount at 31 December	**364,173**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
9. Deferred tax asset				
Deferred tax asset at 1 January	-4,126,417	-925,384	19,924	0
Amounts recognised in the income statement for the year	5,136,159	-3,564,909	-16,338	19,924
Amounts recognised in equity for the year	-201,926	363,876	0	0
Deferred tax asset at 31 December	**807,816**	**-4,126,417**	**3,586**	**19,924**

10. Prepayments

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

	Group	
	2023	2022
	DKK	DKK
11. Cash flow statement - Adjustments		
Financial income	-10,016	-1,559
Financial expenses	7,269,958	11,640,751
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,982,631	8,559,117
Tax on profit/loss for the year	-5,136,159	3,564,909
Exchange adjustments	35,863	0
	17,142,277	**23,763,218**

Notes to the Financial Statements

12. Cash flow statement - Change in working capital

	Group 2023	Group 2022
	DKK	DKK
Change in inventories	37,647,967	-15,016,366
Change in receivables	10,475,319	10,355,183
Change in trade payables, etc	-17,787,678	9,537,656
Fair value adjustments of hedging instruments	917,852	-1,653,981
	31,253,460	**3,222,492**

13. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
Charges and security				
The following assets have been placed as security with bankers:				
Inventories	86,628,136	126,176,692	0	0
Trade receivables	22,852,648	36,061,510	0	0
Other fixtures and fittings, tools and equipment	11,691,527	14,864,463	0	0
Leasehold improvements	968,844	1,731,443	0	0
Completed development projects and acquired trademarks	17,183,065	19,393,218	0	0

The security with bankers comprise of a business mortgage registered to Liewood A/S totalling kDKK 60,000, providing security for bank loans in Liewood A/S of kDKK 108.617.

Rental and lease obligations

The company has entered into operational leases. The leases have up to 11 months to maturity and total outstanding lease payments total kDKK 188.

The company has entered into a lease on premises. This contracts are non cancellable until 1 June 2028. The annual rent amounts to kDKK 12,782. The total outstanding lease payments is kDKK 56.098.

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK

13. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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

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

14. Related parties

	Basis
Controlling interest	
Lie ApS, Blegdamsvej 124, 2100 Copenhagen Ø	Majority shareholder

Transactions

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

15. Subsequent events

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

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Lie ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

Adjustment of comparative figures

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

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Lie ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Leases

Leases in terms of which the Group 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 Group.

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

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

Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. 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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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 the fair value reserve 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.

Notes to the Financial Statements

Income statement

Revenue

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

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

Cost of goods sold

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

Other external expenses

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

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.

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

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

Development projects that do not meet the criteria for recognition in the balance sheet are 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 3-4 year.

Other intangible fixed assets

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

Rights are amortised over the period of the agreements, which is 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	3-8 years
Leasehold improvements	3-8 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 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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

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

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower 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 finished goods and goods for resale equals landed cost.

Receivables

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

Prepayments

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

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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

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

Cash Flow Statement

The cash flow statement shows the Group'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 Group'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.

Notes to the Financial Statements

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” and ”Overdraft facilities”.

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

Financial Highlights

Explanation of financial ratios

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