



## Convert A/S

Lundbergsvej 10  
8400 Ebeltoft  
CVR No. 39159090

## Annual report 2023

The Annual General Meeting adopted the annual report on 01.07.2024

---

**Jesper Fredberg**  
Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	8
Balance sheet at 31.12.2023	9
Statement of changes in equity for 2023	11
Notes	12
Accounting policies	15

# Entity details

## Entity

Convert A/S

Lundbergsvej 10

8400 Ebeltoft

Business Registration No.: 39159090

Registered office: Syddjurs

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Lars Herman Petersen, chairman

Peter Trillingsgaard

Massimo Forti

Jesper Fredberg Jensen

Anne Sophie Gamborg

## Executive Board

Peter Vinkler Simonsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Convert A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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

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

Ebeltoft, 01.07.2024

## Executive Board

**Peter Vinkler Simonsen**

## Board of Directors

**Lars Herman Petersen**  
chairman

**Peter Trillingsgaard**

**Massimo Forti**

**Jesper Fredberg Jensen**

**Anne Sophie Gamborg**

# Independent auditor's report

## To the shareholders of Convert A/S

### Opinion

We have audited the financial statements of Convert A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Aarhus, 01.07.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Michael Bach**

State Authorised Public Accountant  
Identification No (MNE) mne19691

**Jens Lauridsen**

State Authorised Public Accountant  
Identification No (MNE) mne34323

# Management commentary

## Primary activities

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

## Development in activities and finances

Loss for the year amounts to tDKK 22,237, which the Executive Board and Board of Directors considers to be unsatisfactory.

## Outlook

We expect to see revenue in 2024 to be above the levels realized in 2023, and an improved result is expected for 2024.

## Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>	2	<b>1,877,086</b>	<b>(3,925,454)</b>
Staff costs	3	(11,714,970)	(8,599,585)
Depreciation, amortisation and impairment losses		(10,147,080)	(9,794,755)
<b>Operating profit/loss</b>		<b>(19,984,964)</b>	<b>(22,319,794)</b>
Other financial income		0	27,609
Other financial expenses	4	(2,252,062)	(903,696)
<b>Profit/loss before tax</b>		<b>(22,237,026)</b>	<b>(23,195,881)</b>
Tax on profit/loss for the year	5	0	1,863,000
<b>Profit/loss for the year</b>		<b>(22,237,026)</b>	<b>(21,332,881)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(22,237,026)	(21,332,881)
<b>Proposed distribution of profit and loss</b>		<b>(22,237,026)</b>	<b>(21,332,881)</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		20,337,500	24,437,500
<b>Intangible assets</b>	6	<b>20,337,500</b>	<b>24,437,500</b>
Plant and machinery		63,210,561	67,320,241
Other fixtures and fittings, tools and equipment		91,194	245,536
Leasehold improvements		1,847,950	2,473,924
<b>Property, plant and equipment</b>	7	<b>65,149,705</b>	<b>70,039,701</b>
<b>Fixed assets</b>		<b>85,487,205</b>	<b>94,477,201</b>
Raw materials and consumables		7,036,799	1,411,771
<b>Inventories</b>		<b>7,036,799</b>	<b>1,411,771</b>
Trade receivables		1,141,500	1,503,408
Receivables from group enterprises		0	362,690
Other receivables		506,591	1,310,847
Joint taxation contribution receivable		0	716,000
Prepayments		0	28,086
<b>Receivables</b>		<b>1,648,091</b>	<b>3,921,031</b>
<b>Cash</b>		<b>0</b>	<b>7,997</b>
<b>Current assets</b>		<b>8,684,890</b>	<b>5,340,799</b>
<b>Assets</b>		<b>94,172,095</b>	<b>99,818,000</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		13,500,000	13,500,000
Retained earnings		(387,274)	21,849,752
<b>Equity</b>		<b>13,112,726</b>	<b>35,349,752</b>
Lease liabilities		46,648,295	49,725,311
Payables to owners and management		20,717,059	0
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>67,365,354</b>	<b>49,725,311</b>
Current portion of non-current liabilities other than provisions	8	3,038,891	2,966,992
Bank loans		6,527,494	6,364,943
Prepayments received from customers		83,552	0
Trade payables		2,658,954	1,785,179
Payables to group enterprises		0	2,828,040
Payables to owners and management		807,330	0
Other payables		577,794	797,783
<b>Current liabilities other than provisions</b>		<b>13,694,015</b>	<b>14,742,937</b>
<b>Liabilities other than provisions</b>		<b>81,059,369</b>	<b>64,468,248</b>
<b>Equity and liabilities</b>		<b>94,172,095</b>	<b>99,818,000</b>
Going concern	1		
Unrecognised rental and lease commitments	9		
Contingent assets	10		
Contingent liabilities	11		

# Statement of changes in equity for 2023

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	13,500,000	21,849,752	35,349,752
Profit/loss for the year	0	(22,237,026)	(22,237,026)
<b>Equity end of year</b>	<b>13,500,000</b>	<b>(387,274)</b>	<b>13,112,726</b>

# Notes

## 1 Going concern

The management assesses that the company, through its own earnings and current credit facilities, as well as the possibility of expansion in line with financing needs, can maintain sufficient liquidity reserves for continued operations. The company's management expects positive results in the future.

Recognition and measurement of the company's assets and liabilities as of 31.12.2023 have therefore been made on the assumption of going concern

## 2 Gross profit/loss

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

## 3 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	11,095,155	8,054,972
Pension costs	474,886	366,202
Other social security costs	144,929	178,411
	<b>11,714,970</b>	<b>8,599,585</b>
Average number of full-time employees	<b>18</b>	<b>15</b>

## 4 Other financial expenses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	0	88,880
Other interest expenses	2,185,833	807,829
Exchange rate adjustments	39,569	6,607
Other financial expenses	26,660	380
	<b>2,252,062</b>	<b>903,696</b>

## 5 Tax on profit/loss for the year

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Change in deferred tax	0	(1,147,000)
Refund in joint taxation arrangement	0	(716,000)
	<b>0</b>	<b>(1,863,000)</b>

## 6 Intangible assets

	<b>Acquired intangible assets DKK</b>
Cost beginning of year	42,500,000
<b>Cost end of year</b>	<b>42,500,000</b>
Amortisation and impairment losses beginning of year	(18,062,500)
Amortisation for the year	(4,100,000)
<b>Amortisation and impairment losses end of year</b>	<b>(22,162,500)</b>
<b>Carrying amount end of year</b>	<b>20,337,500</b>

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

## 7 Property, plant and equipment

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	81,994,645	793,350	3,514,786
Additions	1,071,096	0	85,989
<b>Cost end of year</b>	<b>83,065,741</b>	<b>793,350</b>	<b>3,600,775</b>
Depreciation and impairment losses beginning of year	(14,674,404)	(547,814)	(1,040,862)
Depreciation for the year	(5,180,776)	(154,342)	(711,963)
<b>Depreciation and impairment losses end of year</b>	<b>(19,855,180)</b>	<b>(702,156)</b>	<b>(1,752,825)</b>
<b>Carrying amount end of year</b>	<b>63,210,561</b>	<b>91,194</b>	<b>1,847,950</b>
Recognised assets not owned by entity	61,562,500	19,717	0

## 8 Non-current liabilities other than provisions

	<b>Due within 12 months 2023 DKK</b>	<b>Due within 12 months 2022 DKK</b>	<b>Due after more than 12 months 2023 DKK</b>	<b>Outstanding after 5 years 2023 DKK</b>
Lease liabilities	3,038,891	2,966,992	46,648,295	37,386,554
Payables to owners and management	0	0	20,717,059	0
	<b>3,038,891</b>	<b>2,966,992</b>	<b>67,365,354</b>	<b>37,386,554</b>

## 9 Unrecognised rental and lease commitments

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>6,319,398</b>	<b>5,794,137</b>

## 10 Contingent assets

The company has a non-recognized deferred tax asset of DKK 8,108k.

## 11 Contingent liabilities

The Entity has participated in a Danish joint taxation arrangement for the period 01.01.2023 - 21.12.2023, where Kvadrat Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

# Accounting policies

## Reporting class

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

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

## Recognition and measurement

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

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

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

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

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

## Public grants

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

## Income statement

### Gross profit or loss

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

### Revenue

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

### Other operating income

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



**Cost of sales**

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

**Other external expenses**

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other financial income**

Other financial income comprises interest income including exchange gains on securities, payables and transactions in foreign currencies etc.

**Other financial expenses**

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

**Tax on profit/loss for the year**

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

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

**Balance sheet****Intellectual property rights etc.**

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

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

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

**Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the

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

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

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

	<b>Useful life</b>
Plant and machinery	20
Other fixtures and fittings, tools and equipment	5
Leasehold improvements	5

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

Estimated useful lives and residual values are reassessed annually.

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

### **Inventories**

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

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

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

### **Receivables**

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

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

**Lease liabilities**

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

**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.