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Ter Nordic ApS

Lucernemarken 23, Hjallese, 5260 Odense

Company reg. no. 38 43 26 21

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 17 September 2020.

Andreas Früh
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Ter Nordic ApS for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Odense, 17 September 2020

Executive board

Casper Werenberg la Cour Larsen

Emmanuel John Kann-Tsavaris

Board of directors

Andreas Früh

Independent auditor's report

To the shareholder of Ter Nordic ApS

Auditor's report on the annual accounts

Opinion

We have audited the annual accounts of Ter Nordic ApS for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review
The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

VAT legislation

The company has mistakenly not reported VAT returns in due time to SKAT during the financial year, whereby management can incur liability.

Copenhagen, 17 September 2020

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen	Kasper Sone Randrup
State Authorised Public Accountant	State Authorised Public Accountant
mne30153	mne36175

Company information

The company	Ter Nordic ApS Lucernemarken 23 Hjallese 5260 Odense	
	Company reg. no.	38 43 26 21
	Established:	20 February 2017
	Domicile:	Odense
	Financial year:	1 January 2019 - 31 December 2019 3rd financial year
Board of directors	Andreas Früh	
Executive board	Casper Werenberg la Cour Larsen Emmanuel John Kann-Tsavaris	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Ter Hell & Co. GmbH	

Management commentary

The principal activities of the company

The principal activities are sales and marketing activites in the Nordic countries on behalf of the parent company in Hamburg, Germany.

Development in activities and financial matters

The gross profit for the year is DKK 1.946.708 against DKK 550.546 last year. The results from ordinary activities after tax are DKK -1.014.361 against DKK -1.569.638 last year. The management consider the results satisfactory.

Accounting policies

The annual report for Ter Nordic ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

	Useful life
Other plants, operating assets, fixtures and furniture	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Accounting policies

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**1.946.708**	**550.546**
1	Staff costs	-2.935.661	-2.500.572
	Depreciation and writedown relating to tangible fixed assets	-12.188	-4.433
	Operating profit	**-1.001.141**	**-1.954.459**
	Other financial income	75.608	135.171
2	Other financial costs	-363.584	-186.096
	Pre-tax net profit or loss	**-1.289.117**	**-2.005.384**
3	Tax on ordinary results	274.756	435.746
	Net profit or loss for the year	**-1.014.361**	**-1.569.638**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-1.014.361	-1.569.638
	Total allocations and transfers	**-1.014.361**	**-1.569.638**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		2019	2018
	Non-current assets		
4	Other plants, operating assets, and fixtures and furniture	70.560	82.748
	Total property, plant, and equipment	70.560	82.748
	Deposits	58.026	58.026
	Total investments	58.026	58.026
	Total non-current assets	**128.586**	**140.774**
	Current assets		
	Manufactured goods and trade goods	10.246.649	9.691.762
	Total inventories	10.246.649	9.691.762
	Trade debtors	9.891.944	4.332.920
	Deferred tax assets	710.502	435.746
	Income tax receivables	8.000	0
	Other debtors	121.015	114.171
	Accrued income and deferred expenses	29.820	67.967
	Total receivables	10.761.281	4.950.804
	Available funds	2.615.493	1.740.916
	Total current assets	**23.623.423**	**16.383.482**
	Total assets	**23.752.009**	**16.524.256**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2019	2018
	Equity		
5	Contributed capital	57.737	57.737
6	Results brought forward	1.226.872	-373.792
	Total equity	**1.284.609**	**-316.055**
	Liabilities other than provisions		
	Bank debts	0	172
	Trade creditors	4.686.548	6.001.444
	Debt to group enterprises	16.589.848	9.444.020
	Other debts	1.191.004	1.394.675
	Total short term liabilities other than provisions	22.467.400	16.840.311
	Total liabilities other than provisions	**22.467.400**	**16.840.311**
	Total equity and liabilities	**23.752.009**	**16.524.256**

7 Contingencies

Notes

All amounts in DKK.

		2019	2018
1.	**Staff costs**		
	Salaries and wages	2.603.173	2.347.637
	Pension costs	179.616	38.984
	Other costs for social security	152.872	113.951
		2.935.661	**2.500.572**
	Average number of employees	5	4
2.	**Other financial costs**		
	Financial costs, group enterprises	329.413	120.783
	Other financial costs	34.171	65.313
		363.584	**186.096**
3.	**Tax on ordinary results**		
	Adjustment for the year of deferred tax	-274.756	-435.746
		-274.756	**-435.746**

		31/12 2019	31/12 2018
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2019	87.181	0
	Additions during the year	0	87.181
	Cost 31 December 2019	**87.181**	**87.181**
	Amortisation and writedown 1 January 2019	-4.433	0
	Depreciation for the year	-12.188	-4.433
	Amortisation and writedown 31 December 2019	**-16.621**	**-4.433**
	Book value 31 December 2019	**70.560**	**82.748**

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
5.	**Contributed capital**		
	Contributed capital 1 January 2019	57.737	50.283
	Cash capital increase	0	7.454
		57.737	**57.737**

		31/12 2019	31/12 2018
6.	**Results brought forward**		
	Results brought forward 1 January 2019	-373.792	55.444
	Profit or loss for the year brought forward	-1.014.361	-1.569.638
	Additional paid-in capital	0	1.140.402
	Group contribution	2.615.025	0
		1.226.872	**-373.792**

7. Contingencies

Contingent liabilities

	DKK in thousands
Contingent liabilities in total	395