

Nordic Distribution A/S

Lejrvej 9, 3500 Værløse

CVR no. 38 44 95 40

**Annual report for the period
1 April 2020 to 31 March 2021**

Adopted at the annual general meeting on 12 May
2021

Christian Løvenkjær-Knudtson
chairman



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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Nordic Distribution A/S for the financial year 1 April 2020 - 31 March 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2021 and of the results of the company's operations for the financial year 1 April 2020 - 31 March 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Værløse, 30 April 2021

Executive board

Christian Løvenkjær-Knudtzon Johnny Davidsen

Supervisory board

Henrik Sebastian Thøger Nielsen Christian Løvenkjær-Knudtzon Alexander Stig Paciorek Nielsen
Chairman

Johnny Davidsen

Independent auditor's report on extended review

To the shareholder of Nordic Distribution A/S

Opinion

We have performed extended review of the financial statements of Nordic Distribution A/S for the financial year 1 April 2020 - 31 March 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the performed work it is our opinion, that the financial statements give a true and fair view of the company's financial position at 31 March 2021 and of the results of the company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's standard on auditor's report for small enterprises and FSR - danish auditors' standard on extended review of financial statements in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the accompanying financial statements. This requires us to perform procedures in order to obtain limited assurance for our conclusion on these financial statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

Independent auditor's report on extended review

An extended review of financial statements includes procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and the specifically required supplementary procedures, and evaluating the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit and accordingly we do not express an audit opinion on these financial statements.

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 extended review 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 extended review, 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, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 30 April 2021

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Peter Aagesen
statsautoriseret revisor
MNE no. mne41287

Company details

The company	Nordic Distribution A/S Lejrvej 9 3500 Værløse CVR no.: 38 44 95 40 Reporting period: 1 April 2020 - 31 March 2021 Domicile: Furesø
Supervisory board	Henrik Sebastian Thøger Nielsen, chairman Christian Løvenkjær-Knudtzon Alexander Stig Paciorek Nielsen Johnny Davidsen
Executive board	Christian Løvenkjær-Knudtzon Johnny Davidsen
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby

Management's review

Business review

The company's main activity consists of operating distribution as a wholesale company, and other related activities at the management's discretion.

Financial review

The company's income statement for the year ended 31 March 2021 shows a profit of DKK 25.471, and the balance sheet at 31 March 2021 shows equity of DKK 372.713.

Significant events occurring after the end of the financial year

In of the financial year, there has been an outbreak and spread of the coronavirus due to the COVID-19 pandemic. However, the management still expects that the outbreak will have no considerable financial impact on the company during the financial year ahead.

Income statement

1 April 2020 - 31 March 2021

	Note	2020/21	2019/20
		DKK	DKK
Gross profit		5.440.793	4.392.542
Staff costs	1	-4.654.572	-5.169.228
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-493.216	-406.641
Profit/loss before net financials		293.005	-1.183.327
Financial income	2	14.869	77.145
Financial costs	3	-270.723	-196.175
Profit/loss before tax		37.151	-1.302.357
Tax on profit/loss for the year	4	-11.680	281.949
Profit/loss for the year		25.471	-1.020.408
Recommended appropriation of profit/loss			
Retained earnings		25.471	-1.020.408
		25.471	-1.020.408

Balance sheet at 31 March 2021

	Note	2021 DKK	2020 DKK
Assets			
Acquired patents		615.783	676.232
Intangible assets	5	615.783	676.232
Other fixtures and fittings, tools and equipment		362.213	419.412
Leasehold improvements		200.125	298.756
Tangible assets	6	562.338	718.168
Deposits		352.436	345.525
Fixed asset investments		352.436	345.525
Total non-current assets		1.530.557	1.739.925
Finished goods and goods for resale		8.251.189	7.964.387
Stocks		8.251.189	7.964.387
Trade receivables		13.041.323	10.331.286
Receivables from related parties		859.201	493.405
Other receivables		497.263	411.658
Deferred tax asset		307.281	321.775
Joint taxation contributions receivable		0	350.399
Prepayments		258.832	236.849
Receivables		14.963.900	12.145.372
Cash at bank and in hand		221.828	3.750.443
Total current assets		23.436.917	23.860.202
Total assets		24.967.474	25.600.127

Balance sheet at 31 March 2021

	Note	2021 DKK	2020 DKK
Equity and liabilities			
Share capital		2.500.000	2.500.000
Retained earnings		-2.127.287	-2.152.758
Equity		372.713	347.242
Other payables		3.611.176	3.000.000
Total non-current liabilities	7	3.611.176	3.000.000
Trade payables		14.023.243	20.121.754
Payables to related parties		5.964.425	1.046.429
Other payables		995.917	1.084.702
Total current liabilities		20.983.585	22.252.885
Total liabilities		24.594.761	25.252.885
Total equity and liabilities		24.967.474	25.600.127
Contingent liabilities	8		
Assets charged and collateral	9		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April	2.500.000	-2.152.758	347.242
Net profit/loss for the year	0	25.471	25.471
Equity at 31 March	<u>2.500.000</u>	<u>-2.127.287</u>	<u>372.713</u>

Notes

	2020/21	2019/20
	DKK	DKK
1 Staff costs		
Wages and salaries	4.260.541	4.499.947
Pensions	452.939	520.107
Other social security costs	32.630	34.207
Other staff costs	-91.538	114.967
	4.654.572	5.169.228
Average number of employees	14	15
2 Financial income		
Interest received from related parties	0	61.617
Other financial income	14.869	15.528
	14.869	77.145
3 Financial costs		
Interest paid to related parties	69.420	0
Other financial costs	201.303	196.175
	270.723	196.175
4 Tax on profit/loss for the year		
Deferred tax for the year	11.680	-281.949
	11.680	-281.949

Notes

5 Intangible assets

	Acquired patents
	DKK
Cost at 1 April	1.074.815
Additions for the year	178.437
Cost at 31 March	<u>1.253.252</u>
Impairment losses and amortisation at 1 April	398.583
Depreciation for the year	<u>238.886</u>
Impairment losses and amortisation at 31 March	<u>637.469</u>
Carrying amount at 31 March	<u><u>615.783</u></u>

6 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 April	707.592	506.984
Additions for the year	<u>95.734</u>	<u>3.608</u>
Cost at 31 March	<u>803.326</u>	<u>510.592</u>
Impairment losses and depreciation at 1 April	288.180	208.228
Depreciation for the year	<u>152.933</u>	<u>102.239</u>
Impairment losses and depreciation at 31 March	<u>441.113</u>	<u>310.467</u>
Carrying amount at 31 March	<u><u>362.213</u></u>	<u><u>200.125</u></u>

Notes

7 Long term debt

	Debt at 1 April	Debt at 31 March	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Other payables	3.000.000	3.611.176	0	0
	3.000.000	3.611.176	0	0

8 Contingent liabilities

The company is jointly taxed with its parent company, Cousin Corp. ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

The company has entered into operating leases at T.DKK. 582.

9 Assets charged and collateral

Debt to the Company's primary supplier is secured by way of general floating charges corresponding the current value of inventories and trade receivables.

As collateral for other long term debt of DKK 3 million, there is registered company mortgage with priority position in front of other creditors company mortgage.

Accounting policies

The annual report of Nordic Distribution A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.