Nordgreen ApS

Lindgreens Allé 9, st., DK-2300 Copenhagen

Annual Report for 2022

CVR No. 38 69 42 43

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/6 2023

Pascar Sivam
Chairman of the general meeting

Contents

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Nordgreen ApS for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 28 June 2023

Executive Board

Jonathan William Vilsøe Lowth	Christopher Paul Day

Board of Directors

Pascar Sivam Chairman	Vasilij Niiazi Brandt

Independent Auditor's report

To the shareholders of Nordgreen ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordgreen ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

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

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

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

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

Auditor’s responsibilities for the audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	Nordgreen ApS Lindgreens Allé 9, st. DK-2300 Copenhagen
	CVR No: 38 69 42 43
	Financial period: 1 January - 31 December
	Incorporated: 29 May 2017
	Financial year: 6th financial year
	Municipality of reg. office: Copenhagen
Board of Directors	Pascar Sivam, chairman Vasilij Niiazi Brandt
Executive Board	Jonathan William Vilsøe Lowth Christopher Paul Day
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

Nordgreen's journey began in 2017 by envisioning a watch brand that manifests inspirational Nordic design with a deeply rooted responsibility to give back.

The entire watch collection is designed by the award-winning Chief Designer Jakob Wagner, whose work is widely recognised as iconic, and brings to light timepieces that surpass the challenges of time.

Nordgreen aligns its CSR initiatives through its 'Giving Back Program' to Nordic principles supporting health, educational, and environmental challenges faced by communities on a global level, by forming partnerships with relevant international NGOs.

We are continuously working towards finding and applying more sustainable solutions across our entire production and supply chain, in order to bring the change, we want to see in our industry.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 14,921,463, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 12,301,752.

Capital resources

The company has lost more than 50 % of the share capital and are therefore covered by the Danish Companies Act for capital resources.

The annual report is presented in the presumption of the company's future existence. The management of the company expects the level of activity to be strengthened, which together with improved brand equity gives a strong basis for the future growth.

The Company has received a letter of support from Blazar ApS stating that they will extend existing loans to ensure that the Company will be able to meet its obligations. Further, loan extended to the Company from Blazar ApS will not be called unless the liquidity position of the Company is adequate to justify such repayment. The letter of support is valid until 31 December 2023.

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	2022	2021
		DKK	DKK
Gross profit		**1,579,352**	**1,532,396**
Staff expenses	2	-14,739,656	-15,959,587
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-121,357	0
Profit/loss before financial income and expenses		**-13,281,661**	**-14,427,191**
Financial income		475,519	127,802
Financial expenses	3	-2,115,321	-1,831,553
Profit/loss before tax		**-14,921,463**	**-16,130,942**
Tax on profit/loss for the year		0	0
Net profit/loss for the year		**-14,921,463**	**-16,130,942**

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-14,921,463	-16,130,942
	-14,921,463	**-16,130,942**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Completed development projects		799,297	0
Intangible assets	4	**799,297**	**0**
Other fixtures and fittings, tools and equipment		42,315	0
Property, plant and equipment		**42,315**	**0**
Investments in subsidiaries	5	289,690	0
Fixed asset investments		**289,690**	**0**
Fixed assets		**1,131,302**	**0**
Finished goods and goods for resale		21,856,840	21,025,701
Prepayments for goods		123,375	40,955
Inventories		**21,980,215**	**21,066,656**
Trade receivables		3,676,379	8,782,647
Receivables from group enterprises		0	165,173
Other receivables		168,042	0
Prepayments		1,443,014	990,277
Receivables		**5,287,435**	**9,938,097**
Cash at bank and in hand		**1,467,267**	**4,568,392**
Current assets		**28,734,917**	**35,573,145**
Assets		**29,866,219**	**35,573,145**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		148,530	135,217
Reserve for development costs		623,452	0
Retained earnings		-13,073,734	-5,737,296
Equity		**-12,301,752**	**-5,602,079**
Other payables		5,125,584	5,000,000
Long-term debt	6	**5,125,584**	**5,000,000**
Credit institutions		9,137,662	6,773,701
Trade payables		9,895,077	16,206,908
Payables to group enterprises		6,459,477	7,246,677
Payables to owners and Management		1,390,989	1,338,133
Other payables	6	10,159,182	4,609,805
Short-term debt		**37,042,387**	**36,175,224**
Debt		**42,167,971**	**41,175,224**
Liabilities and equity		**29,866,219**	**35,573,145**

Going concern	1
Contingent assets, liabilities and other financial obligations	7
Accounting Policies	8

Statement of changes in equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	135,217	0	0	-5,737,296	-5,602,079
Cash capital increase	13,313	8,208,477	0	0	8,221,790
Development costs for the year	0	0	711,583	-711,583	0
Depreciation, amortisation and impairment for the year	0	0	-88,131	88,131	0
Net profit/loss for the year	0	0	0	-14,921,463	-14,921,463
Transfer from share premium account	0	-8,208,477	0	8,208,477	0
Equity at 31 December	**148,530**	**0**	**623,452**	**-13,073,734**	**-12,301,752**

Notes to the Financial Statements

1. Going concern

The company has lost more than 50 % of the share capital and are therefore covered by the Danish Companies Act for capital ressources.

The annual report is presented in the presumption of the company's future existence. The management of the company expects the level of activity to be strengthened, which together with improved brand equity gives a strong basis for the future growth.

The Company has received a letter of support from Blazar ApS stating that they will extend existing loans to ensure that the Company will be able to meet its obligations. Further, loan extended to the Company from Blazar ApS will not be called unless the liquidity position of the Company is adequate to justify such repayment. The letter of support is valid until 31 December 2023.

2. Staff Expenses

	2022	2021
	DKK	DKK
Wages and salaries	14,180,900	15,302,370
Pensions	107,030	154,327
Other social security expenses	301,110	367,616
Other staff expenses	150,616	135,274
	14,739,656	**15,959,587**
Average number of employees	**32**	**65**

The Company has provided warrant programmes for selected employees and executive management in Company. The number of warrants issued are 10,974 warrants (nominal share capital DKK 10,974). The exercise price has been determined individually for each warrant agreement.

The maturity period varies from 4-10 years from the time of granting and programmes have been granted from 2017.

Incentive programmes are not recognised in the Financial Statements.

3. Financial expenses

	2022	2021
	DKK	DKK
Interest paid to group enterprises	833,770	52,156
Other financial expenses	650,298	1,145,806
Exchange loss	631,253	633,591
	2,115,321	**1,831,553**

4. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	0
Additions for the year	912,286
Cost at 31 December	912,286
Impairment losses and amortisation at 1 January	0
Amortisation for the year	112,989
Impairment losses and amortisation at 31 December	112,989
Carrying amount at 31 December	**799,297**
Amortised over	5-10 years

Development projects relate to the development of new versions of the Company's existing software and mechanical products.

The projects are progressing according to plan through the use of the resources allocated by Management to the development. The internal projects is is expected to be utilised in the Company's operations and contribute to efficiency and improve margins in the Company's business activities. The cost is recognised at cost at the date of acquisition, and subsequently amortised on a straight-line basis. As at 31 December 2022, the carrying amount of development projects was 799,297 DKK. The Company estimates the remaining useful life of the development projects to be 5-10 years.

5. Investments in subsidiaries

	2022	2021
	DKK	DKK
Additions for the year	289,690	0
Cost at 31 December	289,690	0
Carrying amount at 31 December	**289,690**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Nordgreen Japan Co., Ltd.	Japan	289,690	100%	289,690	0
				289,690	**0**

Notes to the Financial Statements

6. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK	DKK
Other payables		
After 5 years	5,104,791	5,000,000
Between 1 and 5 years	20,793	0
Long-term part	5,125,584	5,000,000
Within 1 year	0	0
Other short-term payables	10,159,182	4,609,805
	15,284,766	**9,609,805**

	2022	2021
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Mortgage deeds registered to the mortgagor totalling tDKK 10,000, providing security on trade receivables, inventory, intagible assets as well as property, plant and equipment at a total carrying amount of:	27,530,569	29,849,303

Other contingent liabilities

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 Blazar 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.

8. Accounting policies

The Annual Report of Nordgreen ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Blazar ApS, the Company has not prepared consolidated financial statements.

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.

Leases

All 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. Gains and losses 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.

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.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

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

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

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Notes to the Financial Statements

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans 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 Blazar ApS. 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).

Balance sheet

Intangible fixed assets

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 5-10 year.

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	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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 measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost based on weighted average prices 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 goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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, subscriptions and interest.

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.

Notes to the Financial Statements

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 debts

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.

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