



N.G.P Tobacco ApS

Karlskogavej 6 A
9200 Aalborg SV
CVR No. 41201908

Annual report 2023

The Annual General Meeting adopted the annual report on 02.07.2024

Jesper Krabbe

Chairman of the General Meeting

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Entity details

Entity

N.G.P Tobacco ApS

Karlskogavej 6 A

9200 Aalborg SV

Business Registration No.: 41201908

Registered office: Aalborg

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Mark Slepkin

Jesper Krabbe

Jan Kerem

Executive Board

Jesper Krabbe

Mark Slepkin

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of N.G.P Tobacco ApS 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.

Aalborg, 02.07.2024

Executive Board

Jesper Krabbe

Mark Slepkin

Board of Directors

Mark Slepkin

Jesper Krabbe

Jan Kerem

Independent auditor's report

To the shareholders of N.G.P Tobacco ApS

Opinion

We have audited the financial statements of N.G.P Tobacco ApS 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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 02.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Mikkel Hede Olsen

State Authorised Public Accountant

Identification No (MNE) mne47791

Management commentary

Primary activities

The company's primary activities are to sell, produce, and develop non-smoke nicotine and tobacco products.

Description of material changes in activities and finances

The financial year shows a profit after tax of t.DKK 7,599 against last year's profit after tax of t.DKK 5,330.

The management does not find the year's result satisfactory, but is in line with expectations. The growth in gross profit is largely attributed to investments in machines and in training of our skilled and committed employees. The management had expected a higher year-end result, but had to make an impairment of a receivable due to friction on the Finnish market.

The financial year shows an equity of t.DKK 14,716 against last year's equity of t.DKK 7,117. The management finds this development extremely positive, as it is a gain in equity ratio in a currently turbulent world market.

The company continues to expect a positive development in the company's future activities.

Continuous investment is made to ensure better employee health and to lessen the company's environmental impact. A big focus in the current financial year has been to provide a better healthy and safe work environment for the company's employees.

The company expects to move into new production facilities at the end of Q2 2024. This will lead to an increase in productivity and production capacity. The company will furthermore be able to provide better facilities to its employees and better environmental production facilities.

The company has begun its initial process in 2023 to actuate an ISO 9001-certification. The wish is to ensure, that the company's quality and performance live up to the standards, that we expect and want to provide to our customers and suppliers. The company expects the ISO-9001 certification to be completed in the end of Q4 in 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
Gross profit/loss		38,933,731	24,887,976
Staff costs	1	(27,105,932)	(17,253,234)
Depreciation, amortisation and impairment losses		(2,674,245)	(868,956)
Operating profit/loss		9,153,554	6,765,786
Other financial income		937,816	82,338
Other financial expenses		(207,018)	(207,779)
Profit/loss before tax		9,884,352	6,640,345
Tax on profit/loss for the year		(2,285,117)	(1,310,820)
Profit/loss for the year		7,599,235	5,329,525
Proposed distribution of profit and loss			
Retained earnings		7,599,235	5,329,525
Proposed distribution of profit and loss		7,599,235	5,329,525

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Plant and machinery		5,443,794	5,052,045
Leasehold improvements		1,236,442	1,546,532
Property, plant and equipment	2	6,680,236	6,598,577
Deposits		419,969	379,863
Financial assets	3	419,969	379,863
Fixed assets		7,100,205	6,978,440
Raw materials and consumables		24,660,104	13,702,778
Work in progress		1,785,895	1,664,465
Manufactured goods and goods for resale		73,488	662,271
Inventories		26,519,487	16,029,514
Trade receivables		9,980,285	4,115,493
Other receivables		2,599,591	1,528,544
Prepayments		985,151	0
Receivables		13,565,027	5,644,037
Cash		780,994	1,494,040
Current assets		40,865,508	23,167,591
Assets		47,965,713	30,146,031

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		40,000	40,000
Retained earnings		14,676,494	7,077,259
Equity		14,716,494	7,117,259
Deferred tax		189,156	218,700
Provisions		189,156	218,700
Other payables		455,035	1,262,624
Non-current liabilities other than provisions	4	455,035	1,262,624
Lease liabilities		543,813	0
Prepayments received from customers		0	13,437,321
Trade payables		26,509,737	6,171,230
Income tax payable		2,314,661	1,255,320
Other payables		3,236,817	683,577
Current liabilities other than provisions		32,605,028	21,547,448
Liabilities other than provisions		33,060,063	22,810,072
Equity and liabilities		47,965,713	30,146,031

Unrecognised rental and lease commitments

5

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	7,077,259	7,117,259
Profit/loss for the year	0	7,599,235	7,599,235
Equity end of year	40,000	14,676,494	14,716,494

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	25,953,025	16,646,718
Pension costs	744,691	330,410
Other social security costs	408,216	276,106
	27,105,932	17,253,234
Average number of full-time employees	52	33

2 Property, plant and equipment

	Plant and machinery	Leasehold improvements
	DKK	DKK
Cost beginning of year	5,554,707	2,379,497
Additions	2,102,393	653,511
Cost end of year	7,657,100	3,033,008
Depreciation and impairment losses beginning of year	(502,662)	(832,965)
Depreciation for the year	(1,710,644)	(963,601)
Depreciation and impairment losses end of year	(2,213,306)	(1,796,566)
Carrying amount end of year	5,443,794	1,236,442

3 Financial assets

	Deposits
	DKK
Cost beginning of year	379,863
Additions	100,437
Disposals	(60,331)
Cost end of year	419,969
Carrying amount end of year	419,969

4 Non-current liabilities other than provisions

	Due after more than 12 months	Outstanding after 5 years
	2023	2023
	DKK	DKK
Other payables	455,035	455,035
	455,035	455,035

5 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	2,534,813	623,000

The Company has entered into leases with an annual lease payment of approx. DKK 4,937k. The leases have a time to maturity of 3-9 months.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, own work capitalised, 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. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of property, plant and equipment, and salary refunds.

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 normal 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 property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies and amortisation of financial assets etc.

Other financial expenses

Other financial expenses comprise interest expenses, 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.

Balance sheet

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

	Useful life
Plant and machinery	3-10 år
Leasehold improvements	4 år

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.

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.

Prepayments

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

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.