Terzo D Holdco ApS

Gl. Skartved 11
6091 Bjert
CVR No. 42156647

Annual report 23.02.2021 - 31.12.2021

The Annual General Meeting adopted the annual report on 22.06.2022

Tina Søgaard
Chairman of the General Meeting

Contents

Entity details

Entity

Terzo D Holdco ApS

Gl. Skartved 11

6091 Bjert

Business Registration No.: 42156647

Registered office: Kolding

Financial year: 23.02.2021 - 31.12.2021

Board of Directors

Marco Capello

Mathieu Develay

Tina Søgaard

Executive Board

Tina Søgaard

Henrik Aaen Kastberg

Henning Bröchner

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Terzo D Holdco ApS for the financial year 23.02.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 23.02.2021 - 31.12.2021.

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.

Bjert, 22.06.2022

Executive Board

Tina Søgaard

Henrik Aaen Kastberg

Henning Bröchner

Board of Directors

Marco Capello

Mathieu Develay

Tina Søgaard

Independent auditor's report

To the shareholders of Terzo D Holdco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Terzo D Holdco ApS for the financial year 23.02.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 23.02.2021 - 31.12.2021 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 under the Danish Financial Statements Act.

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

Kolding, 22.06.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Ørum Nielsen
State Authorised Public Accountant
Identification No (MNE) mne26771

Management commentary

Financial highlights

	2021 DKK'000
Key figures	
Gross profit/loss	(2,494)
Operating profit/loss	(48,595)
Net financials	(6,319)
Profit/loss for the year	(47,213)
Balance sheet total	303,065
Investments in property, plant and equipment	11,081
Equity	60,537
Cash flows from operating activities	(49,473)
Cash flows from investing activities	(214,728)
Cash flows from financing activities	268,515
Ratios	
Equity ratio (%)	19.97

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities

When Tina Søgaard started to blend her own skincare, she did not realize that this was the beginning of a new skincare brand and a new business adventure. At that time, she had just been through a difficult divorce, which had a negative effect on her skin which was looking tired and pale. With her profound experience within skincare, she knew which ingredients to use to give her skin the necessary booster.

She started to blend creams and serums and oils in her own kitchen. It did not take long until the family and friends of Tina noticed the improvement with her skin, and therefore wanted to test the products themselves. They brought all possible sorts of containers to be able to sample the products for their own use.

Helping family and friends with their skin problems became therapeutical for Tina. It was never the intention to market the products commercially. However, the effectiveness soon became well known among cosmetologists and beauty retailers, which both wanted to carry Tina's products as part of their assortment. From there the rest is history, as Ecooking as a brand was born. A Danish skincare brand which first and foremost has focus on effectiveness and secondly on as much natural and ecologic ingredients as possible.

"Our ambition is, that we will be the leading Danish skincare brand internationally. We aim for being the best at combining effective skincare with natural and ecological ingredients, never compromising on effectiveness or content. We call it "Problem Solved". We always base our work on our values of Transparency, Honesty, Decency".

Development in activities and finances

Terzo D HoldCo ApS purchased 100% of the shares in Ecooking A/S and House of Cosmetics A/S through its subsidiary Terzo Beauty ApS on 30 March 2021. Terzo D HoldCo ApS is owned 70% by the Private Equity fund Bluegem and 30% by the Founder Tina Søgaard. The new owner structure was decided to support and strengthen the profitable international growth. Bluegem as a fund is specialized in lifestyle product companies and have several international beauty brands in their current and past portfolio. They bring a lot of experience growing and internationalizing lifestyle brands into Ecooking.

The Ecooking organization has been strengthened considerably during 2021 to support future national and international growth as well as the creation of stronger internal support functions in order to improve processes and quality of delivery. The focus on stronger international growth will be maintained in the coming years, with expected growth to materialize in 2023 and on.

A primary focus area has been to build our own web-shop; www.ecooking.dk and www.ecooking.com and the supporting organization. The webstore almost tripled the revenue in 2021 compared to 2020. Especially, the last quarter of the year showed significant growth due to strong execution of Black Friday and Christmas campaigns and activities. The focus in 2022 and the coming years is to continue the growth journey as well as supporting the international brand-building of Ecooking. Additionally, there are many activities geared towards strengthening the internal structure to support the customer experience in this important field.

In 2021 there was several important product launches in Ecooking:
In late summer our entirely new makeup line was launched in Denmark. The makeup line has been developed internally, using the same philosophy as our skincare, that effectiveness is the most important product characteristic followed by natural ingredients. The launch has lived up to our expectations, which were reflecting the negative impact on possible in-store activities caused by Covid-restrictions.
In our skincare lines, there were several important launches. We launched a "Young" series focusing on the issues facing young skin. Also, we extended our "50+" series with a Starter Kit and Cleansing Foam. Our hair-

products and sun-products were also extended with several new products. In line with our focus on giving the consumers free choice, we also launched several new perfume free alternatives of existing products – a focus we will continue in the future.
Also, in November we opened our first flagship store in St. Strandstræde close to Nyhavn in Copenhagen. The opening activities were hampered by Covid-restrictions, so we decided on a "soft-opening". The Grand Opening took place in early April 2022.

During summer 2021 the company implemented a new ERP system. Subsequently, the company unfortunately lost some visibility in the supply chain and was challenged in making the right purchase forecasts. This has led to some growth in inventory which together with execution of new product launches including the entire make-up line has caused the trade net working capital to increase.

The net result for 2021 is a loss of tDKK 47.212 which is in line with expectations.

EBITDA is negative with tDKK 32,714.

The equity of the Group is tDKK 60,537.

Uncertainty relating to recognition and measurement

There is not identified any uncertainty relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There has not been identified unusual circumstances affecting recognition and measurement.

Outlook

2022 will be a transition year for Ecooking. Focus will be to grow our Nordic and Danish business as well as prepare our international activities for strong growth in 2023 and beyond. This involves building a stronger commercial organization as well as building stronger internal processes. In the beginning of 2022, there has been a number of important recruitments to support the future growth agenda:

- Henrik Aaen Kastberg has joined the company as new CEO
- Henning Andersen Bröchner has joined the company as new CFO

Furthermore, in H1 2022 the organization will be strengthened by a number of new managers:

- Nordic Sales Manager
- International Sales Manager
- Danish Sales Manager
- Head of Digital and Marketing
- A number of Beauty Advisers supporting our products in physical stores

Use of financial instruments

Business risks

The Group's key business risks are related to its ability to maintain a strong position in the markets in which the Ecooking brand is sold. Throughout 2021, Ecooking has continued the work to strengthen the brands' DNA and design as well as physical presence by opening a new retail store in Copehagen.
This process will continue in 2022 with a view to strengthen Ecookings's profile and enhance the commercial aspects of the concept, and thus develop and reinforce the brand's position.

Financial risks
Given its operations, investments and financing structure, Terzo D HoldCo ApS is exposed to changes in exchange and interest rates. The Group pursues a low-risk financial policy approved by the Board of Directors in order to ensure that currency risks arise only as a result of commercial conditions. The Group has not applied derivative financial instruments in 2021.

Knowledge resources
In order to be able to continuously strengthen its international profile and supply competitive products at the right price and quality, it is essential that the Group can recruit and retain the most talented employees. The Group is to some extent still dependent on product and brand development by the founder. There are activities planned to reduce this dependency in 2022.

Environmental performance
Needs and requirements for reporting on environmental performance and ESG are increasing. European legislation as well as customers demands for insights has motivated the company to streamline ESG-initiatives and in 3rd quarter of 2021 first steps were taken towards a five-year strategy for sustainability. Focus is primarily on energy consumption and climate impact, on packaging and social impacts; internally and externally.

2021 is chosen as baseline year for a wide range of KPI's – some already defined and some which will be implemented throughout 2022.

An up-to-date Code of Conduct for suppliers has been implemented, plan for enhancing the amount of organic natural ingredients is in place, most packaging solution has been revised or where needed and plans for improvements decided. As the first Nordic cosmetics brand we have taken first step towards Life Cycle Assessment for all Ecooking products.

Research and development activities
The Company develops and maintains all products internally, and thus owns all IP rights to the formulas. There is an internal laboratory with 3 experienced employees who develop and test all formulas before manufacturing takes place either internally at the Company's own production facilities or by external suppliers. The majority of production takes place with skilled external suppliers. The Company has a variety of sourcing alternatives, which reduces the dependency on single suppliers.

Consolidated income statement for 2021

	Notes	2021 DKK
Gross profit/loss	2	**(2,494,099)**
Staff costs	3	(30,220,038)
Depreciation, amortisation and impairment losses	4	(15,880,414)
Operating profit/loss		**(48,594,551)**
Other financial income		58,828
Other financial expenses	5	(6,378,108)
Profit/loss before tax		**(54,913,831)**
Tax on profit/loss for the year	6	7,700,891
Profit/loss for the year	7	**(47,212,940)**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK
Completed development projects		0
Acquired patents		16,000
Acquired licences		1,130
Acquired rights		1,411,234
Goodwill		174,851,067
Intangible assets	8	**176,279,431**
Other fixtures and fittings, tools and equipment		7,401,588
Leasehold improvements		1,120,879
Property, plant and equipment	9	**8,522,467**
Deposits		603,729
Financial assets	10	**603,729**
Fixed assets		**185,405,627**
Raw materials and consumables		32,233,116
Work in progress		532,367
Manufactured goods and goods for resale		38,126,129
Prepayments for goods		260,425
Inventories		**71,152,037**
Trade receivables		27,697,657
Deferred tax	11	7,813,572
Other receivables		5,058,472
Receivables from owners and management	12	5,765
Prepayments	13	1,619,200
Receivables		**42,194,666**
Cash		**4,313,116**
Current assets		**117,659,819**

Assets	**303,065,446**

Equity and liabilities

	Notes	2021 DKK
Contributed capital	14	1,008,427
Retained earnings		59,528,138
Equity		**60,536,565**
Payables to owners and management		59,187,917
Other payables		1,035,176
Non-current liabilities other than provisions	15	**60,223,093**
Bank loans		82,415,839
Deposits		1,006,517
Prepayments received from customers		75,701
Trade payables		26,065,239
Payables to owners and management		66,026,539
Joint taxation contribution payable		546,369
Other payables		6,169,584
Current liabilities other than provisions		**182,305,788**
Liabilities other than provisions		**242,528,881**
Equity and liabilities		**303,065,446**
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	17	
Assets charged and collateral	18	
Transactions with related parties	19	
Subsidiaries	20	

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	40,000
Increase of capital	874,616	90,546,948	91,421,564
Capital increase by debt conversion	93,811	9,906,198	10,000,009
Group contributions etc.	0	6,287,932	6,287,932
Profit/loss for the year	0	(47,212,940)	(47,212,940)
Equity end of year	**1,008,427**	**59,528,138**	**60,536,565**

Consolidated cash flow statement for 2021

	Notes	2021 DKK
Operating profit/loss		(48,594,551)
Amortisation, depreciation and impairment losses		15,880,414
Working capital changes	16	(11,914,701)
Cash flow from ordinary operating activities		**(44,628,838)**
Financial income received		58,828
Financial expenses paid		(2,648,542)
Taxes refunded/(paid)		(2,254,861)
Cash flows from operating activities		**(49,473,413)**
Acquisition etc. of intangible assets		(1,362,490)
Acquisition etc. of property, plant and equipment		(6,005,002)
Acquisition of fixed asset investments		(366,354)
Acquisition of enterprises		(206,994,267)
Cash flows from investing activities		**(214,728,113)**
Free cash flows generated from operations and investments before financing		**(264,201,526)**
Loans raised		11,516
Incurrence of debt to group enterprises		64,023,101
Incurrence of debt to participating interests		57,438,472
Cash capital increase		107,749,505
Changes in short term bank loans		39,292,048
Cash flows from financing activities		**268,514,642**
Increase/decrease in cash and cash equivalents		**4,313,116**
Cash and cash equivalents end of year		**4,313,116**
Cash and cash equivalents at year-end are composed of:		
Cash		4,313,116
Cash and cash equivalents end of year		**4,313,116**

Notes to consolidated financial statements

1 Events after the balance sheet date

The largest single export market for the company in 2021 was Russia. Ecooking has over the last years build a relation with one of the strongest beauty retailers in the country. Due to the Russian invasion of Ukraine in February 2022, the Management decided to discontinue any further sales to Russia without notice. This has caused increased uncertainty for revenues and earnings in 2022 as well as for collection of outstanding trade debts, which will not have material impact for the company.

On the meeting of the Board held on 20 April 2022 it was decided to discontinue the private label part of the business of the subsidiary company House of Cosmetics A/S and merge the three subsidiaries of the subsidiary Terzo Beauty ApS: Ecooking A/S and its subsidiary CSR by Ecooking ApS and House of Cosmetics A/S to a new group named Ecooking A/S with effect from 1 January 2022. This decision will make the whole group structure more focused and increase simplicity with simpler and more lean processes throughout the value chain. There will unfortunately be a number of staff reductions within the group as a consequence of this decision, which will have a negative impact on earnings in 2022 but will improve earnings in the years to come.

2 Gross profit/loss

In gross profit/loss is included other operating income which includes received covid-19 compensation. The Group has received DKK 27.358 in wage compensation regarding covid-19

3 Staff costs

	2021 DKK
Wages and salaries	28,884,632
Pension costs	881,101
Other social security costs	630,563
Other staff costs	(176,258)
	30,220,038

Average number of full-time employees	**55**

	Remuneration of management 2021 DKK
Executive Board	**2,639,863**
	2,639,863

4 Depreciation, amortisation and impairment losses

	2021 DKK
Amortisation of intangible assets	14,505,996
Depreciation on property, plant and equipment	1,374,418
	15,880,414

5 Other financial expenses

	2021 DKK
Financial expenses from group enterprises	1,980,121
Other interest expenses	3,058,691
Exchange rate adjustments	120,524
Other financial expenses	1,218,772
	6,378,108

6 Tax on profit/loss for the year

	2021 DKK
Change in deferred tax	(7,700,891)
	(7,700,891)

7 Proposed distribution of profit/loss

	2021 DKK
Retained earnings	(47,212,940)
	(47,212,940)

8 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Acquired licences DKK	Acquired rights DKK	Goodwill DKK
Addition through business combinations etc	300,435	80,000	69,249	515,719	285,000
Additions	0	0	0	1,362,490	189,023,232
Cost end of year	**300,435**	**80,000**	**69,249**	**1,878,209**	**189,308,232**
Addition through business combinations etc	(249,087)	(52,000)	(57,296)	(253,086)	(239,229)
Amortisation for the year	(51,348)	(12,000)	(10,823)	(213,889)	(14,217,936)
Amortisation and impairment losses end of year	**(300,435)**	**(64,000)**	**(68,119)**	**(466,975)**	**(14,457,165)**
Carrying amount end of year	**0**	**16,000**	**1,130**	**1,411,234**	**174,851,067**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Addition through business combinations etc	4,270,781	805,602
Additions	5,562,827	442,175
Cost end of year	**9,833,608**	**1,247,777**
Addition through business combinations etc	(1,158,865)	(25,635)
Depreciation for the year	(1,273,155)	(101,263)
Depreciation and impairment losses end of year	**(2,432,020)**	**(126,898)**
Carrying amount end of year	**7,401,588**	**1,120,879**

10 Financial assets

	Deposits DKK
Addition through business combinations etc	237,375
Additions	366,354
Cost end of year	**603,729**
Carrying amount end of year	**603,729**

11 Deferred tax

	2021 DKK
Intangible assets	9,000
Property, plant and equipment	245,000
Inventories	403,146
Receivables	(356,000)
Liabilities other than provisions	327,000
Tax losses carried forward	7,185,426
Deferred tax	**7,813,572**

Changes during the year	2021 DKK
Recognised in the income statement	7,700,891
Addition through business combinations etc	112,681
End of year	**7,813,572**

Deferred tax assets

Deferred tax asset consists primarily of tax losses carried forward, which is expected to be utilized in future taxable profits.

12 Receivables from owners and management

	Executive Board DKK
Receivables	5,765

13 Prepayments

Prepayments relate to various prepaid items.

14 Contributed capital

	Number	Par value DKK	Nominal value DKK
Shares	1,008,427	1.00	1,008,427
	1,008,427		**1,008,427**

15 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Payables to owners and management	59,187,917	59,187,917
Other payables	1,035,176	31,935,998
	60,223,093	**91,123,915**

16 Changes in working capital

	2021 DKK
Increase/decrease in inventories	(20,510,310)
Increase/decrease in receivables	688,028
Increase/decrease in trade payables etc.	7,907,581
	(11,914,701)

17 Unrecognised rental and lease commitments

	2021 DKK
Total liabilities under rental or lease agreements until maturity	**4,838,851**

18 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed of DKK k103,000 nominal total. The carrying amount of mortgaged assets is DKK k114,798.

19 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Terzo Beauty ApS	Bjert, Denmark	ApS	100.00
Ecooking A/S	Bjert, Denmark	ApS	100.00
House of Cosmetics A/S	Bjert, Denmark	ApS	100.00
Ecooking NO AS	Ytre Enebakk, Norway	AS	100.00
CSR by Ecooking ApS	Bjert, Denmark	ApS	100.00

Parent income statement for 2021

	Notes	2021 DKK
Gross profit/loss		**(50,000)**
Income from investments in group enterprises		(44,967,155)
Other financial expenses	2	(2,829,211)
Profit/loss before tax		**(47,846,366)**
Tax on profit/loss for the year	3	633,426
Profit/loss for the year	4	**(47,212,940)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK
Investments in group enterprises		154,243,923
Financial assets	5	**154,243,923**
Fixed assets		**154,243,923**
Deferred tax	6	633,426
Receivables		**633,426**
Cash		**33**
Current assets		**633,459**
Assets		**154,877,382**

Equity and liabilities

	Notes	2021 DKK
Contributed capital		1,008,427
Retained earnings		59,528,138
Equity		**60,536,565**
Payables to owners and management		28,287,095
Non-current liabilities other than provisions	7	**28,287,095**
Trade payables		50,000
Payables to group enterprises		500
Payables to owners and management		66,003,222
Current liabilities other than provisions		**66,053,722**
Liabilities other than provisions		**94,340,817**
Equity and liabilities		**154,877,382**
Events after the balance sheet date	1	
Employees	8	
Contingent liabilities	9	
Related parties with controlling interest	10	
Transactions with related parties	11	

Parent statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	40,000
Increase of capital	874,616	90,546,948	91,421,564
Capital increase by debt conversion	93,811	9,906,198	10,000,009
Group contributions etc.	0	6,287,932	6,287,932
Profit/loss for the year	0	(47,212,940)	(47,212,940)
Equity end of year	**1,008,427**	**59,528,138**	**60,536,565**

Notes to parent financial statements

1 Events after the balance sheet date
Please refer to note 1 in the group financial statements.

2 Other financial expenses

	2021 DKK
Financial expenses from group enterprises	1,980,121
Other interest expenses	849,090
	2,829,211

3 Tax on profit/loss for the year

	2021 DKK
Change in deferred tax	(633,426)
	(633,426)

4 Proposed distribution of profit and loss

	2021 DKK
Retained earnings	(47,212,940)
	(47,212,940)

5 Financial assets

	Investments in group enterprises DKK
Additions	199,211,078
Cost end of year	**199,211,078**
Share of profit/loss for the year	(44,967,155)
Impairment losses end of year	**(44,967,155)**
Carrying amount end of year	**154,243,923**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Deferred tax

	2021 DKK
Tax losses carried forward	633,426
Deferred tax	**633,426**

Changes during the year	2021 DKK
Recognised in the income statement	633,426
End of year	**633,426**

Deferred tax assets

Deferred tax asset consists of tax losses carried forward, which is expected to be utilized in future taxable profits.

7 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Payables to owners and management	28,287,095	28,287,095
	28,287,095	**28,287,095**

8 Employees

The Entity has no employees other than the Executive Board, who has not received any remuneration.

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10 Related parties with controlling interest

Bluegem III, SCSp Luxembourg owns 70% of the shares in the Entity, thus exercising control.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, costs 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.

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

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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

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

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

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income and exchange gains on transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and exchange losses on transactions in foreign currencies.

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

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

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

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

Equipment
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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

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.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Goodwill has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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

Cash
Cash comprises bank deposits.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition of enterprises and purchase, development, improvement and sale etc. of intangible assets and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans.

Cash and cash equivalents comprise cash.