Terzo Beauty ApS

Gl. Skartved 11
6091 Bjert
CVR No. 42158143

Annual report 2023

The Annual General Meeting adopted the annual report on 11.07.2024

Henning Bröchner
Chairman of the General Meeting

Contents

Entity details

Entity
Terzo Beauty ApS
Gl. Skartved 11
6091 Bjert

Business Registration No.: 42158143
Registered office: Kolding
Financial year: 01.01.2023 - 31.12.2023

Board of Directors
Marco Capello
Mathieu Develay
Tina Søgaard
Henning Bröchner

Executive Board
Tina Søgaard
Mads Jomo Elg

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Terzo Beauty 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.

Bjert, 11.07.2024

Executive Board

Tina Søgaard

Mads Jomo Elg

Board of Directors

Marco Capello

Mathieu Develay

Tina Søgaard

Henning Bröchner

Independent auditor's report

To the shareholders of Terzo Beauty ApS

Opinion

We have audited the financial statements of Terzo Beauty 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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 11.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Primary activities

The company's primary activity is to own shares in Ecooking A/S.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**4,470,349**	**7,587,173**
Staff costs	2	(5,390,825)	(6,167,196)
Operating profit/loss		**(920,476)**	**1,419,977**
Income from investments in group enterprises		(68,959,483)	(59,281,686)
Other financial income	3	477,728	0
Other financial expenses	4	(1,613,939)	(1,204,994)
Profit/loss before tax		**(71,016,170)**	**(59,066,703)**
Tax on profit/loss for the year	5	(362,799)	(47,201)
Profit/loss for the year		**(71,378,969)**	**(59,113,904)**
Proposed distribution of profit and loss			
Retained earnings		(71,378,969)	(59,113,904)
Proposed distribution of profit and loss		**(71,378,969)**	**(59,113,904)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		113,556,573	167,516,056
Financial assets	6	**113,556,573**	**167,516,056**
Fixed assets		**113,556,573**	**167,516,056**
Receivables from group enterprises		1,534,174	2,022,365
Deferred tax		0	362,799
Other receivables		600	54,167
Receivables		**1,534,774**	**2,439,331**
Cash		**14,074**	**441,963**
Current assets		**1,548,848**	**2,881,294**
Assets		**115,105,421**	**170,397,350**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		41,000	41,000
Retained earnings		66,136,370	137,515,339
Equity		**66,177,370**	**137,556,339**
Other payables		33,300,822	32,100,822
Non-current liabilities other than provisions	7	**33,300,822**	**32,100,822**
Trade payables		12,575	12,500
Payables to group enterprises		15,353,875	0
Other payables		260,779	727,689
Current liabilities other than provisions		**15,627,229**	**740,189**
Liabilities other than provisions		**48,928,051**	**32,841,011**
Equity and liabilities		**115,105,421**	**170,397,350**
Events after the balance sheet date	1		
Contingent liabilities	8		
Assets charged and collateral	9		
Group relations	10		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	41,000	137,515,339	137,556,339
Profit/loss for the year	0	(71,378,969)	(71,378,969)
Equity end of year	**41,000**	**66,136,370**	**66,177,370**

Notes

1 Events after the balance sheet date

No events have occured af the balance sheet date, which would influence the evaluation of this annual report.

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	4,918,387	5,462,108
Pension costs	436,200	695,800
Other social security costs	33,997	8,288
Other staff costs	2,241	1,000
	5,390,825	**6,167,196**

Average number of full-time employees	**2**	**4**

3 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	477,717	0
Other interest income	11	0
	477,728	**0**

4 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	412,000	0
Other interest expenses	1,201,037	1,201,863
Exchange rate adjustments	902	3,131
	1,613,939	**1,204,994**

5 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Change in deferred tax	362,799	47,201
	362,799	**47,201**

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	265,398,213
Additions	15,000,000
Cost end of year	**280,398,213**
Impairment losses beginning of year	(97,882,157)
Amortisation of goodwill	(18,902,323)
Impairment losses on goodwill	(11,096,000)
Share of profit/loss for the year	(38,961,160)
Impairment losses end of year	**(166,841,640)**
Carrying amount end of year	**113,556,573**

Measurement of goodwill is based on management estimates, which are uncertain, of future growth, expected operating margins and discount rate of the subsidiary. A goodwill impairment test has been performed in 2023 and based on the impairment test a loss of 11,096 kDKK has been recognized.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Ecooking A/S	Bjert, Denmark	A/S	100.00

7 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other payables	33,300,822	33,300,822
	33,300,822	**33,300,822**

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Terzo D Holdco ApS serves as the administration company. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

9 Assets charged and collateral

Collateral provided for group enterprises

The Entity has submitted a statement of resignation with the amount to DKK 15.000.000 to Ecooking A/S, Business Registration No 38 27 17 25.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group: Terzo D Holdco ApS, Business Registration No 42 15 66 47, DK-Bjert.

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.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies etc.

Staff costs

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

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 dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses and net capital or 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 Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured 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. Refer to the above section on business combinations for more details about the accounting policies used on 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 positive difference between cost of investments 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. 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.

The accounting policies applied to material financial statement items of group enterprises are:

Inventory: 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.

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.

Cash
Cash comprises bank deposits.

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