

CTI Europe A/S

Walgerholm 13, 3500 Værløse

Company reg. no. 39 74 19 03

Annual report

10 July 2018 - 31 December 2019

The annual report was submitted and approved by the general meeting on the 16 September 2020.

Jeremy Lloyd Lauber
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that EUR 146.940 corresponds to the English amount of EUR 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report on extended review	2
Management commentary	
Company information	4
Management commentary	5
Financial statements 10 July 2018 - 31 December 2019	
Accounting policies	6
Income statement	9
Statement of financial position	10
Notes	12

Management's report

Today, the board of directors and the managing director have presented the annual report of CTI Europe A/S for the financial year 10 July 2018 - 31 December 2019.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 10 July 2018 – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Værløse, 16 September 2020

Managing Director

Jeremy Lloyd Lauber

Board of directors

Simon Pierre Pélissier

Fabian Oetiker

Déric Russier

Ronny Adrian

Bruno Gunnarsson

Jeremy Lloyd Lauber

Mark Edwards

Independent auditor's report on extended review

To the shareholders of CTI Europe A/S

Opinion

We have performed an extended review of the financial statements of CTI Europe A/S for the financial year 10 July 2018 to 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the financial statements give a fair presentation of the assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 10 July 2018 - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the extended review of the financial statements". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 unless the 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 extended review of the financial statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the financial statements. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an assessment of the achieved evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the financial statements.

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 express no assurance opinion on the management commentary.

In connection with our extended review the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not discover any material misstatement in the management commentary.

Hillerød, 16 September 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Bo Lysen

State Authorised Public Accountant
mne32109

Company information

The company

CTI Europe A/S
Walgerholm 13
3500 Værløse

Company reg. no. 39 74 19 03
Financial year: 10 July - 31 December

Board of directors

Simon Pierre Pélissier
Fabian Oetiker
Déric Russier
Ronny Adrian
Bruno Gunnarsson
Jeremy Lloyd Lauber
Mark Edwards

Managing Director

Jeremy Lloyd Lauber

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Nordstensvej 11
3400 Hillerød

Management commentary

The principal activities of the company

CTI is a European Group buying organization which does the central procurement for 20 Superstores across Europe. Our aim is to help the Stores achieve higher profits by using our combined buying power to achieve better prices. The Superstores are local supermarkets which sell food and non-food items. Our suppliers are mainly food manufacturers, food wholesalers and non-food wholesalers across Europe and overseas.

Development in activities and financial matters

The income statement of the Company for 2018-2019 shows a loss of EUR 79.005, and at 31 December 2019 the balance sheet of the Company shows negative equity of EUR 11.885.

The result is affected by limited activities in the start up phase of the Company. With increased activities and already initiated cost reductions, future results are expected to be positive, which will restore the equity of the Company.

Events occurring after the end of the financial year

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. It is, however, too early yet to give an opinion as the extent of the negative implications on the Company's outlook.

No further events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting policies

The annual report for CTI Europe A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The annual report is presented in euro (EUR). The annual report comprises the first financial year and hence comparative figures are not available.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Equity

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, CTI Europe A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Income statement

All amounts in EUR.

<u>Note</u>	10/7 2018 - 31/12 2019
Gross loss	-97.006
Other financial income	50
Other financial costs	-4.333
Pre-tax net profit or loss	-101.289
Tax on net profit or loss for the year	22.284
Net profit or loss for the year	-79.005
Proposed appropriation of net profit:	
Allocated from retained earnings	-79.005
Total allocations and transfers	-79.005

Statement of financial position

All amounts in EUR.

<u>Note</u>	<u>31/12 2019</u>
Assets	
Current assets	
Manufactured goods and goods for resale	37.641
Total inventories	<u>37.641</u>
Trade receivables	26.092
Tax receivables from group enterprises	22.284
Other receivables	4.926
Total receivables	<u>53.302</u>
1 Cash on hand and demand deposits	<u>50.626</u>
Total current assets	<u>141.569</u>
Total assets	<u>141.569</u>

Statement of financial position

All amounts in EUR.

Equity and liabilities	<u>31/12 2019</u>
<u>Note</u>	
Equity	
Contributed capital	67.120
Retained earnings	-79.005
Total equity	<u>-11.885</u>
 Liabilities other than provisions	
Bank loans	15
Trade payables	51.063
Payables to group enterprises	99.876
Other payables	2.500
Total short term liabilities other than provisions	<u>153.454</u>
 Total liabilities other than provisions	<u>153.454</u>
 Total equity and liabilities	<u>141.569</u>

2 Contingencies

Notes

All amounts in EUR.

1. Cash on hand and demand deposits

The company has of 31 December 2019 a demand deposit of EUR 13,387 for security for balances with banks.

2. Contingencies

Lease liabilities

The company has entered into operational leases with an average annual lease payment of EUR 38,400. The leases have 18 months to maturity and total outstanding lease payments total EUR 57,600.

Joint taxation

With UBT Marketing A/S, company reg. no 38749668 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.