

Amarla Retail ApS

Amagertorv 3, 1160 København

Company reg. no. 34 59 34 69

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 6 October 2020.



Carlos Radulovitch.
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report on extended review	2
Management's review	
Company data	5
Management's review	6
Annual accounts 1 January - 31 December 2019	
Profit and loss account	7
Balance sheet	8
Notes	10
Accounting policies used	15

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Amarla Retail ApS for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 6 October 2020

Executive board

Carlos Alejandro Radulovitch



Luis A. M. Penzini Granier



Independent auditor's report on extended review

To the shareholders of Amarla Retail ApS

Opinion

We have performed extended review of the annual accounts of Amarla Retail ApS for the financial year 1 January to 31 December 2019, which comprise profit and loss account, balance sheet and notes including a summary of significant accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 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 on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the extended review of the annual accounts". 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.

Material uncertainties concerning the enterprise's ability to continue as a going concern

Without making modifications to our opinion, we draw attention to the information in note 1, in which the management explains significant uncertainty regarding the circumstances and events that could rise significant doubts about the company's ability to continue its operations. This uncertainty attributes to the COVID-19 out-break's impact on the company's operations in 2020.

The Management believes that it is possible by continued sale of its products, reducing operating costs and most importantly raising funds from existing shareholders or outside investors to secure sufficient capital, and in accordance with this, the annual report is presented as going concern.

The management's responsibilities for the annual accounts

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

Independent auditor's report on extended review

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the annual accounts

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

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 evaluation of the achieved audit 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 annual accounts.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our extended review of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the extended review, or whether it otherwise appears to contain material misstatement.

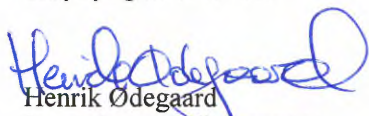
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

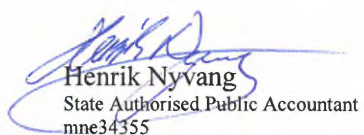
Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Independent auditor's report on extended review

Copenhagen, 6 October 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31


Henrik Ødegaard
State Authorised Public Accountant
mne31489


Henrik Nyvang
State Authorised Public Accountant
mne34355

Company data

The company

Amarla Retail ApS
Amagertorv 3
1160 København

Company reg. no. 34 59 34 69
Established: 30 May 2012
Financial year: 1 January - 31 December

Executive board

Carlos Alejandro Radulovitch
Luis A. M. Penzini Granier

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Parent company

Amarla Retail SA

Management's review

The principal activities of the company

The company's primary activity is in the retail and wholesale trade of beauty and apparel products for woman by operating a network of retail stores located in Copenhagen as well as doing wholesale trading of products with third and affiliate parties.

Development in activities and financial matters

The Company's ultimate owner has issued a letter of support which states that it will support the company financially for at least a year after the balance sheet date.

Events subsequent to the financial year

The Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the effects of the outbreak have had a significant impact on Danish society in 2020. The financial consequences are not yet fully known but have adversely affected the company. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date of December 31, 2019, and therefore constitutes a non-regulatory event for the company. It is not possible at this time to calculate the magnitude of the adverse effect of Covid-19.

Management decided to close the store in Copenhagen Airport Terminal 3 in April 2020.

The Danish Government have decided government assistance including compensation packages which may mitigate the impact of the COVID-19 outbreak on our results and liquidity.

Management seeks to obtain the best possible information to enable us to assess these risks and implement appropriate measures to respond. The continued heightened uncertainty relating to the potential impacts of COVID-19 on the company's business operations and the dependency on the successful outcomes of Management's mitigation actions including securing of additional investment or external funding are critical to the Company's ability to continue as a going concern and meet its debts and commitments as they fall due.

Management recognize that the combination of the circumstances described above represents a material uncertainty which could adversely affect the going concern assumption of the Company. Nevertheless, the Management expect that raising funds from existing shareholders or outside investors, expanding the cooperation with the major supplier and reorganizing the branch network amongst other actions, created a reasonable expectation for the Directors that the Company will be able to successfully navigate the present uncertainties it faces and continue in operation. Accordingly, the financial statements have been prepared on a going concern basis.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Net turnover	98.099.706	59.909.822
Other operating income	178	1.567
Raw materials and consumables used	-74.506.237	-42.488.559
Other external costs	-43.119.848	-23.543.204
Gross results	-19.526.201	-6.120.374
3 Staff costs	-4.608.506	-4.449.494
Depreciation and writedown relating to tangible fixed assets	-1.685.566	-2.074.782
Operating profit	-25.820.273	-12.644.650
Income from equity investments in associated enterprises	-1.788.298	-5.211.491
Other financial income	53.882	143
Writedown relating to financial assets	-19.612.865	0
4 Other financial costs	-7.868.391	-3.806.801
Results before tax	-55.035.945	-21.662.799
Tax on ordinary results	0	0
Results for the year	-55.035.945	-21.662.799
Proposed distribution of the results:		
Allocated from results brought forward	-55.035.945	-21.662.799
Distribution in total	-55.035.945	-21.662.799

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Fixed assets		
5 Other plants, operating assets, and fixtures and furniture	2.047.098	3.732.665
Tangible fixed assets in total	<u>2.047.098</u>	<u>3.732.665</u>
Amounts owed by group enterprises	0	1.404.640
6 Equity investment in associated enterprise	2.932	0
7 Other securities and equity investments	11.595.364	8.811.414
Deposits	<u>2.609.072</u>	<u>2.534.593</u>
Financial fixed assets in total	<u>14.207.368</u>	<u>12.750.647</u>
Fixed assets in total	<u>16.254.466</u>	<u>16.483.312</u>
Current assets		
Manufactured goods and trade goods	9.819.910	2.491.007
Prepayments for goods	<u>3.083.977</u>	<u>820.711</u>
Inventories in total	<u>12.903.887</u>	<u>3.311.718</u>
Trade debtors	7.174.833	2.206.656
Amounts owed by group enterprises	21.136.445	23.160.561
Other debtors	75.012	254.979
Accrued income and deferred expenses	<u>1.245.339</u>	<u>792.498</u>
Debtors in total	<u>29.631.629</u>	<u>26.414.694</u>
Available funds	<u>1.895.310</u>	<u>5.474.949</u>
Current assets in total	<u>44.430.826</u>	<u>35.201.361</u>
Assets in total	<u>60.685.292</u>	<u>51.684.673</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
8	Contributed capital	100.000	100.000
9	Results brought forward	-113.017.922	-57.981.977
	Equity in total	<u>-112.917.922</u>	<u>-57.881.977</u>
Liabilities			
10	Accruals and deferred income	700.000	1.400.000
	Long-term liabilities in total	<u>700.000</u>	<u>1.400.000</u>
	Trade creditors	36.298.054	14.696.918
	Debt to group enterprises	134.870.014	92.044.661
	Other debts	1.035.146	725.071
	Accrued expenses and deferred income	700.000	700.000
	Short-term liabilities in total	<u>172.903.214</u>	<u>108.166.650</u>
	Liabilities in total	<u>173.603.214</u>	<u>109.566.650</u>
	Equity and liabilities in total	<u>60.685.292</u>	<u>51.684.673</u>
1	Going concern		
2	Subsequent events		
11	Contingencies		
12	Related parties		

Notes

All amounts in DKK.

1. Going concern

The Company has a history of operating losses, negative cash flows from operations and working capital deficiencies and negative equity of 112.917.922 DKK.

In addition, the since 31 December 2019, the consequences of the COVID-19 outbreak have adversely affected the sale of the Company's products and therefore, its operating results have been negatively impacted. Refer also to Note "Subsequent events".

The ability of the Company to continue its operations is dependent on the continued sale of its products, reducing operating costs and most importantly raising funds from existing shareholders or outside investors. The Company is currently evaluating various opportunities and seeking additional sources of financing. We have obtained assurances from the respective related parties indicating that payment of intercompany liabilities will not be required for a period of at least 12 months from the balance sheet date. However, it is uncertain whether, and when, the Company will be successful in raising finance, return to profitability and improve its financial position.

Based on the facts and circumstances described above and known at this moment, management has determined that the use of the going concern assumption is warranted, but that there is a material uncertainty resulting from the events and condition described above that may cast significant doubt upon the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and pay its liabilities in the normal course of business.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

2. Subsequent events

The Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the effects of the outbreak have had a significant impact on Danish society in 2020. The financial consequences are not yet fully known but have adversely affected the company. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date of December 31, 2019, and therefore constitutes a non-regulatory event for the company. It is not possible at this time to calculate the magnitude of the adverse effect of Covid-19.

Management decided to close the store in Copenhagen Airport Terminal 3 in April 2020.

The Group has disclosed that the combination of the circumstances described above represents a material uncertainty which could adversely affect the going concern assumption of the Group and Amarla Retail ApS is dependent on financial support, refer also to note 1.

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
3. Staff costs		
Salaries and wages	4.098.109	4.295.992
Pension costs	39.600	52.142
Other costs for social security	<u>470.797</u>	<u>101.360</u>
	<u>4.608.506</u>	<u>4.449.494</u>
Average number of employees	<u>15</u>	<u>15</u>
4. Other financial costs		
Financial costs, group enterprises	182.041	1.438.109
Other financial costs	<u>7.686.350</u>	<u>2.368.692</u>
	<u>7.868.391</u>	<u>3.806.801</u>
	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	<u>15.611.722</u>	<u>15.611.722</u>
Cost 31 December 2019	<u>15.611.722</u>	<u>15.611.722</u>
Depreciation and writedown 1 January 2019	-11.879.057	-9.804.275
Depreciation for the year	<u>-1.685.567</u>	<u>-2.074.782</u>
Depreciation and writedown 31 December 2019	<u>-13.564.624</u>	<u>-11.879.057</u>
Book value 31 December 2019	<u>2.047.098</u>	<u>3.732.665</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Equity investment in associated enterprise		
Acquisition sum, opening balance 1 January 2019	5.211.491	0
Additions during the year	<u>1.791.230</u>	<u>5.211.491</u>
Cost 31 December 2019	<u>7.002.721</u>	<u>5.211.491</u>
Revaluation, opening balance 1 January 2019	-5.211.491	0
Writedown for the year	<u>-1.788.298</u>	<u>-5.211.491</u>
Writedown 31 December 2019	<u>-6.999.789</u>	<u>-5.211.491</u>
Book value 31 December 2019	<u>2.932</u>	<u>0</u>
7. Other securities and equity investments		
Cost 1 January 2019	8.811.414	0
Additions during the year	<u>22.396.815</u>	<u>8.811.414</u>
Cost 31 December 2019	<u>31.208.229</u>	<u>8.811.414</u>
Writedown for the year	<u>-19.612.865</u>	<u>0</u>
Nedskrivninger 31 December 2019	<u>-19.612.865</u>	<u>0</u>
Book value 31 December 2019	<u>11.595.364</u>	<u>8.811.414</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
8. Contributed capital		
Contributed capital 1 January 2019	100.000	100.000
	<u>100.000</u>	<u>100.000</u>
9. Results brought forward		
Results brought forward 1 January 2019	-57.981.977	-36.319.178
Profit or loss for the year brought forward	-55.035.945	-21.662.799
	<u>-113.017.922</u>	<u>-57.981.977</u>
10. Accruals and deferred income		
Total accruals and deferred income	1.400.000	2.100.000
Share of amount due within 1 year	-700.000	-700.000
	<u>700.000</u>	<u>1.400.000</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
11. Contingencies		
Contingent liabilities		
		31/12 2019 DKK in thousands
Leasing liabilities		<u>12.447</u>
Contingent liabilities in total		<u>12.447</u>

Letters of support

Amarla Retail ApS has issued two letters of support to Amarla Retail Oy (Finland) and Amarla Retail AB (Sweden). The letters of support oblige Amarla Retail ApS to provide the necessary funding required, to ensure that Amarla Retail Oy (Finland) and Amarla Retail AB (Sweden) maintain capital and liquidity levels enabling them to meet their financial obligations. The letters of support are valid until 31 December 2020.

Notes

All amounts in DKK.

12. Related parties

Consolidated annual accounts

Amarla Retail ApS is included in the consolidated annual accounts of Amarla Retail S.A., 127 Vouliagmenis Ave., P.C 16 674 Glyfada, Athen, Greece.

Accounting policies used

The annual report for Amarla Retail ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Income statement

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration and premises.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed assets respectively.

Net financials

Net financials 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 profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

Accounting policies used

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 3-5 years.

Financial fixed assets

Equity investment in associated enterprise

Equity investment in associated enterprise is measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Other securities and equity investments

Other securities and equity investments are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.