C7 Brands Scandinavia ApS under tvangsopløsning

Njalsgade 21F, 6. sal, 2300 København S

CVR no. 37 44 64 40

Annual report 2018/19

Approved at the Company's annual general meeting on 18 May 2020

Chairman:

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John Lindgaard

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of C7 Brands Scandinavia ApS under tvangsopløsning for the financial year 1 July 2018 - 30 June 2019.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

It is proposed to the annual general meeting that the financial statements for 2019/20 should not be audited.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 18 May 2020
Executive Board:

Stephen Barton

The general meeting has decided that the financial statements for the coming financial year will not be audited.

Independent auditor's report

To the shareholders of C7 Brands Scandinavia ApS under tvangsopløsning

Opinion

We have audited the financial statements of C7 Brands Scandinavia ApS under tvangsopløsning for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which shows that the Company's liabilities at year end exceed the Company's assets by DKK 3.9 million. Going concern of the Company is conditional upon the execution of Management's plan to re-establish the capital of the Company no later than 18 May 2020.

We have not modified our opinion in respect of this matter.

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 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 in preparing the financial statements unless 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 audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the Danish Bookkeeping Act requirements that bookkeeping procedures must be planned and performed in accordance with good bookkeeping practice and in consideration of the nature and size of the entity.

The Company's Management may incur liability for non-compliance with the Danish Bookkeeping Act.

Independent auditor's report

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the Danish Bookkeeping Act requirements regarding retention of accounting records.

The Company's Management may incur liability for non-compliance with the Danish Bookkeeping Act.

Non-compliance with the provisions of Danish Financial Statements Act regarding submission of annual reports

The Company has not observed the deadline for submission of the annual report for 2018/19. Management may incur liability in this respect.

Copenhagen, 18 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Management's review

Company details

Name	C7 Brands Scandinavia ApS under tvangsopløsning
Address, Postal code, City	Njalsgade 21F, 6. sal, 2300 København S
CVR no.	37 44 64 40
Established	12 February 2016
Registered office	København
Financial year	1 July 2018 - 30 June 2019
Website	https://www.c7brands.com/
Executive Board	Stephen Barton
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company's objective is to trade in energy and performance products and related activities.

Financial review

The income statement for 2018/19 shows a loss of DKK 1,491,915 against a loss of DKK 2,003,470 last year, and the balance sheet at 30 June 2019 shows a negative equity of DKK 3,896,118.

One of the primary reasons for the Company's negative results is the Company's considerable excess inventories of which a portion had to be sold using heavy promotion support and another portion had expired and could therefore not be sold. The large stockholding also implied disproportionately large inventories and transportation costs. The Company's inventories have now been reduced considerably, and in future, purchases will not be made for inventories but only for purposes of direct sale.

In future, the manufacturing of Coco Fuzion will take place in Sri Lanka, and transportations costs will be considerably lower than from the former manufacturer in Vietnam.

The Parent Company's finance function in the UK took over the Company's bookkeeping at the beginning of the financial year. A change of accounting manager in the UK implied that the Danish financial statements were not prepared and approved before the financial reporting deadline. In future, bookkeeping and financial reporting will be managed by the Danish company, which has prepared these financial statements. The financial statements will be presented before the normal deadline in future.

The Company's Management expects a profit in the financial year 2020/21.

The Company's negative capital primarily comprises a balance with the Parent Company in the UK, which will be remitted as part of the reconstruction of the company.

The Parent Company will inject new capital to cover the remaining portion of the Company's liabilities. Based on the above, the Company's Management expects that the Company will be resumed with the Danish Business Authority.

Events after the balance sheet date

Besides from the above mentioned, no events materially affecting the Company's financial position have occurred subsequent to the financial yearend.

Financial statements 1 July 2018 - 30 June 2019

Income statement

Note	DKK	2018/19	2017/18
	Gross loss	-925,874	-1,210,661
3	Staff costs	-457,795	-666,085
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-44,000	-83,176
	Other operating expenses	-26,910	0
	Profit/loss before net financials	-1,454,579	-1,959,922
	Financial expenses	-37,336	-43,548
	Profit/loss before tax	-1,491,915	-2,003,470
	Tax for the year	0	0
	Profit/loss for the year	-1,491,915	-2,003,470

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1,491,915	-2,003,470
		-1,491,915	-2,003,470

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK	2018/19	2017/18
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	113,667	304,577
		113,667	304,577
	Total fixed assets	113,667	304,577
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	400,000	1,551,472
		400,000	1,551,472
	Receivables		
	Trade receivables	76,012	44,533
	Other receivables	0	87,860
	Prepayments	3,365	11,880
		79,377	144,273
	Total non-fixed assets	479,377	1,695,745
	TOTAL ASSETS	593,044	2,000,322

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK	2018/19	2017/18
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	250,000	250,000
	Retained earnings	-4,146,118	-2,654,203
	Total equity	-3,896,118	-2,404,203
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	443,843	383,583
	Trade payables	246,480	722,078
	Payables to group enterprises	3,587,564	3,166,179
	Other payables	211,275	132,685
		4,489,162	4,404,525
	Total liabilities other than provisions	4,489,162	4,404,525
	TOTAL EQUITY AND LIABILITIES	593,044	2,000,322

1 Accounting policies
2 Material uncertainty related to going concern
5 Collateral

Financial statements 1 July 2018 - 30 June 2019

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 July 2018	250,000	-2,654,203	-2,404,203
Transfer through appropriation of loss	0	-1,491,915	-1,491,915
Equity at 30 June 2019	250,000	-4,146,118	-3,896,118

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies

The annual report of C7 Brands Scandinavia ApS under tvangsopløsning for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross loss

The items revenue, change in inventories of finished goods other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

2 Material uncertainty related to going concern

Due to the operating loss in the start-up phase of the Company, the Company's capital was negative at DKK 3.9 million at the end of the financial year. Due to the lacking filing of the annual report for 2018/19, the Company has been handed over to the insolvency court for dissolution. The going concern of the Company depends on the injection of additional capital and filing of an annual report for 2018/19 before 18 May 2020.

The Company's capital is expected to be re-established by remittance of debt by the Parent Company and by a cash contribution of additional capital to ensure full capital adequacy. The capital is expected to be re-established before 18 May 2020 as part of the resumption in the Danish Business Authority's register.

	DKK	2018/19	2017/18
3	Staff costs		
	Wages/salaries	451,310	655,506
	Other social security costs	6,485	10,579
		457,795	666,085
	Average number of full-time employees	1	1

4 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 July 2018	415,880
Disposals	-195,880
Cost at 30 June 2019	220,000
Impairment losses and depreciation at 1 July 2018	111,303
Depreciation	44,000
Depreciation and impairment of disposals	-48,970
Impairment losses and depreciation at 30 June 2019	106,333
Carrying amount at 30 June 2019	113,667
Depreciated over	5 years

5 Collateral

The Company has not provided any security or other collateral in assets at 30 June 2019.