

C7 Brands Scandinavia ApS

Skovhegnet 13, 3400 Hillerød

CVR no. 37 44 64 40

Annual report 2019/20

Approved at the Company's annual general meeting on 31 December 2020

Chairman:

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John Lindgaard





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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 for the financial year 1 July 2019 - 30 June 2020.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020.

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

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

Copenhagen, 31 December 2020
Executive Board:

A handwritten signature in black ink, appearing to read 'Stephen Barton', with a horizontal line underneath it.

Stephen Barton

Independent auditor's report on the compilation of financial statements

To the general management of C7 Brands Scandinavia ApS

We have compiled the financial statements of C7 Brands Scandinavia ApS for the financial year 1 July 2019 - 30 June 2020 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31 December 2020
EY 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
Address, Postal code, City	Skovhegnet 13, 3400 Hillerød
CVR no.	37 44 64 40
Established	12 February 2016
Registered office	Hillerød
Financial year	1 July 2019 - 30 June 2020
Website	https://www.c7brands.com/
Executive Board	Stephen Barton
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

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

Financial review

The income statement for 2019/20 shows a loss of DKK 1,252,425 against a loss of DKK 1,491,915 last year, and the balance sheet at 30 June 2020 shows a negative equity of DKK 197,914.

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

Events after the balance sheet date

The COVID-19 outbreak has had a significant impact on the world economy during 2020. The COVID-19 outbreak has no effect on the Company.

Furthermore, no other significant events have occurred after the balance date that materially affect the financial statements at 30 June 2020.

Financial statements 1 July 2019 - 30 June 2020

Income statement

Note	DKK	2019/20	2018/19
	Gross loss	-684,231	-925,874
2	Staff costs	-476,358	-457,795
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-44,000	-44,000
	Other operating expenses	0	-26,910
	Profit/loss before net financials	-1,204,589	-1,454,579
	Financial expenses	-47,836	-37,336
	Profit/loss before tax	-1,252,425	-1,491,915
	Tax for the year	0	0
	Profit/loss for the year	-1,252,425	-1,491,915
	Recommended appropriation of profit/loss	-1,252,425	-1,491,915
	Retained earnings/accumulated loss	-1,252,425	-1,491,915

Financial statements 1 July 2019 - 30 June 2020

Balance sheet

Note	DKK	<u>2019/20</u>	<u>2018/19</u>
	ASSETS		
	Fixed assets		
3	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	69,667	113,667
		<u>69,667</u>	<u>113,667</u>
	Total fixed assets	<u>69,667</u>	<u>113,667</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	0	400,000
		<u>0</u>	<u>400,000</u>
	Receivables		
	Trade receivables	31,243	76,012
	Receivables from group enterprises	104,284	0
	Prepayments	4,231	3,365
		<u>139,758</u>	<u>79,377</u>
	Cash	<u>19,232</u>	<u>0</u>
	Total non-fixed assets	<u>158,990</u>	<u>479,377</u>
	TOTAL ASSETS	<u><u>228,657</u></u>	<u><u>593,044</u></u>

Financial statements 1 July 2019 - 30 June 2020

Balance sheet

Note	DKK	<u>2019/20</u>	<u>2018/19</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,000	250,000
	Share premium account	320,000	0
	Retained earnings	-557,914	-4,146,118
	Total equity	<u>-197,914</u>	<u>-3,896,118</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	120,558	443,843
	Trade payables	84,042	246,480
	Payables to group enterprises	0	3,587,564
	Other payables	221,971	211,275
		<u>426,571</u>	<u>4,489,162</u>
	Total liabilities other than provisions	<u>426,571</u>	<u>4,489,162</u>
	TOTAL EQUITY AND LIABILITIES	<u>228,657</u>	<u>593,044</u>

- 1 Accounting policies
- 4 Collateral

Financial statements 1 July 2019 - 30 June 2020

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 July 2019	250,000	0	-4,146,118	-3,896,118
Capital increase	40,000	320,000	0	360,000
Capital reduction	-250,000	0	250,000	0
Transfer through appropriation of loss	0	0	-1,252,425	-1,252,425
Other value adjustments of equity	0	0	4,590,629	4,590,629
Equity at 30 June 2020	40,000	320,000	-557,914	-197,914

Other value adjustments of equity is remission of debt given by C7 Brands Ltd on 14 May 2020 by irrevocably waive the right to repayment of the Debt and any interest accrued on the Debt.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies

The annual report of C7 Brands Scandinavia ApS for 2019/20 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 2019 - 30 June 2020

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
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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 2019 - 30 June 2020

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 2019 - 30 June 2020

Notes to the financial statements

DKK	<u>2019/20</u>	<u>2018/19</u>
2 Staff costs		
Wages/salaries	471,957	451,310
Other social security costs	<u>4,401</u>	<u>6,485</u>
	<u>476,358</u>	<u>457,795</u>
Average number of full-time employees	<u>1</u>	<u>1</u>

3 Property, plant and equipment

DKK	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 July 2019	<u>220,000</u>
Cost at 30 June 2020	<u>220,000</u>
Impairment losses and depreciation at 1 July 2019	106,333
Depreciation	<u>44,000</u>
Impairment losses and depreciation at 30 June 2020	<u>150,333</u>
Carrying amount at 30 June 2020	<u>69,667</u>
Depreciated over	<u>5 years</u>

4 Collateral

The Company has not provided any security or other collateral in assets at 30 June 2020.