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# ***Scotch & Soda Retail Denmark ApS***

Langelinie Allé 35, DK-2100 København Ø

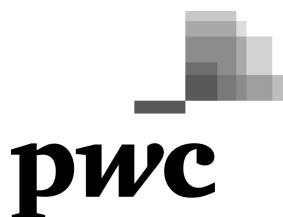
## **Annual Report for 1 June 2018 - 31 May 2019**

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CVR No 39 61 14 57

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
8 /11 2019

Anders Hagstrøm  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Scotch & Soda Retail Denmark ApS for the financial year 1 June 2018 - 31 May 2019.

The Annual Report is 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 at 31 May 2019 of the Company and of the results of the Company operations for 2018/19.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 8 November 2019

## Executive Board

Tony Wester  
CEO

## Board of Directors

Tony Wester  
Chairman

Patrick Kroon

The Annual General Meeting has decided that the Financial Statements for next year are not to be subject to any audit.

# Independent Auditor's Report

To the Shareholder of Scotch & Soda Retail Denmark ApS

## Report on the Financial Statements

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 May 2019 and of the results of the Company's operations for the financial year 1 June 2018 - 31 May 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Scotch & Soda Retail Denmark ApS for the financial year 1 June 2018 - 31 May 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

### 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 deter-

# Independent Auditor's Report

mines 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 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 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

# Independent Auditor's Report

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.

## Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

### Non-compliance with the Danish accounting legislation

Contrary to section 12 of the Danish Bookkeeping Act, account records are kept abroad; consequently, Management may incur liability.

Hellerup, 8 November 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Martin Lunden  
statsautoriseret revisor  
mne32209

Lone Vindbjerg Larsen  
statsautoriseret revisor  
mne34548

## Company Information

### **The Company**

Scotch & Soda Retail Denmark ApS  
Langelinie Allé 35  
DK-2100 København Ø

CVR No: 39 61 14 57  
Financial period: 1 June - 31 May  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Tony Wester, Chairman  
Patrick Kroon

### **Executive Board**

Tony Wester

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of Scotch & Soda Retail Denmark ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

### **Key activities**

The Company's main activity is to run retail stores for marketing and sale of Scotch & Soda products in Denmark.

### **Development in the year**

The income statement of the Company for 2018/19 shows a profit of DKK 23,262, and at 31 May 2019 the balance sheet of the Company shows equity of DKK 73,262.

### **Subsequent events**

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



## Income Statement 1 June - 31 May

	<u>Note</u>	<u>2018/19</u> DKK
<b>Gross profit/loss</b>		<b>1,538,439</b>
Staff expenses	2	(1,275,846)
Depreciation on property, plant and equipment		<u>(210,067)</u>
<b>Profit/loss before financial income and expenses</b>		<b>52,526</b>
Financial expenses	3	<u>(29,264)</u>
<b>Profit/loss before tax</b>		<b>23,262</b>
Tax on profit/loss for the year		<u>0</u>
<b>Net profit/loss for the year</b>		<b><u>23,262</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	<u>23,262</u>
	<b><u>23,262</u></b>

# Balance Sheet 31 May

## Assets

	<u>Note</u>	<u>2018/19</u> DKK
Other fixtures and fittings, tools and equipment		31,476
Leasehold improvements		<u>2,653,799</u>
<b>Property, plant and equipment</b>		<b><u>2,685,275</u></b>
<b>Fixed assets</b>		<b><u>2,685,275</u></b>
<b>Inventories</b>		<b><u>1,090,630</u></b>
Trade receivables		29,663
Other receivables		<u>178,756</u>
<b>Receivables</b>		<b><u>208,419</u></b>
<b>Cash at bank and in hand</b>		<b><u>1,202,695</u></b>
<b>Currents assets</b>		<b><u>2,501,744</u></b>
<b>Assets</b>		<b><u>5,187,019</u></b>

# Balance Sheet 31 May

## Liabilities and equity

	<u>Note</u>	<u>2018/19</u> DKK
Share capital		50,000
Retained earnings		<u>23,262</u>
<b>Equity</b>		<b><u>73,262</u></b>
Trade payables		24,741
Payables to group enterprises		4,354,813
Other payables		<u>734,203</u>
<b>Short-term debt</b>		<b><u>5,113,757</u></b>
<b>Debt</b>		<b><u>5,113,757</u></b>
<b>Liabilities and equity</b>		<b><u>5,187,019</u></b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 June	0	0	0
Cash payment concerning formation of entity	50,000	0	50,000
Net profit/loss for the year	0	23,262	23,262
<b>Equity at 31 May</b>	<b>50,000</b>	<b>23,262</b>	<b>73,262</b>

# Notes to the Financial Statements

## 1 Going concern

Due to significant start-up costs the Company has obtained a letter of comfort from the Parent Company Scotch & Soda Retail B.V. which secures the liquidity for the upcoming 12 months. Based on the letter of comfort and expectations to the development in 2019-2020 the financial statements have been prepared under the going concern principle.

	<u>2018/19</u> DKK
<b>2 Staff expenses</b>	
Wages and salaries	1,166,784
Pensions	99,911
Other social security expenses	<u>9,151</u>
	<u><b>1,275,846</b></u>
<b>Average number of employees</b>	<u><b>4</b></u>

## 3 Financial expenses

Interest paid to group enterprises	19,988
Other financial expenses	1,666
Exchange adjustments, expenses	<u>7,610</u>
	<u><b>29,264</b></u>

## 4 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,213,396
Between 1 and 5 years	<u>4,853,584</u>
	<u><b>6,066,980</b></u>

# Notes to the Financial Statements

## 5 Related parties

### Basis

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#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Scotch & Soda Retail B.V.	Holland

The Group Annual Report of Scotch & Soda Retail B.V. may be obtained at the following address:

Scotch & Soda Retail B.V.  
Jacobus Spijkerdreef 20-24  
2132 PZ Hoofddorp  
Holland

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of Scotch & Soda Retail Denmark ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2018/19 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprise the finished goods used to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses etc.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sales and other external expenses.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Depreciation

Depreciation comprise depreciation on property, plant and equipment.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.



# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Balance Sheet

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3	years
Leasehold improvements	5-10	years

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

#### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.