

Scotch & Soda Retail Denmark ApS

Langelinie Allé 35, DK-2100 København Ø

Annual Report for the year 2019-2020

CVR No 39 61 14 57

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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 2019 - 31 May 2020.

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 2020 of the Company and of the results of the Company operations for 2019/2020.

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

Copenhagen, 30 October 2020

Executive Board

Tony Wester

CEO

Board of Directors

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Tony Wester
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Tony Wester

Chairman

DocuSigned by:
Patrick Kroon
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Patrick Kroon

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

Management's Review

Financial Statements of Scotch & Soda Retail Denmark ApS for 2019/20 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 activities is to run retail stores for marketing and sale of Scotch & Soda products in Denmark

Development in the year

The financial year 2019/2020 started off well for Scotch & Soda Retail Denmark Aps, though ended challenging due to the global outbreak of the coronavirus ("COVID-19") which resulted in a closure of the store for 9 weeks, public gathering limitations, restrictions on travel and quarantines. In response to the COVID-19, the Company initiated several actions to minimize the loss and cash flow impact to the maximum extent. The Company made use of the government payroll compensation and extended payment terms for taxes and social security.

As a result of these developments in the last quarter of our financial year, the total annual revenue for the Company ended at DKK 2.1 million and a net result of DKK 0.1 million negative.

Subsequent events

No significant matters have affected the Financial statements after the balance sheet date.

Income Statement

	Note	2019/20	2018/19
		<i>DKK</i>	<i>DKK</i>
Gross profit/loss		1.195.159	1.538.439
Staff expenses	2.	-832.065	-1.275.846
Depreciation on property, plant & equipment		-386.424	-210.067
Profit/loss before financial income and expenses		-23.330	52.526
Financial income/expenses	3	-26.683	-29.264
Profit/loss before tax		-50.013	23.262
Tax on profit/loss for the year		-800	0
Net profit/loss for the year		-50.813	23.262
Distribution of Profit			
Proposed distribution of profit			
Retained earnings		-50.813	23.262
		-50.813	23.262

Balance Sheet

Assets

	Note	2019/20	2018/19
		<i>DKK</i>	<i>DKK</i>
Other fixtures and fittings, tools and equipment		645.233	31.476
Leasehold improvements		1.663.924	2.653.799
Property, plant and equipment		2.309.157	2.685.275
Fixed Assets		2.309.157	2.685.275
Inventories		419.212	1.090.630
Trade receivables		45.902	29.663
Other receivables		51.527	178.756
Receivables		97.430	208.419
Cash at bank and in hand		732.758	1.202.695
Current assets		1.249.400	2.501.744
Assets		3.558.557	5.187.019

Balance Sheet

Liabilities

	Note	2019/20	2018/19
		<i>DKK</i>	<i>DKK</i>
Share capital		50.000	50.000
Retained earnings		-27.551	23.262
Equity		22.449	73.262
Trade payables		290.405	24.741
Payables to group enterprises		2.754.327	4.354.813
Other payables		491.376	734.203
Short term debt		3.536.108	5.113.757
Debt		3.536.108	5.113.757
Liabilities and equity		3.558.557	5.187.019
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	<i>DKK</i>	<i>DKK</i>	<i>DKK</i>
Equity at 1 June 2018	0	0	0
Cash payment concerning formation of entity	50.000	0	50.000
Net result for the year	0	23.262	23.262
Equity at 31 May 2019	50.000	23.262	73.262
Equity at 1 June 2019	50.000	23.262	73.262
Cash payments concerning formation of entity	0	0	0
Net profit/loss for the year	0	-50.813	-50.813
Equity at 31 May 2020	50.000	-27.551	22.449

Notes to Financial Statements

1. Going Concern

These financial statements have been prepared on the basis of the going concern assumption.

The COVID-19 pandemic has material adverse economic effects on the worldwide economy, and it will have an impact on the results of the Company. In response to the COVID-19, the Company initiated several actions to minimize the loss and cash flow impact to the maximum extent. The Company made use of the government payroll compensation and extended payment terms for taxes and social security.

The Company received a letter of comfort from the Parent company Scotch & Soda Retail BV. At Scotch & Soda Group level the Company is expected to be able to meet their obligations for the next 12 months. Owing to the unprecedented challenges posed by, and the uncertainty of the magnitude and duration of, the COVID-19 pandemic, and impact of the measures taken to control it, the full extent of its impact on the financial performance of the Company for 2020, especially in relation to its retail cannot be determined at this juncture.

2. Staff Expense

	2019/20	2018/19
	<i>DKK</i>	<i>DKK</i>
Wages and salaries	824.555	1.166.784
Pensions	7.510	99.911
Other security expenses	0	9.151
	<u>832.065</u>	<u>1.275.846</u>

Average number of employees

4	4
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3. Financial expenses/(income)

Interest paid to group enterprises	37.949	19.988
Other financial expenses	342	1.666
Exchange adjustments, expenses	-11.608	7.610
	<u>26.683</u>	<u>29.264</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	1.196.460	1.213.396
Between 1 and 5 years	2.991.150	4.853.584
	<u>4.187.610</u>	<u>6.066.980</u>

5. Related parties

Consolidated Financial Statements	Basis
The company is included in the Group Annual Report of the Parent Company:	
Name	Place of registered office
Scotch & Soda N.V.	Netherlands

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

Scotch & Soda N.V.

Jacobus Spijkerdreef 20-24

2132 PZ Hoofddorp

Netherlands

6. Accounting Policies

The Annual Report of Scotch & Soda Retail Denmark ApS 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B well as selected rules applying to reporting class C.

The Financial Statements 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, 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.

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.

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:

ICT Hardware:	3 years
Other fixtures and fittings, tools and equipment:	5 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.

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.

Equity

Dividend

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