

# Modern Standard Coffee Denmark ApS

Priorparken 839, 2605 Brøndby


CVR no. 39 72 19 29

## Annual report

for the period 6 July 2018 - 31 December 2019

Approved at the Company's annual general meeting on

Chairman:

DocuSigned by:  
  
8CG3BBA3F3AA415.....

Carl Moltke

24 August 2020

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Modern Standard Coffee Denmark ApS for the financial year 6 July 2018 - 31 December 2019.

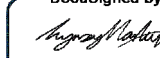
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 6 July 2018 - 31 December 2019.

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

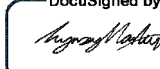
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 22 June 2020  
Executive Board:

DocuSigned by:  
  
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Lynsey Harley

Board of Directors:

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Jason Cotta  
Chairman

DocuSigned by:  
  
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Lynsey Harley



## Independent auditor's report

To the shareholders of Modern Standard Coffee Denmark ApS

### Opinion

We have audited the financial statements of Modern Standard Coffee Denmark ApS for the financial year 6 July 2018 - 31 December 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 31 December 2019 and of the results of the Company's operations for the financial year 6 July 2018 - 31 December 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.

### 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:

- 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.



## Independent auditor's report

- ▶ 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.

Copenhagen, 22 June 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Thomas Bruun Kofoed  
State Authorised Public Accountant  
mne28677

Peter Andersen  
State Authorised Public Accountant  
mne34313



## Management's review

### Company details

Name	Modern Standard Coffee Denmark ApS
Address, Postal code, City	Priorparken 839, 2605 Brøndby
CVR no.	39 72 19 29
Established	6 July 2018
Registered office	Brøndby
Financial year	6 July 2018 - 31 December 2019
Board of Directors	Jason Cotta, Chairman Lynsey Harley
Executive Board	Lynsey Harley
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management commentary

### Business review

The company's main activity is to sell coffee and roastery products on the danish market.

### Financial review

The income statement for 2018/19 shows a loss of DKK 860,176, and the balance sheet at 31 December 2019 shows a negative equity of DKK 810,176.

The financial statements cover the company's first financial year.

The company has received a letter of support from a Parent Company which guarantees to support Modern Standard Coffee Denmark ApS financially to ensure that the Company can discharge its obligations as they fall due and support the operations. The support letter will remain effective until the date falling one calendar year after the general meeting for the annual report 2019. On this basis management considers the Company as going concern.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 6 July 2018 - 31 December 2019

## Income statement

Note	DKK	2018/19 18 months
	Revenue	8,929,267
	Cost of sales	-9,587,136
	Other external expenses	-183,100
	Gross profit	-840,969
	Financial income	128,378
	Financial expenses	-147,585
	Profit/loss for the year	-860,176
	Recommended appropriation of profit/loss	-860,176
	Retained earnings/accumulated loss	-860,176



## Financial statements 6 July 2018 - 31 December 2019

## Balance sheet

Note	DKK	<u>2018/19</u>
	ASSETS	
	Non-fixed assets	
	Receivables	
	Trade receivables	594,096
		<u>594,096</u>
	Cash	37,482
	Total non-fixed assets	<u>631,578</u>
	TOTAL ASSETS	<u><u>631,578</u></u>
	EQUITY AND LIABILITIES	
	Equity	
2	Share capital	50,000
	Retained earnings	-860,176
	Total equity	<u>-810,176</u>
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	35,001
	Payables to group entities	891,366
	Other payables	515,387
		<u>1,441,754</u>
	Total liabilities other than provisions	<u>1,441,754</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>631,578</u></u>

- 1 Accounting policies
- 3 Contractual obligations and contingencies, etc.
- 4 Contingent assets
- 5 Collateral
- 6 Related parties





## Financial statements 6 July 2018 - 31 December 2019

## Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 6 July 2018	50,000	0	50,000
Transfer through appropriation of loss	0	-860,176	-860,176
Equity at 31 December 2019	50,000	-860,176	-810,176

The company has received a letter of support from a Parent Company which guarantees to support Modern Standard Coffee Denmark ApS financially to ensure that the Company can discharge its obligations as they fall due and support the operations. The support letter will remain effective until the date falling one calendar year after the general meeting for the annual report 2019. On this basis management considers the Company as going concern.



## Financial statements 6 July 2018 - 31 December 2019

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Modern Standard Coffee Denmark ApS 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.

#### Reporting currency

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

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

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. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

##### Cost of sales

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

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Financial income and expenses

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



## Financial statements 6 July 2018 - 31 December 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IFRS 9 as interpretation for impairment of financial receivables.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

##### 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 6 July 2018 - 31 December 2019

## Notes to the financial statements

## 2 Share capital

Changes in the share capital in the past year:

DKK	2018/19
Opening balance	<u>50,000</u>
	<u>50,000</u>

## 3 Contractual obligations and contingencies, etc.

## Other contingent liabilities

The Company is jointly taxed with its parent, Danish Bake Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

## 4 Contingent assets

The company has tax loss carry-forwards totalling DKK 860 thousand. The nominal value thereof is 22%, totalling DKK 189 thousand, which has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

## 5 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

## 6 Related parties

## Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Danish Bake Holding ApS	Copenhagen	Can be obtained at the company's address