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# ***B.S. Danmark A/S***

Østergade 33, 3, DK-1100 København K

## **Annual Report for 1 January - 31 December 2019**

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CVR No 58 46 68 16

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
18 /8 2020



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 B.S. Danmark A/S for the financial year 1 January - 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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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


Copenhagen, 18 August 2020

### Executive Board



Kay Mikael Berg

### Board of Directors



Andrew Liam McCrea  
Chairman



Kay Mikael Berg



Alexis Tchikladze

# Independent Auditor's Report

To the Shareholder of B.S. Danmark A/S

## Opinion

We have audited the Financial Statements of B.S. Danmark A/S for the financial year 1 January - 31 December 2018, 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 1 January - 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 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.

## 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 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

# Independent Auditor's Report

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 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.

København Ø, 18 August 2020

**KPMG P/S**

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98



Klaus Rytgaard

State Authorised Public Accountant

mne33205

## **Company Information**

### **The Company**

B.S. Danmark A/S  
Østergade 33, 3  
DK-1100 København K

Telephone: + 45 70 25 22 26  
Facsimile: + 45 33 11 45 53  
Website: [www.thebodyshop.dk](http://www.thebodyshop.dk)

CVR No: 58 46 68 16  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Andrew Liam McCrea, Chairman  
Kay Mikael Berg  
Alexis Tchikladze

### **Executive Board**

Kay Mikael Berg

### **Auditors**

KPMG P/S  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>Gross profit/loss</b>		<b>21.639.270</b>	<b>28.941.974</b>
Staff expenses	3	-20.557.652	-28.580.409
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		661.207	-431.175
Other operating expenses		-100.343	0
<b>Profit/loss before financial income and expenses</b>		<b>1.642.482</b>	<b>-69.610</b>
Financial expenses	4	-121.608	-68.652
<b>Profit/loss before tax</b>		<b>1.520.874</b>	<b>-138.262</b>
Tax on profit/loss for the year	5	-335.008	548.974
<b>Net profit/loss for the year</b>		<b>1.185.866</b>	<b>410.712</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	1.185.866	410.712
	<b>1.185.866</b>	<b>410.712</b>

## Balance Sheet 31 December

### Assets

	Note	2019 DKK	2018 DKK
Software		0	1.471
Renting rights		130.000	40
Goodwill		12.628	66.724
<b>Intangible assets</b>	<b>6</b>	<b>142.628</b>	<b>68.235</b>
Other fixtures and fittings, tools and equipment		1.225.334	794.251
Leasehold improvements		119.996	116.292
Property, plant and equipment in progress		36.550	0
<b>Property, plant and equipment</b>	<b>7</b>	<b>1.381.880</b>	<b>910.543</b>
Deposits		2.787.231	3.213.054
<b>Fixed asset investments</b>	<b>8</b>	<b>2.787.231</b>	<b>3.213.054</b>
<b>Fixed assets</b>		<b>4.311.739</b>	<b>4.191.832</b>
<b>Inventories</b>		<b>3.848.261</b>	<b>2.638.996</b>
Trade receivables		2.430.064	3.211.296
Receivables from group enterprises		17.003.363	14.522.656
Other receivables		352.739	1.545.229
Deferred tax asset		863.222	1.198.230
Prepayments		352.783	2.226.661
<b>Receivables</b>		<b>21.002.171</b>	<b>22.704.072</b>
<b>Cash at bank and in hand</b>		<b>8.978.478</b>	<b>12.407.765</b>
<b>Currents assets</b>		<b>33.828.910</b>	<b>37.750.833</b>
<b>Assets</b>		<b>38.140.649</b>	<b>41.942.665</b>



## Balance Sheet 31 December

### Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		523.000	523.000
Retained earnings		20.605.286	19.419.420
<b>Equity</b>		<b>21.128.286</b>	<b>19.942.420</b>
Other provisions		206.192	133.119
<b>Provisions</b>		<b>206.192</b>	<b>133.119</b>
Other payables		339.417	0
<b>Long-term debt</b>	9	<b>339.417</b>	<b>0</b>
Trade payables		402.464	3.515.592
Payables to group enterprises		2.506.814	2.747.452
Other payables	9	8.442.861	11.000.244
Deferred income		5.114.615	4.603.838
<b>Short-term debt</b>		<b>16.466.754</b>	<b>21.867.126</b>
<b>Debt</b>		<b>16.806.171</b>	<b>21.867.126</b>
<b>Liabilities and equity</b>		<b>38.140.649</b>	<b>41.942.665</b>
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January 2019	523.000	19.419.420	19.942.420
Net profit/loss for the year	0	1.185.866	1.185.866
<b>Equity at 31 December 2019</b>	<b>523.000</b>	<b>20.605.286</b>	<b>21.128.286</b>

# Notes to the Financial Statements

## 1 Subsequent events

The on-going Corona crisis will have a negative impact on our 2020 sales and result. The extent of this impact is still not fully clear and will depend on government intervention and our customers' behaviour.

## 2 Key activities

The Body Shop Danmark A/S sells and markets products for skin, hair and body care as well as cosmetics.

Sales take place through 3 channels: company stores, franchise stores and e-commerce. The company's head office is situated in Copenhagen.

100 % of all purchases for resale are made through the mother company in Great Britain.

	<u>2019</u> DKK	<u>2018</u> DKK
<b>3 Staff expenses</b>		
Wages and salaries	19.123.756	27.761.123
Pensions	992.268	911.654
Other social security expenses	436.352	562.622
Other staff expenses	5.276	-654.990
	<u>20.557.652</u>	<u>28.580.409</u>
<b>Average number of employees</b>	<u>59</u>	<u>74</u>

Staff costs does not include remuneration of the Company's Executive Board, and Company's Board of Directors, as they are not remunerated by the Company. Board members are remunerated by other group company and costs are reimbursed as a part of Transfer pricing adjustment.

## 4 Financial expenses

Interest paid to group enterprises	81.004	26.196
Other financial expenses	40.604	42.456
	<u>121.608</u>	<u>68.652</u>

## Notes to the Financial Statements

	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	0	0
Deferred tax for the year	335.008	448.708
Adjustment of tax concerning previous years	<u>0</u>	<u>-997.682</u>
	<u><b>335.008</b></u>	<u><b>-548.974</b></u>

## Notes to the Financial Statements

### 6 Intangible assets

	Software DKK	Renting rights DKK	Goodwill DKK
Cost at 1 January 2019	43.757	5.821.948	6.182.138
Additions for the year	0	2	0
Disposals for the year	-38.942	-300.000	-131.015
Cost at 31 December 2019	<u>4.815</u>	<u>5.521.950</u>	<u>6.051.123</u>
Impairment losses and amortisation at 1 January 2019	42.286	5.821.906	6.115.414
Amortisation for the year	1.471	390.044	54.096
Reversal of amortisation of disposals for the year	-38.942	-300.000	-131.015
Reversal for the year of previous years' impairment losses	<u>0</u>	<u>-520.000</u>	<u>0</u>
Impairment losses and amortisation at 31 December 2019	<u>4.815</u>	<u>5.391.950</u>	<u>6.038.495</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>0</u></b>	<b><u>130.000</u></b>	<b><u>12.628</u></b>

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost at 1 January 2019	14.846.134	658.342	0
Additions for the year	0	0	36.550
Disposals for the year	-2.984.034	-91.953	0
Cost at 31 December 2019	<u>11.862.100</u>	<u>566.389</u>	<u>36.550</u>
Impairment losses and depreciation at 1 January 2019	14.051.883	542.050	0
Depreciation for the year	1.537.702	64.003	0
Impairment and depreciation of sold assets for the year	-2.832.065	-91.897	0
Reversal for the year of previous years' impairment losses	<u>-2.120.754</u>	<u>-67.763</u>	<u>0</u>
Impairment losses and depreciation at 31 December 2019	<u>10.636.766</u>	<u>446.393</u>	<u>0</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>1.225.334</u></b>	<b><u>119.996</u></b>	<b><u>36.550</u></b>

## Notes to the Financial Statements

### 8 Fixed asset investments

	Deposits DKK
Cost at 1 January 2019	3.213.054
Disposals for the year	<u>-425.823</u>
Cost at 31 December 2019	<u>2.787.231</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>2.787.231</u></b>

### 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2019 DKK	2018 DKK
<b>Other payables</b>		
Between 1 and 5 years	339.417	0
Long-term part	<u>339.417</u>	<u>0</u>
Other short-term payables	8.442.861	11.000.244
	<b><u>8.782.278</u></b>	<b><u>11.000.244</u></b>

## Notes to the Financial Statements

	<u>2019</u> DKK	<u>2018</u> DKK
<b>10 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Rental and lease obligations under operating leases. Total future lease payments:		
Within 1 year	9.872.892	9.853.357
Between 1 and 5 years	11.964.230	21.472.163
After 5 years	<u>0</u>	<u>229.834</u>
	<u><b>21.837.122</b></u>	<u><b>31.555.354</b></u>

### Other contingent liabilities

The Body Shop International Group operates in a wide variety of jurisdictions, in some of which the tax law is subject to varying interpretations and potentially inconsistent enforcement. As a result, there can be practical uncertainties in applying tax legislation to The Body Shop International Group's activities. Whilst the Body Shop International Group considers that it operates in accordance with applicable tax law, there are potential tax exposures in respect of its operations.

# Notes to the Financial Statements

## 11 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
The Body Shop Worldwide Limited, United Kingdom	Parent Company
Natura & Co Holding S.A., Brazil	Ultimate Parent Company

### Consolidated Financial Statements

The company is included in the group annual report of the parent company and the ultimate parent company.

<u>Name</u>	<u>Place of registered office</u>
The Body Shop Worldwide Limited	West Sussex, United Kingdom

The Group Annual Report of The Body Shop Worldwide Limited may be obtained at the following address:

Watersmead  
Littlehampton  
BN17 6LS West Sussex  
United Kingdom





# Notes to the Financial Statements

## 12 Accounting Policies

The Annual Report of B.S. Danmark A/S for 2019 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 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.

### 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.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### Income Statement

#### Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue provided that delivery and transfer of risk to the buyer have taken place. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of goods

Cost of goods includes the materials and consumables used in generating the year's revenue.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

#### Staff expenses

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

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise of interest, realised and unrealised exchange adjustments, amortisation of mortgage loans as well as extra payments and repayment under the on-account tax scheme.

#### 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

## 12 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Intangible assets are recognised at cost less accumulated amortisation and impairment losses. Amortisation is allocated on a straight-line basis over the expected useful life of the asset.

Expected useful lives are calculated as follows:

Software	3-5 years
Renting rights	3-5 years
Goodwill	20 years

The expected useful life of goodwill is based on Management's experience and concluded agreements.

Due to the fact that renting rights is not reduced over time, the measurement will be based on cost less any accumulated impairment losses.

The carrying amount of goodwill is assessed on an ongoing basis and is written down in the income statement when the carrying amount exceeds estimated future income from the activity to which the goodwill relates.

## Notes to the Financial Statements

### 12 Accounting Policies (continued)

#### Property, plant and equipment

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

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Gains or losses from the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement as other operating income or other operating expenses.

Leased property, plant and equipment that meet the criteria for finance leases are presented in the financial statements in the same way as owned assets.

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	5-10 years
Leasehold improvements	4-7 years

Depreciation period and residual value are reassessed annually.