Altia Denmark A/S

Herredsvejen 2

3400 Hillerød

CVR No. 11575935

Annual Report 2019

32. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16 September 2020

Thomas Erik Johannes Heinonen
Chairman

Contents

Management's Statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Altia Denmark A/S for the financial year 1 January 2019 - 31 December 2019.

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

It is our opinion that the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the Management's Review includes a fair review of the development in the Company's operations and its financial position.

We recommend that the Annual Report be approved at the annual general meeting.

Hillerød, 16 September 2020

Executive Board

Bo Madsen
CEO

Supervisory Board

Thomas Erik Johannes Heinonen	Niklas Mikael Nylander	Hannu Mikael Tuominen

Independent Auditor's Report

To the shareholders of Altia Denmark A/S

Opinion
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 2019 - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Altia Denmark A/S for the financial year 1 January 2019 - 31 December 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. ("Financial Statement")

Basis of 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 *Auditors' responsibility 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 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 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 Financial 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 considers 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

Independent Auditor's Report

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 judgment and maintain professional skepticism 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 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.

Copenhagen, 16 September 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Flemming Eghoff
State Authorised Public Accountant
mne30221

Company details

Company	Altia Denmark A/S Herredsvejen 2 3400 Hillerød
Telephone	88803600
CVR No.	11575935
Date of formation	1 November 1987
Registered office	Hillerød
Financial year	1 January 2019 - 31 December 2019
Supervisory Board	Thomas Erik Johannes Heinonen Niklas Mikael Nylander Hannu Mikael Tuominen
Executive Board	Bo Madsen, CEO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

Management's Review

Principal activities of the Company
The principal activities of Altia Denmark A/S are to drive marketing and sales of wine and spirits products owned by Altia Group in Denmark domestic and part of German border-trade, as well as the online sales platform Nordicspirits.com handling online sales of Altia own key brands to consumers outside the Nordic territory.

Development in activities and financial position
Annual turnover amounts to DKK 22.9 million compared to 87.2 million previous year. Result for the year after tax amounts to a loss of DKK 7.5 million compared to a profit of DKK 3.6 million previous year.

Decrease in turnover and annual result is directly linked to a change in our route-to-market set-up, entering into a strategic collaboration as of 20 May 2019 with Danish spirit company Conaxess Trade Beverage A/S, who from this date delivering and invoicing domestic and part of German border-trade customers directly.

Management considers this year's result to be in line with the expectations and that the new operational model sets the foundation for future growth acceleration and profitability improvements.

Post financial year events
No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

Expectations for the future
The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 11. It is, however, too early yet to give an opinion as to the extent of the negative implications on the Company's outlook. However the company's revenue consists of web shop sales, intracompany sales of support services and revenue from intracompany royalties. Therefore COVID 19 may not have a significant negative impact on company's future revenues.

Intellectual capital
The Company's primary activities comprise marketing and sale of wine and spirits. These activities are subject to several strict control procedures and requirements under the International IFS standard and the Danish food legislation.

Particular risks
Results, cash flows and equity are affected by the development of the exchange rates of various currencies due to the Company's activities in connection with purchase and sale abroad. It is Group policy to hedge currency risks to a certain extent by entering forward exchange contracts.

The Company does not engage in speculative currency positions.

Financial risks
The Company is only exposed to changes in the interest rate level to a limited extent due to its solidity and financial resources. However, the Company is exposed to currency risks insofar as the ongoing operations are concerned.

Credit risks
The Company's credit risks are primarily related to financial assets recognised in the balance sheet. There are no significant risks associated with an individual customer or partner.

Material changes in the Company's operations and financial matters
Transfer of domestic and partly German border-trade customers to our strategic partner will reduce the volumes and turnover, however improvement in profit in Altia Denmark A/S is expected in the year 2020.

Accounting Policies

The Annual Report of Altia Denmark A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Last year the Annual Report was presented according to the rules applicable to class C.
The change to reporting class B has no impact on comparative figures from the previous year.

Apart from this change, accounting policies remain unchanged from last year.

Financial Statements for 2019 are presented in TDKK.

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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.
Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Change in inventories of finished goods, work in progress and goods for resale

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods. This item includes ordinary write-downs of such inventories.

External costs

Other external costs comprise travel expenses, rent, car lease, etc.

Staff costs

Staff costs comprise wages and salaries and other social security costs to the Company's employees.

Accounting Policies

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss

Tax for the year comprises current tax for the year and changes in deferred tax including as a result of changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Trademarks are measured at cost less accumulated amortisation and impairment losses. Trademarks are amortised on a straight-line basis over the remaining licence period, although not exceeding 15 years.

Gains and losses on the disposal of trademarks are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

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 costs of materials, components, subsuppliers, and wages and salaries.

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.

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 are as follows:

Plant and machinery	6-10 years
Fixtures and fittings, tools and equipment	3-6 years

Depreciation is recognised in the income statement as depreciation and impairment losses.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Accounting Policies

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Write-downs 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.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Equity - dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Accounting Policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Foreign currency translation

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

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

Income Statement

	Note	2019 DKK'000	2018 DKK'000
Revenue		22.867	87.161
Change in inventories of finished goods, work in progress and goods for resale		-14.468	-49.902
External expenses		-7.087	-15.888
Gross profit		**1.312**	**21.371**
Staff costs	1	-5.886	-11.051
Depreciation, amortisation and impairment losses	2	-5.043	-5.045
Ordinary operating profit/loss		**-9.617**	**5.275**
Financial income	3	78	97
Financial expenses	4	-111	-752
Profit/loss before tax		**-9.650**	**4.620**
Tax on profit from ordinary activities	5	2.128	-1.010
Profit/loss for the year		**-7.522**	**3.610**
Proposed distribution of earnings			
Retained earnings		-7.522	3.610
Distribution of earnings		**-7.522**	**3.610**

Altia Denmark A/S

Balance Sheet as of 31 December

	Note	2019 DKK'000	2018 DKK'000
Assets			
Non-current assets			
Intangible assets			
Trademarks	6	37.572	42.612
		37.572	**42.612**
Property, plant and equipment			
Plant and machinery	7	0	3
		0	**3**
Total non-current assets		**37.572**	**42.615**
Current assets			
Inventories			
Finished goods and goods for resale		97	8.511
		97	**8.511**
Receivables			
Trade receivables		621	32.532
Amounts owed by group enterprises		56.250	37.710
Tax receivables		0	80
Other receivables		40	90
Prepayments		454	800
		57.365	**71.212**
Cash at bank and in hand		**0**	**51**
Total current assets		**57.462**	**79.774**
Total assets		**95.034**	**122.389**

Balance Sheet as of 31 December

	Note	2019 DKK'000	2018 DKK'000
Equity and liabilities			
Equity			
Share capital		680	680
Retained earnings		87.801	95.323
Total equity		**88.481**	**96.003**
Provisions			
Provisions for deferred tax	8	2.440	4.568
Total Provisions		**2.440**	**4.568**
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		785	2.610
Amounts owed to group enterprises		938	4.991
Other payables		2.390	14.217
Current liabilities other than provisions		**4.113**	**21.818**
Total liabilities other than provisions		**4.113**	**21.818**
Total equity and liabilities		**95.034**	**122.389**

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Statement of changes in Equity

	Share capital	Retained earnings	Total
Equity 1 January 2019	680	95.323	96.003
Proposed distribution of results	0	-7.522	-7.522
Equity 31 December 2019	**680**	**87.801**	**88.481**

The share capital comprises shares of DKK 1,000 each or a multiple thereof. All shares rank equally.

The share capital has developed as follows:

	2019	2018	2017	2016	2015
Balance at the beginning of the year	680	680	680	680	680
Balance at the end of the year	**680**	**680**	**680**	**680**	**680**

Notes

1. Employee benefits expense

DKK'000

	2019	2018
Wages and salaries	5.238	9.822
Post-employment benefit expense	506	986
Social security contributions	142	243
	5.886	**11.051**
Average number of employees	9	19

With reference to section 98b (3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is not disclosed.

2. Depreciation, amortisation and impairment losses

DKK'000

Trademarks	5.040	5.041
Plant and machinery	3	4
	5.043	**5.045**

3. Financial income

DKK'000

Foreign exchange gains	76	13
Other financial income	2	84
	78	**97**

4. Financial expenses

DKK'000

Foreign exchange losses	-77	-13
Other finance expenses	-34	-739
	-111	**-752**

5. Tax on profit from ordinary activities

DKK'000

Adjustment of deferred tax for the year	2.128	-1.010
	2.128	**-1.010**

6. Intangible assets

DKK'000

Cost at 1 January	112.535	112.535
Cost at 31 December	**112.535**	**112.535**
Impairment losses and depreciation at 1 January	69.923	64.882
Depreciation	5.040	5.041
Impairment losses and depreciation at 31 December	**74.963**	**69.923**
Carrying amount at 31 December	**37.572**	**42.612**

Notes

7. Property, plant and equipment

DKK'000	2019	2018
Cost at 1 January	329	329
Cost at 31 December	**329**	**329**
Impairment losses and depreciation at 1 January	326	322
Depreciation	3	4
Impairment losses and depreciation at 31 December	**329**	**326**
Carrying amount at 31 December	**0**	**3**

8. Provisions for deferred tax

DKK'000		
Deferred tax at 1 January	-4.568	-3.558
Deferred tax asset, adjustment for the year	3.528	390
Deferred tax liability, adjustment for the year	-1.400	-1.400
Deferred tax at 31 december	**-2.440**	**-4.568**
Provision for deferred tax relates to:		
Intangible assets	-8.266	-6.866
Property, plant and equipment	980	1.305
Provisions	103	10
Loss carried forward	4.743	983
	-2.440	**-4.568**

9. Related party disclosures

Altia Denmark A/S' related parties comprise the following:
Parties exercising control
Altia Plc, Finland (parent company) holds the majority of the share capital in the Company.
All transactions are being performed on arms-length basis.

Consolidated Financial Statements.
The Company is included in the Group Annual Report of the parent Company Altia Plc.
The Group Annual Report of Altia Plc may be obtained at the following address:
https://www.altiagroup.com/about-us/reports-and-publications

10. Contractual obligations and contingencies, etc

DKK'000	2019	2018
Lease liabilities		
Next year	359	635
2-5 years	401	95
	760	**730**
Rental liabilities		
Next year	44	297
	44	**297**

11. Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.
At this time, it is not possible to calculate the size of the negative COVID-19 impact.