

Infifon ApS

**c/o Harbour House, Sundkrogsgade 21,
DK-2100 Copenhagen**

CVR no. 25 50 17 64

Annual report for 2018

Adopted at the annual general meeting
on 24 May 2019



Pernille Ohlsen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Infifon ApS for the financial year 1 January - 31 December 2018.

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

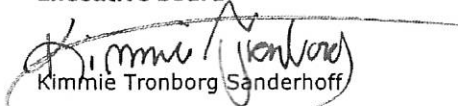
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

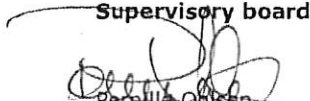
Copenhagen, 24 May 2019

Executive board




Kimmie Tronborg Sanderhoff

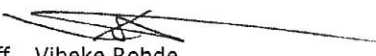
Supervisory board



Pernille Ohlsson
chairman



Kimmie Tronborg Sanderhoff



Vibeke Rohde

Independent auditor's report

To the shareholder of Infifon ApS

Opinion

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

We have audited the financial statements of Infifon ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under 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 the 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.

Independent auditor's report

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 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.

Independent auditor's report

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 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of management's review.

Copenhagen, 24 May 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Jan Boje Andreassen
State Authorised Public Accountant
MNE no. mne2338

Company details

The company

Infifon ApS
c/o Harbour House
Sundkrogsgade 21
DK-2100 Copenhagen

CVR no.: 25 50 17 64

Reporting period: 1 January - 31 December 2018

Incorporated: 12. July 2000

Domicile: Copenhagen

Supervisory board

Pernille Ohlsen, chairman
Kimmie Tronborg Sanderhoff
Vibeke Rohde

Executive board

Kimmie Tronborg Sanderhoff

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	2018	2017	2016	2015	2014
	EUR	EUR	EUR	EUR	EUR
Key figures					
Gross profit	-24,938	-45,162	-42,307	-28,947	-36,481
Profit/loss before net financials	-76,055	-103,456	-91,569	-67,096	-87,151
Net financials	19,151,363	8,438,417	157,639,920	14,253,498	12,142,924
Profit/loss for the year	19,075,308	8,334,961	157,548,351	14,156,340	12,038,807
Balance sheet total	54,369,391	43,653,878	44,169,664	41,949,266	42,349,180
Equity	54,349,134	43,608,787	44,135,272	41,930,166	42,312,633
Financial ratios					
Solvency ratio	100.0%	99.9%	99.9%	100.0%	99.9%
Return on equity	38.9%	19.0%	366.1%	33.6%	28.5%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The company's objects are to participate in, to collaborate with, to acquire, hold and dispose of, to manage or otherwise have an interest in or finance other companies or undertakings, to be a holding company, to grant and raise loans, to perform all forms of financial transactions, and to provide security for other companies and undertakings, whether such companies or undertakings are affiliated with the company or not.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2018 are not affected by any unusual matters.

Business review

The company's income statement for the year ended 31 December shows a profit of EUR 19,075,308, and the balance sheet at 31 December 2018 shows equity of EUR 54,349,134.

Management considers the company's financial performance in the year satisfactory.

Financial review

The company expects a profit on same level as 2018 for the coming year.

Special risks apart from generally occurring risks in industry

Currency risks

The company's transactions are primarily settled in DKK and EUR where the foreign exchange risks are assessed to be low.

Income statement 1 January - 31 December

	Note	2018 EUR	2017 EUR
Other external expenses		-24,938	-45,162
Gross profit		-24,938	-45,162
Staff expenses	1	-51,117	-58,294
Profit/loss before net financials		-76,055	-103,456
Income from investments in subsidiaries	2	6,897,990	12,714,308
Impairment losses on financial assets		12,442,973	-4,213,870
Financial income	3	19,334	6,461
Financial expenses	4	-208,934	-68,482
Profit/loss for the year		19,075,308	8,334,961
Distribution of profit	6		

Balance sheet 31 December

	Note	2018 EUR	2017 EUR
Assets			
Investments in subsidiaries	7	47,538,060	35,095,087
Fixed asset investments		47,538,060	35,095,087
Total non-current assets		47,538,060	35,095,087
Receivables from subsidiaries		0	85,267
Receivables		0	85,267
Cash at bank and in hand		6,831,331	8,473,524
Total current assets		6,831,331	8,558,791
Total assets		54,369,391	43,653,878

Balance sheet 31 December

	Note	2018 EUR	2017 EUR
Equity and liabilities			
Share capital		23,072,614	23,072,614
Share premium account		12,201,212	12,201,212
Retained earnings		6,075,308	0
Proposed dividend		13,000,000	8,334,961
Equity	8	<u>54,349,134</u>	<u>43,608,787</u>
Banks		0	54
Trade payables		15,026	32,055
Other payables		5,231	12,982
Total current liabilities		<u>20,257</u>	<u>45,091</u>
Total liabilities		<u>20,257</u>	<u>45,091</u>
Total equity and liabilities		<u><u>54,369,391</u></u>	<u><u>43,653,878</u></u>
Subsequent events	9		
Contingent assets, liabilities and other financial obligations	10		
Related parties and ownership	11		

Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	23,072,614	12,201,212	0	8,334,961	43,608,787
Ordinary dividend paid	0	0	0	-8,334,961	-8,334,961
Net profit/loss for the year	0	0	6,075,308	13,000,000	19,075,308
Equity at 31 December 2018	23,072,614	12,201,212	6,075,308	13,000,000	54,349,134

Notes

	<u>2018</u>	<u>2017</u>
	EUR	EUR
1 Staff expenses		
Wages and salaries	50,961	58,158
Other social security costs	156	136
	<u>51,117</u>	<u>58,294</u>

Average number of employees	<u>1</u>	<u>1</u>
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According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

	<u>2018</u>	<u>2017</u>
	EUR	EUR
2 Income from investments in subsidiaries		
Dividend received from subsidiaries	6,897,990	12,714,308
	<u>6,897,990</u>	<u>12,714,308</u>

3 Financial income		
Exchange adjustments	19,334	6,461
	<u>19,334</u>	<u>6,461</u>

Notes

	<u>2018</u>	<u>2017</u>
	EUR	EUR
4 Financial expenses		
Other financial costs	23,667	29,513
Exchange adjustments costs	<u>185,267</u>	<u>38,969</u>
	<u>208,934</u>	<u>68,482</u>
5 Tax on profit/loss for the year		
Current tax for the year	<u>0</u>	<u>0</u>
6 Distribution of profit		
Proposed dividend for the year	13,000,000	8,334,961
Retained earnings	<u>6,075,308</u>	<u>0</u>
	<u>19,075,308</u>	<u>8,334,961</u>

Notes

	<u>2018</u>	<u>2017</u>
	EUR	EUR
7 Investments in subsidiaries		
Cost at 1 January 2018	54,225,166	58,774,249
Disposals for the year	<u>0</u>	<u>-4,549,083</u>
Cost at 31 December 2018	<u>54,225,166</u>	<u>54,225,166</u>
Revaluations at 1 January 2018	-19,130,079	-19,130,079
Transfers for the year	<u>12,442,973</u>	<u>0</u>
Revaluations at 31 December 2018	<u>-6,687,106</u>	<u>-19,130,079</u>
Carrying amount at 31 December 2018	<u>47,538,060</u>	<u>35,095,087</u>

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Share capital	Ownership interest	Equity EUR	Profit/loss for the year EUR
COIBA S.A.	Madrid, Spain	EUR 120,200	100%	1,106,356	167,440
Havana Cigar House Ltd	Downsview, Ontario, Canada	CAD 100,000	50%	11,014,252	2,012,693
Diadema S.p.A.	Genova, Italy	EUR 612,000	60%	3,065,014	1,351,224
Cubacigar Benelux N.V.	Overijse, Belgium	EUR 200,000	99%	9,605,870	4,197,117
Infifon I B.V.	Rotterdam, Holland	EUR 79,411	100%	3,129,712	1,730,773
Hunter & Frankau Ltd.	London, England	GBP 678,001	50%	16,992,895	6,700,677
Sub-subsidiaries					
Infifon Hong Kong	Hong Kong, China	HKD 11,710,000	100%	10,209,564	469,461
Infifon II N.V.	Nederlands Antilles	USD 6,100	100%	5,569,038	5,152,679

All foreign subsidiaries are recognised and measured as separate entities.

Hunter & Frankau Limited also owns directly or indirectly the entire share capital of 13 subsidiaries which are registered in England and dormant.

Infifon ApS also has a branch in Cuba, which is currently active but does not generate any income or cost. During the financial year the branch has not distributed any kind of benefits.

Notes

8 Equity

The share capital consists of 172,312 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

9 Subsequent events

No events have occurred after the balance sheet date which could significantly affect the the company's financial position.

10 Contingent assets, liabilities and other financial obligations

The company has not assumed any liabilities, in excess of the liabilities resulting from its ordinary business.

11 Related parties and ownership

Consolidated financial statements

The company is included in the consolidated financial statement of Altabana S.L.

The consolidated financial statement can be obtained at the following address:

Altabana S.L.
Paseo de Castellana 143
Edificio Cuzco Uno 10A
ES-28046 Madrid

Accounting policies

The annual report of Infifon ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in EUR.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external expenses

Other external expenses include expenses related to administration, premises, etc.

Accounting policies

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, etc.

Profit/loss from investments in subsidiaries and associates

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Cash flow statement

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement is shown. The cash flow statement is part of the consolidated financial statements of the parent company.

Financial highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$