

MOËT HENNESSY DANMARK A/S

Langebrogade 6
1411 København K

Annual report
1 January 2017 - 31 December 2017

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2018

**Frank Jean Julius Floc'hlay
Chairman of general meeting**

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Company information

Reporting company	MOËT HENNESSY DANMARK A/S Langebrogade 6 1411 København K Phone number: 32837360 CVR-nr: 27960197 Reporting period: 01/01/2017 - 31/12/2017
Main financial institution	Nordea Strandgade 3 0900 København C DK Denmark
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S DK Denmark CVR-nr: 33963556 P-number: 1017192430

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Moët Hennessy Denmark A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the result of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the annual General Meeting.

Copenhagen, the 31/05/2018

Management

Lars Belling
General Manager Nordic

Board of directors

Frank Jean Julius Floc'hlay
Chairman

Maryse Malicet
Board member

Lars Belling
Board member

The independent auditor's report on financial statements

Opinion

We have audited the financial statements of MOËT HENNESSY DANMARK A/S for the financial year 01.01.2017-31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31-12-2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Responsibilities of management 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

*Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 31/05/2018

Lars Andersen , mne27762
 State Authorised Public Accountant
 Deloitte Statsautoriseret Revisionspartnerselskab
 CVR: 33963556

Management's Review

Primary activities

The object of the Company is trade in and distribution of, among other things, champagne, cognac and other alcoholic beverages and other related activities, and to act as holding company for sales and distribution companies in Norway, Sweden and Finland.

Development in activities and finances

The Company's income statement for the year ended 31 December 2017 shows a net profit of DKK 15,309 thousand and the balance sheet at 31 December 2017 shows a shareholders equity of DKK 62,690 thousand.

The result is as expected.

Uncertainty relating to recognition and measurement

There are no relevant uncertainty relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition and measurement.

Outlook

The Company expects a positive development in sales for the coming year.

Particular risks

There are no particular risks.

Events after the balance sheet date

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

Key figures and Financial Ratios

	2017	2016	2015	2014	2013
	kr.	kr.	kr.	kr.	kr.
Key figures					
Revenue	128,420	126,239	136,179	119,452	105,331
Profit (loss) from ordinary operating activities	9,850	9,675	13,396	9,733	9,499
Net financials	-92	796	-847	-77	-196
Profit (loss)	15,369	13,640	24,093	32,720	31,548
Total assets	98,369	78,667	73,261	69,368	53,563

Investment in property, plant and equipment	55	85	61	387	188
Equity	62,750	47,382	33,747	34,679	26,986
Financial ratios					
Operating margin	11,9 %	10,8 %	17,7 %	27,4 %	30,0 %
Gross margin	19,0 %	17,6 %	20,4 %	21,1 %	23,4 %
Solvency ratio	63,8 %	60,2 %	46,1 %	50,0%	50,4 %
Return on equity	37,4 %	33,6 %	70,4 %	106,1 %	153,4 %

For the definition of key figures, please refer to accounting policies.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, medium-size enterprise.

Referring to section 112 (1) / section 112 (2) of the Danish Financial Statements Act, Moët Hennessy Danmark A/S has not prepared any consolidated financial statements.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc

for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish affiliated companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment 3 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

According to section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared. Cash flow statement of Moët Hennessy Danmark A/S and its subsidiaries are included in the consolidated financial statements of LVMH, France.

Financial highlights

Financial highlights are defined and calculated in accordance with the Danish Society of Financial Analysis.

Ratios	Calculation formula	Ratios reflect
Gross margin (%) gearing	Gross profit x 100 Revenue	The Entity's operating
Net margin (%)	Profit/loss for the year x 100 Revenue	The Entity's operation profitability
Return on equity (%) owners	Profit/loss for the year x 100 Average equity	The Entity's return on capital invested in the Entity by the
Solvency ratio (%)	Equity x 100	The financial strength of the

Entity

Total assets

Income statement 1 Jan 2017 - 31 Dec 2017

	Disclosure	2017 kr.
Revenue		128,419,659
Cost of sales		-88,622,023
Raw materials and consumables used		-5,760,409
Other external expenses		-9,578,710
Gross Result		24,458,517
Employee expense	1	-14,523,441
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-84,937
Profit (loss) from ordinary operating activities		9,850,139
Income from investments in group enterprises		7,770,040
Other finance income		19,201
Finance expenses arising from group enterprises		-115,156
Profit (loss) from ordinary activities before tax		17,524,224
Tax expense	2	-2,155,520
Profit (loss)		15,368,704

Balance sheet 31 December 2017

Assets

	Disclosure	2017 kr.
Fixtures, fittings, tools and equipment		129,362
Property, plant and equipment	3	129,362
Investments in group enterprises		239,911
Investments	4	239,911
Total non-current assets		369,273
Manufactured goods and goods for resale		15,509,714
Inventories		15,509,714
Trade receivables		34,766,364
Receivables from group enterprises		13,020,350
Current deferred tax assets		59,891
Tax receivables		35,590
Other receivables		70,220
Deferred income assets		42,054
Receivables		47,994,469
Cash and cash equivalents		34,495,421
Current assets		97,999,604
Total assets		98,368,877

Balance sheet 31 December 2017

Liabilities and equity

	Disclosure	2017 kr.
Contributed capital		500,000
Retained earnings		62,250,235
Total equity		62,750,235
Trade payables		13,822,821
Payables to group enterprises		11,592,542
Tax payables		
Other payables, including tax payables, liabilities other than provisions	5	10,203,279
Short-term liabilities other than provisions, gross		35,618,642
Liabilities other than provisions, gross		35,618,642
Liabilities and equity, gross		98,368,877

Statement of changes in equity 1 Jan 2017 - 31 Dec 2017

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	500,000	46,881,531	47,381,531
Profit (Loss)	0	15,368,704	15,368,704
Equity, ending balance	500,000	62,250,235	62,750,235

Disclosures

1. Employee expense

	2017 kr.	2016 kr.
Wages and salaries	13,391,040	11,451,133
Post employment benefit expense	1,025,326	919,138
Social security contributions	107,075	131,747
	<u>14,523,441</u>	<u>12,502,018</u>

Referring to section §98B(2) of the Danish Financial Statements Act, Moët Hennessy Danmark A/S has not informed about salary to Management.

2. Tax expense

	2017 kr.	2016 kr.
Current tax	2,093,441	2,309,054
Changes in deferred tax	11,078	34,349
Prior year adjustments	51,001	174,400
	<u>2,155,520</u>	<u>2,517,803</u>

3. Property, plant and equipment

	Fixtures, fittings, tools and equipment kr.
Cost, beginning of year	2,202,035
Increase	54,857
Decrease	-2,042,593
Cost, end of year	<u>214,299</u>
Impairment losses and amortisation, beginning of year	-2,042,593
Impairment losses, this year	-84,937
Reversal on disposal	2,042,593
Impairment losses and amortisation, end of year	<u>-84,937</u>
Carrying value, end of year	<u>129,362</u>

4. Investments

Investments in group enterprises include:

Name, legal form and homeplace	Ownership	Equity	Profit (loss)
Moët Hennessy Finland OY	100%	10,047,720	4,657,793
Moët Hennessy Sverige AB	100%	21,632,522	9,081,481
Moët Hennessy Norge AS	100%	13,486,918	4,096,638

5. Other payables, including tax payables, liabilities other than provisions

	2017	2016
	kr.	kr.
VAT and Duties (alcohol tax)	5,881,016	6,066,367
Wages and Salaries	3,695,862	2,993,939
Personal income tax. social security cost etc	626,400	680,098
Total	10,203,279	9,740,404

6. Disclosure of contingent liabilities

	2017	2016
	kr.	kr.
Contingent liabilities		
Recourse and non-recourse guarantee Commitments	510,000	510,000
Total	510,000	510,000

	2017	2016
	kr.	kr.
Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	2,214,269	3,530,325
Total	2,214,269	3,530,325

7. Disclosure of ownership

Ownership

The company has registered the following shareholders holding more than 5% of the voting rights or nominal value:

Moët Hennessy International SAS
 24 Rue Jean Goujon
 75382 Paris
 France
 4430 070 896 R.C.S

Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

LVMH Group S.A., Paris, France

Name and registered office of the Parent preparing consolidated financial statements for the biggest group:

Group Arnault S.A, Paris, France

8. Information on average number of employees

	2017
Average number of employees	17

9. Proposed distribution of results

	2017
	kr.
Retained earnings	15,368,704
Proposed distribution of profit (loss)	15,368,704