Interbrands Denmark ApS

Tornerosevej 127 A, 2730 Herlev

Company reg. no. 29 16 78 93

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 14 May 2021.

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Jacob Hertz
Chairman of the meeting

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Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Interbrands Denmark ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Herlev, 14 May 2021

Managing Director

Jacob Hertz

Board of directors

Jan-Erik Räihä

Jacob Hertz

Independent auditor's report

To the shareholders of Interbrands Denmark ApS

Opinion

We have audited the financial statements of Interbrands Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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 and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 14 May 2021

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Henrik Juul Thomsen
State Authorised Public Accountant
mne33734

Company information

The company	Interbrands Denmark ApS Tornerosevej 127 A 2730 Herlev	
	Phone	43207300
	Fax	43207301
	Web site	www.interbrandsnordic.com
	Company reg. no.	29 16 78 93
	Established:	3 November 2005
	Domicile:	
	Financial year:	1 January - 31 December 15th financial year
Board of directors	Jan-Erik Räihä Jacob Hertz	
Managing Director	Jacob Hertz	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Parent company	Jacob Hertz Holding ApS	
Associated enterprise	Interbrands Nordic ApS, Herlev	

Management commentary

The principal activities of the company

The company's activity is to trade in wine and spirits.

Development in activities and financial matters

The gross profit for the year totals DKK 6.309.647 against DKK 8.383.108 last year. Income or loss from ordinary activities after tax totals DKK 52.636 against DKK 573.955 last year. Management considers the net profit or loss for the year satisfactory.

The result of the year is affected by the Corona pandemic and the related restrictions. This applies to revenue in both Denmark but especially regarding export. Even though the Corona pandemic is still on going Management considers the future activity for positive.

The company has received grants regarding Covid-19 compensation. Please refer to the note for special items.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company as of the year end date.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**6.309.647**	**8.383.108**
2	Staff costs	-6.196.297	-7.339.489
	Depreciation and impairment of non-current assets	-86.183	-146.835
	Profit before net financials	**27.167**	**896.784**
	Other financial income	258.201	126.063
	Other financial costs	-214.342	-235.936
	Pre-tax net profit or loss	**71.026**	**786.911**
	Tax on net profit or loss for the year	-18.390	-212.956
	Net profit or loss for the year	**52.636**	**573.955**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	52.636	573.955
	Total allocations and transfers	**52.636**	**573.955**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		2020	2019
	Non-current assets		
	Other fixtures and fittings, tools and equipment	157.226	243.409
	Total property, plant, and equipment	157.226	243.409
	Equity investments in associates	497.966	497.966
	Other financial instruments and equity investments	1.856.602	1.856.602
	Deposits	148.447	144.236
	Total investments	2.503.015	2.498.804
	Total non-current assets	**2.660.241**	**2.742.213**
	Current assets		
	Manufactured goods and goods for resale	8.000.479	8.866.099
	Total inventories	8.000.479	8.866.099
	Trade receivables	5.626.916	10.988.288
	Receivables from group enterprises	0	33.002
	Receivables from associates	51.412	20.096
	Deferred tax assets	21.999	21.315
	Other receivables	158.080	59.125
	Prepayments and accrued income	1.394.567	1.551.878
	Total receivables	7.252.974	12.673.704
	Cash on hand and demand deposits	45.320	781.868
	Total current assets	**15.298.773**	**22.321.671**
	Total assets	**17.959.014**	**25.063.884**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	125.000	125.000
	Retained earnings	6.186.029	6.133.393
	Total equity	**6.311.029**	**6.258.393**
	Liabilities other than provisions		
	Other payables	0	207.789
	Total long term liabilities other than provisions	0	207.789
	Bank loans	1.730.642	1.931.932
	Trade payables	6.707.720	14.666.312
	Payables to group enterprises	393.913	213.972
	Other payables	2.725.497	1.785.486
	Accruals and deferred income	90.213	0
	Total short term liabilities other than provisions	11.647.985	18.597.702
	Total liabilities other than provisions	**11.647.985**	**18.805.491**
	Total equity and liabilities	**17.959.014**	**25.063.884**

1 **Special items**

3 **Charges and security**

4 **Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2019	125.000	5.559.438	750.000	6.434.438
Distributed dividend	0	0	-750.000	-750.000
Profit or loss for the year brought forward	0	573.955	0	573.955
Equity 1 January 2020	125.000	6.133.393	0	6.258.393
Profit or loss for the year brought forward	0	52.636	0	52.636
	125.000	**6.186.029**	**0**	**6.311.029**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2020
Income:	
Compensation regarding Covid-19	754.414
	754.414
Special items are recognised in the following items in the financial statements:	
Other operating income / gross profit	754.414
Profit of special items, net	**754.414**

	2020	2019
2. Staff costs		
Salaries and wages	5.637.056	6.731.095
Pension costs	492.297	526.812
Other costs for social security	66.944	81.582
	6.196.297	**7.339.489**
Average number of employees	11	11

3. Charges and security

The company has issued an indemnity letter with a receivable mortgage totalling DKK 2 million as security for bank loans.

Notes

All amounts in DKK.

4. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into rental and lease agreements. The leasing agreements have a remaining term of between 5 and 24 months. Rental lease agreements have a remaining term of between 3 and 40 months. The total outstanding lease payments amounts to DKK 1,540 thousand as of December 31 2020. The Company has a non-cancellability period until November 1 2023 regarding rent obligations.

Joint taxation

With Jacob Hertz Holding ApS, company reg. no 29167877 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Interbrands Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Changes in the accounting policies

The item “Staff costs” has been reclassified so that certain types of expenses previously recognised under “Staff costs” will, in the future, be recognised under the item “Other external charges”.

The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the Corona pandemic. .

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities and debt and transactions in foreign currency.

Results from equity investment in associate

Dividend from equity investment in associate is recognised in the financial year in which the dividend is declared.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Cars	3-4 years
Leasehold improvement	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in associate are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Equity investment in associate

Equity investment in associate is measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Other financial instruments and equity investments

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Interbrands Denmark ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.