



Conaxess Trade Denmark Beverages A/S

Stamholmen 151, 4.
2650 Hvidovre
CVR No. 63395013

Annual report 2019

The Annual General Meeting adopted the
annual report on 18.05.2020

Jacob Schilling

Chairman of the General Meeting

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Entity details

Entity

Conaxess Trade Denmark Beverages A/S

Stamholmen 151, 4.

2650 Hvidovre

CVR No.: 63395013

Registered office: Hvidovre

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Nils Holger Haase, Chairman

Jacob Schilling

Uwe Thellmann

Joachim Jürgen Scholz

Hanne Magnussen

Anthony Leonard Hunt

Executive Board

Jan Rose Pedersen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Conaxess Trade Denmark Beverages A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Hvidovre, 18.05.2020

Executive Board

Jan Rose Pedersen
Chief Executive Officer

Board of Directors

Nils Holger Haase
Chairman

Jacob Schilling

Uwe Thellmann

Joachim Jürgen Scholz

Hanne Magnussen

Anthony Leonard Hunt

Independent auditor's report

To the shareholders of Conaxess Trade Denmark Beverages A/S

Opinion

We have audited the financial statements of Conaxess Trade Denmark Beverages A/S for the financial year 01.01.2019 - 31.12.2019, 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 the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the 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 commentary

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, 18.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Kåre Konge Breindal

State Authorised Public Accountant
Identification No (MNE) mne40761

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures				
Gross profit	21,942	16,551	13,683	14,910
Operating profit/loss	7,225	4,855	2,215	4,832
Net financials	227	45	(318)	120
Profit/loss for the year	5,786	3,812	1,474	3,853
Total assets	148,838	91,898	93,213*	102,445*
Equity	18,929	13,143	9,331	7,857
Ratios				
Return on equity (%)	36.08	33.92	17.15	49.00
Equity ratio (%)	12.72	14.30	10.01*	7.67*

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

* It has not been practically possible to correct comparative figures.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Ratios reflect

Return on equity

The entity's return on capital invested in the entity by the owners

Equity ratio

The financial strength of the entity

Primary activities

Conaxess Trade Denmark Beverages A/S is a sales and marketing company whose principal activity is distribution of branded goods, with main emphasis on spirits, champagne and wines.

Development in activities and finances

The results from ordinary activities after tax are DKK 5,786 thousand against DKK 3,812 thousand last year.

Conaxess Trade Beverages and Altia Denmark A/S has entered in a collaboration as of 20 May 2019 where Altia transferred its Denmark domestic business and parts of border business to Conaxess Trade Beverages.

Management considers the results very satisfactory.

Uncertainty relating to recognition and measurement

There have been no uncertainties as to recognition or measurement in 2019.

Unusual circumstances affecting recognition and measurement

None.

Outlook

Results for 2020 were expected to be higher than for 2019 but due to COVID19 pandemic, the results for 2020 is now expected to be slightly lower than in 2019. Revenue, earnings and capital resources were expected to develop favorably in the years ahead, although 2020 would still be with focus on increasing earnings, adding principals and optimizing capital resources. But with expected COVID19 pandemic impact on 2020, we expect revenue, earnings and capital resources as well as investments to decrease in 2020 compared to 2019. Earnings are expected to be negatively impacted due to the crisis with less than DKK 1 million compared to 2019. To the extent possible, the Company is expecting to cut costs and use the help and relief packages from the Government to lower cost and improve cash flows.

Particular risks

The Company is not exposed to any significant risks relating to individual customers or trading partners. All customers are credit rated initially and on a test basis in connection with the ongoing evaluation of the credit limits.

The Company's cash and bank loans yield interest at current floating interest rates.

Intellectual capital resources

The average number of employees was 24 in 2019 (2018: 19). The number of employees is expected to be at the same level in 2020.

Environmental performance

The Company has implemented Code of Conduct in 2017, which among other things includes policies for climate impact.

Events after the balance sheet date

As a result of the COVID19 pandemic, the Company is experiencing sales decrease in 2020 as a result of the on-trade channel shutdown by Government decision, at present stage the Company does not know a date for re-opening of this channel.

The Company plays an important role to supply Danish consumers with spirits, champagne and wine.

The Company's strong brands will maintain its supply throughout this crisis period, and thereby the Company are able to maintain sales.

Our main off-trade customers (hyperstores, supermarkets, minimarkets, convenience and local groceries) will be held open in these challenging times, as will our position with the trade. However, our on-trade customers (restaurants, bars and cafes) might continue to be at least partially in lockdown for some time with the result of lost sales and negative earnings.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Gross profit/loss		21,942	16,551
Staff costs	1	(14,711)	(11,696)
Depreciation, amortisation and impairment losses		(6)	0
Operating profit/loss		7,225	4,855
Other financial income	2	2,081	1,224
Other financial expenses	3	(1,854)	(1,179)
Profit/loss before tax		7,452	4,900
Tax on profit/loss for the year	4	(1,666)	(1,088)
Profit/loss for the year	5	5,786	3,812

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Other fixtures and fittings, tools and equipment		349	0
Property, plant and equipment	6	349	0
Other receivables		210	210
Deferred tax	8	0	25
Other financial assets	7	210	235
Fixed assets		559	235
Manufactured goods and goods for resale		24,213	17,638
Inventories		24,213	17,638
Trade receivables	9	31,295	26,089
Receivables from group enterprises		89,934	46,178
Other receivables		2,837	1,758
Receivables		124,066	74,025
Current assets		148,279	91,663
Assets		148,838	91,898

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		2,000	2,000
Retained earnings		16,929	11,143
Equity		18,929	13,143
Deferred tax	8	18	0
Provisions		18	0
Other payables		573	0
Non-current liabilities other than provisions		573	0
Payables to other credit institutions		32,063	10,183
Trade payables		47,129	46,341
Income tax payable		1,623	1,034
Other payables		48,503	21,197
Current liabilities other than provisions		129,318	78,755
Liabilities other than provisions		129,891	78,755
Equity and liabilities		148,838	91,898
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		
Group relations	14		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,000	11,143	13,143
Profit/loss for the year	0	5,786	5,786
Equity end of year	2,000	16,929	18,929

Notes

1 Staff costs

	2019	2018
	DKK'000	DKK'000
Wages and salaries	13,547	10,866
Pension costs	1,019	716
Other social security costs	145	88
Other staff costs	0	26
	14,711	11,696
Average number of full-time employees	24	19

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	2,045	1,599
	2,045	1,599

With reference to the Danish Financial Statements Act § 98b, 3, the information of remuneration for Management has been summarized under one category, due to the fact that Executive Management consists of one person.

2 Other financial income

	2019	2018
	DKK'000	DKK'000
Financial income from group enterprises	2,081	1,224
	2,081	1,224

3 Other financial expenses

	2019	2018
	DKK'000	DKK'000
Other financial expenses	1,854	1,179
	1,854	1,179

4 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	1,623	1,034
Change in deferred tax	43	54
	1,666	1,088

5 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Retained earnings	5,786	3,812
	5,786	3,812

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Additions	355
Cost end of year	355
Depreciation for the year	(6)
Depreciation and impairment losses end of year	(6)
Carrying amount end of year	349

7 Financial assets

	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	210	25
Disposals	0	(25)
Cost end of year	210	0
Carrying amount end of year	210	0

8 Deferred tax

	2019 DKK'000	2018 DKK'000
Property, plant and equipment	(18)	0
Inventories	0	19
Other deductible temporary differences	0	6
Deferred tax	(18)	25

Changes during the year	2019 DKK'000	2018 DKK'000
Beginning of year	25	79
Recognised in the income statement	(43)	(54)
End of year	(18)	25

In the calculation of deferred tax, a tax rate of 22.0% was applied (2018: 22.0%).

9 Trade receivables

Out of the total trade receivables amounting to DKK 31,295 thousand, DKK 21,063 thousand comprises factored trade receivables. The factored trade receivables as well as the liability to the factoring bank, is derecognized when the factoring bank receives payment from the debtor.

10 Unrecognised rental and lease commitments

	2019 DKK'000	2018 DKK'000
Liabilities under rental or lease agreements until maturity in total	1,523	1,380

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Conaxess Trade Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

In order for the Company to become registered for import of wine and spirits, the Danish state requires security to be provided. The Company has provided such security in the form of cash funds of DKK 210 thousand at 31 December 2019.

As collateral for a bank loan that amounts to DKK 11,000 thousand, floating charge amounting to DKK 17,000 thousand has been granted in the Company's inventory with a book value of DKK 24,213 thousand at 31 December 2019.

13 Related parties with controlling interest

Conaxess Trade Denmark A/S, Business Registration No 16 01 55 12, Stamholmen 151, 4., 2650 Hvidovre, owns 75% of the shares of the entity.

Conaxess Trade Denmark A/S is owned 100% by:

Conaxess Trade Holding AB, Löfströms allé 5, 172 66 Sundbyberg, Sweden

which is owned 100% by:

Aurelius Gamma Invest GmbH, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

which is owned 100% by:

Aurelius Equity Opportunities SE & Co. KgaA, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

Thus the above mentioned entities have control over Conaxess Trade Denmark Beverages A/S.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Aurelius Equity Opportunities SE & Co. KgaA, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Conaxess Trade Holding AB, Löfströms allé 5, 172 66 Sundbyberg, Sweden.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

There has been a change in accounting policies regarding presentation of restricted cash. The Company has a cash balance of DKK 210 thousand which is restricted and therefore presented as a financial asset. Prior year this amount was presented as part of cash. Comparative figures have been corrected. The change has not had impact on the profit/loss for the year.

The Company has changed the presentation of factoring receivables and related factoring liabilities. Previously factoring receivables and liabilities with both recourse and non-recourse terms were presented on the balance sheet until payment from the debtor was received. With effect from 2019, factoring receivables on non-recourse terms are considered settled and thereby derecognized upon transfer to factoring bank. Figures for 2019 and 2018 have been corrected as follows:

- Trade receivables have decreased by DKK 18,315 thousand (2018: DKK 13,676 thousand)
- Payables to other credit institutions have decreased by DKK 18,315 thousand (2018: DKK 13,676 thousand)

The change has not had impact on the profit/loss for the 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sale of goods 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 goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

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.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation for the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and currency gains.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables and currency losses.

Tax on profit/loss for the year

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 group enterprises. 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. Land is not depreciated.

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	5 years
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Estimated useful lives and residual values are reassessed annually.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns 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 taxbased value of the 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.

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.

Other financial liabilities

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

Payables to other credit institutions comprise a bank loan and factoring credit. Factoring credit is recognized as the share to which the factoring bank has recourse right, and is derecognized when the factoring bank receives payment from the debtor.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement has not been prepared for the Company as the cash flow statement is included in the cash flow statement of the consolidated financial statements of the ultimate parent company cf. the Danish Financial Statements Act § 86 (4).