Globus Wine A/S

Engager 10, DK-2605 Brøndby

CVR no. 27 36 69 88

Annual report 2017

Approved at the Company's annual general meeting on 30 April 2018

Chairman:

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Steen Hansen

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Globus Wine A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2017 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 30 April 2018
Executive Board:

Jens Christian Voldmester

Board of Directors:

Wilhelm Mohn Chairman	Gudmund Killi	Nicholas Michael Hammeken
Stig Christensen	John Staunsbjerg Dueholm	

Independent auditor's report

To the shareholder of Globus Wine A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Globus Wine A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 30 April 2018
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Robert Christensen	Martin Stenstrup Toft
State Authorised Public Accountant	State Authorised Public Accountant
MNE no.: mne16653	MNE no.: mne42786

Management's review

Company details

Name	Globus Wine A/S
Address, Postal code, City	Engager 10, DK-2605 Brøndby
CVR no.	27 36 69 88
Established	1 October 2003
Registered office	Brøndby
Financial year	1 January - 31 December
Website	www.globuswine.dk
Telephone	+45 43 43 43 74
Telefax	+45 39 30 90 39
Board of Directors	Wilhelm Mohn, Chairman Gudmund Killi Nicholas Michael Hammeken Stig Christensen John Staunsbjerg Dueholm
Executive Board	Jens Christian Voldmester
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Financial highlights for the Group

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	473,340	448,351	400,027	363,221	330,696
Gross margin	69,265	65,850	58,938	53,857	41,706
Operating profit/loss	27,099	27,230	22,419	18,984	14,472
Net financials	-999	-1,373	-1,723	-1,658	-1,424
Profit/loss for the year	20,231	20,026	15,696	13,029	10,086
Total assets	202,671	166,388	150,449	141,632	129,911
Investment in property, plant and equipment	-1,010	-1,883	-4,376	-4,780	-1,497
Equity	58,567	39,317	49,967	46,898	34,879
Financial ratios					
Operating margin	5.7%	6.1%	5.6%	5.2 %	4.4 %
Return on assets	14.7%	17.2%	15.4%	14.0%	11.7%
Current ratio	146.3%	158.6%	136.1%	139.7%	124.6%
Solvency ratio	28.9%	23.6%	33.2%	33.1%	26.8%
Average number of employees	73	71	66	62	55

For terms and definitions of financial ratios, please see the accounting policies.

Management's review

Business review

Globus Wine's main activity is filling of wine in bag-in-boxes and bottles as well as import and sale of wine.

Financial review

The Group's revenue has increased by 6% to DKK 473,340 thousand against DKK 448,351 thousand last year. Cash flows from operating activities were positive by DKK 65,749 thousand.

To ensure continued growth, the company collects its activities in new, better and larger facilities in Køge in the fourth quarter of 2018.

The Group's profit for the year is affected by the preparation for the relocation of the production facilities amounting to DKK 1,226 thousand.

Management considers profit for the year satisfactory, and expectations for 2017 were essentially met.

Knowledge resources

The Company's principal activities comprise filling and selling of wine in bag-in-boxes under customer contracts. The activity is carried out in compliance with a number of control procedures and requirements of the international IFS and British BRC Standard as well as the requirements of the Danish food safety authorities.

Special risks

Due to the Group's activities abroad, profit, cash flows and equity are affected by the development in exchange rates for a number of currencies. To a certain extent, the Group hedges currency risks by entering into forward exchange contracts, by making purchases and sales in the same currency or by concluding price adjustment agreements with its customers.

Statutory CSR report

The Group has not drawn up any CSR policy. This is under preparation and will be finalized during 2018.

Account of the gender composition of Management

Globus Wine A/S believes that diversity among employees, including an equal gender ratio, contributes positively to the working environment and strengthens the Company's performance and competitiveness. Globus Wine A/S is focused on increasing the number of female leaders in the Group and consequently, the Group has set a specific target for the underrepresented gender and prepared policies in this respect effective from this year.

Globus Wine A/S' objective is that 40% of the board members elected by the general meeting should be women, corresponding to two women, and 35% of the other executive positions should be occupied by women, corresponding to five women, before 2021. At present, none of the members of the Board of Directors of Globus Wine A/S are female. As 2017 is the first year Globus Wine A/S has to account for the gender composition the objective has not been met. Other executive positions comprise the Executive Board and department managers.

To reach the above-mentioned target for more female leaders, Globus Wine A/S has taken several initiatives to promote the development and to support female leaders such as an internal network of female leaders in the Group. In connection with employment and recruitment to executive positions, the objective is to have both male and female candidates despite the fact that the Group operates in an industry dominated by men. The principle should apply to internal as well as external job postings.

Outlook

For 2018, the Group expects increasing revenue and profits. Positive cash flows from operating activities are expected.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
3	Revenue	473,340	448,351	465,842	440,370
	Change in inventories of finished goods and work in progress	-6,173	22,409	-6,173	22,409
	Other operating income	10	65	791	845
	Raw materials and consumables	-361,808	-372,195	-360,868	-371,066
	Other external expenses	-36,104	-32,780	-34,730	-30,879
	Gross margin	69,265	65,850	64,862	61,679
4	Staff costs	-38,272	-34,543	-36,011	-32,170
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,894	-4,077	-3,792	-3,984
	Profit before net financials	27,099	27,230	25,059	25,525
	Income from investments in group entities	0	0	1,438	1,191
	Financial income	400	218	400	211
6	Financial expenses	-1,399	-1,591	-1,374	-1,573
	Profit before tax	26,100	25,857	25,523	25,354
7	Tax for the year	-5,869	-5,831	-5,292	-5,328
	Profit for the year	20,231	20,026	20,231	20,026

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
	ASSETS				
	Fixed assets				
8	**Intangible assets**				
	Acquired intangible assets	822	764	822	764
	Development projects in progress and prepayments for intangible assets	212	170	212	170
		1,034	934	1,034	934
9	**Property, plant and equipment**				
	Plant and machinery	26,106	28,680	26,106	28,680
	Other fixtures and fittings, tools and equipment	1,012	1,074	585	874
	Leasehold improvements	178	313	178	313
	Property, plant and equipment in progress	420	290	420	290
		27,716	30,357	27,289	30,157
10	**Investments**				
	Investments in group entities	0	0	4,346	9,966
		0	0	4,346	9,966
	Total fixed assets	28,750	31,291	32,669	41,057
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	30,773	25,025	30,773	25,025
	Finished goods and goods for resale	59,347	65,521	59,347	65,521
		90,120	90,546	90,120	90,546
	Receivables				
	Trade receivables	33,359	40,729	28,828	36,410
	Receivables from group entities	22	415	483	415
	Income taxes receivable	649	368	0	0
	Other receivables	1,507	2,687	1,467	2,647
	Prepayments	526	331	512	319
		36,063	44,530	31,290	39,791
	Cash	47,738	21	47,203	3
	Total non-fixed assets	173,921	135,097	168,613	130,340
	TOTAL ASSETS	202,671	166,388	201,282	171,397

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	1,725	1,725	1,725	1,725
	Net revaluation reserve according to the equity method	0	0	4,159	9,814
	Retained earnings	47,842	37,592	43,683	27,778
	Dividend proposed for the year	9,000	0	9,000	0
	Total equity	58,567	39,317	58,567	39,317
	Provisions				
13	Deferred tax	4,354	3,878	4,354	3,878
	Total provisions	4,354	3,878	4,354	3,878
	Liabilities other than provisions				
12	**Non-current liabilities other than provisions**				
	Lease liabilities	4,846	8,000	4,846	8,000
	Other credit institutions	16,000	30,000	16,000	30,000
		20,846	38,000	20,846	38,000
	Current liabilities other than provisions				
12	Current portion of non-current liabilities	7,153	3,314	7,153	3,314
	Other credit institutions	19,115	22,489	19,115	22,489
	Trade payables	60,820	40,936	60,392	40,603
	Payables to group entities	7,174	0	7,174	6,328
	Income taxes payable	8,012	3,483	8,012	3,483
	Other payables	16,630	14,911	15,669	13,925
	Deferred income	0	60	0	60
		118,904	85,193	117,515	90,202
	Total liabilities other than provisions	139,750	123,193	138,361	128,202
	TOTAL EQUITY AND LIABILITIES	202,671	166,388	201,282	171,397

1 Accounting policies
2 Special items
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Currency risks
17 Related parties
18 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

	Group			
DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2017	1,725	37,592	0	39,317
Transfer through appropriation of profit	0	11,231	9,000	20,231
Exchange adjustment	0	39	0	39
Adjustment of hedging instruments at fair value	0	-1,307	0	-1,307
Tax on items recognised directly in equity	0	287	0	287
Equity at 31 December 2017	1,725	47,842	9,000	58,567

		Parent company				
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2017	1,725	9,814	27,778	0	39,317
19	Transfer, see "Appropriation of profit"	0	-5,694	16,925	9,000	20,231
	Exchange adjustment	0	39	0	0	39
	Adjustment of hedging instruments at fair value	0	0	-1,307	0	-1,307
	Tax on items recognised directly in equity	0	0	287	0	287
	Equity at 31 December 2017	1,725	4,159	43,683	9,000	58,567

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2017	Group 2016
	Profit for the year	20,231	20,026
20	Adjustments	10,791	11,252
	Cash generated from operations (operating activities)	31,022	31,278
21	Changes in working capital	36,584	-32,725
	Cash generated from operations (operating activities)	67,606	-1,447
	Interest received, etc.	400	218
	Interest paid, etc.	-1,399	-1,591
	Corporation taxes paid	-858	-5,020
	Cash flows from operating activities	65,749	-7,840
	Additions of intangible assets	-570	-359
	Additions of property, plant and equipment	-1,010	-1,883
	Disposals of property, plant and equipment	237	0
	Cash flows to investing activities	-1,343	-2,242
	Dividends distributed	0	-29,421
	Proceeds of debt to credit institutions	0	40,908
	Repayments, long-term liabilities	-13,315	-2,738
	Repayments, debt to credit institutions	-3,374	0
	Cash flows from financing activities	-16,689	8,749
	Net cash flow	47,717	-1,333
	Cash and cash equivalents at 1 January	21	1,354
	Cash and cash equivalents at 31 December	47,738	21

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Globus Wine A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

Globus Wine A/S has changed reporting class to class C compared to medium-sized class C last year. The change in reporting class has no effect on the income statement or the balance for 2017 or for the comparative figures.

The presentation of excise taxes and marketing contributions has changed compared to previous years. These are now presented as raw materials and consumables, respectively other external expenses. Previous year, these costs have been presented against revenue. The change has thus no impact on gross margin or profit before tax.

Apart from these changes, the accounting policies applied by the Company are consistent with those of last year.

Comparative figures have been adjusted in the main and key figures and in the income statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with independent/unrelated foreign operations that are considered to constitute an addition to or a deduction from the total investment in the independent/unrelated foreign operation are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the income statement together with the hedged item.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Leases

Leases concerning fixed assets which qualify for recognition as assets held under finance leases and where the entity bears all significant risks and enjoys all significant benefits associated with the title to such assets are treated according to the same accounting policies as are other fixed assets.

On initial recognition, the cost of assets held under finance leases is measured at the lower of the fair value and the net present value of the lease payments, made up based on the interest rate implicit in the lease or, alternatively, the entity's borrowing rate.

Liabilities under finance leases are recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement.

Leases in respect of which the entity does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration including excise taxes excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs 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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	10 - 40 years
Other fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	3 - 10 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in subsidiaries

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, financial expenses related to finance leases, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

As regards self-produced fixed assets, the cost includes the cost of materials and labour, etc., directly related to the production.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leased property, plant and equipment qualifying for recognition as assets held under finance leases are treated as acquired assets.

The cost of assets held under finance leases is measured at the lower of cost according to the lease and the net present value of the lease payments, calculated by reference to the interest rate implicit in the lease.

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

Investments in subsidiaries

Investments in subsidiaries are measured, using the equity method, at the Parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the Parent has a legal or constructive obligation to cover the deficit.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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 has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The reserve comprises net revaluations of investments in subsidiaries compared to the cost price.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, with the exception of temporary differences arising at the date of acquisition of assets and liabilities neither affecting the results of operations nor taxable income, as well as temporary differences relating to goodwill which is not deductible for tax purposes.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Group's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Group

Special items comprise significant income and expenses of a special nature relative to the Group's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by the preparation for the relocation of the production facilities amounting to DKK 1,226 thousand that in the opinion of the Board of Directors do not form part of the operating activities.

Parent company

Special items comprise significant income and expenses of a special nature relative to the Company's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by the preparation for the relocation of the productions facilities amounting to DKK 1,226 thousand that in the opinion of the Board of Directors do not form part of the operating activities.

3 Segment information

The Group has not disclosed the breakdown of revenue by geographical and business segmentat, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Group.

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
4	Staff costs				
	Wages/salaries	34,172	31,415	32,202	29,325
	Pensions	1,811	1,156	1,811	1,156
	Other social security costs	695	709	411	436
	Other staff costs	1,594	1,263	1,587	1,253
		38,272	34,543	36,011	32,170
	Average number of full-time employees	73	71	68	66

Group

Total remuneration to Group Management amounts to DKK 1,906 thousand (2016: DKK 1,956 thousand).

Parent company

Total remuneration to Management amounts to DKK 1,906 thousand (2016: DKK 1,956 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
DKK'000	2017	2016	2017	2016
5 Amortisation/depreciation of intangible assets and property, plant and equipment				
Amortisation of intangible assets	470	476	470	476
Depreciation of property, plant and equipment	3,424	3,601	3,322	3,508
	3,894	4,077	3,792	3,984
6 Financial expenses				
Interest expenses, group entities	1	0	1	0
Other financial expenses	1,398	1,591	1,373	1,573
	1,399	1,591	1,374	1,573
7 Tax for the year				
Estimated tax charge for the year	5,393	5,298	4,816	4,795
Deferred tax adjustments in the year	476	533	476	533
	5,869	5,831	5,292	5,328

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Intangible assets

DKK'000	Group		
	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2017	1,603	170	1,773
Additions in the year	181	389	570
Transfer from other accounts	347	-347	0
Cost at 31 December 2017	2,131	212	2,343
Impairment losses and amortisation at 1 January 2017	839	0	839
Amortisation in the year	470	0	470
Impairment losses and amortisation at 31 December 2017	1,309	0	1,309
Carrying amount at 31 December 2017	822	212	1,034

DKK'000	Parent company		
	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2017	1,603	170	1,773
Additions in the year	181	389	570
Transfer from other accounts	347	-347	0
Cost at 31 December 2017	2,131	212	2,343
Impairment losses and amortisation at 1 January 2017	839	0	839
Amortisation in the year	470	0	470
Impairment losses and amortisation at 31 December 2017	1,309	0	1,309
Carrying amount at 31 December 2017	822	212	1,034

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

	Group				
DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2017	45,353	3,011	1,701	290	50,355
Additions in the year	389	491	0	130	1,010
Disposals in the year	0	-806	0	0	-806
Cost at 31 December 2017	45,742	2,696	1,701	420	50,559
Impairment losses and depreciation at 1 January 2017	16,673	1,937	1,388	0	19,998
Depreciation in the year	2,963	326	135	0	3,424
Reversal of depreciation and impairment of disposals	0	-579	0	0	-579
Impairment losses and depreciation at 31 December 2017	19,636	1,684	1,523	0	22,843
Carrying amount at 31 December 2017	26,106	1,012	178	420	27,716
Property, plant and equipment include finance leases with a carrying amount totalling	12,222	285	0	0	12,507

	Parent company				
DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2017	45,353	2,474	1,701	290	49,818
Additions in the year	389	43	0	130	562
Disposals in the year	0	-402	0	0	-402
Cost at 31 December 2017	45,742	2,115	1,701	420	49,978
Impairment losses and depreciation at 1 January 2017	16,673	1,600	1,388	0	19,661
Depreciation in the year	2,963	224	135	0	3,322
Reversal of depreciation and impairment of disposals	0	-294	0	0	-294
Impairment losses and depreciation at 31 December 2017	19,636	1,530	1,523	0	22,689
Carrying amount at 31 December 2017	26,106	585	178	420	27,289
Property, plant and equipment include finance leases with a carrying amount totalling	12,222	285	0	0	12,507

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Investments

DKK'000	Parent company Investments in group entities
Cost at 1 January 2017	187
Cost at 31 December 2017	187
Value adjustments at 1 January 2017	9,779
Exchange adjustment	39
Dividend distributed	-7,097
Share of the profit/loss for the year	1,438
Value adjustments at 31 December 2017	4,159
Carrying amount at 31 December 2017	4,346

Parent company

Name	Domicile	Interest
Subsidiaries		
Globus Wine GmbH	Harrislee, Tyskland	100.00%

DKK'000	Parent company 2017	2016
11 Share capital		
Analysis of the share capital:		
1,725 shares of DKK 1,000.00 nominal value each	1,725	1,725
	1,725	1,725

12 Non-current liabilities other than provisions

Group

DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	7,999	3,153	4,846	0
Other credit institutions	20,000	4,000	16,000	0
	27,999	7,153	20,846	0

Parent company

DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	7,999	3,153	4,846	0
Other credit institutions	20,000	4,000	16,000	0
	27,999	7,153	20,846	0

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Notes to the financial statements

DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
13 Deferred tax				
Deferred tax at 1 January	3,878	3,345	3,878	3,345
Adjustment of the deferred tax charge for the year	476	533	476	533
Deferred tax at 31 December	4,354	3,878	4,354	3,878
Deferred tax relates to:				
Intangible assets	76	12	76	12
Property, plant and equipment	4,945	5,340	4,945	5,340
Inventories	1,136	1,136	1,136	1,136
Liabilities	-1,803	-2,489	-1,803	-2,489
Other taxable temporary differences	0	-121	0	-121
	4,354	3,878	4,354	3,878

14 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	Group 2017	Group 2016	Parent company 2017	Parent company 2016
Rent and lease liabilities	102,470	2,153	102,470	2,153

15 Collateral

Group

As security for debt to credit institutions, DKK 39,115 thousand at 31 December 2017, a company charge of DKK 35,000 thousand has been provided, secured on receivables, inventories, items of property, plant and equipment and intangible assets at a total carrying amount at 31 December 2017 of DKK 152,229 thousand.

Bank guarantees totalling DKK 1,389 thousand have been put up as security for debt to third parties.

Joint and several surety has been put up as security for the subsidiary's bank commitments, DKK 0 thousand at 31 December 2017.

Parent company

As security for debt to credit institutions, DKK 39,115 thousand at 31 December 2017, a company charge of DKK 35,000 thousand has been provided, secured on receivables, inventories, items of property, plant and equipment and intangible assets at a total carrying amount at 31 December 2017 of DKK 147,271 thousand.

Bank guarantees totalling DKK 1,389 thousand have been put up as security for debt to third parties.

Joint and several surety has been put up as security for the subsidiary's bank commitments, DKK 0 thousand at 31 December 2017.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Currency risks

Group

Currency risks

Analysis of the Group's balances in foreign currency as well as related hedging transactions at 31 December 2017:

Currency (DKK'000)	Payment/maturity	Payables	Hedging transactions	Net position
AUD	< 1 year	-1,462	1,462	0
SEK	< 1 year	-1,849	1,849	0
USD	< 1 year	-7,591	7,591	0
ZAR	< 1 year	-749	749	0
		-11,651	11,651	0

Forecast transactions

The Group uses forward exchange contracts to hedge expected currency risks relating to purchase of goods in the coming year.

		Contractual value		Gains and losses recognised in equity	
DKK'000	Period	2017	2016	2017	2016
Forward exchange contracts	0-5 months	6,102	13,347	-1,307	-1,561

Parent company

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2017:

Currency (DKK'000)	Payment/maturity	Payables	Hedging transactions	Nettoposition
AUD	< 1 year	-1,462	1,462	0
SEK	< 1 year	-1,849	1,849	0
USD	< 1 year	-7,591	7,591	0
ZAR	< 1 year	-749	749	0
		-11,651	11,651	0

Forecast transactions

The Company uses forward exchange contracts to hedge expected currency risks relating to purchase of goods in the coming year.

Forecast transactions

		Contractual value		Gains and losses recognised in equity	
DKK'000	Period	2017	2016	2017	2016
Forward exchange contracts	0-5 months	6,102	13,347	-1,307	-1,561

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Related parties

Group

Related party transactions

DKK'000	2017
Group	
Purchase of management and consultant assistance	2,357
Receivables from group entities	22
Payables to related parties	7,174
Parent Company	
Purchase of management and consultant assistance	2,357
Payables to related parties	7,174

With reference to Section 98(3) of the Danish Financial Statements Act, information on transactions between Globus Wine A/S and its wholly-owned subsidary are not disclosed.

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

Parent company

Parties exercising control

Related party	Domicile	Basis for control
Merlot BidCo ApS	Engager 10, 2605 Brøndby	Participating interest
Merlot HoldCo ApS	Engager 10, 2605 Brøndby	Participating interest
Credo Invest Nr 11 AS	Stortingsgaten 22, 0124 Oslo, Norway	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Merlot HoldCo ApS	Engager 10, 2605 Brøndby	www.cvr.dk

18 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act, as audit fees are disclosed for the group as such in the consolidated financial statements for Merlot HoldCo ApS.

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Notes to the financial statements

DKK'000	Parent company 2017	Parent company 2016
19 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	9,000	0
Extraordinary dividend distributed in the year	0	25,741
Net revaluation reserve according to the equity method	-5,694	1,191
Retained earnings/accumulated loss	16,925	-6,906
	20,231	20,026

DKK'000	Group 2017	Group 2016
20 Adjustments		
Amortisation/depreciation and impairment losses	3,884	4,077
Financial income	-400	-218
Financial expenses	1,399	1,591
Tax for the year	5,869	5,831
Other adjustments	39	-29
	10,791	11,252
21 Changes in working capital		
Change in inventories	426	-22,306
Change in receivables	7,441	1,215
Change in trade and other payables	28,717	-11,634
	36,584	-32,725