

Globus Wine A/S

Bragesvej 1, 4600, Køge

CVR no. 27 36 69 88

Annual report 2021

Approved at the Company's annual general meeting on 17 March 2022

Chair of the meeting:

.....
Stian Glendrange

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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 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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

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

Køge, 17 March 2022
Executive Board:

.....
Jens Christian Voldmester
adm. direktør

Board of Directors:

.....
Wilhelm Mohn
Chair

.....
Stian Glendrange

.....
Henning Skov Andersen

.....
Stig Christensen

.....
John Staunbjerg Dueholm

.....
Claus Juel Jensen

Independent auditor's report

To the shareholders of Globus Wine A/S

Opinion

We have audited the financial statements of Globus Wine A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2021 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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management'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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 17 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Robert Christensen
State Authorised Public Accountant
mne16653

Mathias Jessen
State Authorised Public Accountant
mne46620

Management's review

Company details

Name	Globus Wine A/S
Address, Postal code, City	Bragesvej 1, 4600, Køge
CVR no.	27 36 69 88
Established	1 October 2003
Registered office	Køge
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, Chair Stian Glendrange Henning Skov Andersen Stig Christensen John Staunbjerg Dueholm Claus Juel Jensen
Executive Board	Jens Christian Voldmester, adm. direktør
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	726,419	695,851	588,269	531,668	465,842
Gross profit	114,847	96,536	40,554	52,394	65,175
Operating profit/loss	43,098	31,811	-18,062	1,947	24,268
Net financials	-3,361	-4,194	-1,600	-2,579	-974
Profit for the year	32,877	15,047	-14,351	343	20,231
Total assets					
Equity	257,909	211,168	236,003	204,342	201,282
	69,508	44,012	35,598	50,014	58,568
Amount relating to investments in property, plant and equipment					
	-12,737	-3,569	-6,895	-33,797	-1,010
Financial ratios					
Operating margin	6.0%	4.7%	-2.9%	0.5 %	5.4 %
Return on assets	18.4%	14.2%	-8.2%	1.0%	13.0%
Current ratio	109.8%	98.8%	87.4%	106.3%	143.5%
Equity ratio	27.0%	20.8%	15.1%	24.5%	29.1%
Average number of full-time employees					
	105	93	82	72	73

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

Management's review

Data ethics

Business review

The Company's main activity is filling wine into bag-in-boxes and bottles. The wines are either sold as Globus Wine's own brands or filled on behalf of third party brand owners.

Financial review

Revenue increased by DKK 30.5 million to DKK 726.4 million against DKK 695.9 million last year. Cash flows from operating activities were positive by DKK 16.5 million. Profit before tax increased by DKK 20.1 million to DKK 41.7 million against DKK 21.5 million last year. Profit after tax increased by 17.8 million to DKK 32.9 million from DKK 15.0 million last year. Equity of DKK 69.5million as per 31. December 2021 is DKK 25.5 million higher than last year.

The company's profit before net financials was in 2020 significantly affected by the risk of losing a legal case in the German subsidiary by -4.7 million. This has been reversed in 2021 as the case was settled with in 2021.

Management considers the results of operation (excluding the above mentioned reversal) very satisfactory and expectations was met.

Letter from the Board of Directors

Globus Wine made good progress during 2021, and delivered growth well above the general market, despite the effect of the continuous worldwide Covid-19 outbreak.

The Company's production facility has in 2021 been expanded with a warehouse adding almost 20.000 pallet spaces

Our strategy is working

We continue to see growth in all key segments, and a strengthening of our customer relations. In terms of sourcing, we continue to add new markets, producers and knowledge, to further strengthen our leading service platform and value proposition to customers. We have had a clear benefit from the addition of two new high capacity filling lines, strengthening the pillars for cost leadership and filling capacity in the Northern European market.

In marketing, our continued strengthening of market insight and local market understanding provide a strong position to help our Retailer and Horeca customers build value with new concepts and products in the wine category.

We have invested significant effort and costs to deliver on our customer promises.

Going forward

We will in 2022 continue and intensify the strategic focus on building brands and realize organic growth in the Northern European markets while expanding our filler services. We expect a significant efficiency increase in production and a return to healthy profit margin levels as we continue to serve and grow with our customers, with a joint ambition of further adding value and innovation to the wine category.

Statutory CSR report

The Group works actively with social responsibility with focus on human rights, social and employee conditions, anti-corruption as well as climate- and environmental conditions. In regards to the statutory requirement of the corporate social responsibility reporting we refer to the CSR-report on <https://globuswine.dk/corporate-social-responsibility>.

Globus Wine does not consider it appropriate to develop a data ethics policy. In this context, the entity emphasizes that the company collects and processes data only to a limited extent and does not use new technologies as part of its main activity, and does not itself or through external suppliers carry out specific data analyses, evaluations or segmentations.

Management's review

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, primarily USD, SEK, AUD and ZAR. To a certain extent, the Group hedges currency risks by entering into forward exchange contracts and by making purchases and sales in the same currency.

Events after the balance sheet date

The Company generally achieved results in January and February 2022 in line with expectations. However, Management has noted that the worldwide Covid 19 outbreak will potentially continue to affect the Company's performance and financial position by 2022 especially related to challenges in the global freight/shipping market with service reliabilities around 30% and increased leadtimes by around 100%. However, it is not possible for the Company's management at the time of reporting to quantify the effect any further, as it will depend on the duration, mutation and extent of the virus outbreak and other consequences hereby. Danish retail and Swedish wine importers constitute the majority of the Company's volume and currently appear robust with a trend of gaining from the changes in consumer behavior, while sales to the German border and to the Horeca segment could potentially continue to be effected negatively. Overall the situation continues to be manageable, based on the situation as of the date of this report.

In relation to the ongoing war in Ukraine, the Company has no customers or suppliers in Russia or Ukraine. However, reduced supply of gas and increasing energy prices which could impact the bottle prices. At the current point in time it's too early to estimate potential net effect, including to what extent potential cost increases will be passed on to customers. High share of bag-in-box sales limit net exposure to energy prices compared to most other companies in the wine segment

No other material events affecting the Group's financial position have occurred subsequent to the financial year end.

Outlook

For 2022, the company expects a revenue in the range DKK 750-790 million and profit before tax of DKK 45-55 million. Positive cash flows from operating activities are expected.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
3	Revenue	726,419	695,851
	Change in inventories of finished goods and work in progress	27,317	-12,118
	Other operating income	780	780
	Raw materials and consumables	-580,464	-533,392
	Other external expenses	-59,205	-54,585
	Gross profit	114,847	96,536
4	Staff costs	-63,836	-57,159
5	Amortisation/depreciation of intangible assets and property, plant and equipment	-7,132	-6,786
	Other operating expenses	-203	-66
	Profit before net financials	43,676	32,525
	Income from investments in group entities	1,336	-6,826
6	Financial income	667	1,126
7	Financial expenses	-4,028	-5,320
	Profit before tax	41,651	21,505
8	Tax for the year	-8,774	-6,458
	Profit for the year	32,877	15,047

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
9	Intangible assets		
	Acquired intangible assets	4,072	401
	Development projects in progress and prepayments for intangible assets	530	310
		<u>4,602</u>	<u>711</u>
10	Property, plant and equipment		
	Plant and machinery	48,250	47,681
	Other fixtures and fittings, tools and equipment	1,570	1,261
	Leasehold improvements	8,199	2,368
	Property, plant and equipment in progress	1,339	2,391
		<u>59,358</u>	<u>53,701</u>
11	Investments		
	Investments in group entities, net asset value	1,350	690
		<u>1,350</u>	<u>690</u>
	Total fixed assets	<u>65,310</u>	<u>55,102</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	11,176	12,662
	Finished goods and goods for resale	124,690	97,373
		<u>135,866</u>	<u>110,035</u>
	Receivables		
	Trade receivables	31,986	10,424
	Receivables from group entities	18,595	19,519
	Joint taxation contribution receivable	0	1,078
	Other receivables	5,659	436
	Prepayments	347	852
		<u>56,587</u>	<u>32,309</u>
	Cash	146	13,722
	Total non-fixed assets	<u>192,599</u>	<u>156,066</u>
	TOTAL ASSETS	<u><u>257,909</u></u>	<u><u>211,168</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,725	1,725
	Net revaluation reserve according to the equity method	962	0
	Hedging reserve	3,931	-1,663
	Retained earnings	50,390	30,950
	Dividend proposed for the year	12,500	13,000
	Total equity	69,508	44,012
	Provisions		
13	Deferred tax	9,020	4,656
	Total provisions	9,020	4,656
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Lease liabilities	0	556
	Other payables	3,946	3,946
		3,946	4,502
	Current liabilities other than provisions		
14	Current portion of long-term liabilities	556	627
	Other credit institutions	67,272	66,799
	Trade payables	64,328	55,306
	Payables to group entities	2,084	640
	Income taxes payable	5,990	1,690
	Other payables	35,205	32,936
		175,435	157,998
	Total liabilities other than provisions	179,381	162,500
	TOTAL EQUITY AND LIABILITIES	257,909	211,168

- 1 Accounting policies
- 2 Special items
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Fee to the auditors appointed by the Company in general meeting
- 20 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Hedging reserve	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2020	1,725	5,307	0	28,566	0	35,598
20	Transfer, see "Appropriation of profit"	0	-5,307	0	7,354	13,000	15,047
	Adjustment of hedging instruments at fair value	0	0	-2,132	0	0	-2,132
	Exchange adjustment	0	0	0	30	0	30
	Tax on hedging instruments at fair value recognised directly in equity	0	0	469	0	0	469
	Extraordinary Dividend	0	0	0	-5,000	0	-5,000
	Equity at 1 January 2021	1,725	0	-1,663	30,950	13,000	44,012
20	Transfer, see "Appropriation of profit"	0	1,336	0	19,041	12,500	32,877
	Adjustment of hedging instruments at fair value	0	0	7,174	0	0	7,174
	Exchange adjustment	0	18	0	0	0	18
	Other value adjustments of equity	0	-392	0	399	0	7
	Tax on hedging instruments at fair value recognised directly in equity	0	0	-1,580	0	0	-1,580
	Dividend distributed	0	0	0	0	-13,000	-13,000
	Equity at 31 December 2021	1,725	962	3,931	50,390	12,500	69,508

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2021	2020
	Profit for the year	32,877	15,047
21	Adjustments	17,931	24,264
	Cash generated from operations (operating activities)	50,808	39,311
22	Changes in working capital	-30,986	4,020
	Cash generated from operations (operating activities)	19,822	43,331
	Interest received, etc.	667	634
	Interest paid, etc.	-4,028	-4,939
	Cash flows from operating activities	16,461	39,026
	Additions of intangible assets	-4,146	-45
	Additions of property, plant and equipment	-12,737	-3,569
	Sale of financial assets	0	249
	Cash flows to investing activities	-16,883	-3,365
	Dividends paid	-13,000	-5,000
	Proceeds of debt to credit institutions	473	0
	Proceeds of debt, group enterprises	0	-15,000
	Repayments, debt to credit institutions	0	-15,770
	Repayments, finance leases	-627	-1,584
	Other cash flows from financing activities	11,109	4,103
	Cash flows from financing activities	-2,045	-33,251
	Net cash flow	-2,467	2,410
	Cash and cash equivalents at 1 January	2,613	203
23	Cash and cash equivalents at 31 December	146	2,613

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Globus Wine A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

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 separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity, and foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are recognised directly in 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 presented as separate items in the balance sheet.

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 an ongoing basis.

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 and operating expenses

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.

Cost of sales

Cost of sales includes the cost of goods 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
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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	3-10 years
Leasehold improvements	3-20 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 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.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss 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.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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.

Investments in subsidiaries

Investments in subsidiaries are measured, using the equity method, at the Parent Company'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 Company has a legal or constructive obligation to cover the deficit.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

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

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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, 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.

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company for 2021. The German subsidiary, Globus Wine GmbH, became a party to a legal case in December 2019 regarding tariff classifications for cider products sourced by a third party producer and sold to border customers. The case is in 2021 settled with the German authorities and the payable amount is for the main part covered by the company's suppliers and management has therefore reversed the provision in 2021

As disclosed in the Management's review, the profit for the year is affected by the reversal of the provision amounting to DKK 4,728 thousand that in the opinion of the Board of Directors do not form part of the operating activities.

DKK'000	2021	2020
Expenses		
Provision for tariff	4,728	-4,728
	<u>4,728</u>	<u>-4,728</u>
Special items are recognised in the below items of the financial statements		
Income from investments in group entities	4,728	-4,728
Net profit/loss on special items	<u>4,728</u>	<u>-4,728</u>

3 Segment information

The Group has not disclosed the breakdown of revenue by geographical and business segments, 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.

4 Staff costs

Wages/salaries	56,111	50,836
Pensions	4,323	3,456
Other social security costs	795	564
Other staff costs	2,607	2,303
	<u>63,836</u>	<u>57,159</u>
Average number of full-time employees	<u>105</u>	<u>93</u>

Total remuneration to Management amounts to DKK 4,705 thousand (2020: DKK 3,430 thousand).

5 Amortisation/depreciation of intangible assets and property, plant and equipment

Amortisation of intangible assets	255	387
Depreciation of property, plant and equipment	6,877	6,399
	<u>7,132</u>	<u>6,786</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
6 Financial income		
Interest receivable, group entities	548	492
Other financial income	119	634
	<u>667</u>	<u>1,126</u>
7 Financial expenses		
Interest expenses, group entities	53	381
Other financial expenses	3,975	4,939
	<u>4,028</u>	<u>5,320</u>
8 Tax for the year		
Estimated tax charge for the year	4,410	2,159
Deferred tax adjustments in the year	4,364	4,299
	<u>8,774</u>	<u>6,458</u>

Specified as follows:

Tax for the year	8,774	6,458
Tax on hedging instruments at fair value recognised directly in equity	1,580	-469
	<u>10,354</u>	<u>5,989</u>

9 Intangible assets

DKK'000	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2021	2,718	310	3,028
Additions in the year	3,926	530	4,456
Disposals in the year	-157	-310	-467
Cost at 31 December 2021	<u>6,487</u>	<u>530</u>	<u>7,017</u>
Impairment losses and amortisation at 1 January 2021	2,317	0	2,317
Amortisation/depreciation in the year	255	0	255
Reversal of amortisation/depreciation and impairment of disposals	-157	0	-157
Impairment losses and amortisation at 31 December 2021	<u>2,415</u>	<u>0</u>	<u>2,415</u>
Carrying amount at 31 December 2021	<u>4,072</u>	<u>530</u>	<u>4,602</u>

Financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

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 2021	77,913	2,340	3,944	2,391	86,588
Additions in the year	4,732	564	6,102	1,339	12,737
Disposals in the year	-1,078	-749	-1,142	0	-2,969
Transfer from other accounts	2,391	0	0	-2,391	0
Cost at 31 December 2021	83,958	2,155	8,904	1,339	96,356
Impairment losses and depreciation at 1 January 2021	30,232	1,079	1,576	0	32,887
Amortisation/depreciation in the year	6,366	240	271	0	6,877
Reversal of prior-year impairment losses	-890	-734	-1,142	0	-2,766
Impairment losses and depreciation at 31 December 2021	35,708	585	705	0	36,998
Carrying amount at 31 December 2021	48,250	1,570	8,199	1,339	59,358
Property, plant and equipment include finance leases with a carrying amount totalling	2,432	0	0	0	2,432

11 Investments

DKK'000	Investments in group entities, net asset value
Cost at 1 January 2021	387
Cost at 31 December 2021	387
Value adjustments at 1 January 2021	303
Exchange adjustment	18
Share of the profit/loss for the year	12,714
Other adjustments, investments	-12,072
Value adjustments at 31 December 2021	963
Carrying amount at 31 December 2021	1,350

Name	Legal form	Domicile	Interest
Subsidiaries			
Globus Wine GmbH	GmbH	Harrislee, Germany	100.00%
Globus Wine Germany	GmbH	Harrislee, Germany	100.00%
Globus Wine Poland	sp.z.o.o.	Krakow, Poland	100.00%

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020		
12 Share capital				
Analysis of the share capital:				
1,725 shares of DKK 1,000.00 nominal value each	1,725	1,725		
	<u>1,725</u>	<u>1,725</u>		
13 Deferred tax				
Deferred tax at 1 January	4,656	357		
Change in deferred tax	4,364	4,299		
Deferred tax at 31 December	<u>9,020</u>	<u>4,656</u>		
Deferred tax relates to:				
Intangible assets	886	53		
Property, plant and equipment	5,724	5,128		
Inventories	2,532	1,606		
Liabilities	-122	-277		
Tax loss	0	-1,854		
	<u>9,020</u>	<u>4,656</u>		
14 Non-current liabilities other than provisions				
DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	556	556	0	0
Other payables	3,946	0	3,946	0
	<u>4,502</u>	<u>556</u>	<u>3,946</u>	<u>0</u>

Financial statements 1 January - 31 December

Notes to the financial statements

15 Derivative financial instruments

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2021:

Currency (DKK'000)	Payment/mat urity	Payables	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 2 year	-7,667	106,451	98,784

Forecast transactions

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

DKK'000	Period	Contractual value		Gains and losses recognised in equity	
		2021	2020	2021	2020
Forward exchange contracts	0-36 months	106,451	116,069	5,049	-2,132

16 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Merlot HoldCo ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes from income years 2017 onwards.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	133,210	90,265
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Rent and lease liabilities include rent obligations totalling DKK 133,210 thousand in interminable rent agreements with a contract period of 1-9 years.

17 Collateral

A company charge of DKK 70,000 thousand has been provided as security for debt to credit institutions, DKK 67,272 thousand at 31 December 2021, secured on receivables, inventories, items of property, plant and equipment and intangible assets at a total carrying amount of DKK 231,096 thousand at 31 December 2021.

Bank guarantees totalling DKK 6,763 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 2021.

Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties

Globus Wine A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Merlot BidCo ApS	Bragesvej 1, 4600 Køge	Participating interest
Merlot HoldCo ApS	Stortingsgaten 22, 0124 Oslo, Norway	Participating interest
Credo Invest Nr 11 AS		Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Merlot HoldCo ApS	Bragesvej 1, 4600 Køge	www.cvr.dk

Related party transactions

Globus Wine A/S was engaged in the below related party transactions:

DKK'000	2021	2020
Purchase of management and consultancy assistance	3,667	3,840
Interest income from group entities	374	492
Interest expenses from group entities	53	381
Receivables from group entities	18,595	19,519
Payables to group entities	2,084	640

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

Information on the remuneration to management

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

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

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

20 Appropriation of profit

Recommended appropriation of profit

Proposed dividend recognised under equity	12,500	13,000
Net revaluation reserve according to the equity method	1,336	-5,307
Retained earnings	19,041	7,354
	<u>32,877</u>	<u>15,047</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
21 Adjustments		
Amortisation/depreciation and impairment losses	7,132	6,786
Income from investments in group entities	-1,336	6,826
Financial income	-667	-1,126
Financial expenses	4,028	5,320
Tax for the year	8,774	6,458
	<u>17,931</u>	<u>24,264</u>
22 Changes in working capital		
Change in inventories	-25,831	11,839
Change in receivables	-25,356	3,557
Change in trade and other payables	20,201	-11,376
	<u>-30,986</u>	<u>4,020</u>
23 Cash and cash equivalents at year-end		
Cash according to the balance sheet	146	13,722
Securities included as cash and cash equivalents	0	-11,109
	<u>146</u>	<u>2,613</u>

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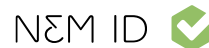
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Stian Glendrange

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