Globus Wine A/S

Bragesvej 1, 4600, Køge

CVR no. 27 36 69 88

Annual report 2022

Approved at the Company's annual general meeting on 30 June 2023

Chair of the meeting:

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Veli Pekka Tennilä

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 2022.

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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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, 30 June 2023
Executive Board:

Jens Christian Voldmester
adm. direktør

Board of Directors:

Veli Pekka Tennilä Chair	Sigmund Laszlo Toth	Thomas Erik Johannes Heinonen
Hanu Mikael Tuominen	Tomi Janne Halttunen	

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 2022, 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 2022 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2022 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' International 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, 30 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne28603

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	Veli Pekka Tennilä, Chair Sigmund Laszlo Toth Thomas Erik Johannes Heinonen Hanu Mikael Tuominen Tomi Janne Halttunen
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	2022	2021	2020	2019	2018
Key figures					
Revenue	813,247	726,419	695,851	588,269	531,668
Gross profit	82,327	114,847	96,536	40,554	52,394
Operating profit/loss	-7,084	43,098	31,811	-18,062	1,947
Net financials	-4,698	-3,361	-4,194	-1,600	-2,579
Profit/loss for the year	-6,970	32,877	15,047	-14,351	343
Total assets	316,919	257,909	211,168	236,003	204,342
Investments in property, plant and equipment	-1,611	-12,737	-3,569	-6,895	-33,797
Equity	49,381	69,508	44,012	35,598	50,014
Amount relating to investments in property, plant and equipment	-1,611	-12,737	-3,569	-6,895	-33,797
Financial ratios					
Operating margin	-0.8%	6.0%	4.7%	-2.9 %	0.5 %
Return on assets	-2.5%	18.4%	14.2%	-8.2%	1.0%
Current ratio	99.5%	109.8%	98.8%	87.4%	106.3%
Equity ratio	15.6%	27.0%	20.8%	15.1%	24.5%
Average number of full-time employees	127	105	93	82	72

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

Management's review

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 86.8 million to DKK 813.2 million against DKK 726.4 million last year. Cash flows from operating activities were positive by DKK 103.5 million. Profit before tax decreased by DKK 50.9 million to DKK -9.3 million against DKK 41.7 million last year. Profit after tax decreased by 39.9 million to DKK -7.0 million from DKK 32.9 million last year. Equity of DKK 49.4 million as per 31. December 2022 is DKK 20.1 million lower than last year. Management considers the top line result of the Company overall satisfactory, however unsatisfactory when considering the bottom-line as the expectations were not met.

Letter from the Board of Directors

Globus Wine A/S was acquired by Anora Group Plc in July 2022. Since the acquisition, Globus Wine and Anora have worked together to identify synergies and create a plan for how the unique competencies of Globus Wine can be integrated and exploited in Anora. In March 2023, it was announced that Anora will establish a Wine Excellence Center, with centralized production of all wine for the Anora Group. This will be placed at the current Globus Wine facilities in Køge. Preliminary project work has been initiated to scope this move.

The 2022 financial bottom-line result

The unsatisfactory bottom-line result of 2022, was mainly driven by the following 3 factors:

1) An adjustment of the inventories at year-end of DKK 50 million was made, which is due to registration errors in the logistics module of the ERP system, whereby the costs of goods sold was recognized at a too low value in the finance module of the ERP system.

2) Driven by the top line growth and the future continued growth derived from the Anora acquisition, Globus Wine invested heavily in people, and added capacities to fuel this growth.

3) In spring 2022, a lock-down in the US Port workers was expected. This increased the risk of Globus Wine not being able to import bulk wine to fuel the operation. Due to this it was decided to purchase a significant amount of additional bulk containers to counter the risk and get it shipped immediately. Ultimately this led to the congestion of the value chain, as everything arrived at once.

Our top line 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. In marketing, our continued strengthening of market insight and local market understanding provide a strong position to help our Retailer 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 2023 continue and intensify the strategic focus on building brands and realize organic growth in the Northern European markets while expanding our filler services towards selected strategic partners. We expect to continue seeing a significant efficiency increase in production due to the continued collaboration with Mantec 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. The benefit of being under the Anora umbrella will materialize and lead to increased volume going through our operation. Another positive impact will be the positive economy of scale impact on purchasing.

Management's review

Financial risks and use of financial instruments

Due to the Group's activities abroad, profit, cash flows and equity are affected by the development in exchange rates for several currencies, primarily USD, SEK, AUD and ZAR. To a certain extent, the Group hedges currency risks by entering forward exchange contracts and by making purchases and sales in the same currency

Statutory CSR report

The Group works actively with social responsibility with focus om human rights, social and employee conditions, anti-corruption as well as climate- and environmental conditions. In regard to the statutory requirement of the corporate social responsibility reporting we refer to the CSR-report on https://assets.ctfassets.net/197jjpt91b9r/41zF96fn3Ht2w6B8jv5cpD/adac917fd5ce51fcaadafacc1fcb6149/Anora_Sustainability_Report_2022.pdf.

Account of the gender composition of Management

Cf. §99b in the Danish Financial Statements Act, the Company´s policy regarding management diversity aims on having 50% female members on the board of Directors. However the company also aims on having the most qualified resources available. The company is currently not in compliance with the policy as 100% members of the board are male (5 persons). Due to internal matters in 2022 it has not been possible to find available qualified female candidates. The Company aim to meet the target of 50% female members on the Board of Directors in 2025 at the latest.

The Company´s policy regarding management diversity aims on having 50% female members on other managerial positions (directors and department leaders). The company is currently not in compliance with the policy as 60% members of other managerial positions are male. The Company aim to meet the target of 50% female members on other managerial positions in 2025 at the latest.

Outlook

For 2023, the company expects a revenue in the range DKK 900-940 million pre excise wine duties and profit before tax of DKK 40-50 million. Positive cash flows from operating activities are expected.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
4	Revenue	813,247	726,419
	Change in inventories of finished goods and work in progress	22,143	27,317
	Other operating income	780	780
	Raw materials and consumables	-692,270	-580,464
	Other external expenses	-61,573	-59,205
	Gross profit	82,327	114,847
5	Staff costs	-79,701	-63,836
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-8,930	-7,132
	Other operating expenses	0	-203
	Profit/loss before net financials	-6,304	43,676
	Income from investments in group entities	1,724	1,336
6	Financial income	1,157	667
7	Financial expenses	-5,855	-4,028
	Profit/loss before tax	-9,278	41,651
8	Tax for the year	2,308	-8,774
	Profit/loss for the year	-6,970	32,877

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
9	Intangible assets		
	Acquired intangible assets	4,269	4,072
	Development projects in progress and prepayments for intangible assets	482	530
		4,751	4,602
10	Property, plant and equipment		
	Plant and machinery	43,952	48,250
	Other fixtures and fittings, tools and equipment	1,287	1,570
	Leasehold improvements	7,846	8,199
	Property, plant and equipment in progress	71	1,339
		53,156	59,358
11	Investments		
	Investments in group entities, net asset value	3,407	1,350
		3,407	1,350
	Total fixed assets	61,314	65,310
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	28,207	11,176
	Finished goods and goods for resale	146,833	124,690
		175,040	135,866
	Receivables		
	Trade receivables	33,988	31,986
	Receivables from group entities	19,302	18,595
	Other receivables	4,914	5,659
	Prepayments	1,968	347
		60,172	56,587
	Cash	20,393	146
	Total non-fixed assets	255,605	192,599
	TOTAL ASSETS	316,919	257,909

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,725	1,725
	Net revaluation reserve according to the equity method	3,020	962
	Hedging reserve	3,238	3,931
	Retained earnings	41,398	50,390
	Dividend proposed for the year	0	12,500
	Total equity	49,381	69,508
	Provisions		
13	Deferred tax	6,516	9,020
	Total provisions	6,516	9,020
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Other payables	4,075	3,946
		4,075	3,946
	Current liabilities other than provisions		
14	Current portion of long-term liabilities	0	556
	Other credit institutions	0	67,272
	Trade payables	105,102	64,328
	Payables to group entities	111,430	2,084
	Income taxes payable	5,990	5,990
	Other payables	34,425	35,205
		256,947	175,435
	Total liabilities other than provisions	261,022	179,381
	TOTAL EQUITY AND LIABILITIES	316,919	257,909

1 Accounting policies
2 Events after the balance sheet date
3 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/loss

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 2022	1,725	962	3,931	50,390	12,500	69,508
20	Transfer, see "Appropriation of profit/loss"	0	1,725	0	-8,695	0	-6,970
	Adjustment of hedging instruments at fair value	0	0	-889	0	0	-889
	Exchange adjustment	0	36	0	0	0	36
	Other value adjustments of equity	0	297	0	-297	0	0
	Tax on hedging instruments at fair value recognised directly in equity	0	0	196	0	0	196
	Dividend distributed	0	0	0	0	-12,500	-12,500
	Equity at 31 December 2022	1,725	3,020	3,238	41,398	0	49,381

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2022	2021
	Profit/loss for the year	-6,970	32,877
21	Adjustments	9,596	17,931
	Cash generated from operations (operating activities)	2,626	50,808
22	Changes in working capital	-4,476	-30,986
	Cash generated from operations (operating activities)	-1,850	19,822
	Interest received, etc.	1,157	667
	Interest paid, etc.	-5,855	-4,028
	Cash flows from operating activities	-6,548	16,461
	Additions of intangible assets	-1,266	-4,146
	Additions of property, plant and equipment	-1,611	-12,737
	Cash flows to investing activities	-2,877	-16,883
	Dividends paid	-12,500	-13,000
	Proceeds of debt to credit institutions	0	473
	Proceeds of debt, group entities	110,000	0
	Repayments, debt to credit institutions	-67,272	0
	Repayments, finance leases	-556	-627
	Other cash flows from financing activities	0	11,109
	Cash flows from financing activities	29,672	-2,045
	Net cash flow	20,247	-2,467
	Cash and cash equivalents at 1 January	146	2,613
23	Cash and cash equivalents at 31 December	20,393	146

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Globus Wine A/S for 2022 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

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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	3-5 years

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

The Company has chosen IAS 17 as interpretation for classification and recognition of 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.

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items may comprise expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company’s primary operating activities and that are deemed not to be recurring.

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	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
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	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

2 Events after the balance sheet date

The Company fell short of the budgeted results in January and February 2023, as these were built using incorrect gross margins. In relation to the ongoing war in Ukraine, the Company has no customers or suppliers in Russia. However, the fluctuation of the gas and electricity prices throughout the year and the uncertain level it will reach by fall of 2023, imposes a risk to the profitability. This is especially evident on 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 and decreases 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 after the financial year end.

Financial statements 1 January - 31 December

Notes to the financial statements

3 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 in 2021 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	2022	2021
Expenses		
Provision for tariff	0	4,728
	0	4,728
Special items are recognised in the below items of the financial statements		
Income from investments in group entieties	0	4,728
Net profit on special items	0	4,728

Financial statements 1 January - 31 December

Notes to the financial statements

4 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.

5 Staff costs		
Wages/salaries	70,151	56,111
Pensions	5,549	4,323
Other social security costs	1,000	795
Other staff costs	3,001	2,607
	79,701	63,836
Average number of full-time employees	127	105

Total remuneration to Management amounts to DKK 3,957 thousand (2021: DKK 4,705 thousand).

6 Financial income		
Interest receivable, group entities	548	548
Other financial income	609	119
	1,157	667

7 Financial expenses		
Interest expenses, group entities	911	53
Other financial expenses	4,944	3,975
	5,855	4,028

8 Tax for the year		
Estimated tax charge for the year	196	4,410
Deferred tax adjustments in the year	-2,504	4,364
	-2,308	8,774

Specified as follows:

Tax for the year	-2,308	8,774
Tax on hedging instruments at fair value recognised directly in equity	-196	1,580
	-2,504	10,354

Financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

DKK'000	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	6,487	530	7,017
Additions in the year	784	482	1,266
Transfer from other accounts	530	-530	0
Cost at 31 December 2022	7,801	482	8,283
Impairment losses and amortisation at 1 January 2022	2,415	0	2,415
Amortisation/depreciation in the year	1,117	0	1,117
Impairment losses and amortisation at 31 December 2022	3,532	0	3,532
Carrying amount at 31 December 2022	4,269	482	4,751

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 2022	83,958	2,155	8,904	1,339	96,356
Additions in the year	1,067	75	398	71	1,611
Transfer from other accounts	1,339	0	0	-1,339	0
Cost at 31 December 2022	86,364	2,230	9,302	71	97,967
Impairment losses and depreciation at 1 January 2022	35,708	585	705	0	36,998
Amortisation/depreciation in the year	6,704	358	751	0	7,813
Impairment losses and depreciation at 31 December 2022	42,412	943	1,456	0	44,811
Carrying amount at 31 December 2022	43,952	1,287	7,846	71	53,156

Financial statements 1 January - 31 December

Notes to the financial statements

11 Investments

DKK'000	Investments in group entities, net asset value
Cost at 1 January 2022	387
Cost at 31 December 2022	387
Value adjustments at 1 January 2022	963
Exchange adjustment	36
Share of the profit/loss for the year	1,724
Other adjustments, investments	297
Value adjustments at 31 December 2022	3,020
Carrying amount at 31 December 2022	3,407

Of the total carrying amount, negative net assets in group entities, T.DKK 2,166 have been set off against receivables.

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	2022	2021
12 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

13 Deferred tax

	2022	2021
Deferred tax at 1 January	9,020	4,656
Change in deferred tax	-2,504	4,364
Deferred tax at 31 December	6,516	9,020

Deferred tax relates to:

	2022	2021
Intangible assets	933	886
Property, plant and equipment	5,806	5,724
Inventories	2,040	2,532
Liabilities	0	-122
Tax loss	-2,263	0
	6,516	9,020

14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	4,075	0	4,075	4,075
	4,075	0	4,075	4,075

15 Derivative financial instruments

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2022:

Currency (DKK'000)	Payment/maturity	Payables	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	-1,714	34,852	33,138

Forecast transactions

The Company 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	2022	2021	2022	2021
Forward exchange contracts	0-12 months	34,852	106,451	4,159	5,049

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Notes to the financial statements

16 Contractual obligations and contingencies, etc.

Other contingent liabilities

Globus Wine has an ongoing dispute with a costumer. In 2022 the costumer has filed a lawsuit against Globus Wine totalling DKK 1,553 thousand. Management has assessed the risk and they expect to win the lawsuit and therefore no provision is recognized in the annual repport.

The Company is jointly taxed with its parent, Merlot HoldCo ApS, which acts as management company until 1th of July 2022, and other Danish group entities. From 2 July the Company joined a new joined taxation with Arcus Denmark A/S as management company. 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	104,017	133,210

Rent and lease liabilities include rent obligations totalling DKK 104,017 thousand in interminable rent agreements with a contract period of 1-8 years.

17 Collateral

A company charge of DKK 70,000 thousand has been provided as security for debt to credit institutions, DKK 0 thousand at 31 December 2022, secured on receivables, inventories, items of property, plant and equipment and intangible assets at a total carrying amount of DKK 266,935 thousand at 31 December 2022.

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 subsidiaries bank commitments, DKK 1 thousand at 31 December 2022.

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
Anora Group Oyj	Kaapeliaukio 1 00180 Helsinki, Finland	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	2022	2021
Purchase of management and consultancy assistance	0	3,667
Interest income from group entities	446	374
Interest expenses from group entities	911	53
Sale of goods and services to group companies	6,864	0
Purchase of goods and services from group companies	28	0
Receivables from group entities	19,302	18,595
Payables to group entities	111,430	2,084

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

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "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/loss

Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	0	12,500
Net revaluation reserve according to the equity method	1,725	1,336
Retained earnings/accumulated loss	-8,695	19,041
	-6,970	32,877

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Notes to the financial statements

	DKK'000	2022	2021
21	Adjustments		
	Amortisation/depreciation and impairment losses	8,930	7,132
	Income from investments in group entities	-1,724	-1,336
	Financial income	-1,157	-667
	Financial expenses	5,855	4,028
	Tax for the year	-2,308	8,774
		9,596	17,931
22	Changes in working capital		
	Change in inventories	-39,174	-25,831
	Change in receivables	-3,585	-25,356
	Change in trade and other payables	38,283	20,201
		-4,476	-30,986
23	Cash and cash equivalents at year-end		
	Cash according to the balance sheet	20,393	146
		20,393	146