

Treasury Wine Estates Denmark ApS

Sundkrogsgade 21
DK-2100 Copenhagen
CVR No. 31632250

Annual report 01.07.2022 - 30.06.2023

The Annual General Meeting adopted the annual
report on 10.01.2024



Anders Maier

Chairman of the General Meeting

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Entity details

Entity

Treasury Wine Estates Denmark ApS
Sundkrogsgade 21
DK-2100 Copenhagen

Business Registration No.: 31632250
Registered office: Copenhagen
Financial year: 01.07.2022 - 30.06.2023

Executive Board

Emil Skov
Caroline Alexander Bibrzycka Burns
Antony David Watson
Katrine Kofoed Hansen

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
CVR No.: 25578198

Statement by Management

The Executive Board has today considered and approved the annual report of Treasury Wine Estates Denmark ApS for the financial year 01.07.2022 - 30.06.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 10.01.2024

Executive Board

Emil Skov



Antony David Watson



Caroline Alexander Bibrzycka Burns



Katrine Kofoed Hansen



Independent auditor's report

To the shareholders of Treasury Wine Estates Denmark ApS

Opinion

We have audited the financial statements of Treasury Wine Estates Denmark ApS for the financial year 01.07.2022 - 30.06.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.01.2024

KPMG Statsautoriseret Revisionspartnerselskab

CVR No. 25578198

Klaus Rytz

State Authorised Public Accountant

Identification No (MNE) mne33205

Torben R. Hansen

State Authorised Public Accountant

Identification No (MNE) mne45914

Management commentary

Financial highlights

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--------------------------|---------|---------|---------|---------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Key figures | | | | | |
| Revenue | 231,496 | 224,552 | 161,791 | 120,629 | 1,738 |
| Gross profit/loss | 5,239 | 6,225 | 4,339 | 1,558 | 1,219 |
| Operating profit/loss | 3,477 | 4,292 | 3,075 | 843 | 99 |
| Net financials | (3,761) | (2,765) | (3,158) | 745 | (0) |
| Profit/loss for the year | (536) | 1,409 | 372 | 1,219 | 73 |
| Total assets | 156,971 | 145,940 | 117,786 | 94,144 | 11,562 |
| Equity | 4,096 | 4,632 | 3,223 | 2,851 | 1,632 |
| Ratios | | | | | |
| Gross margin (%) | 2.26 | 2.77 | 2.68 | 1.29 | 70.14 |
| EBIT margin (%) | 1.50 | 1.91 | 1.90 | 0.70 | 5.70 |
| Net margin (%) | (0.23) | 0.63 | 0.23 | 1.01 | 4.20 |
| Return on equity (%) | (12.28) | 35.88 | 12.25 | 54.38 | 4.58 |
| Equity ratio (%) | 2.61 | 3.17 | 2.74 | 3.03 | 14.12 |

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Primary activities

The Company's primary business activity is that of buying and selling wine. The majority of wines are purchased from non-EU related party parties within the TWE Group, and sales of wine are to both external customers as well as to related parties. The Danish warehouse remains the Group's European distribution hub which serves TWE's customers in mainland Europe. Based on the activities performed, the risks borne and the assets managed by the Company, is its considered appropriate for it to be classified as a limited risk distributor and for it to be remunerated for its activities with reference to a target operating margin (before interest, tax and unrealised foreign exchange difference) based on a percentage of its total sales revenues.

Development in activities and finances

The loss for the year amounts to DKK (535,622) against a profit last year of DKK 1,408,502. The Company's management considers the result as expected.

Profit/loss for the year in relation to expected developments

The loss for the year amounts to DKK (535,622) against a profit last year of DKK 1,408,502, driven by the intercompany interest DKK 2,421,049 (2022: DKK nil) charged on the loan with TWE Finance UK Limited. Revenue increased by 3.1% in the current year as a result of increased sales as well as favourable brand mix, however, overall the gross margin decreased compared to last year as a result of increasing COGS in relation to the production and sale of wine.

Outlook

The Company will continue to focus on generating favourable returns, through distribution growth, top-line growth of the priority premium brand portfolio and cost optimisation initiatives. Management expects that the future results will be favourable to that of the 2022/2023 financial year.

Environmental performance

The Company is environmentally conscious and works together with its owners to reduce the environmental impacts of the corporate operations through joint structured ventures.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022/23

| | Notes | 2022/23 DKK | 2021/22 DKK |
|---------------------------------|-------|------------------|------------------|
| Revenue | | 231,495,523 | 224,551,995 |
| Cost of sales | | (224,700,601) | (217,509,448) |
| Other external expenses | | (1,555,534) | (817,468) |
| Gross profit/loss | | 5,239,388 | 6,225,079 |
| Staff costs | 1 | (1,762,309) | (1,933,439) |
| Operating profit/loss | | 3,477,079 | 4,291,640 |
| Other financial income | | 741,853 | 725,435 |
| Other financial expenses | 2 | (4,502,578) | (3,490,228) |
| Profit/loss before tax | | (283,646) | 1,526,847 |
| Tax on profit/loss for the year | 3 | (251,976) | (118,345) |
| Profit/loss for the year | 4 | (535,622) | 1,408,502 |

Balance sheet at 30.06.2023

Assets

| | Notes | 2022/23 DKK | 2021/22 DKK |
|---|-------|--------------------|--------------------|
| Raw materials and consumables | | 13,620,744 | 18,754,050 |
| Manufactured goods and goods for resale | | 84,106,660 | 68,307,119 |
| Inventories | | 97,727,404 | 87,061,169 |
| Trade receivables | | 18,666,858 | 25,503,455 |
| Receivables from group enterprises | | 27,168,247 | 27,514,783 |
| Deferred tax | 5 | 63,963 | 114,778 |
| Other receivables | | 1,982,207 | 1,287,174 |
| Tax receivable | | 0 | 43,999 |
| Receivables | | 47,881,275 | 54,464,189 |
| Cash | | 11,362,263 | 4,414,161 |
| Current assets | | 156,970,942 | 145,939,519 |
| Assets | | 156,970,942 | 145,939,519 |

Equity and liabilities

| | Notes | 2022/23 DKK | 2021/22 DKK |
|--|--------------|------------------------------|------------------------------|
| Contributed capital | | 125,000 | 125,000 |
| Retained earnings | | 3,970,961 | 4,506,583 |
| Equity | | 4,095,961 | 4,631,583 |
| Bank loans | | 0 | 110,614,207 |
| Prepayments received from customers | | 4,067,211 | 6,279,154 |
| Trade payables | | 6,558,381 | 7,406,780 |
| Payables to group enterprises | | 135,630,667 | 12,036,883 |
| Tax payable | | 133,162 | 0 |
| Other payables | | 6,485,560 | 4,970,912 |
| Current liabilities other than provisions | | 152,874,981 | 141,307,936 |
| Liabilities other than provisions | | 152,874,981 | 141,307,936 |
| Equity and liabilities | | 156,970,942 | 145,939,519 |
| Related parties with controlling interest | 6 | | |
| Transactions with related parties | 7 | | |
| Group relations | 8 | | |

Statement of changes in equity for 2022/23

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year | 125,000 | 4,506,583 | 4,631,583 |
| Profit/loss for the year | 0 | (535,622) | (535,622) |
| Equity end of year | 125,000 | 3,970,961 | 4,095,961 |

Notes

1 Staff costs

| | 2022/23 | 2021/22 |
|---------------------------------------|------------------|------------------|
| | DKK | DKK |
| Wages and salaries | 1,582,094 | 1,724,196 |
| Pension costs | 145,566 | 179,461 |
| Other social security costs | 34,649 | 29,782 |
| | 1,762,309 | 1,933,439 |
| Average number of full-time employees | 2 | 2 |

Remuneration for management is not shown in accordance with The Danish Financial Statements Act § 98, paragraph 3, number 2.

2 Other financial expenses

| | 2022/23 | 2021/22 |
|---|------------------|------------------|
| | DKK | DKK |
| Financial expenses from group enterprises | 2,421,049 | 0 |
| Other financial expenses | 2,081,529 | 3,490,228 |
| | 4,502,578 | 3,490,228 |

3 Tax on profit/loss for the year

| | 2022/23 | 2021/22 |
|------------------------|----------------|----------------|
| | DKK | DKK |
| Current tax | 201,161 | 0 |
| Change in deferred tax | 50,815 | 118,345 |
| | 251,976 | 118,345 |

4 Proposed distribution of profit and loss

| | 2022/23 | 2021/22 |
|-------------------|------------------|------------------|
| | DKK | DKK |
| Retained earnings | (535,622) | 1,408,502 |
| | (535,622) | 1,408,502 |

5 Deferred tax

| | 2022/23 | 2021/22 |
|----------------------------|---------------|----------------|
| | DKK | DKK |
| Tax losses carried forward | 63,963 | 114,778 |
| Deferred tax | 63,963 | 114,778 |

| | 2022/23 | 2021/22 |
|------------------------------------|----------------|----------------|
| Changes during the year | DKK | DKK |
| Beginning of year | 114,778 | 233,123 |
| Recognised in the income statement | 63,963 | (118,345) |
| Corrections to previous year | (114,778) | 0 |
| End of year | 63,963 | 114,778 |

Deferred tax assets

The Company has DKK 64 thousand in deferred tax asset, which is related to tax losses carried forward.

6 Related parties with controlling interest

Treasury Wine Estates EMEA Limited, 9th Floor, Regal House, 70 London Road, Twickenham, Middlesex, TW1 3QS, United Kingdom owns all shares in the Entity, thus exercising control.

7 Transactions with related parties

| | Parent | Other related parties |
|-----------------------------------|---------------|------------------------------|
| | DKK | DKK |
| Revenue | 95,788,141 | 69,107,089 |
| Purchase of goods | 57,300,801 | 103,315,103 |
| Other expenses | 48,298 | 749,135 |
| Other income | 219,911 | 652,400 |
| Interest expense | 0 | 2,421,049 |
| Receivables | 16,517,206 | 10,651,041 |
| Liabilities other than provisions | 5,420,421 | 130,210,247 |

8 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Treasury Wine Estates Limited, Level 8, 161 Collins Street, Melbourne, Victoria 3000, Australia

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Treasury Wine Estates Limited, Level 8, 161 Collins Street, Melbourne, Victoria 3000, Australia

Copies of the consolidated financial statements of Treasury Wine Estates Limited may be ordered at the following address: <https://www.tweglobal.com/investors/annual-reports>

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

The accounting numbers have been presented in DKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price of bulk wine, delivery costs, dry goods and filling costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sell.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

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

Cash

Cash comprises bank deposits.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

With reference to 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Treasury Wine Estates Limited, Australia.