

Treasury Wine Estates Denmark ApS

Sundkrogsgade 21
DK-2100 Copenhagen
CVR No. 31632250

Annual report 01.07.2020 - 30.06.2021

The Annual General Meeting adopted the
annual report on 13.12.2021

Kathrine Kofoed Hansen
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: 01.07.2020 - 30.06.2021

Executive Board

Kimmie Tronborg Sanderhoff
Emil Skov
Caroline Alexander Bibrzycka Burns
Antony David Watson

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 01.07.2020 - 30.06.2021.

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 30.06.2021 and of the results of its operations for the financial year 01.07.2020 - 30.06.2021.

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, 13.12.2021

Executive Board

Kimmie Tronborg Sanderhoff

Emil Skov

Caroline Alexander Bibrzycka Burns

Antony David Watson

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 01.07.2020 - 30.06.2021, 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 30.06.2021 and of the results of its operations for the financial year 01.07.2020 - 30.06.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 13.12.2021

KPMG Statsautoriseret Revisionspartnerselskab

CVR No. 25578198

Klaus Rytz

State Authorised Public Accountant

Identification No (MNE) mne33205

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	161,791	120,629	1,738	1,514	1,531
Gross profit/loss	4,339	1,558	1,219	970	1,157
Operating profit/loss	3,075	843	99	61	202
Net financials	(3,158)	745	(0)	24	(115)
Profit/loss for the year	372	1,219	73	62	66
Total assets	117,786	94,144	11,565	2,190	2,333
Equity	3,223	2,851	1,632	1,558	1,496
Ratios					
Gross margin (%)	2.68	1.29	70.14	64.07	75.57
EBIT margin (%)	1.90	0.70	5.70	4.03	13.19
Net margin (%)	0.23	1.01	4.20	4.10	4.31
Return on equity (%)	12.25	54.38	4.58	4.06	4.51
Equity ratio (%)	2.74	3.03	14.11	71.14	64.12

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

Gross margin (%):

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

EBIT margin (%):

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

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

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

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.

During the year, it engaged with external Danish packaging and warehousing service providers, for the local production of Bag-In-Box wines and the storage of products respectively. Orders from customers (both internal and external) for products owned by the Company are fulfilled from the local warehouse. The local warehouse effectively operates as the Group's European Distribution hub which serves TWE's customers in mainland Europe, following the UK's departure from the European Union at the end of the 2020 calendar year.

Based on the activities performed, the risks borne and the assets managed by the Company, it is 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 profit for the year amounts to DKK 372,286 against a profit last year of DKK 1,219,166. The Company's management considers the result satisfactory.

Profit/loss for the year in relation to expected developments

The profit/loss of the year is in line with management's expectations and is as expected at the beginning of the year. The Company's operating margin has increased during the year compared to prior year as a direct result of the increased use of the Danish warehouse as a post-Brexit European hub which generated more sales revenue and a corresponding increase in operating profit.

Outlook

The Company will continue to focus on profitable growth. The management expects a profit at level with the profit of 2020/21. The use of the Danish warehouse as a European distribution hub is expected to continue for the foreseeable future due to the ongoing logistical issues caused by Brexit, until a more permanent solution is found in the medium term.

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 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue		161,791,147	120,629,169
Cost of sales		(154,273,431)	(118,117,134)
Other external expenses		(3,178,897)	(953,628)
Gross profit/loss		4,338,819	1,558,407
Staff costs	1	(1,264,247)	(715,426)
Operating profit/loss		3,074,572	842,981
Other financial income		459,199	2,770,483
Other financial expenses		(3,617,194)	(2,025,556)
Profit/loss before tax		(83,423)	1,587,908
Tax on profit/loss for the year	2	455,709	(368,742)
Profit/loss for the year	3	372,286	1,219,166

Balance sheet at 30.06.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Manufactured goods and goods for resale		48,123,382	26,268,050
Inventories		48,123,382	26,268,050
Trade receivables		32,078,154	17,088,479
Receivables from group enterprises		29,969,920	14,388,772
Deferred tax	4	233,123	0
Other receivables		4,339,535	28,409
Receivables		66,620,732	31,505,660
Cash		3,041,714	36,370,003
Current assets		117,785,828	94,143,713
Assets		117,785,828	94,143,713

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		125,000	125,000
Retained earnings		3,098,081	2,725,795
Equity		3,223,081	2,850,795
Other payables		29,755	29,755
Non-current liabilities other than provisions	5	29,755	29,755
Bank loans		76,319,000	53,307,322
Prepayments received from customers		4,184,567	172,936
Trade payables		11,711,402	9,190,256
Payables to group enterprises		15,796,991	25,569,934
Tax payable		128,966	376,869
Other payables		6,392,066	2,645,846
Current liabilities other than provisions		114,532,992	91,263,163
Liabilities other than provisions		114,562,747	91,292,918
Equity and liabilities		117,785,828	94,143,713
Related parties with controlling interest	6		
Transactions with related parties	7		
Group relations	8		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	2,725,795	2,850,795
Profit/loss for the year	0	372,286	372,286
Equity end of year	125,000	3,098,081	3,223,081

Notes

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	1,111,906	618,293
Pension costs	131,044	105,167
Other social security costs	21,297	(8,034)
	1,264,247	715,426
Average number of full-time employees	1	1

2 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	0	361,546
Change in deferred tax	(233,123)	0
Adjustment concerning previous years	(222,586)	7,196
	(455,709)	368,742

3 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Retained earnings	372,286	1,219,166
	372,286	1,219,166

4 Deferred tax

	2020/21 DKK
Tax losses carried forward	233,123
Deferred tax	233,123

	2020/21 DKK
Changes during the year	
Recognised in the income statement	233,123
End of year	233,123

The Company has DKK 233 thousand in contingent asset, which is related to tax losses carried forward

5 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK
Other payables	29,755
	29,755

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 DKK	Other related parties DKK
Revenue	36,712,692	81,096,785
Purchase of goods	38,868,052	92,266,208
Other expenses	0	224,383
Receivables	19,601,748	10,368,172
Liabilities other than provisions	7,723,815	8,073,176

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.

Recognition and measurement

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

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

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

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

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

Income statement

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 ordinary 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 sale.

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.

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.

Tax receivable or payable

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

Cash flow statement

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.