

## Treasury Wine Estates Denmark ApS

Sundkrogsgade 21  
DK-2100 Copenhagen  
CVR No. 31632250

### **Annual report 01.07.2021 - 30.06.2022**

The Annual General Meeting adopted the  
annual report on 21.12.2022

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**Katrine 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: 01.07.2021 - 30.06.2022

## Executive Board

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

## 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 01.07.2021 - 30.06.2022.

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 30.06.2022 and of the results of its operations for the financial year 01.07.2021 - 30.06.2022.

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, 21.12.2022

## Executive Board

**Emil Skov**

**Caroline Alexander Bibrzycka Burns**

**Antony David Watson**

**Kimmie Kubis Tronborg**

# 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 01.07.2021 - 30.06.2022, 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 30.06.2022 and of the results of its operations for the financial year 01.07.2021 - 30.06.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 21.12.2022

**KPMG Statsautoriseret Revisionspartnerselskab**

CVR No. 25578198

**Klaus Rytz**

State Authorised Public Accountant

Identification No (MNE) mne33205

# Management commentary

## Financial highlights

	2021/22	2020/21	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	224,552	161,791	120,629	1,738	1,514
Gross profit/loss	6,225	4,339	1,558	1,219	970
Operating profit/loss	4,292	3,075	843	99	61
Net financials	(2,765)	(3,158)	745	(0)	24
Profit/loss for the year	1,409	372	1,219	73	62
Total assets	145,940	117,786	94,144	11,565	2,190
Equity	4,632	3,223	2,851	1,632	1,558
<b>Ratios</b>					
Gross margin (%)	2.77	2.68	1.29	70.14	64.07
EBIT margin (%)	1.91	1.90	0.70	5.70	4.03
Net margin (%)	0.63	0.23	1.01	4.20	4.10
Return on equity (%)	35.88	12.25	54.38	4.58	4.06
Equity ratio (%)	3.17	2.74	3.03	14.11	71.14

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 1,408,502 against a profit last year of DKK 372,286. 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 2021/22. 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 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Revenue		224,551,995	161,791,147
Cost of sales		(217,509,448)	(154,273,431)
Other external expenses		(817,468)	(3,178,897)
<b>Gross profit/loss</b>		<b>6,225,079</b>	<b>4,338,819</b>
Staff costs	1	(1,933,439)	(1,264,247)
<b>Operating profit/loss</b>		<b>4,291,640</b>	<b>3,074,572</b>
Other financial income		725,435	459,199
Other financial expenses		(3,490,228)	(3,617,194)
<b>Profit/loss before tax</b>		<b>1,526,847</b>	<b>(83,423)</b>
Tax on profit/loss for the year	2	(118,345)	455,709
<b>Profit/loss for the year</b>	3	<b>1,408,502</b>	<b>372,286</b>

# Balance sheet at 30.06.2022

## Assets

	Notes	2021/22 DKK	2020/21 DKK
Manufactured goods and goods for resale		87,061,169	48,123,382
<b>Inventories</b>		<b>87,061,169</b>	<b>48,123,382</b>
Trade receivables		25,503,455	32,078,154
Receivables from group enterprises		27,514,783	29,969,920
Deferred tax	4	114,778	233,123
Other receivables		1,287,174	4,339,535
Tax receivable		43,999	0
<b>Receivables</b>		<b>54,464,189</b>	<b>66,620,732</b>
<b>Cash</b>		<b>4,414,161</b>	<b>3,041,714</b>
<b>Current assets</b>		<b>145,939,519</b>	<b>117,785,828</b>
<b>Assets</b>		<b>145,939,519</b>	<b>117,785,828</b>

**Equity and liabilities**

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		125,000	125,000
Retained earnings		4,506,583	3,098,081
<b>Equity</b>		<b>4,631,583</b>	<b>3,223,081</b>
Other payables		0	29,755
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>29,755</b>
Bank loans		110,614,207	76,319,000
Prepayments received from customers		6,279,154	4,184,567
Trade payables		7,406,780	11,711,402
Payables to group enterprises		12,036,883	15,796,991
Tax payable		0	128,966
Other payables		4,970,912	6,392,066
<b>Current liabilities other than provisions</b>		<b>141,307,936</b>	<b>114,532,992</b>
<b>Liabilities other than provisions</b>		<b>141,307,936</b>	<b>114,562,747</b>
<b>Equity and liabilities</b>		<b>145,939,519</b>	<b>117,785,828</b>
Related parties with controlling interest	5		
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# Statement of changes in equity for 2021/22

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	3,098,081	3,223,081
Profit/loss for the year	0	1,408,502	1,408,502
<b>Equity end of year</b>	<b>125,000</b>	<b>4,506,583</b>	<b>4,631,583</b>

# Notes

## 1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	1,724,196	1,111,906
Pension costs	179,461	131,044
Other social security costs	29,782	21,297
	<b>1,933,439</b>	<b>1,264,247</b>
Average number of full-time employees	<b>2</b>	<b>1</b>

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

## 2 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Change in deferred tax	118,345	(233,123)
Adjustment concerning previous years	0	(222,586)
	<b>118,345</b>	<b>(455,709)</b>

## 3 Proposed distribution of profit and loss

	2021/22 DKK	2020/21 DKK
Retained earnings	1,408,502	372,286
	<b>1,408,502</b>	<b>372,286</b>

## 4 Deferred tax

	2021/22 DKK
Tax losses carried forward	114,778
<b>Deferred tax</b>	<b>114,778</b>

	2021/22 DKK
<b>Changes during the year</b>	
Beginning of year	233,123
Recognised in the income statement	(118,345)
<b>End of year</b>	<b>114,778</b>

**Deferred tax assets**

The Company has DKK 115 thousand in deferred tax asset, which is related to tax losses carried forward.

**5 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.

**6 Transactions with related parties**

	<b>Parent</b>	<b>Other related</b>
	<b>DKK</b>	<b>parties</b>
	<b>DKK</b>	<b>DKK</b>
Revenue	90,995,902	74,477,534
Purchase of goods	53,533,737	121,268,012
Other expenses	0	197,035
Receivables	19,642,768	7,872,015
Liabilities other than provisions	2,950,217	9,086,666

**7 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 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 og 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.

**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.