Vivino ApS

Njalsgade 21G, 1. sal, 2300 København S

CVR no. 32 08 11 93

Annual report 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:

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Heini Zachariassen

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Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Vivino ApS for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 31 May 2016
Executive Board:

Heini Zachariassen   Theis R. R. Søndergaard

Independent auditors' report

To the shareholders of Vivino ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Vivino ApS for the financial year 1 January - 31 December 2015, which comprise an 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.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Christian Schwenn Johansen
State Authorised Public Accountant

Kennet Hartmann
State Authorised Public Accountant

Management's review

Company details

Name	Vivino ApS
Address, Postal code, City	Njalsgade 21G, 1. sal, 2300 København S
CVR No.	32 08 11 93
Established	19 March 2009
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.vivino.com
Executive Board	Heini Zachariassen Theis R. R. Søndergaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Operating review

The Company's business review

Vivino is the world's most popular wine community and most downloaded mobile wine app. Vivino's 16 million users contribute ratings for millions of wines from around the globe, and collectively, this database makes up the largest wine library in the world.

The Company's objective is to keep developing and drive mobile and web services, including apps, for online sale and promotion of wine.

Financial review

The income statement for 2015 shows a loss of DKK 22,197,425 against a loss of DKK 21,424,563 last year, and the balance sheet at 31 December 2015 shows a negative equity of DKK 9,092,378.

As described in note 2 to the financial statements, the Company's shareholder, Vivino Inc., has issued a letter of support committing the shareholder to provide necessary financing covering the period up to and including 31 December 2016. Moreover, the Company's capital is expected to be re-established through ordinary operations over a number of years.

Post balance sheet events

In January 2016, the parent company, Vivino Inc., raised a USD 25 million Series B round, led by SCP Neptune International, the investment arm of Moet Hennessy's global CEO Christophe Navarre. With this new investment, Vivino Group will expand its marketing efforts in the world's top wine consumption regions, including the U.S., Italy, France, Spain, Belgium and Germany. With this capital increase, the Group has raised USD 37 million in funding, including a USD 103 million Series A round in 2013.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit/loss	-13,016,229	-13,992,518
4	Staff costs	-15,471,418	-12,217,452
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-7,041	0
	Operating profit/loss	-28,494,688	-26,209,970
5	Financial income	1,113,084	170,282
	Financial expenses	-282,771	-14,637
	Profit/loss before tax	-27,664,375	-26,054,325
6	Tax for the year	5,466,950	4,629,762
	Profit/loss for the year	-22,197,425	-21,424,563
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-22,197,425	-21,424,563
		-22,197,425	-21,424,563

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	81,406	0
		81,406	0
	Investments		
	Deposits	249,520	237,860
		249,520	237,860
	Total non-current assets	330,926	237,860
	Current assets		
	Inventories		
	Finished goods and goods for resale	1,392,299	486,345
		1,392,299	486,345
	Receivables		
	Trade receivables	1,114,789	1,150,759
	Receivables from group entities	23,935	6,364,822
	Income taxes receivable	5,368,156	5,879,762
	Other receivables	293,253	109,035
	Prepayments	897,316	1,519
		7,697,449	13,505,897
	Cash	3,111,907	4,107,369
	Total current assets	12,201,655	18,099,611
	TOTAL ASSETS	12,532,581	18,337,471
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	354,695	354,695
	Retained earnings	-9,447,073	12,750,352
	Total equity	-9,092,378	13,105,047
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Other credit institutions	0	92,532
	Trade payables	6,329,205	3,462,166
	Payables to group entities	9,935,343	0
	Other payables	2,733,445	1,677,726
	Deferred income	2,626,966	0
		21,624,959	5,232,424
	Total liabilities other than provisions	21,624,959	5,232,424
	TOTAL EQUITY AND LIABILITIES	12,532,581	18,337,471

1 Accounting policies
2 Material uncertainties regarding going concern
3 Events after the balance sheet date
8 Collateral
9 Contractual obligations and contingencies, etc.

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	354,695	12,750,352	13,105,047
Profit/loss for the year	0	-22,197,425	-22,197,425
Equity at 31 December 2015	354,695	-9,447,073	-9,092,378

The Company has lost its share capital. In accordance with the requirements in the Danish Companies Act, the Executive Board has addressed the loss of share capital in the minutes of meeting dated 31 May 2016. The Executive Board plans to restore the share capital through its ordinary activities in future years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Vivino ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies applied by the Company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company's revenue is generated primarily from the sale of products and services. Product revenue primarily consists of wine sales. Services and other revenue primarily consist of revenue generated from the sale of apps.

The Company recognises revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product is required, revenue is deferred until all the acceptance criteria have been met.

All revenue is recorded net of discounts and sales taxes collected on behalf of governmental authorities.

Revenue from product sales is recognised generally upon transfer of title to the customer, provided that no significant obligations remain and collection of the receivable is reasonably assured. Revenue from app services is recognised as the services are rendered, typically evenly over the contract term.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit/loss'.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the entity'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 and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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 are as follows:

Other fixtures and fittings, tools and equipment	3-5 years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges 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.

Balance sheet

Intangible assets

Development costs are expensed as incurred.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 **Material uncertainties regarding going concern**

The Company has lost more than half of the share capital and is, therefore, subject to the provisions on capital loss under the Danish Companies Act.

The Company's shareholder, Vivino Inc., has issued a letter of support committing the shareholder to provide necessary financing covering the period up to and including 31 December 2016. On this basis, it is the Executive Board's opinion that it is appropriate to prepare the financial statements based on a going concern assumption. Moreover, the Company's capital is expected to be re-established through ordinary operations over a number of years.

3 **Events after the balance sheet date**

In January 2016, the parent company, Vivino Inc., raised a USD 25 million Series B round, led by SCP Neptune International, the investment arm of Moet Hennessy's global CEO Christophe Navarre. With this new investment, Vivino Group will expand its marketing efforts in the world's top wine consumption regions, including the U.S., Italy, France, Spain, Belgium and Germany. With this capital increase, the Group has raised USD 37 million in funding, including a USD 103 million Series A round in 2013.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK		2015	2014
4	**Staff costs**		
	Wages/salaries	15,005,072	11,769,080
	Other social security costs	143,851	120,821
	Other staff costs	322,495	327,551
		15,471,418	12,217,452
	Average number of full-time employees	36	30
5	**Financial income**		
	Interest receivable, group entities	1,110,923	0
	Other financial income	2,161	170,282
		1,113,084	170,282
6	**Tax for the year**		
	Estimated tax charge for the year	-5,368,156	-4,744,086
	Tax adjustments, prior years	-98,794	114,324
		-5,466,950	-4,629,762

7 **Share capital**

Analysis of changes in the share capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Opening balance	354,695	354,695	209,478	166,472	125,000
Capital increase	0	0	145,217	43,006	41,472
	354,695	354,695	354,695	209,478	166,472

8 **Collateral**

No assets were pledged as collateral or otherwise charged at 31 December 2015.

9 **Contractual obligations and contingencies, etc.**

Other contingent liabilities

The Company was taxed on a joint basis with Z-holding ApS, its administrative company, through to the capital increase in 2013. Together with the other jointly taxed entities, the Company is subject to limited and secondary liability for the payment of income taxes for the income year 2013 as well as withholding taxes on interest, royalties and dividends falling due for payment in the period from 1 July 2012 to termination of the joint taxation arrangement in 2013.

Other financial obligations

Other rent and lease liabilities:

DKK	2015	2014
Rent and lease liabilities	368,096	357,375