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# *Rynkeby Foods A/S*

Vestergade 30, DK-5750 Ringe

## Annual Report for 2022

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CVR No. 19 98 29 12

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 27/3 2023

Tim Berger  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Rynkeby Foods 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 at 31 December 2022 of the Company and of the results of the Company operations and cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Ringe, 27 March 2023

## Executive Board

Mark Ole Juel Hemmingsen  
CEO

## Board of Directors

Tim Berger  
Chairman

Sidney Lins Coffeng  
Vice chairman

Ulrich Bunk

Ågnes Kovacs

Lene Bøjden Lindstrøm  
Employee representative

Søren Reinholt Thomsen  
Employee representative

# Independent Auditor's report

To the shareholder of Rynkeby Foods A/S

## Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Rynkeby Foods 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 a summary of significant accounting policies ("the Financial Statements").

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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.

# Independent Auditor's report

## 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 Company'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 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 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.

Odense M, 27 March 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Line Hedam

State Authorised Public Accountant

mne27768

Kristian Rath

State Authorised Public Accountant

mne42817

## Company information

<b>The Company</b>	Rynkeby Foods A/S Vestergade 30 DK-5750 Ringe  CVR No: 19 98 29 12 Financial period: 1 January - 31 December Municipality of reg. office: Faaborg-Midtfyn
<b>Board of Directors</b>	Tim Berger, chairman Sidney Lins Coffeng, vice chairman Ulrich Bunk Ågnes Kovacs Lene Bøjden Lindstrøm, employee representative Søren Reinholt Thomsen, employee representative
<b>Executive board</b>	Mark Ole Juel Hemmingsen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal 5230 Odense M

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	977,892	913,041	864,015	945,808	981,693
Gross profit/loss	184,966	197,514	216,317	225,816	164,905
Profit/loss before financial income and expenses	-9,612	16,313	15,928	27,804	-383,472
Profit/loss of financial income and expenses	-2,515	-969	-4,826	-7,723	-3,309
Net profit/loss	-6,767	9,060	1,118	12,107	-381,081
<b>Balance sheet</b>					
Balance sheet total	967,759	914,264	951,063	962,880	994,405
Investment in property, plant and equipment	51,719	58,751	20,340	16,662	45,839
Equity	697,391	704,158	695,098	693,980	681,868
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-8,326	46,602	82,423	60,470	8,106
- investing activities	-28,573	-51,675	-20,784	-17,631	-134,287
- financing activities	37,906	-30,476	-30,476	-46,822	143,052
Number of employees	239	248	248	259	251
<b>Ratios</b>					
Gross margin	18.9%	21.6%	25.0%	23.9%	16.8%
Profit margin	-1.0%	1.8%	1.8%	2.9%	-39.1%
Return on assets	-1.0%	1.8%	1.7%	2.9%	-38.6%
Solvency ratio	72.1%	77.0%	73.1%	72.1%	68.6%
Return on equity	-1.0%	1.3%	0.2%	1.8%	-111.8%

# Management's review

## Key activities

The business activity of Rynkeby Foods A/S is to develop, produce and sell fruit-based drinks and syrups which are sold mainly in Denmark, Sweden, Finland, and Norway.

## Development in the year

Rynkeby Foods A/S realized a revenue of DKK 978m in the financial year 2022 and a loss after income taxes for the year of DKK 6,8m for its total operation across Denmark and the Nordics. This is an increase on topline level of DKK 64,8m and a bottom-line decrease of DKK 15,9m.

Overall, the topline increase was driven by price increases to cope partly with the cost price increase. The domestic Retail juice, smoothie, nectar, fruit drink and syrups market slightly decreased by 0.9 % in value in 2022 according to market data. The brands from Rynkeby Foods A/S market share dropped to 20.6% from 23.7%. The decrease is driving especially on the chilled market, hit by changes in the consumer behavior trading towards cheaper products and discount, which is gaining private label. The domestic Out-of-Home market was again in 2022 slightly impacted by the COVID-19 pandemic with periodical lockdowns in the entertainment and leisure industry. The national vaccination program contributed to a stronger performance in 2022 compared to 2021. The other Nordic markets Norway and Sweden where Rynkeby Foods operates either directly or indirectly followed the same trends as Denmark thereby contributing to the top-line improvement.

During 2022 the COVID-19 pandemic followed by the war Ukraine also increasingly impacted the raw- and packaging material sourcing and cost prices. Especially significant increasing energy prices during 2022 impacted the production and distribution cost severely why the bottom-line result was negatively impacted as we were not able to increase our prices timely enough to cover this fully.

## The Company

During 2022, further DKK 28,6m was invested in production equipment, mainly to support the upstream capacities and efficiencies for the big investments in new production capabilities in 2018 but also as catch-up of past years of underprioritizing in production maintenance programs.

## The past year and follow-up on development expectations from last year

The realized EBIT of DKK -9,6m was much below the last years expected outlook, this was mainly driven by cost prices increasing quicker than the company was able to increase its sales prices.

## Unusual circumstances affecting recognition and measurement

Except for the circumstances referred to above, nothing has been regarded as unusual. The war in Ukraine has had a severe impact of energy prices leading to increased cost prices, and therefore the development in Ukraine and its impact on cost prices is monitored closely.

## Special risks - operating risks and financial risks

### Price risks

The company's primary purchase of raw material (orange and apple concentrate) is facilitated through the Eckes-Granini Group Central Procurement function. Eckes-Granini Group seeks to hedge purchases and prices of raw material within a reasonable time frame. Energy prices are hedged to secure that price spikes will not jeopardize the profitability of the company.

### Foreign exchange risks

The Eckes-Granini Group makes its main raw material purchase in USD and is accordingly exposed to currency risks. Further the operation is mainly facilitated in EUR or DKK, whereas sales operation is exposed to sales mainly in NOK. These currencies are also hedged by group treasury.



# Management's review

## Targets and expectations for the year ahead

The domestic juice, smoothie, nectar, fruit drink and syrups markets are expected to remain at a flat or slight decreasing development like in 2022, mainly driven by the chilled aisle. The ambition is to win market shares with a contemporized product portfolio and a strong NPD pipeline.

The Ukraine war and effects from this can still influence on raw- and packaging material prices as well as mainly energy prices will drive increased inflation and uncertainty across the entire society. The Company will intensely observe how these developments impact the market and consumer reactions and take needed business actions accordingly.

Initiated topline initiatives should over the next year grow back the topline to above DKK 1.000m. With the structural cost initiatives, as well as continued focus on increasing production efficiencies, we expect to be able to have the right prices and products in the market ensuring 2023 EBIT-levels at DKK 5-10m. A stepstone to get back to EBIT levels at DKK 20-25m.

## Research and development

The company is continuing its development activities to constantly improve and build on its products and competitive strength. The ownership of Eckes-Granini Group offers several improvements and benefits also in relation to R&D activities.

New product developments and innovations are essential for continuous consumer and market engagement, hence new products and new packaging solutions will be launched during 2023 and into 2024 across the branded portfolio.

## Statement of corporate social responsibility

The Eckes-Granini Group has over the last years engaged programs across sourcing and production activities to take a strong responsible and proactive agenda on key Sustainability topics. These efforts are a pivotal answer to the Danish Statements Act §99a statutory report on environment, human rights and social matters as well as anti-corruption that we refer to in the separate CSR 2022 Annual Report from Rynkeby Foods A/S: [https://assets.rynkeby.dk/assets/pdfs/Rynkeby-CSR-2022\\_DK.pdf](https://assets.rynkeby.dk/assets/pdfs/Rynkeby-CSR-2022_DK.pdf)

## Statement on gender composition

Eckes Granini Group & Rynkeby Foods A/S work towards increasing the number of the underrepresented gender in all management levels in the organization. The target for the executive management team is minimum 25% representation by the underrepresented gender. By the end of 2022, the ratio of the underrepresented gender is 26% in all levels of management. Through our recruitment and promotion work we expect to be able to increase the underrepresented gender ratio if candidates with the right qualifications can be found.

### Board of directors:

The Board of Directors consists of 4 owner-appointed members and 2 employee-nominated members. Here 1 of the 4 owner-nominated members is female and 1 of the employee-nominated members are female. This is in accordance with the Danish Business Authority's definition of an equal distribution of gender in the Board of directors.

### Management team:

The management team consist of 6 functional directors and 1 general manager, with a gender split of one seventh women.

In connection with the employment process Rynkeby Foods A/S ensures that job postings are addressed to both genders, including that postings are formulated in a gender-neutral manner. This also applies when the company uses external recruitment agencies.

# Management's review

## Statement on data ethics

Rynkeby Foods A/S have assessed that the current type and extend of data the company is processing and managing combined with already existing GDPR and IT Code of Conduct policies including compliance procedures in place doesn't require a separate data ethics policy for now. In case the company's data environment should change significantly, management will initiate appropriate measures to comply with regulations.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue	1	977,892	913,041
Other operating income		26,642	20,017
Expenses for raw materials and consumables		-589,891	-528,325
Other external expenses		-229,677	-207,219
<b>Gross profit</b>		<b>184,966</b>	<b>197,514</b>
Staff expenses	2	-138,343	-128,902
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-56,235	-52,299
<b>Profit/loss before financial income and expenses</b>		<b>-9,612</b>	<b>16,313</b>
Financial income	4	153	920
Financial expenses	5	-2,668	-1,889
<b>Profit/loss before tax</b>		<b>-12,127</b>	<b>15,344</b>
Tax on profit/loss for the year	6	5,360	-6,284
<b>Net profit/loss for the year</b>	7	<b>-6,767</b>	<b>9,060</b>

## Balance sheet 31 December

### Assets

	Note	2022 TDKK	2021 TDKK
Acquired trademarks		158,137	161,782
Acquired other similar rights		78,251	76,491
Goodwill		156,915	165,453
<b>Intangible assets</b>	<b>8</b>	<b>393,303</b>	<b>403,726</b>
Land and buildings		76,347	73,414
Plant and machinery		172,242	150,671
Other fixtures and fittings, tools and equipment		3,998	2,858
Property, plant and equipment in progress		22,470	65,352
<b>Property, plant and equipment</b>	<b>9</b>	<b>275,057</b>	<b>292,295</b>
<b>Fixed assets</b>		<b>668,360</b>	<b>696,021</b>
Raw materials and consumables		36,955	34,621
Work in progress		3,818	3,418
Finished goods and goods for resale		45,398	38,772
<b>Inventories</b>		<b>86,171</b>	<b>76,811</b>
Trade receivables		110,176	74,719
Receivables from group enterprises		75,757	37,997
Other receivables		1,280	2,933
Corporation tax		0	1,146
Prepayments	10	2,411	2,040
<b>Receivables</b>		<b>189,624</b>	<b>118,835</b>
<b>Cash at bank and in hand</b>		<b>23,604</b>	<b>22,597</b>
<b>Current assets</b>		<b>299,399</b>	<b>218,243</b>
<b>Assets</b>		<b>967,759</b>	<b>914,264</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		30,000	30,000
Retained earnings		667,391	674,158
<b>Equity</b>		<b>697,391</b>	<b>704,158</b>
Provision for deferred tax	11	13,797	20,772
Other provisions	12	11,928	12,218
<b>Provisions</b>		<b>25,725</b>	<b>32,990</b>
Trade payables		78,879	87,802
Payables to group enterprises		132,970	57,304
Corporation tax		6,290	0
Other payables		26,504	32,010
<b>Short-term debt</b>		<b>244,643</b>	<b>177,116</b>
<b>Debt</b>		<b>244,643</b>	<b>177,116</b>
<b>Liabilities and equity</b>		<b>967,759</b>	<b>914,264</b>
Contingent assets, liabilities and other financial obligations	15		
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	30,000	674,158	704,158
Net profit/loss for the year	0	-6,767	-6,767
<b>Equity at 31 December</b>	<b>30,000</b>	<b>667,391</b>	<b>697,391</b>

## Cash flow statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Result of the year		-6,767	9,060
Adjustments	13	53,390	59,552
Change in working capital	14	-51,778	-19,989
<b>Cash flow from operations before financial items</b>		<b>-5,155</b>	<b>48,623</b>
Financial income		153	920
Financial expenses		-2,668	-1,889
<b>Cash flows from ordinary activities</b>		<b>-7,670</b>	<b>47,654</b>
Corporation tax paid		-656	-1,052
<b>Cash flows from operating activities</b>		<b>-8,326</b>	<b>46,602</b>
Purchase of intangible assets		-2,004	-695
Purchase of property, plant and equipment		-26,569	-51,021
Sale of intangible assets		0	41
<b>Cash flows from investing activities</b>		<b>-28,573</b>	<b>-51,675</b>
Repayment of payables to group enterprises		0	-30,476
Raising of payables to group enterprises		37,906	0
<b>Cash flows from financing activities</b>		<b>37,906</b>	<b>-30,476</b>
<b>Change in cash and cash equivalents</b>		<b>1,007</b>	<b>-35,549</b>
Cash and cash equivalents at 1 January		22,597	58,146
<b>Cash and cash equivalents at 31 December</b>		<b>23,604</b>	<b>22,597</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		23,604	22,597
<b>Cash and cash equivalents at 31 December</b>		<b>23,604</b>	<b>22,597</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Revenue</b>		
Total revenue by activity		
Retail	437,072	435,663
Industry	540,820	477,378
	<u>977,892</u>	<u>913,041</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	129,188	121,087
Pensions	4,833	4,824
Other social security expenses	4,322	2,991
	<u>138,343</u>	<u>128,902</u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u>2,188</u>	<u>2,046</u>
<b>Average number of employees</b>	<u>239</u>	<u>248</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	18,152	16,304
Depreciation of property, plant and equipment	38,083	36,036
Gain and loss on disposal	0	-41
	<u>56,235</u>	<u>52,299</u>



## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Interest received from group enterprises	36	131
Other financial income	0	789
Exchange adjustments	117	0
	<u>153</u>	<u>920</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>5. Financial expenses</b>		
Interest paid to group enterprises	600	395
Other financial expenses	2,068	1,494
	<u>2,668</u>	<u>1,889</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>6. Income tax expense</b>		
Current tax for the year	1,615	1,538
Deferred tax for the year	-6,975	4,746
	<u>-5,360</u>	<u>6,284</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>7. Profit allocation</b>		
Retained earnings	-6,767	9,060
	<u>-6,767</u>	<u>9,060</u>

## Notes to the Financial Statements

### 8. Intangible fixed assets

	Acquired trademarks	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	182,278	95,278	586,587
Additions for the year	0	2,004	0
Transfers for the year	0	5,725	0
Cost at 31 December	182,278	103,007	586,587
Impairment losses and amortisation at 1 January	20,495	18,787	421,134
Amortisation for the year	3,646	5,969	8,538
Impairment losses and amortisation at 31 December	24,141	24,756	429,672
<b>Carrying amount at 31 December</b>	<b>158,137</b>	<b>78,251</b>	<b>156,915</b>

### 9. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	211,085	416,520	34,280	65,353
Additions for the year	1,697	6,119	550	28,574
Transfers for the year	10,759	42,047	2,555	-71,457
Cost at 31 December	223,541	464,686	37,385	22,470
Impairment losses and depreciation at 1 January	137,670	265,850	31,422	0
Depreciation for the year	9,524	26,594	1,965	0
Impairment losses and depreciation at 31 December	147,194	292,444	33,387	0
<b>Carrying amount at 31 December</b>	<b>76,347</b>	<b>172,242</b>	<b>3,998</b>	<b>22,470</b>

# Notes to the Financial Statements

## 10. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

2022	2021
TDKK	TDKK

## 11. Provision for deferred tax

Deferred tax liabilities at 1 January	20,772	27,272
Amounts recognised in the income statement for the year	-6,975	-6,500
<b>Deferred tax liabilities at 31 December</b>	<b>13,797</b>	<b>20,772</b>

## 12. Other provisions

Other provisions comprise anticipated loss from uncompleted transactions to settle in 2023 and 2024.

2022	2021
TDKK	TDKK

## 13. Cash flow statement - Adjustments

Financial income	-153	-920
Financial expenses	2,668	1,889
Depreciation, amortisation and impairment losses, including losses and gains on sales	56,235	52,299
Tax on profit/loss for the year	-5,360	6,284
	<b>53,390</b>	<b>59,552</b>

2022	2021
TDKK	TDKK

## 14. Cash flow statement - Change in working capital

Change in inventories	-9,360	-3,872
Change in receivables	-34,175	1,569
Change in other provisions	-290	12,218
Change in trade payables, etc	-7,953	-29,904
	<b>-51,778</b>	<b>-19,989</b>

# Notes to the Financial Statements

	2022	2021
	TDKK	TDKK

## 15. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	5,743	4,548
Between 1 and 5 years	9,121	7,224
	<u>14,864</u>	<u>11,772</u>

## 16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Eckes-Granini International GmbH	Majority of shares

### Transactions

Transactions with related parties in 2022:

Revenue, TDKK 375.573
Purchase of goods, TDKK 207.805
Rendering of services (income), TDKK 8.733
Administration fee and services (expense), TDKK 19.901
Interest income, net, TDKK 564
Royalty expenses, net, TDKK 2.097
Other expenses, TDKK 1.136
Receivables as of 31 December 2022, TDKK 75.757
Liabilities as of 31 December 2022, TDKK 132.970

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Eckes-Granini Group GmbH	Nieder-Olm, Germany

The Group Annual Report of Eckes-Granini Group GmbH may be obtained at the following address:  
Eckes-Granini Group GmbH, Ludwig-Eckes-Platz 1, 55268 Nieder-Olm, Germany

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>17. Fee to auditors appointed at the general meeting</b>		
<b>PwC</b>		
Audit fee	600	0
Tax advisory services	37	0
Non-audit services	45	0
	<u>682</u>	<u>0</u>
<b>Deloitte</b>		
Audit fee	0	649
Tax advisory services	74	20
Non-audit services	53	785
	<u>127</u>	<u>1,454</u>

## 18. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of Rynkeby Foods A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

### Segment information on revenue

Information on business segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

# Notes to the Financial Statements

## Income statement

### Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year as well as writedowns on inventory.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

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 losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

# Notes to the Financial Statements

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Balance sheet

### Intangible fixed assets

#### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life of 25 years, determined on the basis of Management's experience with the individual business areas.

#### *Other intangible fixed assets*

Trademarks and other similar rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Trademarks and other similar rights are amortised over the period of the agreements, which is 50 years and 3-25 years, respectively.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-30 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually. Land is not depreciated.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.



# Notes to the Financial Statements

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

## Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$