
Rynkeby Foods A/S

Vestergade 30, DK-5750 Ringe

Annual Report for 2023

CVR No. 19 98 29 12

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/4 2024

Sidney Lins Coffeng
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	10
Balance sheet 31 December	11
Statement of changes in equity	13
Cash Flow Statement 1 January - 31 December	14
Notes to the Financial Statements	15

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Rynkeby Foods A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ringe, 19 April 2024

Executive Board

Mark Ole Juel Hemmingsen
CEO

Board of Directors

Sidney Lins Coffeng
Chairman

German Ewald Heil

Maxime Regine Steinbrinker

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 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 2023, 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, 19 April 2024

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

The Company	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
Board of Directors	Sidney Lins Coffeng, chairman German Ewald Heil Maxime Regine Steinbrinker Lene Bøjden Lindstrøm, employee representative Søren Reinholt Thomsen, employee representative
Executive Board	Mark Ole Juel Hemmingsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,026,053	977,892	913,041	864,015	945,808
Gross profit	207,914	184,966	197,514	216,317	225,816
Profit/loss of primary operations	10,517	-9,612	16,313	15,928	27,804
Profit/loss of financial income and expenses	-982	-2,515	-969	-4,826	-7,723
Net profit/loss for the year	4,750	-6,767	9,060	1,118	12,107
Balance sheet					
Balance sheet total	912,611	967,759	914,264	951,063	962,880
Investment in property, plant and equipment	15,626	26,569	58,751	20,340	16,662
Equity	702,141	697,391	704,158	695,098	693,980
Cash flows					
Cash flows from:					
- operating activities	53,480	-8,326	82,423	60,470	8,106
- investing activities	-15,626	-28,573	-20,784	-17,631	-134,287
- financing activities	-10,351	37,906	-30,476	-46,822	143,052
Number of employees	232	239	248	248	259
Ratios					
Gross margin	20.3%	18.9%	21.6%	25.0%	23.9%
Profit margin	1.0%	-1.0%	1.8%	1.8%	2.9%
Return on assets	1.2%	-1.0%	1.8%	1.7%	2.9%
Solvency ratio	76.9%	72.1%	77.0%	73.1%	72.1%
Return on equity	0.7%	-1.0%	1.3%	0.2%	3.5%

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 activities and finances

Rynkeby Foods A/S realized a revenue of DKK 1.026m in the financial year 2023 and an EBIT of DKK 10,5m for its total operation across Denmark and the Nordics. This is an increase on topline level of DKK 48m and an EBIT improvement of DKK 20,1m. The result after tax ended with DKK 4,8m.

Overall, the topline increase was driven by price increases to cope with the cost price increase over the last 2 years.

The domestic Retail juice, smoothie, nectar, fruit drink and syrups market saw an increase in value of 14,2% according to market data. The brands from Rynkeby Foods A/S experienced market share increase to 22,5% from 21,5%. The growth is mainly driven by chilled brands God Morgen® and Valsølille, as well as the shot segment.

In ambient the trend of customers downtrading is continuing and private label gains market share.

The domestic Out-of-Home market was in 2023 hit by more difficult situations in public sector but this is offset by a strong performance in the private sector.

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 2023 energy prices were still high though at lower levels than seen 2022, but higher level than 2020 levels. The year of 2023 has shown a new concern for juice production. We have seen shortage of juice concentrates during the year, which has resulted in steep price increase in the market price for orange juice concentrate a shortage as well in supply of the raw material.

The Company

During 2023, further DKK 14,8m was invested in production equipment, mainly to support the upstream capacities and efficiencies for the big investments in new production capabilities in 2018.

Profit/loss for the year in relation to expected developments

The realized EBIT of DKK 10,5m was on par with high range of last years expected outlook, this was driven by a stronger than expected performance on chilled, and strong cost saving initiatives.

Unusual circumstances affecting recognition and measurement

Except for the circumstances referred to above, nothing has been regarded as unusual. We are monitoring the development on orange concentrate closely and preparing actions if we see additional price increases or shortage of the raw material.

Outlook

The domestic juice, smoothie, nectar, fruit drink and syrups markets are expected to remain at a flat or slight decreasing development like 2023.

The Company will intensely observe how the development on raw material especially on orange concentrate prices and availability will impact the market and consumer reactions and take needed business actions accordingly. In the start of 2024, we have seen a shortage on orange concentrate and increasing prices on the world market.

Management's review

Initiated topline initiatives should keep the topline at 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 2024 EBIT-levels at DKK 10-15m.

Particular 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.

Currency 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.

Environmental performance and corporate 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 2023 Annual Report from Rynkeby Foods A/S. <https://a.storyblok.com/f/256297/x/5e8964d052/rynkeby-csr-rapport-2023-04-2024.pdf>

Statutory report on data ethics policy

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.

Research and development activities

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.

Statutory report on the underrepresented gender

Eckes Granini Group & Rynkeby Foods A/S works 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 2023, 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.

Management's review

Board of directors

The Board of Directors consists of 3 owner-appointed members and 2 employee-nominated members. Here 1 of the 3 owner-nominated members is female and 1 of the employee-nominated members is female. This is in accordance with the Danish Business Authority's definition of an equal distribution of gender in the Board of directors.

Other Management Team

As of the present time, the gender composition in the other management positions stands at 2 females and 4 males out of a total of 6 leaders. This is in accordance with the Danish Business Authority's definition of an equal distribution of gender in the other management level. Throughout the current year, various initiatives have been implemented to increase the proportion of women in senior management positions. These initiatives are detailed below, along with the policy aimed at increasing the representation of the underrepresented gender at other management levels.

Five-Year Overview of Targets for 2023

	2023	2024	2025	2026	2027
Board of directors					
Total number of members	3				
Underrepresented percentage	33%				
Other management team					
Total number of members	6				
Underrepresented percentage	33%				

Rynkeby Foods A/S' Diversity Policy for Other Management Levels

Rynkeby Foods A/S is committed to achieving gender balance and recognizes the value of a diverse leadership composition. Rynkeby Foods A/S has developed a policy to increase the representation of the underrepresented gender.

This policy applies to all management levels within the company. It serves as a supplement to the personnel policy and includes a goal of achieving gender balance at all management levels with personnel responsibilities, as well as detailing a series of initiatives implemented across Rynkeby Foods A/S to achieve this objective.

The policy is supported by concrete initiatives and measures aimed at creating changes in the gender composition and securing greater diversity in general.

Recruitment

- All job advertisements explicit promote diversity. We encourage all qualified candidates to apply for the position regardless of their gender, race, age, sexual orientation, religion or ethnicity.
- We require external recruitment agencies to present at least one person of each gender among qualified candidates.
- HR participates in all recruitments and ensures diversity is respected in the process.

Management's review

Career development

- All employees are offered personal development interviews and targeted development courses to promote equal opportunities for all employees.
- The organizational development work includes a conscious focus on promoting diversity in in general – including a gender balance.

Flexibility

- We strive to provide employment flexibility, including by providing the opportunity to adjust working hours based on personal needs, age and working ability.

Events after the balance sheet date

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

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	1,026,053	977,892
Other operating income		22,140	26,642
Expenses for raw materials and consumables		-625,263	-589,891
Other external expenses		-215,016	-229,677
Gross profit		207,914	184,966
Staff expenses	2	-139,853	-138,343
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-57,544	-56,235
Profit/loss before financial income and expenses		10,517	-9,612
Financial income	4	2,074	153
Financial expenses	5	-3,056	-2,668
Profit/loss before tax		9,535	-12,127
Tax on profit/loss for the year	6	-4,785	5,360
Net profit/loss for the year	7	4,750	-6,767

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Acquired trademarks		154,492	158,137
Acquired other similar rights		72,094	78,251
Goodwill		148,377	156,915
Intangible assets	8	374,963	393,303
Land and buildings		70,221	76,347
Plant and machinery		147,936	172,242
Other fixtures and fittings, tools and equipment		2,907	3,998
Property, plant and equipment in progress		30,416	22,470
Property, plant and equipment	9	251,480	275,057
Fixed assets		626,443	668,360
Raw materials and consumables		37,886	36,955
Work in progress		1,701	3,818
Finished goods and goods for resale		35,360	45,398
Inventories		74,947	86,171
Trade receivables		122,666	110,176
Receivables from group enterprises		32,470	75,757
Other receivables		458	1,280
Corporation tax		191	0
Prepayments	10	4,329	2,411
Receivables		160,114	189,624
Cash at bank and in hand		51,107	23,604
Current assets		286,168	299,399
Assets		912,611	967,759

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		30,000	30,000
Retained earnings		672,141	667,391
Equity		702,141	697,391
Provision for deferred tax	11	18,196	13,797
Other provisions	12	2,980	11,928
Provisions		21,176	25,725
Trade payables		78,764	78,879
Payables to group enterprises		79,332	132,970
Corporation tax		0	6,290
Other payables		31,198	26,504
Short-term debt		189,294	244,643
Debt		189,294	244,643
Liabilities and equity		912,611	967,759
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
Subsequent events	18		
Accounting Policies	19		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	30,000	667,391	697,391
Net profit/loss for the year	0	4,750	4,750
Equity at 31 December	30,000	672,141	702,141

Cash flow statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Result of the year		4,750	-6,767
Adjustments	13	63,311	53,390
Change in working capital	14	-6,732	-51,778
Cash flow from operations before financial items		61,329	-5,155
Financial income		2,074	153
Financial expenses		-3,056	-2,668
Cash flows from ordinary activities		60,347	-7,670
Corporation tax paid		-6,867	-656
Cash flows from operating activities		53,480	-8,326
Purchase of intangible assets		0	-2,004
Purchase of property, plant and equipment		-15,626	-26,569
Cash flows from investing activities		-15,626	-28,573
Repayment of payables to group enterprises		-10,351	0
Raising of payables to group enterprises		0	37,906
Cash flows from financing activities		-10,351	37,906
Change in cash and cash equivalents		27,503	1,007
Cash and cash equivalents at 1 January		23,604	22,597
Cash and cash equivalents at 31 December		51,107	23,604
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		51,107	23,604
Cash and cash equivalents at 31 December		51,107	23,604

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Revenue		
Total revenue by activity		
Retail	482,930	437,072
Industry	543,123	540,820
	<u>1,026,053</u>	<u>977,892</u>
	2023	2022
	TDKK	TDKK
2. Staff Expenses		
Wages and salaries	129,208	129,188
Pensions	5,444	4,833
Other social security expenses	5,201	4,322
	<u>139,853</u>	<u>138,343</u>
Including remuneration to the Executive Board and Board of Directors	<u>2,650</u>	<u>2,371</u>
Average number of employees	<u>232</u>	<u>239</u>
	2023	2022
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	18,341	18,152
Depreciation of property, plant and equipment	39,203	38,083
	<u>57,544</u>	<u>56,235</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
4. Financial income		
Interest received from group enterprises	0	36
Other financial income	1,401	0
Exchange adjustments	673	117
	<u>2,074</u>	<u>153</u>
	2023	2022
	TDKK	TDKK
5. Financial expenses		
Interest paid to group enterprises	3,000	600
Other financial expenses	56	2,068
	<u>3,056</u>	<u>2,668</u>
	2023	2022
	TDKK	TDKK
6. Income tax expense		
Current tax for the year	386	1,615
Deferred tax for the year	4,399	-6,975
	<u>4,785</u>	<u>-5,360</u>
	2023	2022
	TDKK	TDKK
7. Profit allocation		
Retained earnings	4,750	-6,767
	<u>4,750</u>	<u>-6,767</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	103,007	586,587
Cost at 31 December	182,278	103,007	586,587
Impairment losses and depreciation at 1 January	24,140	24,756	429,672
Depreciation for the year	3,646	6,157	8,538
Impairment losses and depreciation at 31 December	27,786	30,913	438,210
Carrying amount at 31 December	154,492	72,094	148,377

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	223,541	464,686	37,385	22,470
Additions for the year	680	1,019	105	13,822
Transfers for the year	3,001	1,739	1,136	-5,876
Cost at 31 December	227,222	467,444	38,626	30,416
Impairment losses and depreciation at 1 January	147,194	292,444	33,387	0
Depreciation for the year	9,807	27,064	2,332	0
Impairment losses and depreciation at 31 December	157,001	319,508	35,719	0
Carrying amount at 31 December	70,221	147,936	2,907	30,416

10. Prepayments

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

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
11. Provision for deferred tax		
Deferred tax liabilities at 1 January	13,797	20,772
Amounts recognised in the income statement for the year	4,399	-6,975
Deferred tax liabilities at 31 December	18,196	13,797

12. Other provisions

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

	2023	2022
	TDKK	TDKK
13. Cash flow statement - Adjustments		
Financial income	-2,074	-153
Financial expenses	3,056	2,668
Depreciation, amortisation and impairment losses, including losses and gains on sales	57,544	56,235
Tax on profit/loss for the year	4,785	-5,360
	63,311	53,390

	2023	2022
	TDKK	TDKK
14. Cash flow statement - Change in working capital		
Change in inventories	11,224	-9,360
Change in receivables	-13,586	-34,175
Change in other provisions	-8,948	-290
Change in trade payables, etc	4,578	-7,953
	-6,732	-51,778

Notes to the Financial Statements

	2023	2022
	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	6,533	5,743
Between 1 and 5 years	10,541	9,121
	17,074	14,864

16. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Eckes-Granini International GmbH	Majority of shares

Transactions

Transactions with related parties in 2023:

Revenue, TDKK 345.271

Purchase of goods, TDKK 215.125

Rendering of services (income), TDKK 4.765

Administration fee and services (expense), TDKK 21.251

Interest income, net, TDKK 3.000

Royalty expenses, net, TDKK 1.694

Other expenses, TDKK 2.007

Receivables as of 31 December 2023, TDKK 32.470

Liabilities as of 31 December 2023, TDKK 79.332

Consolidated Financial Statements

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

Name	Place of registered office
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>2023</u>	<u>2022</u>
	TDKK	TDKK
17. Fee to auditors appointed at the general meeting		
PwC		
Audit fee	620	600
Tax advisory services	155	37
Non-audit services	64	45
	<u>839</u>	<u>682</u>
Deloitte		
Tax advisory services	0	74
Non-audit services	0	53
	<u>0</u>	<u>127</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 2023 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 2023 are presented in TDKK.

Recognition and measurement

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. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Revenue

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.

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	3-20 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 liabilities

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	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$