Kelsen Group A/S

Bredgade 27, DK-8766 Nørre Snede

Annual Report for
1 September 2022 - 31 August 2023

CVR No. 27 70 36 66

The Annual Report was presented and adopted at the Annual General Meeting of the company on 14/3 2024

Christophe Pierre Manfred Neumann
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kelsen Group A/S for the financial year 1 September 2022 - 31 August 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 August 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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.

Executive Board

Anders Micael Höglund
CEO

Board of Directors

Christophe Pierre Manfred Neumann
Chairman

Alberto Cavalleris

Birgitte Morell

Sonja Lund Jensen

Berit Gita Neigaard

Independent Auditor's report

To the shareholder of Kelsen Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 September 2022 - 31 August 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kelsen Group A/S for the financial year 1 September 2022 - 31 August 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Aarhus C, 14 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333

Kasper Olesen
State Authorised Public Accountant
mne45828

Company information

The Company	Kelsen Group A/S Bredgade 27 DK-8766 Nørre Snede CVR No: 27 70 36 66 Financial period: 1 September 2022 - 31 August 2023 Municipality of reg. office: Ikast-Brande
Board of Directors	Christophe Pierre Manfred Neumann, chairman Alberto Cavalleris Birgitte Morell Sonja Lund Jensen Berit Gita Neigaard
Executive Board	Anders Micael Höglund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bankers	Nordea Strandgade 3, PO Box 850 900 København

Group Chart

Company	Residence	Ownership
Kelsen Group A/S	**Nørre Snede, Denmark** **Nom. DKK 127,000,000**	
Kelsen South Africa (PTY) Ltd.	South Africa Nom. ZAR 100	100%
Kjeldsen Limited	Hong Kong Nom. HKD 83,976,517	100%
Kjeldsen Management Ltd.	China Nom. RMD 32,930,204	100%

The company is owned 100% by Fine Biscuits Company (FBC) SA.

The numbers indicated above is the share capital in the respective companies.

Financial Highlights

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

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	956,358	975,722	895,515	969,742	1,176,375
Profit/loss of ordinary primary operations	-148,489	-64,321	23,425	-13,431	132,206
Profit/loss before financial income and expenses	-148,489	-64,321	23,425	17,539	132,206
Profit/loss of financial income and expenses	-7,391	-948	271	181	-1,339
Net profit/loss	-160,490	-59,775	18,783	4,748	100,010
Balance sheet					
Balance sheet total	768,710	807,101	782,088	933,146	846,386
Investment in property, plant and equipment	27,351	50,275	35,041	29,237	32,397
Equity	173,895	295,996	454,196	660,586	623,320
Cash flows					
Cash flows from:					
- operating activities	-119,574	-18,115	160,792	13,795	106,966
- investing activities	-55,334	-50,275	-37,598	1,796	-33,992
- financing activities	178,068	-46,319	-79,371	-89,719	-58,098
Change in cash and cash equivalents for the year	3,160	-114,709	43,823	-74,128	14,876
Number of employees	285	243	253	296	399
Ratios					
Profit margin	-15.5%	-6.6%	2.6%	1.8%	11.2%
Return on assets	-19.3%	-8.0%	3.0%	1.9%	15.6%
Solvency ratio	22.6%	36.7%	58.1%	70.8%	73.6%
Return on equity	-68.3%	-15.9%	3.4%	0.7%	17.6%

Management's review

Primary activities

Kelsen Group is one of the world's leading manufacturers of butter cookies. The group products are sold and marketed worldwide.

Financial review

The group revenue for 2022/23 amounts to DKK 956,4 million against DKK 975,7 million for 2021/22. The consolidated result before tax amounts to DKK -155,9 million against DKK -65,3 million last financial year. The consolidated result for the year after tax amounts to DKK -160,5 million against DKK -59,8 million last financial year. Equity amounts to DKK 173,9 million as of 31 August 2023.

The net result for this year is as projected last year heavily affected by rising prices on key raw material, packaging and energy prices. Kelsen Group managed to increase sales prices in 2022/23 but it was not possible to fully cover the continuously increasing commodity prices through the financial year.
The net result is also negatively affected by the implementation of a new ERP system. This is mainly due to cost for extra staff and external consultants helping with the integration and the impact of the implementation in the 2 factories lowering efficiency.

As it was the case in the previous financial year, significant amounts have been used in marketing and administration costs to optimize our long-term positions in our main markets in China, Hong Kong and the USA to ensure future growth. These measures have had a negative impact on the result.

The result is unsatisfactory but is a natural consequence of the negative development of the factors described above.

Cash flow for the year

The operating cash flow in 2022/23 amounted to DKK -119,6 million. The cash flow from investment activities amounted to DKK -55,3 million and cash flow from financing activities amounted to DKK 178,1 million. This has resulted in cash funds increasing by a total of DKK 3,2 million.

Financial risks and use of financial instruments

Kelsen Group is generally affected by financial, market and competitive conditions. The interest rate level only affects Kelsen Group to a limited extent. Kelsen Group only uses financial interest instruments to a limited extent.

Exchange rate fluctuations, especially the dollar rate and dollar-related currencies, affects Kelsen Group's earnings. The most important currencies are USD, HKD, RMB and EUR. It is Kelsen Group policy to hedge purchase and sales orders.

In relation to credit risks, it is Kelsen Group's policy that all major customers and other trading partners continuously undergo credit rating and are insured according to individual assessment. Changes in butter prices affect Kelsen Group's earnings. Butter is to some extent purchased on contracts with predetermined prices.

Outlook

Kelsen Group's expectations are heavily influenced by prices for all essential cost components. Because of this, there is greater uncertainty linked to the expectations for 2023/24 but we foresee a more stable level on key components in 2023/24.

Management's review

Kelsen Group's management expects growth in net revenue on approximately 5% in the coming financial year mainly from markets in China and the USA. Based on this Kelsen Group expect significant improvement in the company's operational result in 2023/24 to around break even.

Social responsibility

Kelsen Group's purpose for our cookies is to bring joy to consumers all over the world. Kelsen Group focuses on quality from the production of our cookies to the marketing of our brands. We never compromise on our ambition to bring the highest quality cookies to consumers worldwide. Our butter cookies are based on traditional Danish recipes with a focus on creating the best taste experiences for our consumers. Quality and food safety are key focus for us and that is why our bakeries are certified according to current international standards. All our cookies are baked and handled according to HACCP principles, and we work with BRC certifications (the British Standard for Food Safety) and IFS (the German Standard for Food Safety).

Framework for CSR

Kelsen Group commits to conduct business after the highest ethical standards with focus on environment, social and working conditions.
Our CSR strategy and guidelines is based on the principles of the UN's Global Compact. This is closely related to our overall goal of providing high quality products to consumers worldwide. We strive to be transparent in all decisions we make and in our way of acting.

Since January 2019, Kelsen Group has been a member of Sedex, which conducts a four-pillar audit every 3 years.

The elements of Kelsen Group's social responsibility are based on the elements below:

Environmental policy

Kelsen Group has an environmental policy that reflects our approach to the way we do business. We have a particular focus on our energy and water consumption as well as waste, noise and air in relation to the surroundings.
We work closely with the local authorities to find solutions for reductions within above-mentioned areas, and in addition energy-saving measures are being worked on at both of our factories in Denmark.

Kelsen Group sets targets every calendar year with a view to reducing the total CO_2 consumption in proportion for production. The aim is to reduce this by 1% per year. For each year, concrete measures are launched to achieve this goal and follow up on this.

Kelsen Group CO2 footprint in 2022/23 for production in Nr. Snede was 112 kg CO2/tons against a level of 85 kg CO2/tons in 2020/21, equal to an increase of 27 CO2/tons. In Ribe, they also increased their CO2 consumption from 119 kg CO2/tons in 2020/21 to 121 CO2/tons in 2022/23, an increase of 2 kg CO2/tons. Overall, Kelsen Group has increased their CO2 consumption in 2022/23 considerably.

The primary reason for this increase is the fact that we have had an overall decrease in our production volume of 9,6% due to challenges with the implementation of a new ERP system. This has significantly affected the efficiency compared to normal level of production efficiency. We expect this to return to a normal level again in 2023/24.

A future action is that we have implemented energy meters in the factories, which enables us to capture more detailed energy data and identify energy-consuming procedures.

In 2022/23, Kelsen Group has optimized our waste sorting with our sub-suppliers to reduce additional CO2 emissions as well as the opportunity to recycle our waste as much as possible.

Business conducts and ethics

Kelsen Group’s business code of conduct and ethics is available to all the company's employees and is an important part of our ongoing efforts to ensure integrity.

The code describes the basic rules and principles that apply to all employees in the daily work. The code emphasizes that all employees have a personal responsibility to pay attention to violations of laws (including corruption), human rights or Kelsen Group’s ethical standards.

Kelsen Group sells products to most of the world which can lead to increased risks related to human rights and corruption. This is why the business’ conduct and ethics apply to all employees in Kelsen Group in both Denmark, Hong Kong, China and South Africa.

We will continue to ensure that all managers are familiar and comply with Kelsen Group's business ethics, including human rights and corruption guidelines. This includes that all new employees are introduced to Kelsen Group's business ethics. The code contains guidelines on how employees must act if they are confronted with cases of violations of the law, human rights or other breaches of our ethical standards.

In 2022/23, Kelsen Group has continued its practice of updating the code and securing all new employees are introduced to the company's business ethics upon employment.
During the period we have not had any cases of breach of business ethics and cases of corruption reported.

Supplying policy

Kelsen Group's suppliers play an important role in the quality of our cookies. At the same time, we would like to ensure responsible behavior in our supply chain. Therefore, we expect that all direct and indirect suppliers sign our supplier policy.

In addition to an invariable requirement that our business partners comply with their national legislation, the policy also sets out guidelines in areas such as the environment, occupational safety, human rights and business ethics.

Kelsen Group's supplier policy is available on the website Kelsen.com under Supplier Code of Conduct. New suppliers are introduced to the code and must fulfil these requirements to be our business partner.

People policy

Kelsen Group values our employees highly. Our goal is to be a good workplace and that the workplace is safe, healthy and motivating.
As an element in the implementation of the employee policy, we provide an employee handbook to all new employees. An updated version of the handbook is always available on Kelsen's intranet together with underlying policies such as smoking policy, senior policy and other policies.

Kelsen Group considers skilled and motivated employees to be an important strategic resource. We are continuously working on attracting and retaining employees with a high level of competence and we continue to upskill the current employees. The employees participate in internal as well as external courses.

Work environment

The safety of our employees, external partners and visitors is very important to our business. This applies to all our locations worldwide.
We strive to create a workplace culture that respects and protects the individual person, and it is important for us to emphasize that nothing is more important than our own safety - and the safety of the people around us. Based on this philosophy, we have already made great progress when it comes to a reduction of occupational injuries, and we have set ambitious goals to achieve an injury free workplace – both psychological and physical.

In 2022/23 we registered 145 near misses, 3 work accidents leading to absence and 6 work accidents without absence among Kelsen Group's employees. This is a positive improvement compared to 2021/22.
In addition, there have been 147 preventive actions, which is an improvement of 8% compared to last year.
We have planned to implement an app where all employees of Kelsen Group can report observations and near misses with the aim of increasing the employees' focus on the working environment in general. Therefore, all employees associated with Kelsen Group must in future report at least 2 observations on the working environment per year to increase the employees' behavior, understanding and mindset regarding safety and working environment.
All near-accidents and occupational accidents are registered and regularly reviewed by a committee with a view to eliminate or reduce the risk.

Account of the gender composition of Management

Gender composition of Management	Number	Number	Number	%	%
	Male	**Female**	**Total**	**Male**	**Female**
Board of Directors	2	1	3	67%	33%
Other Management	7	6	13	54%	46%

The board contains of 3 appointed board members and 2 employees elected.
The number of appointed females on the board are at the end of the financial year 2022/23 equal to 33%. In the financial year, one female was appointed to the board.
Kelsen Group has a target of 40% females on the board of Directors based on the number of total appointed board members. With the current distribution of 33% and 3 appointed members of the board we see this as an even gender distribution balance.

The distribution among the Kelsen Group's other management levels is 54% men and 46% women. We see this as an even balance gender distribution.

Management's review

Data ethics

Kelsen Group has a written policy for data ethics which is also available on our public website. This describes how the Kelsen Group wants to ensure an ethically correct handling of data and personal data.

Data ethics includes how Kelsen Group collects, processes, uses, shares and deletes data. The policy on data ethics also applies to all aspects of Kelsen Groups data processing.
We collect and use many types of data, however primarily of an internal nature and for internal use (for example product, purchasing, production and sales data.). Data on traffic and navigation is also collected on the group's websites in collaboration with external parties. Data is primarily collected within the group systems, either closed (ERP and production systems) or open systems (websites). Processing of data must take place in accordance with the "data ethical values" described in the policy.

Decisions regarding Kelsen Group's data processing, including the design, purchase or implementation of technologies for data processing, are made by the relevant managers who have the necessary knowledge of data ethics and Kelsen Group's policy on this.

Income statement 1 September 2022 - 31 August 2023

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue	2	956,358	975,722	821,014	817,854
Production expenses	3	-864,065	-787,147	-848,492	-742,251
Gross profit		**92,293**	**188,575**	**-27,478**	**75,603**
Distribution expenses	3	-123,231	-147,174	-25,124	-42,140
Administrative expenses	3	-117,551	-105,722	-82,161	-65,749
Profit/loss before financial income and expenses		**-148,489**	**-64,321**	**-134,763**	**-32,286**
Financial income	4	1,844	1,733	1,058	671
Financial expenses	5	-9,235	-2,681	-10,891	-2,652
Profit/loss before tax		**-155,880**	**-65,269**	**-144,596**	**-34,267**
Tax on profit/loss for the year	6	-4,610	5,494	12,547	6,360
Net profit/loss for the year	7	**-160,490**	**-59,775**	**-132,049**	**-27,907**

Balance sheet 31 August 2023

Assets

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Completed development projects		28,843	0	28,843	0
Goodwill		2,688	7,827	2,688	7,827
Intangible assets	8	**31,531**	**7,827**	**31,531**	**7,827**
Land and buildings		80,542	79,453	80,542	79,453
Plant and machinery		167,978	138,112	167,978	138,112
Other fixtures and fittings, tools and equipment		2,560	1,872	2,560	1,872
Property, plant and equipment in progress		11,980	37,051	11,980	37,051
Property, plant and equipment	9	**263,060**	**256,488**	**263,060**	**256,488**
Investments in subsidiaries	10	0	0	61,714	61,714
Other investments	11	17,115	17,115	17,115	17,115
Other receivables	11	25,000	25,000	25,000	25,000
Fixed asset investments		**42,115**	**42,115**	**103,829**	**103,829**
Fixed assets		**336,706**	**306,430**	**398,420**	**368,144**
Raw materials and consumables		76,002	109,649	76,002	109,649
Finished goods and goods for resale		142,061	162,542	96,860	125,788
Inventories		**218,063**	**272,191**	**172,862**	**235,437**
Trade receivables		109,624	71,565	99,975	66,924
Receivables from group enterprises		32,969	79,189	66,413	95,989
Other receivables		36,104	12,441	35,222	11,341
Deferred tax asset	13	0	17,860	0	0
Corporation tax		11,302	26,643	5,065	18,634
Receivables		**189,999**	**207,698**	**206,675**	**192,888**
Cash at bank and in hand		**23,942**	**20,782**	**3,425**	**989**
Current assets		**432,004**	**500,671**	**382,962**	**429,314**
Assets		**768,710**	**807,101**	**781,382**	**797,458**

Balance sheet 31 August 2023

Liabilities and equity

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital	12	127,000	127,000	127,000	127,000
Reserve for development costs		0	0	22,498	0
Reserve for hedging transactions		-17,232	-48,692	-17,232	-48,692
Reserve for exchange rate conversion		12,997	6,068	0	0
Retained earnings		51,130	211,620	125,439	279,986
Equity		**173,895**	**295,996**	**257,705**	**358,294**
Provision for deferred tax	13	1,536	3,674	0	3,674
Provisions		**1,536**	**3,674**	**0**	**3,674**
Other payables		0	5,042	0	5,042
Long-term debt	14	**0**	**5,042**	**0**	**5,042**
Credit institutions		169,684	124,565	169,684	124,565
Prepayments received from customers		13,030	8,792	2,928	2,792
Trade payables		160,846	170,135	125,392	127,903
Payables to group enterprises		86,729	0	148,766	69,923
Other payables	14, 15	162,990	198,897	76,907	105,265
Short-term debt		**593,279**	**502,389**	**523,677**	**430,448**
Debt		**593,279**	**507,431**	**523,677**	**435,490**
Liabilities and equity		**768,710**	**807,101**	**781,382**	**797,458**

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Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 September	127,000	-48,692	6,068	211,620	295,996
Exchange adjustments	0	0	6,929	0	6,929
Fair value adjustment of hedging instruments, end of year	0	40,333	0	0	40,333
Tax on adjustment of hedging instruments for the year	0	-8,873	0	0	-8,873
Net profit/loss for the year	0	0	0	-160,490	-160,490
Equity at 31 August	**127,000**	**-17,232**	**12,997**	**51,130**	**173,895**

Parent company

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 September	127,000	0	-48,692	279,986	358,294
Fair value adjustment of hedging instruments, end of year	0	0	40,333	0	40,333
Tax on adjustment of hedging instruments for the year	0	0	-8,873	0	-8,873
Development costs for the year	0	22,498	0	-22,498	0
Net profit/loss for the year	0	0	0	-132,049	-132,049
Equity at 31 August	**127,000**	**22,498**	**-17,232**	**125,439**	**257,705**

Cash flow statement 1 September 2022 - 31 August 2023

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK
Result of the year		-160,490	-59,775
Adjustments	16	43,988	20,680
Change in working capital	17	-13,261	41,731
Cash flow from operations before financial items		**-129,763**	**2,636**
Financial income		1,844	1,733
Financial expenses		-9,235	-2,681
Cash flows from ordinary activities		**-137,154**	**1,688**
Corporation tax paid		17,580	-19,803
Cash flows from operating activities		**-119,574**	**-18,115**
Purchase of intangible assets		-27,984	0
Purchase of property, plant and equipment		-27,350	-50,275
Cash flows from investing activities		**-55,334**	**-50,275**
Repayment of loans from credit institutions		45,119	64,711
Repayment of payables to group enterprises		132,949	-37,030
Dividend paid		0	-74,000
Cash flows from financing activities		**178,068**	**-46,319**
Change in cash and cash equivalents		**3,160**	**-114,709**
Cash and cash equivalents at 1 September		20,782	135,491
Cash and cash equivalents at 31 August		**23,942**	**20,782**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		23,942	20,782
Cash and cash equivalents at 31 August		**23,942**	**20,782**

Notes to the Financial Statements

1. Going concern

The company and group has realised significant losses in the financial year 2022/23. Management assesses that the company and group has sufficient liquidity to finance the operations for the coming year but has in addition to that secured that they can get additional liquidity if needed by obtaining a letter of financial support from the company and group's ultimate parent company. The letter of financial support is valid until the general assembly for the financial year 2023/24.

2. Revenue

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Goods to the danish market	6,506	2,260	6,506	2,260
Goods to other markets	949,852	973,462	814,508	815,594
	956,358	**975,722**	**821,014**	**817,854**

This segment purely consists of sales of butter cookies. For competitive reasons, the revenue segmentation on geographical markets are not published.

3. Staff

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	148,668	130,528	143,430	124,339
Pensions	10,692	9,456	10,692	9,124
Other social security expenses	2,425	3,205	2,425	3,202
	161,785	**143,189**	**156,547**	**136,665**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. The Board of Directors does not receive remuneration.

Average number of employees	**285**	**243**	**279**	**235**

Notes to the Financial Statements

4. Financial income

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	10	0	607
Other financial income	1,844	1,723	1,058	64
	1,844	**1,733**	**1,058**	**671**

5. Financial expenses

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	1,533	0	3,239	465
Other financial expenses	7,702	2,681	7,652	2,187
	9,235	**2,681**	**10,891**	**2,652**

6. Income tax expense

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Deferred tax for the year	13,340	-13,955	-3,674	-14,835
Adjustment of tax concerning previous years	143	-14	0	0
	13,483	**-13,969**	**-3,674**	**-14,835**
thus distributed:				
Income tax expense	4,610	-5,494	-12,547	-6,360
Tax on equity movements	8,873	-8,475	8,873	-8,475
	13,483	**-13,969**	**-3,674**	**-14,835**

Notes to the Financial Statements

	Parent company	
	2022/23	2021/22
	TDKK	TDKK

7. Profit allocation

Retained earnings	-132,049	-27,907
	-132,049	**-27,907**

8. Intangible fixed assets

Group

	Completed development projects	Goodwill
	TDKK	TDKK
Cost at 1 September	0	108,140
Additions for the year	27,984	0
Transfers for the year	3,481	0
Cost at 31 August	31,465	108,140
Impairment losses and amortisation at 1 September	0	100,313
Amortisation for the year	2,622	5,139
Impairment losses and amortisation at 31 August	2,622	105,452
Carrying amount at 31 August	**28,843**	**2,688**

Notes to the Financial Statements

Parent company

	Completed development projects	Goodwill
	TDKK	TDKK
Cost at 1 September	0	108,140
Additions for the year	27,984	0
Transfers for the year	3,481	0
Cost at 31 August	31,465	108,140
Impairment losses and amortisation at 1 September	0	100,313
Amortisation for the year	2,622	5,139
Impairment losses and amortisation at 31 August	2,622	105,452
Carrying amount at 31 August	**28,843**	**2,688**

Development projects include the development of an ERP system for use in the group's reporting structure. The capitalized development projects are depreciated over 8 years, and depreciation and write-downs of TDKK 2,622 were made in the financial year. The progress in the development projects follows a prepared project plan. Management does not consider that there is any indication of a need for impairment in relation to the carrying amount.

Notes to the Financial Statements

9. Property, plant and equipment

Group

	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 September	192,959	521,204	21,964	37,051
Additions for the year	0	0	0	27,350
Disposals for the year	-43,141	-309,582	-19,013	0
Transfers for the year	4,173	43,759	1,008	-52,421
Cost at 31 August	153,991	255,381	3,959	11,980
Impairment losses and depreciation at 1 September	113,506	383,092	20,092	0
Depreciation for the year	3,084	13,893	320	0
Reversal of impairment and depreciation of sold assets	-43,141	-309,582	-19,013	0
Impairment losses and depreciation at 31 August	73,449	87,403	1,399	0
Carrying amount at 31 August	**80,542**	**167,978**	**2,560**	**11,980**

Parent company

	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 September	192,959	521,204	21,964	37,051
Additions for the year	0	0	0	27,350
Disposals for the year	-43,141	-309,582	-19,013	0
Transfers for the year	4,173	43,759	1,008	-52,421
Cost at 31 August	153,991	255,381	3,959	11,980
Impairment losses and depreciation at 1 September	113,506	383,092	20,092	0
Depreciation for the year	3,084	13,893	320	0
Reversal of impairment and depreciation of sold assets	-43,141	-309,582	-19,013	0
Impairment losses and depreciation at 31 August	73,449	87,403	1,399	0
Carrying amount at 31 August	**80,542**	**167,978**	**2,560**	**11,980**

10. Investments in subsidiaries

	Parent company 2022/23	Parent company 2021/22
	TDKK	TDKK
Cost at 1 September	61,714	61,714
Cost at 31 August	61,714	61,714
Carrying amount at 31 August	**61,714**	**61,714**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Kjeldsens Limited	Hong Kong	THKD 83,977	100%	63,025	7,044
- Kjeldsens Management Ltd.	China	TRMB 32,930	100%	-83,035	-35,553
Kelsen South Africa	South Africa	ZAR 100	100%	-2,656	-504

Notes to the Financial Statements

11. Other fixed asset investments

Group

	Other investments	Other receivables
	TDKK	TDKK
Cost at 1 September	17,115	25,000
Cost at 31 August	17,115	25,000
Carrying amount at 31 August	**17,115**	**25,000**

Parent company

	Other investments	Other receivables
	TDKK	TDKK
Cost at 1 September	17,115	25,000
Cost at 31 August	17,115	25,000
Carrying amount at 31 August	**17,115**	**25,000**

12. Share capital

The Company holds a total of 127,000,000 shares with a nominal value of DKK 1 corresponding to 100% of the total capital.

13. Provision for deferred tax

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 September	-14,186	1,914	3,674	18,509
Exchange adjustments	2,382	-2,145	0	0
Amounts recognised in the income statement for the year	4,467	-5,480	-12,547	-6,360
Amounts recognised in equity for the year	8,873	-8,475	8,873	-8,475
Deferred tax liabilities at 31 August	**1,536**	**-14,186**	**0**	**3,674**
Recognised in the balance sheet as follows:				
Assets	0	17,860	0	0
Provisions	1,536	3,674	0	3,674
	1,536	**-14,186**	**0**	**3,674**

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	0	5,042	0	5,042
Long-term part	0	5,042	0	5,042
Other short-term payables	162,990	198,897	76,907	105,265
	162,990	**203,939**	**76,907**	**110,307**

15. Derivative financial instruments

The company has entered into derivative financial instrument contacts in the form of forward exchange contracts. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Liabilities	-340	-42,431	-340	-42,431

The forward exchange transactions are entered into to secure future net positions of sales and purchases in USD and CNH. The fair value of the forward exchange transactions amounts to TDKK -340 on the balance sheet date. The net positions of forward contracts for USD/CNH and USD/HKD amount to TDKK 343,726. This corresponds to approximately 84% of expected future sales and purchases. The forward transactions have a maturity of 0-5 months.

16. Cash flow statement - Adjustments

	Group	
	2022/23	2021/22
	TDKK	TDKK
Financial income	-1,844	-1,733
Financial expenses	9,235	2,681
Depreciation, amortisation and impairment losses, including losses and gains on sales	25,058	21,399
Tax on profit/loss for the year	4,610	-5,494
Exchange adjustments	6,929	3,827
	43,988	**20,680**

Notes to the Financial Statements

17. Cash flow statement - Change in working capital

	Group	
	2022/23	2021/22
	TDKK	TDKK
Change in inventories	54,128	-37,529
Change in receivables	-61,722	-15,557
Change in trade payables, etc	-46,000	133,336
Fair value adjustments of hedging instruments	40,333	-38,519
	-13,261	**41,731**

18. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,739	1,687	1,739	1,687
Between 1 and 5 years	849	907	849	907
	2,588	**2,594**	**2,588**	**2,594**

19. Related parties

	Basis
Controlling interest	
Giovanni Ferrero, Belgium	Main shareholder
CTH Invest SA, Belgium	Ultimate parent company
Fine Biscuits Company (FBC) SA, Belgium	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Notes to the Financial Statements

20. Fee to auditors appointed at the general meeting

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	1,429	1,458	670	550
Tax advisory services	0	42	0	0
Non-audit services	30	82	30	82
	1,459	**1,582**	**700**	**632**

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Kelsen Group A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

Changes in accounting policies

There have been changes to comparative figures for revenue and production expenses due to presentation of freight that previous was deducted in revenue. This is now recognised as production expenses. The changes do not affect net profit/loss for the year, equity nor the balance sheet. There are no further changes to the accounting policies.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Kelsen Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Leases

Leases in terms of which the Group 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 Group.

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.

Notes to the Financial Statements

Translation policies

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

In accordance with section 96(1) of the Danish Financial Statements Act, disclosures on revenue broken down by business segments are not provided as the Company’s Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 8 years.

Notes to the Financial Statements

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:

Production buildings	50 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	2-8 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments include other long-term receivables and are measured at cost price or lower recovery value.

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, 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 Group’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 Group’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.

Notes to the Financial Statements

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

Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity