

Danish Bake A/S

Dortheavej 10, 2400 Copenhagen NV

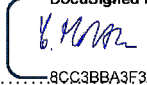
CVR no. 30 53 04 70

Annual report 2021

Approved at the Company's annual general meeting on 20 June 2022

Chair of the meeting:

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Carl Moltke

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Danish Bake A/S for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

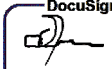
We recommend that the annual report be approved at the annual general meeting.

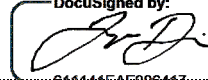
Copenhagen, 20 June 2022
Executive Board:

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Jason Anthony Cotta

Board of Directors:

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Mikael Koch Jensen
Chair

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Jesper Mark Dixen

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Jason Anthony Cotta

Independent auditor's report

To the shareholder of Danish Bake A/S

Opinion

We have audited the financial statements of Danish Bake A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.

Independent auditor's report

- ▶ 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677



Peter Andersen
State Authorised Public Accountant
mne34313

Management's review

Company details

Name	Danish Bake A/S
Address, Postal code, City	Dortheavej 10, 2400 Copenhagen NV
CVR no.	30 53 04 70
Established	10 July 2008
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.lagkagehuset.dk
E-mail	info@lagkagehuset.dk
Board of Directors	Mikael Koch Jensen, Chair Jesper Mark Dixen Jason Anthony Cotta
Executive Board	Jason Anthony Cotta
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea SEB

Management's review

Business review

Danish Bake A/S is a holding company, which owns 100% of the shares of Lagkagehuset A/S, Danish Bake UK Ltd., Ole & Steen Coffee Ltd. and Danish Bake USA Inc.

Financial review

The income statement for 2021 shows a loss of DKK 1,236 thousand against a loss of DKK 33,687 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 335,593 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Gross profit/loss	-48	218
2	Financial income	23,062	12,174
3	Financial expenses	-21,785	-47,302
	Profit/loss before tax	1,229	-34,910
4	Tax for the year	-2,465	1,223
	Profit/loss for the year	-1,236	-33,687
	Recommended appropriation of profit/loss	-1,236	-33,687
	Retained earnings/accumulated loss	-1,236	-33,687

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
	Investments		
	Investments in group entities	708,992	708,992
		<u>708,992</u>	<u>708,992</u>
	Total fixed assets	<u>708,992</u>	<u>708,992</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	195,240	208,524
	Income taxes receivable	0	1,223
		<u>195,240</u>	<u>209,747</u>
	Cash	3,110	903
	Total non-fixed assets	<u>198,350</u>	<u>210,650</u>
	TOTAL ASSETS	<u>907,342</u>	<u>919,642</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	568	568
	Retained earnings	335,025	336,261
	Total equity	<u>335,593</u>	<u>336,829</u>
	Liabilities other than provisions		
6	Non-current liabilities other than provisions		
	Other credit institutions	469,125	481,448
		<u>469,125</u>	<u>481,448</u>
	Current liabilities other than provisions		
	Payables to group entities	99,596	101,323
	Other payables	3,028	42
		<u>102,624</u>	<u>101,365</u>
	Total liabilities other than provisions	<u>571,749</u>	<u>582,813</u>
	TOTAL EQUITY AND LIABILITIES	<u>907,342</u>	<u>919,642</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Contingent assets
- 9 Collateral
- 10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2021	568	336,261	336,829
Transfer through appropriation of loss	0	-1,236	-1,236
Equity at 31 December 2021	<u>568</u>	<u>335,025</u>	<u>335,593</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danish Bake A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

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

Income statement

Gross profit/loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration, etc.

Profit from investments in subsidiaries

The item includes dividends from investments in subsidiaries. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
2 Financial income		
Interest receivable, group entities	7,999	12,173
Exchange gain	15,063	1
	<u>23,062</u>	<u>12,174</u>
3 Financial expenses		
Interest expenses, group entities	3,273	2,206
Exchange adjustments	0	24,725
Other financial expenses	18,512	20,371
	<u>21,785</u>	<u>47,302</u>
4 Tax for the year		
Estimated tax charge for the year	0	-1,223
Tax adjustments, prior years	2,465	0
	<u>2,465</u>	<u>-1,223</u>
5 Share capital		
Analysis of the share capital:		
568,181 shares of DKK 1.00 nominal value each	568	568
	<u>568</u>	<u>568</u>

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

DKK'000	2021	2020	2019	2018	2017
Opening balance	568	528	528	528	532
Capital increase	0	40	0	0	0
Capital reduction	0	0	0	0	-4
	<u>568</u>	<u>568</u>	<u>528</u>	<u>528</u>	<u>528</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Non-current liabilities other than provisions

The Company has together with the group entities, Danish Bake Group ApS and Lagkagehuset A/S, a credit facility of DKK 550 million as of 31 December 2021. It is solely Danish Bake A/S, which has debt to credit institutions, related to this credit facility. The net debt to credit institutions as of 31 December 2021, including bank guarantees, totalled DKK 355 million. The agreement expires in December 2023. The agreement includes covenants.

7 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has issued a letter of support to the subsidiary Danish Bake UK Ltd., in which the Company guarantees to financially support the operations of the subsidiary until 30 September 2023.

Other contingent liabilities

DKK'000	2021	2020
Other contingent liabilities	20,411	29,829
	20,411	29,829

Other contingent liabilities include the bank guarantees and parent company guarantees in relation to leaseholds.

The Company is jointly taxed with its parent, Danish Bake Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

8 Contingent assets

The company has deferred tax assets, which mainly consist of tax loss carry-forwards. The nominal value thereof totals DKK 7,020 thousand. DKK 0 thousand has been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

9 Collateral

The Company has provided the shares of the subsidiary, Lagkagehuset A/S, with a total carrying amount of DKK 709 million, as security for the revolving credit facilities. As of 31 December 2021, DKK 355 million is drawn on the revolving credit facilities, including bank guarantees.

The Company has not provided any other security or other collateral in assets at 31 December 2021.

10 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Danish Bake Holding ApS	Copenhagen	Requisitioning at the company's address