DANISH CONFECTIONERY

LAKRIDS BY BÜLOW

The Annual Report of
Lakrids JB Holding ApS
Sydholmen 7, DK-2650 Hvidovre
CVR No 37 85 05 43

was presented and adopted at the
Annual General Meeting of the
Company on 31 May 2022

Chantal Pernille Patel
Chairman of the General Meeting

WE MAKE THE WORLD LOVE LIQUORICE

LAKRIDS JB HOLDING APS ANNUAL REPORT 2021

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MANAGEMENT REVIEW

AT A GLANCE

LAKRIDS BY BÜLOW is an international premium confectionery brand

DKKm
293
2021 Revenue
+14% from 2020

DKKm
35
2021 Adjusted EBIT
+23% from 2020

12%
2021 Adjusted
EBIT margin

67%
International
share of revenue
in 2021

57%
Direct-to-consumer
share of sales in 2021

+357,000
Community
members
end of 2021

157
Employees (FTE)
end of 2021

WE MAKE THE WORLD LOVE LIQUORICE

LETTER FROM THE CHAIRPERSON

“We make the world love liquorice - one liquorice at a time”. That rather ambitious statement concludes the last frames of a viral video LAKRIDS BY BÜLOW launched in 2021. Nonetheless, that is the realistic ambition of what started as a passionate idea around 15 years ago, but since has grown to become an international premium confectionery brand. Admittedly, there is still a long way to go to make the whole world love liquorice, but we are certainly making progress. In 2021, the international share of total revenue increased to 67% - in 2016, the international share of revenue was 33%.

This is among other things the result of a relentless focus on creating a unique, distinctive gourmet product rooted in the Nordic food and design heritage. Selling directly to the customer through our flagship stores, our fast-growing e-commerce channel as well as carefully selected third-party resellers has proved to be a very robust business model, in particular during the pandemic which closed down great parts of societies for long periods in the past two years. Furthermore, I am proud that LAKRIDS BY BÜLOW has managed to increase revenue by 16% on average per year since the last pre-pandemic year in 2019.

In 2021, our direct-to-consumer channels, e-commerce and our own retail shops, accounted for 57% of total revenue. The two channels are closely integrated with synergetic effects, and we are convinced that the large share of direct-to-consumer sales is a competitive edge as it allows us to build deeper consumer connections to and engage with our customers.

In January 2022, we announced changes to the board of directors, which was strengthened by the appointment of Charlotte Strand, Louise Cruttenden and Lisa Bridgett as new independent, non-executive directors. Together they bring valuable competencies and experience within finance, luxury retail e-commerce as well as international brand management and marketing, all very relevant to LAKRIDS BY BÜLOW’s future journey.

I am pleased that LAKRIDS BY BÜLOW has been able to attract these international professionals and see it is a testament to the strength of the brand, the business model and the future potential. At the same time Adam Sandberg, Jakob Jønck and Søren Schriver stepped down from the board, and I want to thank them for having contributed greatly to LAKRIDS BY BÜLOW over the last five years.

The appointment of the three new board members contributes to a diversified board, not only in terms of gender, but also in terms of background, age, nationality and geographic experience.

Diversity is part of our overriding focus on sustainability in the way we do business. We have a continuous focus on driving sustainability initiatives across the entire value chain of our products, from the sourcing of raw materials, to packaging and powering of our factory. As a result of this focus, our jars are made from 100% recycled and recyclable plastic, our gift boxes are now made of 70% recycled cardboard, and our factory is 100% operated on green energy.

I want to thank the entire organisation for their dedicated contributions in 2021. We can all take pride in the strong results and the solid foundation for a continued growth journey.

Tue Mantoni
Chairperson

TUE MANTONI
CHAIRPERSON

FREDRIK NILSSON
CEO

LETTER FROM THE CEO

ANOTHER STRONG YEAR

"2021 became the best year on record for LAKRIDS BY BÜLOW, both in terms of sales and earnings. The growth was primarily delivered by e-commerce and greatly enhanced by our strongly growing customer community."

2021 was once again an extraordinary year. We had anticipated a gradual normalization of society through the course of the year and instead the year ended much like it started, with limited physical interactions.

Nevertheless, 2021 became the best year on record for LAKRIDS BY BÜLOW, both in terms of sales and earnings. Total revenue increased by 14% to DKK 293 million from 2020, while operating profit (adjusted EBIT) of DKK 35 million was 23% higher than the year before.

Growth was primarily driven by e-commerce which grew by 26%, accounting for 36% of total revenue. Geographically, Germany and the United Kingdom were key contributors with growth of 25% and 33% respectively, emphasizing the great international potential for our Nordic treat. Despite being closed down due to COVID-19 almost one third of the year, our 26 own retail stores saw a 10% increase in revenue from 2020. Also, our business-to-business channel, covering almost 2,000 high-quality third-party retailers, as well as corporate customers, delivered healthy growth, navigating rough waters convincingly.

Since 2019, when approximately 85% of our revenue came through physical stores, LAKRIDS BY BÜLOW has truly transformed. Today, we are very much a direct-to-consumer business with the e-commerce channel being the most important sales venue, and it is very rewarding that we have been able to sustain solid double-digit growth over the last two years, despite the pandemic. Clearly, today our brand is stronger than ever, and the solid performance indicates significant additional potential as the world opens again.

“In 2022, we look forward to continue our remarkable growth journey and getting closer to even more customers in our community “

2021 was also the year we launched our new communications platform, which will be our voice for many years to come, reinforcing our ambition to make the world love liquorice via sampling. The online launch movie was seen by more than 5 million people.

This was not the only step we took in terms of being a dialogue brand. We also opened our factory for visitors. Since opening in May, we have had more than 3,000 people visiting our site just outside Copenhagen to see how we develop and produce our precious chocolate-coated liquorice. The Factory Experience, as the site tour is called, also offers our creative department a wonderful source of consumer insights straight from our customer community. I want to thank our customers and consumers for their dedicated loyalty in 2021. Around 126,000 signed up as members of our customer community alone in 2021, taking the total number of members above 350,000, of which around two thirds reside outside of Denmark.

In 2022, we look forward to continue our remarkable growth journey and getting closer to more customers in our community. We have secured contracts for new attractive store locations and most importantly, we are going to open our first permanent store in London. We are also strengthening our e-commerce experience and carrying out several important upgrades of our production site in order to meet the increase in demand. All in all, we expect total revenue of DKK 325-350 million in 2022, with an operating profit (adjusted EBIT) of DKK 40-45 million.

Finally, I want to salute our incredibly passionate employees across the entire company for having gone the extra mile and for constantly adapting to the challenges caused by the pandemic for the entirety of this extraordinary year.

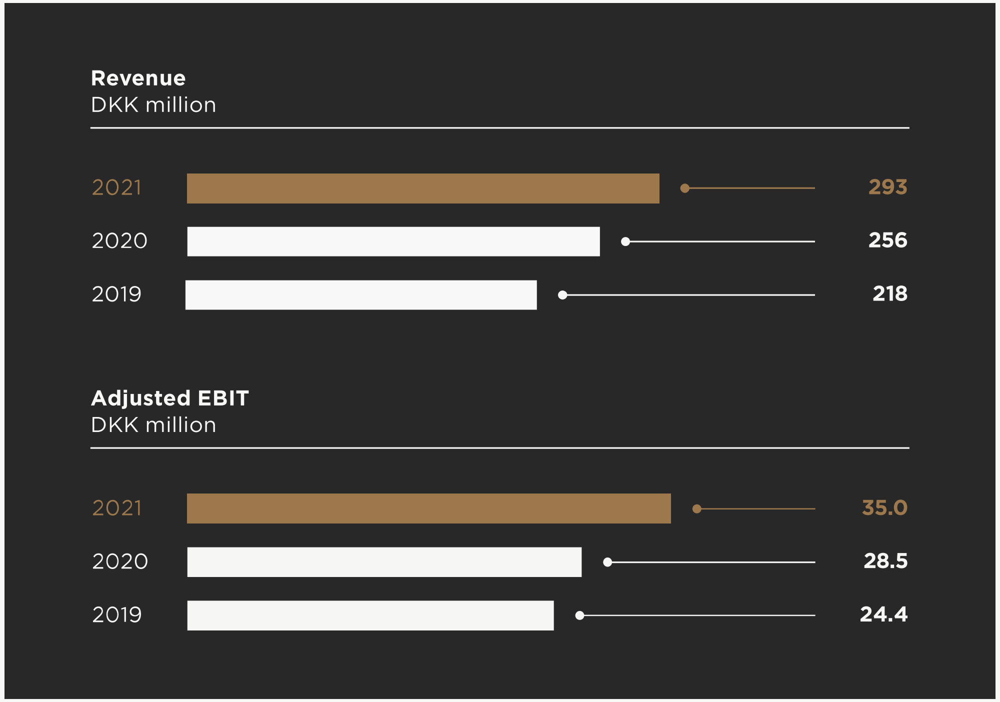
Fredrik Nilsson
CEO

FINANCIAL HIGHLIGHTS

In thousands DKK	2021	2020	2019*
Income statement			
Revenue	293,054	256,386	218,191
Gross profit	227,379	192,791	103,868
Adjusted EBITDA**	63,887	55,742	24,371
EBITDA	50,712	55,742	24,371
Adjusted EBIT***	35,011	28,519	(12,298)
EBIT	21,836	28,519	(12,298)
Net financials	(20,271)	(29,010)	(19,175)
Profit/loss before tax	1,565	(491)	(31,473)
Profit/loss for the year	(1,946)	(2,761)	(29,986)
Statement of financial position			
Balance sheet total	599,403	590,557	517,242
Equity	316,313	318,163	259,131
Cash flows			
Cash flows from operating activities	48,666	57,009	20,735
Cash flows from investing activities	(21,824)	(19,234)	(16,100)
- Hereof cash flows from investment in PP&E	(16,773)	(14,810)	(10,638)
Cash flows from financing activities	(27,625)	(25,051)	(1,410)
Financial ratios (%)			
Gross margin	77.6%	75.2%	47.6%
Adjusted EBITDA margin**	21.8%	21.7%	11.2%
EBITDA margin	17.3%	21.7%	11.2%
Adjusted EBIT margin***	11.9%	11.1%	(5.6)%
EBIT margin	7.5%	11.1%	(5.6)%

* The group has implemented IFRS on 1 January 2020. The consolidated comparative figures for 2019 are presented in accordance with the Danish Financial Statement Act.
** Adjusted EBITDA is adjusted for special items as described in note 7.
*** Adjusted EBIT is adjusted for special items as described in note 7.

LAKRIDS BY BÜLOW has a strong track record of profitable revenue growth with expanding margins and cash flow generation.



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OUR BUSINESS

LIQUORICE ROOTS

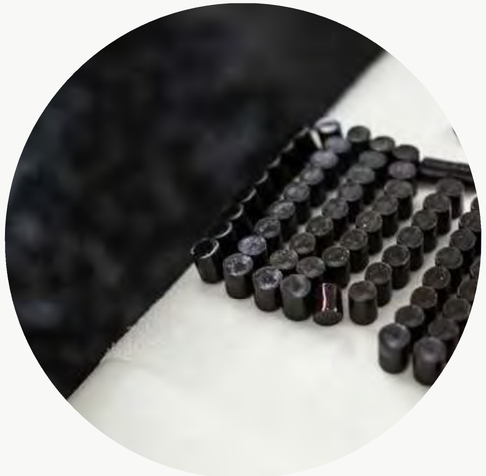
It takes the liquorice plant four to seven years to grow before its roots have matured enough to be harvested. Once the roots are harvested and dried they are turned into liquorice powder, which is what we use for our products. Liquorice roots can be up to 10 meters long.

A MODERN TAKE ON PREMIUM CONFECTIONERY

LAKRIDS BY BÜLOW was founded on the Danish island of Bornholm in 2007 by Johan Bülow with a dream of making the best liquorice in the world.

Based on the vision of creating a unique confectionery product, and as a result of his dedication and persistent focus on innovation, Johan Bülow launched the first premium chocolate-coated liquorice in 2009. In doing so, he pioneered a new product category based on the unique combination of chocolate and liquorice.

Today, LAKRIDS BY BÜLOW is an instantly recognizable brand rooted in the Scandinavian food and design heritage, with chocolate-coated products accounting for around 90% of total revenue in 2021.



OUR PRODUCTS

We have a distinctive and differentiated product offering including both a Permanent Collection as well as Limited Editions.

THE PERMANENT COLLECTION

The Permanent Collection consists of classic products that define and preserve the essence of our brand and adds to the long-term customer loyalty by offering products that customers find familiar.

LIMITED EDITIONS

Seasonal Limited Editions consist of new flavours and consumer favourites among previously launched flavours that captivate consumer interest on a seasonal basis (e.g. Valentines Day, Easter, Christmas).

Limited editions strengthen the consumer brand awareness and ensures customer engagement and dialogue. Selected limited editions are tested and developed togehter with our customer community ahead of seasonal launches.

CHRISTMAS CALENDER

We created our first Christmas calendar in 2011 and it quickly became popular among our customers. With many new flavours – and a QR code on the packaging for convenient customer feedback – it is a perfect product for building customer engagement as well as an excellent marketing tool, and it has obtained coverage in high-profiled media around the world.

In 2021, we introduced a fully recyclable box using 75% recycled FSC cardboard and 58% plant based sugar cane foil.

A LARGE & GROWING MARKET

LAKRIDS BY BÜLOW's unique products are positioned in the high end of the premium confectionery market. The global premium confectionery market was estimated at DKK 162 billion in 2021 with the European market accounting for approx. DKK 64 billion[1].

Our current focus markets are the Nordics, the DACH region (Germany, Austria and Switzerland) and the United Kingdom, and we estimate the market value of these markets at DKK 24 billion[2] in 2021 with an expected annual average growth rate of 5% from 2021 to 2026.

With an estimated market share for LAKRIDS BY BÜLOW of 1%[2] of the premium confectionery in our focus markets - ranging from around 8% in Denmark to less than 1% in Germany and the United Kingdom - there is plenty of room for LAKRIDS BY BÜLOW to grow. Both in our existing focus markets and, in the longer term, beyond our focus markets.

[1] Source: Company information
[2] Excluding Austria and Switzerland

We believe that the premium confectionery market will benefit from certain long-term trends such as increased focus on health and wellness, driving consumers towards quality over quantity; a growing interest in natural ingredients and products free of additives; increasing appreciation for taste differentiations and craftsmanship; as well as a growing popularity of premium confectionery as an authentic gift with an engaging story behind it.

Premium confectionery products are sold for both self-indulgence and gifting purposes. We see ourselves to be positioned in the sweet spot of the premium confectionery market with our sales being evenly split between the two purchase occasions.

FOCUS MARKETS

- Finland
- Norway
- Sweden
- Denmark
- United Kingdom
- Germany
- Austria
- Switzerland

Global premium confectionery market
market size, DKK billion
162

LAKRIDS BY BÜLOW's focus markets[2]
market size, DKK billion
24

Expected annual growth rate 2021-2026
LAKRIDS BY BÜLOW's focus markets[2]
5%

CUSTOMER ENGAGEMENT IS KEY TO SUCCESS

DIRECT-TO-CONSUMER

Customer engagement and a close dialogue with our customers is key to our success. Therefore, and in order to enhance the brand experience and showcase the full LAKRIDS BY BÜLOW universe while at the same time building deep and engaging customer connections, our main focus is on our direct-to-consumer sales channels.

We do that through our 26 retail stores in carefully selected locations, thoughtfully designed to drive both in-store purchases as well as acting as brand beacons and venues for storytelling.

Our physical stores are complemented by a fast-growing e-commerce platform, giving customers access to our full product range regardless of their physical location. In addition to our own webshops in six different languages, serving 40 markets across the world, LAKRIDS BY BÜLOW is also available at Amazon in the US and Germany, and its Chinese peer Tmall Global.

We have seen a remarkable increase in e-commerce sales over the past few years, and e-commerce became our biggest direct-to-consumer channel in 2021, accounting for approx. 36% of total revenue. The strong development in e-commerce has also been a key contributor to our resilience during the Covid-19 pandemic. In total, our direct-to-consumer sales channels accounted for 57% of total revenue in 2021.

OUR RETAIL STORES

We aim to bring the Factory Experience into all our own retail stores, which as of 31 December 2021 were located in:

- **Denmark** (9)
- **Finland** (2)
- **Germany** (6)
- **Norway** (4)
- **Sweden** (2)
- **United Arab Emirates** (3)

In 2021, own retail stores accounted for 21% of total revenue. We will continue to open new, profitable and brand-building own retail stores in both existing and new geographies. We expect to open a flagship store in London in mid-2022.

BUSINESS-TO-BUSINESS

In addition to, and highly complementary to, our direct-to-consumer sales channels, we also sell our products through our business-to-business (B2B) channel, comprising of approx. 2,000 carefully selected, high-quality third-party retailers across 35 countries, as well as blue-chip corporate customers.

The third-party retailers are often premium department stores and specialty stores, and accounted for approx. 34% of total revenue in 2021. Our corporate customers, ranging from smaller corporations to large multi-national corporations, typically using our products as gifts to their customers and employees, accounted for 9% of total revenue in 2021. We believe, our strong brand equity is a significant driver to establish partnerships with blue-chip corporate customers such as Mercedes-Benz, Bang & Olufsen and Emirates Airlines.

Number of third-party retailers (approx.) 2,000

Share of revenue through third-party retailers 34%

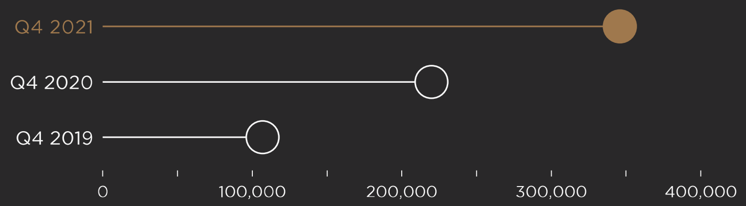
Share of revenue to corporate customers 9%

EMIRATES AIRLINES

Emirates Airlines has been a key corporate customer for six years. All passengers on first class to +120 destinations in 70 different countries are served our products in branded packaging. That corresponds to approx. 36,000 jars a month and approx. 3 million pieces being served each year to first class passengers.

THE WORLD'S LARGEST TASTING PANEL

Customer community
Number of members



Community's share of own e-commerce revenue
2021

41%

Our vision is to create the world's largest tasting panel through our community, driving customer engagement and loyalty. Our customer community has seen strong growth over the last years and reached more than 357,000 members by the end of 2021, up from around 112,000 members at the end of 2019. The increase has largely been driven by an significant inflow of new members residing outside of Denmark who now account for more than two thirds of all members.

Community members are offered treats with every purchase as well as access to exclusive limited editions several times a year, and are invited to competitions, factory tours and other events. In return, community members are providing us with valuable feedback on taste, design, packaging and sometimes even recipe suggestions.

Community members demonstrate both a higher average repurchasing frequency as well as a higher average order value than the average customer, and the community's share of our own e-commerce revenue in 2021 was 41%.

AMPLE ROOM TO GROW IN OUR CURRENT FACTORY SET-UP

All our chocolate-coated and gourmet liquorice products are developed and produced in-house at our combined headquarter and factory in Hvidovre just outside of Copenhagen.

At the around 4,200 m2 production facility, we manufactured approx. 4 million jars equal to over 900 tonnes of premium confectionery in 2021, using natural ingredients of the highest quality.

The production process is mostly automated and therefore highly scalable, but also includes the involvement of human touch, in line with our brand's core values of authenticity and craftmanship.

We believe, we can double the production output within the current production set-up over the coming years, assuming a maintained production investment level compared to that of the recent years.

FACTORY EXPERIENCE

In May 2021, we started to offer guided tours of our factory, giving people the opportunity to smell and taste our products, and experience our unique liquorice production up close. Among other things, our guests are offered the opportunity to taste the warm gourmet liquorice directly from the pot. Included in the tour is also a visit to our creative lab where we constantly develop new and exciting flavours - some of them based on ideas received from the enthusiastic members of our customer community.

In total more than 3,000 people participated in our Factory Experience in 2021.

PROVEN STRATEGY FOR CONTINUED GROWTH

We have a strong track record of profitable revenue growth, which we aim to continue to deliver. We believe that our distinctive product offering, our growing international footprint and ample room for increased consumer brand awareness underscore the significant runway for further growth for LAKRIDS BY BÜLOW. We will continue to execute on our proven strategy, based on three pillars.

1

Direct-to-consumer led growth

We aim to continue to increase our share of sales through our direct-to-consumer sales channels, driven by further scaling of our e-commerce platform and digital experience as well as a continuous expansion of our footprint of own retail stores.

2

Further penetration of focus markets

With an estimated market share of approx. 1% of the premium confectionery market in our geographical focus markets, we see a significant opportunity for further long-term growth. By driving a continuous increase in consumer brand awareness, we aim to capture the full potential in these markets, supported by the fact that we enjoy a strong conversion rate of at least 50% from awareness to purchase in most of our focus markets.[1]

3

Deeper customer connections

We have a strong focus on deepening our connection with consumers. In particular, our large and fast-growing customer community allows us to establish a continuous dialogue with our customers, resulting in both increased engagement levels, but also valuable insights used in our product development and to increase marketing efficiency. We will continue to upgrade our community platform and see vast opportunities for growing engagement levels even further.

[1] Excluding Austria and Switzerland

BUSINESS REVIEW 2021

Revenue

In 2021, LAKRIDS BY BÜLOW recorded total revenue of DKK 293.1 million, up 14% from DKK 256.4 million in 2020. The increase was primarily due to a strong growth in e-commerce revenue, a partial rebound of revenue levels across own retail shops, as well as solid growth in the business-to-business channel. COVID-19 restrictions continued to negatively impact both own retail stores as well as third-party resellers over the year.

Direct-to-consumer sales through LAKRIDS BY BÜLOW's own retail shops and e-commerce accounted for 57.1% of total revenue, while B2B accounted for the remaining 42.9% of total revenue in 2021 against 54.4% and 45.6% respectively in 2020. E-commerce revenue continued to see strong growth and accounted for 36.1% of total revenue, while revenue through own retail shops accounted for 21.0% of total revenue.

Geographically, the international share of revenue increased to 67% of total revenue, up from 64% in 2020. LAKRIDS BY BÜLOW's products are sold in 44 countries.

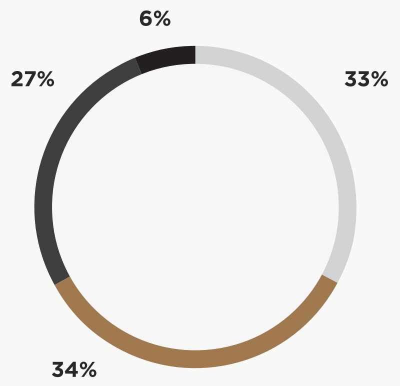
Total revenue
DKK million
293.1

Adjusted EBIT
DKK million
35.0

Revenue increase
From 2020
14%

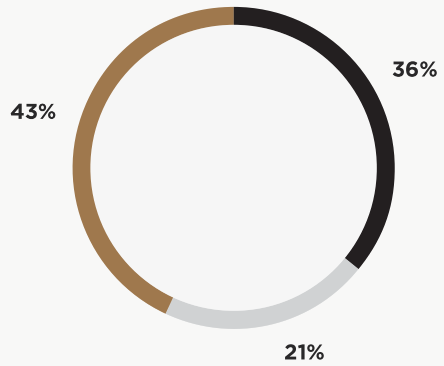
Adjusted EBIT increase
From 2020
23%

Geographical revenue split for 2021



- Denmark
- Rest of Nordics
- DACH & United Kingdom
- Rest of World

Sales channel revenue split for 2021



- E-commerce
- Own retail stores
- Business-to-business

BUSINESS REVIEW 2021 (continued)

Gross profit
Gross profit in 2021 was DKK 227.4 million compared to DKK 192.8 million in 2020, corresponding to a gross margin of 78% in 2021 up from 75% in 2020. The gross margin expansion was driven by a continued shift to direct-to-consumer sales as well as an increasing share of international revenue.

Adjusted EBITDA
Adjusted EBITDA was DKK 63.9 million compared to DKK 55.7 million in 2020, an increase of 26% and corresponding to an adjusted EBITDA margin of 22%. The adjustment related to non-recurring costs to professional and legal fees associated with corporate financing activities of DKK 13.2 million.

Adjusted EBIT
Adjusted EBIT was DKK 35.0 million compared to DKK 28.5 million in 2020, an increase of 23% and corresponding to and adjusted EBIT margin of 12%.

Net result
Net result for the year was a loss of DKK 1.9 million compared to a loss of DKK 2.8 million in 2020.

Cash flow
Cash flow from operating activities in 2021 was DKK 48.7 million compared to DKK 57.0 million in 2020. The decrease was primarily due to non-recurring corporate finance costs as well as payments postponed from 2020 to 2021. The postponed payments relate mainly to VAT, personnel taxes, social security governed by COVID-19 liquidity support programmes in a number of countries.

Capex
Capital expenditures amounted to DKK 20 million in 2021 compared to DKK 15 million in 2020. Capital expenditures for 2021 primarily comprised of investments in new retail stores, our e-commerce platform and production site. We have recently invested in a new manufacturing production line expected to be ready for manufacturing in 2023.

OUTLOOK FOR 2022

Total revenue
DKK million
325-350

Adjusted EBIT
DKK million
40-45

3

ESG

ENVIRONMENT, SOCIAL & GOVERNANCE

With a strong ambition to pioneer the concept of sustainable luxury within the premium confectionery market, environmental, social and governance (ESG) aspects constitute a core focus area for LAKRIDS BY BÜLOW.

We have a continuous focus on driving sustainability initiatives across our entire value chain, from the sourcing of raw materials to the product packaging as well as on energy consumption and the well-being of our employees.

We are using the UN's Sustainable Development Goals (SDG) as a guidance for our sustainability approach and primarily focus our activities within three of the goals where we believe we can maximize our impact.

To further develop our sustainability efforts, we have initiated a process of receiving a B Corporation certification which we expect to receive in the last quarter of 2022. Certified B Corporations are companies verified by the non-profit organization B Lab to meet high standards of social and environmental performance, transparency, and accountability.

ENVIRONMENT

We are strongly committed to reducing the environmental footprint of our production and products. By investing in modern production equipment and improved production processes, we have since 2016 reduced water consumption and waste by 34% and 44% per kilogram produced, respectively. And to reduce carbon emissions further, our factory has since 2020 been powered by 100% green energy. Despite having almost doubled our production volume from 2016 to 2020, we have reduced production related CO_2 emissions by 98% in that period.

Product packaging is another focus sustainability area, and since 2019 our plastic jars are made from 100% recycled and recyclable plastic, while the labels are made from 100% FSC (Forest Stewardship Council) certified paper. Through various initiatives, we have been able to reduce CO_2 emissions from our packaging by 46% since 2016.

REDUCING OUR CO_2 EMMISIONS

USING 100% GREEN ENERGY IN FACTORY

USING 100% RECYCLED AND RECYCLABEL PLASTIC IN JARS

REDUCING OUR WASTE

REDUCING OUR WATER CONSUMPTION

SOCIAL

As an integral part of our brand we carefully select our suppliers to ensure products of the highest quality possible, produced with sustainable ingredients. For example, we buy the chocolate used to coat our liquorice products from the Cocoa Horizons sustainability program to ensure sustainable and ethically produced cocoa. Cocoa Horizons' chocolate producer Barry Callebaut's sustainability programme focuses on improving the livelihoods of cocoa farmers through the promotion of sustainable farming.

The well-being of LAKRIDS BY BÜLOW employees is also paramount to us. We believe it drives creativity, innovation, sound decision-making and ultimately stronger financial performance. Therefore, we have a continuous focus on promoting a dynamic culture of diversity and equal opportunity for all.

GOVERNANCE

LAKRIDS BY BÜLOW is committed to exercising good corporate governance at all times and the Board of Directors regularly assesses rules, policies and practices according to the Corporate Governance Recommendations.

The company has a two-tier governance structure consisting of the Board of Directors and the Executive Management.

The Executive Management undertakes the operational management of the company, whereas the Board of Directors determines the overall strategy and acts as a sparring partner to the Executive Management.

Risk management is an essential and natural part of the realization of our objectives and strategy. Risk management is therefore seen as an integrated part of the daily activities and execution of the strategy, and we continuously develop risk management policies to manage and mitigate risks associated with the business and operations.

The Board of Directors consist of six members and has appointed a Chairperson and a Vice Chairperson. Four of the members are regarded as independent. The Board of Directors represents broad international business experience and competencies considered to be relevant for LAKRIDS BY BÜLOW.

The Board of Directors meets 6-8 times a year and holds extraordinary meetings when required. In 2021, six board meetings were held.

The Board of Directors will set up an Audit committee and a Remuneration and Nomination committee. The purpose of the committees is to prepare decisions to be made by the Board of Directors.

On an annual basis, the Board of Directors perform an evaluation of the effectiveness, performance, achievements and competencies of the Board of Directors and of the individual members as well as the collaboration with the Executive Management.

We have adopted a whistle-blower policy and a whistle-blower function in accordance with applicable regulation.

EXECUTIVE MANAGEMENT

FREDRIK NILSSON
CEO

Swedish, born 1980

With LAKRIDS BY BÜLOW as CEO since 2017

Previous experience:
Nestlé Switzerland,
Nestlé Nespresso (Country Manager Denmark)

TONNY DRAGHEIM
CFO

Danish, born 1975

With LAKRIDS BY BÜLOW as CFO since 2018

Previous experience:
COWI,
Novo Nordisk

JOHAN BÜLOW
Creative director

Danish, born 1984

Founded LAKRIDS BY BÜLOW in 2007

Previous experience:
Entrepreneur

BOARD OF DIRECTORS

TUE MANTONI
Chairperson

(Independent)

Danish, born 1975

Other positions:
Vækstfonden (Chair), Stine Goya (Chair), Joe & The Juice, Soundbox (Vice Chair), Gubi (board member)

Previous experience:
Bang & Olufsen (CEO), Triumph Motorcycles (CEO), McKinsey & Company

CHARLOTTE STRAND
Vice chairperson

(Independent)

Danish, born 1961

Other positions:
Evida (Chair). Per Aarsleff (board member), Postnord (board member) Reventus Power (board member), Aibel (board member)

Previous experience:
Ørsted (SVP), Flügger (board member)

LISA BRIDGETT

(Independent)

British, born 1974

Other positions:
DREST (Chief Operating Officer)

Previous experience:
NET-A-PORTER, Ralph Lauren

LOUISE CRUTTENDEN

(Independent)

British, born 1977

Other positions:
Real Handful Snacks (board member), Action4Youth (board member)

Previous experience:
HUEL, Diageo, Kimberly-Clark Corporation

JOHAN BÜLOW

Danish, born 1984

Other positions:
Founded LAKRIDS BY BÜLOW in 2007

Previous experience:
Entrepreneur

PER FORSBERG

Swedish, born 1973

Other positions:
Partner at Valedo Partners, Joe & The Juice (board member), Origio Group (board member), Prosero Security (board member)

Previous experience:
EQT Partners

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FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021

DKK '000	Notes	2021	2020
Revenue	3	**293,054**	**256,386**
Changes in inventory of finished goods and work in progress		2,105	5,163
Raw materials and consumables used	4	(67,780)	(68,758)
Gross Profit		**227,379**	**192,791**
Other operating income	5	3,145	3,412
Employee benefits	6	(81,746)	(78,685)
Other external expenses		(84,891)	(61,776)
Earnings before interest, tax, depreciation and amortisation and before special items (Adjusted EBITDA)		**63,887**	**55,742**
Special items	7	13,175	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**50,712**	**-**
Depreciation and amortisation	8	(28,876)	(27,223)
Operating profit (EBIT)		**21,836**	**28,519**
Financial income	9	1,366	563
Financial costs	9	(21,637)	(29,573)
Profit / (Loss) before tax		**1,565**	**(491)**
Income tax expense	10	(3,511)	(2,270)
Profit / (Loss) for the year		**(1,946)**	**(2,761)**

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

DKK '000	2021	2020
Profit / (Loss) for the year	(1,946)	(2,761)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	96	285
Other comprehensive income for the year, net of tax	**96**	**285**
Total comprehensive income for the year	**(1,850)**	**(2,476)**

CONSOLIDATED BALANCE SHEET

as at 31 December 2021

DKK '000	Notes	2021	2020	1 January 2020
Assets				
Non-current assets				
Intangible assets	11	414,566	409,047	409,629
Property, plant and equipment	12	46,788	41,752	37,490
Right-of-use assets	13	45,360	52,198	66,900
Other non-current assets		3,396	1,683	1,598
Deferred tax assets	14	1,451	3,278	3,109
Total non-current assets		**511,561**	**507,958**	**518,726**
Current assets				
Inventories	15	28,908	22,585	16,309
Trade receivables	18	22,833	23,846	24,650
Other receivables		933	1,532	1,603
Current tax assets		121	0	456
Prepayments		3,186	1,992	2,478
Cash and cash equivalents		31,861	32,644	19,920
Total current assets		**87,842**	**82,599**	**65,416**
Total assets		**599,403**	**590,557**	**584,142**

DKK '000	Notes	2021	2020	1 January 2020
Equity				
Share capital	20	7,515	7,515	7,388
Share premium		354,597	354,597	349,152
Foreign currency translation reserve		381	285	0
Retained earnings		(46,180)	(44,234)	(41,473)
Total equity		**316,313**	**318,163**	**315,067**
Liabilities				
Non-current liabilities				
Borrowings	16	0	125,745	117,127
Lease liabilities	13	32,631	41,124	49,535
Provisions		2,845	-	-
Other payables	22	3,291	3,075	964
Total non-current liabilities		**38,767**	**169,944**	**167,626**
Current liabilities				
Borrowings and bank overdrafts	16	134,602	3,449	18,626
Trade payables		28,309	15,344	10,754
Lease liabilities	13	14,483	12,047	17,365
Current tax liabilities		2,188	2,941	2,289
Shareholder loans		11,755	21,304	23,092
Contingent consideration liability	17	22,773	17,816	11,537
Other payables		30,213	29,549	17,786
Total current liabilities		**244,323**	**102,450**	**101,449**
Total liabilities		**283,090**	**272,394**	**269,075**
Total equity and liabilities		**599,403**	**590,557**	**584,142**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

DKK '000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Equity at 1 January 2021	**7,515**	**354,597**	**285**	**(44,234)**	**318,163**
Loss for the year	-	-	-	(1,946)	(1,946)
Other comprehensive income for the year	-	-	96	-	96
Total comprehensive income for the year	**-**	**-**	**96**	**(1,946)**	**(1,850)**
Equity at 31 December 2021	**7,515**	**354,597**	**381**	**(46,180)**	**316,313**
Equity at 1 January 2020	**7,388**	**349,152**	**-**	**(41,473)**	**315,067**
Loss for the year	-	-	-	(2,761)	(2,761)
Other comprehensive income for the year	-	-	285	-	285
Total comprehensive income for the year	**-**	**-**	**285**	**(2,761)**	**(2,476)**
Transactions with owners in their capacity as owners					
Cash capital increase	33	967	-	-	1,000
Capital increase by debt conversion	94	4,478	-	-	4,572
Total transactions with owners	**127**	**5,445**	**-**	**-**	**5,572**
Equity at 31 December 2020	**7,515**	**354,597**	**285**	**(44,234)**	**318,163**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

DKK '000	Notes	2021	2020
Operating profit		21,836	28,519
Adjustments for non-cash items. etc.			
- Depreciation and amortisation		28,876	27,223
Interest received		1,366	563
Interests paid		(9,265)	(11,513)
Income taxes paid		(2,086)	(1,332)
Cash flow from operating activities before working capital changes		**40,727**	**43,460**
Change in working capital	19	7,939	13,549
Cash flow from operating activities		**48,666**	**57,009**
Purchase of intangible assets		(3,458)	(292)
Purchase of property. plant and equipment		(16,773)	(14,810)
Proceeds from sale of property. plant and equipment		120	260
Payments of contingent consideration for UAE operations		-	(4,307)
Payments of rent deposits		(1,713)	(85)
Cash flow from investing activities		**(21,824)**	**(19,234)**
Principal elements of lease payments		(15,693)	(15,445)
Repayment of borrowings		(1,932)	(10,606)
Repayment of loan from shareholders		(10,000)	-
Capital increase etc.		-	1,000
Cash flow from financing activities		**(27,625)**	**(25,051)**
Cash flow for the year		**(783)**	**12,724**
Cash and cash equivalents. beginning of the year		32,644	19,920
Cash and cash equivalents at end of the year		**31,861**	**32,644**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lakrids JB Holding ApS is a limited liability company incorporated in Denmark. The principal activities through its subsidiaries (the Group) are to develop, manufacture and sell chocolate coated liquorice products and liquorice products.

The consolidated financial statements of Lakrids JB Holding ApS and its subsidiaries ('the group') for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of directors and Executive Management on [•] 2022.

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Lakrids JB Holding ApS and its subsidiaries.

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class C for medium enterprises.

The financial statements have been prepared on a historical cost basis, except for contingent consideration liabilities which are measured at fair value.

The consolidated financial statements are presented in Danish Kroner (DKK), as this is the parent company's functional currency. The financial statements have been rounded to the nearest thousand, except when otherwise stated.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that are presented in accordance with IFRS.

The comparative figures for 2020 in the income statement and the balance sheet items as at 1 January 2020 and 31 December 2020 were restated in accordance with IFRS.

The Group has applied the standards which are mandatory as of 31 December 2021, except for the early adoption of Covid-19 related rent concessions amendment to IFRS 16 cf. below.

Refer to note 27 for information on how the group adopted IFRS.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. Lakrids JB Holding ApS expects to adopt these standards, amendments and interpretations when they become mandatory. Further the group elected to adopt the following amendments early:

- Covid-19-Related Rent Concessions which provides a practical expedient for the accounting treatment of such rent concessions.

There are no standards that are not yet effective that would be expected to have a material impact on Lakrids JB Holding ApS in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. This is generally established through holding of the majority of voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Segment reporting

The group is operated as a single entity without any internal reporting structure below consolidated level. Consequently, no segment reporting is provided.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they form part of the net investment in a foreign operation.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency (DKK) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Revenue recognition

The group's income is generated mainly by the sale of licorice and products with licorice flavor. Revenue is recognised when control is transferred to the customer, generally being at the point in time of delivery. Revenue is recognised at the transaction price being the gross consideration less any discounts and amounts collected on behalf of third parties.

A substantial part of the sales transactions comprises transportation by a third party. In most transactions, the group has responsibility vs. the customer for the transportation service. Consequently, freight is considered a separate performance obligation resulting in freight income included in revenue and freight expenses classified as expenses.

Local tax authorities impose multiple taxes, duties and fees. These include excise duties on sale or manufacturing of products comprising sugar and/or alcohol. Management has applied judgment when determining whether such taxes are amounts collected on behalf of the tax authorities or a production tax. The taxes are considered a production tax as they become payable when goods leave the production site or a bonded warehouse and are based on an per item value rather than the sales value. Further, the obligation to pay is independent of whether the receivable from the customer can be collected, and there is no explicit obligation to pass on any changes in the taxes to the customers. Consequently, these taxes are included in the line-item raw materials and consumables used.

Other operating income

Other operating income comprise items of a secondary nature to the main activities of the group. They mainly comprise of granted rent concessions. Further, gains on the sale of intangible assets and property, plant and equipment are classified as other operating income.

Changes in inventories of finished goods and work in progress

Comprises the change in the carrying amount of finished goods for the year.

Raw materials and consumables used

Expenses for raw materials and consumables comprise the raw materials and consumables consumed for the year.

Employee benefits

Employee benefits comprise wages and salaries as well as payroll related expenses. Wage compensation has been set-off in employee benefits.

Other external expenses

Other expenses comprise of various operating expense such as manufacturing overheads, premise costs etc, various administrative costs.

Special items

Material items of a non-recurring nature are presented as Special items to distinguish tjem from items which relate to the Group's ordinary operations or investment in future activities.

Depreciation and amortisation

Depreciation and amortisation comprise amortisation, depreciation and impairment of intangible assets, property plant and equipment and right of use assets.

Financial income and expenses

Net financials include interest income and expenses as well as interest calculated using the effective interest rate method, foreign currency gains and losses, interest on lease liabilities, fair value changes related to contingent consideration liabilities.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax loss carryforwards.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Leasehold improvements	2 - 10 years
Furniture, fittings and equipment	3 - 10 years
Assets under constructions	None

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss as other operating income/expenses.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The leases of the group consist mainly of property rentals.

Contracts may contain both lease and non-lease components. The group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- payments in optional lease periods if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

For leases based on an index or rate, the change is included in the lease liability when they take effect. The amount of remeasurement of the lease liability is adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The lease term comprises the minimum lease term with addition of optional lease periods which are considered reasonably certain to be exercised.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss under the line-item Other operating expenses. Short-term leases are leases with a lease term of 12 months or less.

The group has applied the practical expedient to Covid-19 related rent concessions. This amendment provides relief for lessees from assessing whether a rent concession is a lease modification. Rent concessions that meets all of the following conditions, are recognised as income over the concession period when:

- Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease

All other rent concessions are treated as lease modifications.

Intangible assets

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any previous interest held over the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relation to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, however not higher than an operating segment. The Group is considered one operating segment and consequently, goodwill is tested for impairment at Group level.

Under previous GAAP, goodwill was amortised over the expected useful life. The carrying amount as of 1 January 2019 is treated as deemed cost under IFRS. Refer to note 27.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Completed development projects
Intangible assets include in progress and completed development projects.

They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique IT projects controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the projects include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the software is ready for use.

Costs associated with maintaining IT-platforms are recognised as an expense as incurred.

Amortisation methods and useful lives
The group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Completed development projects	5 years

Other non-current assets
Other non-current assets consist of rent deposits.

Impairment of assets
Goodwill and development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, and cost of raw materials, consumables and direct labour and those overheads that have incurred in bringing the present location and condition. These costs are assigned on the basis of first-in-first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade receivables
Trade receivables are recognised initially at the transaction price and subsequently measured at the transaction price less loss allowance.

The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

See note 18 for a description of the group's impairment policies for trade receivables.

Prepayments
Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Equity
Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium
Premium on issue of ordinary shares are recognised as share premium.

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

Liabilities
Financial liabilities
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Contingent consideration liabilities arising from business combinations are measured at fair value on each balance sheet date. The amount of remeasurement to fair value is included in financial items.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions comprise of refurbishment obligations and are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Statement of cash flows

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

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 comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Note 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Further, when applying accounting policies, Management exercises judgment within certain areas.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Accounting estimates

Impairment tests for goodwill
As disclosed in note 11, the recoverability of the carrying amount of goodwill, DKK 404.844 thousand, has been assessed based on an earnings multiple. Determining fair value of an entity based on an earnings multiple is associated with estimation uncertainty due to the fact that determination of a relevant peer group is judgmental. Further, the size discount is subjective. A comprehensive peer analysis is performed on an ongoing basis and provides in Management's view a reasonable basis for determining the recoverable amount.

Contingent consideration liability
The group has a liability to pay 50 MDKK + a fixed annual increment of 3 MDKK to the former controlling shareholder if upon an exit, the controlling shareholder achieves a certain minimum return. Fair value measurement of the liability is associated with significant estimation uncertainty. The most critical assumptions are the current equity value, the expected erm and the share price volatility. Refer to note 17 for further information.

Judgements

Determining the lease term
The group has a number of "Evergreen" property leases where the lessor does not have the practical ability to terminate the lease. The assessment of the determined lease term is based on extension- and termination options exercised in the past as well as unexpected events. If the lease is not terminated upon expiry of the initial lease term as determined by Management, the lease term is reassessed. Refer to note 13 for further information.

Note 3 REVENUE

DKK '000	2021	2020
The group's revenue can be attributed to the following sales channels:		
E-commerce	105,669	83,695
Own retail	61,658	55,865
Business-to-business	125,727	116,826
	293,054	**256,386**

The group's revenue can be attributed to the following countries based on the location of the customer:

DKK '000	2021	2020
Denmark	97,275	93,431
Rest of Nordics	98,756	88,022
DACH & UK	78,713	62,567
Rest of world	18,310	12,366
	293,054	**256,386**

The DACH region refers to the three Central European countries of Germany (D), Austria (A), and Switzerland (CH).

Note 4 RAW MATERIALS AND CONSUMABLES USED

DKK '000	2021	2020
Sugar tax	9,545	12,086
Raw materials and packaging	50,003	48,335
Other production costs	8,232	8,337
	67,780	**68,758**

Note 5 OTHER OPERATING INCOME

DKK '000	2021	2020
Covid 19 related rent concessions	3,145	3,412

Due to the extraordinary situation arising from the Covid-19 pandemic rent concessions have been granted to the group, including deferral of lease payments for a period of time. These reductions in lease payments are recognised in other operating income in the period in which the event or condition that triggers those payments occurs.

Note 6 EMPLOYEE BENEFITS

DKK '000	2021	2020
Wages and salaries	70,029	70,983
Defined contribution plans	2,166	1,564
Other social security costs	930	903
Other staff costs	8,621	5,235
	81,746	**78,685**
Employee benefits segmentation		
Production	19,412	18,083
Sales and marketing	45,975	43,484
Admin	16,359	17,116
	81,746	**78,683**
Average number of employees	159	175

Key management personnel compensation

Key management personnel consist of the Executive Management, the Board of Directors and Other key management. The compensation paid or payables to key management personnel for employee services is shown below:

DKK '000	Other Key management	Executive Management	Board of Directors	Total
2021				
Short term benefits	5,454	3,689	-	9,143
Defined contribution plans	-	-	-	-
Board compensation	-	-	350	350
Total	**5,454**	**3,689**	**350**	**9,493**
2020				
Short term benefits	5,061	3,359	-	8,420
Defined contribution plans	-	-	-	-
Board compensation	-	-	350	350
Total	**5,061**	**3,359**	**350**	**8,770**

Total remuneration to registered Executive Management and the Board of Directors in Lakrids JB Holding ApS is shown below:

DKK '000	2021	2020
Executive Management	3,689	3,359
Board of Directors	350	350
	4,039	**3,709**

Management options

In December 2020, shareholders of the parent company granted 72,840 options over shares in the parent company to the certain members of the Board of Directors and Executive Management at a consideration of 0.28 DKK per option. The Board member received 36,410 options and executive management received 36,410 options. One option entitles the holders to acquire one B-share of the parent company at an exercise price of 0.01 DKK.

The options are exercisable only upon an exit event resulting in an equity value of Lakrids JB Holding ApS reaching a certain fixed level subject to continued employment. The options expire on 31 December 2023.

The consideration paid is equal to fair value at grant date, and consequently, no expense has been recognised.

Fair value has been determined based on a black scholes option pricing model taking into account the preference value attributable to A-shares disclosed in note 20. The main assumptions applied are:

Equity value	246 MDKK
Expected share price volatility	31%
Expected term:	
Probability weighted between	0.1 – 3.1 years

Note 7 SPECIAL ITEMS

In 2021, special items include non-recurring costs of DKK 13.175 thousand (2020: DKK 0 thousand). The non-recurring costs relate to professional and legal fees associated with corporate financing activities.

Adjusted underlying EBIT (non-IFRS)
Adjusted EBIT is defined as EBIT (earnings before interest and tax) adjusted to exclude these non-recurring costs. Management believes that this adjusted measure of performance should be seperately disclosed in order to assist an understanding of the underlying operating of the group.

DKK '000	2021	2020
Operating profit (EBIT)	21,836	28,519
Non-recurring costs	13,175	-
Adjusted EBIT (non-IFRS)	**35,011**	**28,519**

Note 8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

DKK '000	2021	2020
Depreciation of property, plant and equipment	10,637	9,793
Depreciation of right-of-use assets	16,475	16,468
Amortisation of intangible assets	1,735	874
Loss on disposals	29	88
	28,876	**27,223**

Note 9 FINANCIAL INCOME AND EXPENSES

DKK '000	2021	2020
Interest income	31	27
Foreign exchange rate gains	1,335	536
Total financial income	**1,366**	**563**
Interest expense borrowings	15,036	15,839
Interest expense on lease liabilities	1,616	1,920
Fair value adjustment contingent consideration	4,957	10,587
Foreign exchange rate losses	28	1,227
Total financial expenses	**21,637**	**29,573**

Note 10 INCOME TAX EXPENSE

DKK '000	2021	2020
Current tax		
Current tax on profits for the year	1,695	2,987
Adjustments for current tax of prior periods	(11)	(548)
Deferred income tax	1,845	(731)
Adjustment of deferred tax of prior periods	(18)	562
	3,511	**2,270**

Reconcilliation of effective tax rate

DKK '000	2021	2020
Calculated 22% (2020: 22%) tax on income for the period before income tax	344	(108)
Less tax in foreign group entities compared with 22% rate (2020: 22%)	203	208
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Fair value adjustments of contingent consideration liability	1,091	2,329
Non-deductible expenses	2,247	9
Adjustments for current tax of prior periods	(29)	13
Changes in unrecognised deferred tax assets	(345)	(181)
Income tax expense	**3,511**	**2,270**

Note 11 INTANGIBLE ASSETS

DKK '000	Goodwill	Completed devel-opment projects	Develop-ment projects in progress	Total
Cost				
At 1 January 2020	404,844	4,621	1,994	411,459
Additions	-	292	-	292
Disposals	-	-	-	-
At 31 December 2020	**404,844**	**4,913**	**1,994**	**411,751**
Accumulated amortisation and impairment				
At 1 January 2020	-	1,830	-	1,830
Amortisation charge	-	874	-	874
Impairment	-	-	-	-
At 31 December 2020	**-**	**2,704**	**-**	**2,704**
Carrying amount 31 December 2020	**404,844**	**2,209**	**1,994**	**409,047**
Cost				
At 1 January 2021	404,844	4,913	1,994	411,751
Transfers from property plant and equipment	-	1,099	2,739	3,838
Additions	-	1,826	1,632	3,458
Transfers	-	3,278	(3,278)	-
Disposals	-	-	-	-
At 31 December 2021	**404,844**	**11,116**	**3,087**	**419,047**
Accumulated amortisation and impairment				
At 1 January 2021	-	2,704	-	2,704
Transfers from property plant and equipment	-	42	-	42
Amortisation charge	-	1,735	-	1,735
Impairment	-	-	-	-
At 31 December 2021	**-**	**4,481**	**-**	**4,481**
Carrying amount 31 December 2021	**404,844**	**6,635**	**3,087**	**414,566**

Development projects

Development projects comprises the cost directly related to the further development of ERP applications, reporting tools and web-shop. The group estimates the remaining useful life of the development projects to be 5 years.

Assumptions for impairment tests for goodwill

The Group is operated as a single entity, and consequently only one operating segment has been identified and consequently, goodwill is not allocated for impairment testing purposes.

Management has performed an impairment test for goodwill as of 1 January 2020, 31 December 2020 and 31 December 2021 respectively. The group comprises one operating segment and goodwill is not monitored for internal management purposes at any lower level. Consequently, goodwill is attributed to the Group as a whole. The carrying amount of goodwill is DKK 404.844 at each balance sheet date.

The recoverable amount of goodwill has been determined based on fair value less cost to sell. Fair value less costs to sell has been determined based on an earnings multiple. The basis is historic EBITDA with certain adjustments for the current valuation period. The amount used is EBITDA as reported under IFRS with deduction of payments made under capitalised leases and reversal of unusual items comprising costs incurred in 2021 in respect of non-recurring costs.

The multiple is based on an average of actual transactions and traded comparable entities within the global high-growth food / premium confectionery sectors. A discount to the relative valuation multiple used has been applied to reflect the size of the group compared to the comparable entities.

Determination of fair value is considered a level 3 measurement due to application of a discount compared to the observable multiples.

Based on the impairment test performed, Management has concluded that the recoverable amount of goodwill exceeds the carrying amount on all balance sheet dates.

Note 12 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Leasehold improve-ments	Other fixtures, fittings and equip-ment	Plant and equipment in progress	Total
Cost				
At 1 January 2020	31,589	31,424	2,211	65,224
Additions	1,536	3,317	9,957	14,810
Transfers	-	2,211	(2,211)	
Disposals	(35)	(2,593)	-	(2,628)
Exchange differences	(207)	(200)		(407)
At 31 December 2020	**32,883**	**34,159**	**9,957**	**76,999**
Accumulated amortisation and impairment				
At 1 January 2020	13,563	14,171	-	27,734
Depreciation charge	6,082	3,711	-	9,793
Disposals	(9)	(2,271)	-	(2,280)
Exchange differences	-	-	-	-
At 31 December 2020	**19,636**	**15,611**	**-**	**35,247**
Carrying amount 31 December 2020	**13,247**	**18,548**	**9,957**	**41,752**

DKK '000	Leasehold improve-ments	Other fixtures, fittings and equip-ment	Plant and equipment in progress	Total
Cost				
At 1 January 2021	32,883	34,159	9,957	76,999
Transfers to intangible assets	-	(1,099)	(2,739)	(3,838)
Additions	5,867	1,758	10,919	18,544
Transfers	4,726	7,740	(12,466)	-
Disposals	-	(245)	-	(245)
Exchange differences	1,207	-	-	1,207
At 31 December 2021	**44,683**	**42,313**	**5,671**	**92,667**
Accumulated amortisation and impairment				
At 1 January 2021	19,636	15,611	-	35,247
Transfers to intangible assets	-	(42)	-	(42)
Depreciation charge	6,766	3,871	-	10,637
Disposals	-	(185)	-	(185)
Exchange differences	222	-	-	222
At 31 December 2021	**26,624**	**19,255**	**-**	**45,879**
Carrying amount 31 December 2021	**18,059**	**23,058**	**5,671**	**46,788**

Note 13 LEASES

DKK '000	2021	2020	1 January 2020
Amounts recognised in the balance sheet			
The balance sheet shows the following amounts relating to leases:			
Right-of-use assets			
Properties	44,295	51,170	65,232
Vehicles	1,065	1,028	1,668
	45,360	**52,198**	**66,900**
Additions to the right-of-use assets during the financial year	9,211	2,372	
Lease liabilities			
Current	14,483	12,047	17,365
Non-current	32,631	41,124	49,535
	47,114	**53,171**	**66,900**
Amounts recognised in the statement of profit and loss			
The statement of profit or loss shows the following amounts relating to leases:			
Depreciation charge of right-of-use assets			
Properties	15,619	15,819	-
Vehicles	856	649	-
	16,475	**16,468**	
Interest expense on lease liabilities	1,616	1,920	
Expense relating to leases of low-value assets	-	15	
Expense relating to variable lease payments not included in lease liabilities	2,330	1,462	
			-
Total cash outflow for leases	15,693	15,445	-

The Group leases various properties and vehicles.

A substantial part of the group's lease contracts comprises of property leases. The vast majority of the contracts have extension options and are considered non-cancelable from the perspective of the lessor. In general, the Group can terminate the leases with short term notice and taken in consideration the degree of historic exercise of extension- and termination options as well as unexpected events, it is the Group's assessment that the remaining lease term with reasonably certainty will be 5 years for the property leases in existing as of 1 January 2020. The group reassesses the lease term upon the occurrence of either a significant event or significant changes in circumstances that are within the control of the group.

In general, other property leases with fixed terms consists of a remaining non-cancellable period between 3 and 8 years as of 31 December 2021. These contracts contain renegotiation clauses effective upon expiry of the original lease term.

All other leases are fixed term leases with a 12 to 60 month fixed time span.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Note 14 DEFERRED TAX

DKK '000	2021	2020	1 January 2020
Deferred tax			
Deferred tax at the beginning of period	3,278	3,109	-
Deferred tax recognised in the statement of profit or loss	(1,827)	169	-
Deferred tax at year end	**1,451**	**3,278**	
Deferred tax relates to:			
Intangible assets	(2,139)	(925)	(1,053)
Property, plant and equipment	198	825	(706)
Right-of-use assets	385	213	-
Tax losses carried forward	3,354	3,355	5,013
Other	(347)	(190)	(145)
Total	**1,451**	**3,278**	**3,109**
Deferred tax asset, recognised			
Of which presented as deferred tax assets	1,451	3,278	3,109
Of which presented as deferred tax liabilities	0	0	0
Deferred tax asset not recognised in the balance sheet	574	918	1,052
Deferred tax at 31 December	**2,025**	**4,196**	**4,161**

In line with the requirements if IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority.

The recogonised tax assets that relates to tax losses carried forward, which is the result of previous years taxable income, mainly relates to tax losses carry forwards in Denmark. In connection with the assessment of the utilisation of the tax assets, special emphasis has been placed on that the most significant tax loss carry forward are in Denmark, where the group is well established, and this operation is expected to generate positive results going forward.

The group has unrecognised tax assets in Germany. The unrecognised tax asset amounts to EUR 77 thousand and has not been recognised as at 31 December 2021.

Note 15 INVENTORIES

DKK '000	2021	2020	1 January 2020
Raw materials and packaging materials	17,028	13,024	11,886
Finished goods	12,720	10,615	5,452
Allowance for obsolete inventory	(840)	(1,054)	(1,029)
Total inventories	**28,908**	**22,585**	**16,309**

Note 16 BORROWINGS

	2021		
DKK '000	Current	Non-current	Total
Facility agreements	133,085	-	**133,085**
Bank overdrafts	1,517	-	**1,517**
Shareholder loans	11,755	-	**11,755**
	146,357	**0**	**146,357**

	2020		
DKK '000	Current	Non-current	Total
Facility agreements	-	125,745	**125,745**
Bank overdrafts	3,449	-	**3,449**
Shareholder loans	21,304	-	**21,304**
	24,753	**125,745**	**150,498**

	As at 1 January 2020		
DKK '000	Current	Non-current	Total
Facility agreements	-	117,127	**117,127**
Bank overdrafts	18,626	-	**18,626**
Shareholder loans	23,092	-	**23,092**
	41,718	**117,127**	**158,845**

Facility agreements

In May 2019, the group entered into a uni-tranch facility agreement denominated in EUR. The loan bears an aggregation of fixed annual interest rates of 3,5% (cash interest) and 4,5% (paid in kind interest), and matures in June 2024. The loan can be prepaid at a premium of 1%. As of 1 January 2020 and 31 December 2020, fair value is determined to be approximately equal to its carrying amount. As of 31 December 2021, fair value is determined to be DKK 138,257 thousand. Fair value is based on an estimated credit spread on similar credit terms on each balance sheet date (level 3 measurement). As discussed in note 23 the Group was in breach with the loan covenants at 31 December 2021.

A condition for draw down on the loan was granting of warrants to subscribe for shares in the parent company according to separate warrant agreement. The warrant agreement entitles Nest Capital to subscribe for 114,123 A-warrants and 48,910 B-warrants at an exercise price of 1 DKK per share and are exercisable upon an exit event.

Part of the proceeds equal to the issue date fair value of the warrants 3.3 MDKK, has been treated as consideration for the warrants. The warrants meet the definition of equity instruments and consequently, 3.3 MDKK has been recognised as an increase in equity and treated as a discount on the loan.

Bank overdrafts

The bank overdraft facilities are common short-term facilities.

Shareholder loans

In July 2018, the Group entered into a shareholder loan denominated in DKK. The loan bears a combination of fixed annual interest rates of 10% (cash interests) and 12,5% (paid in kind interests). The loan has no stated maturity but will become due upon a sale of the company by its majority owner.

Fair value is estimated not to differ significantly from the carrying value.

Note 16 BORROWINGS (continued)

Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented

			Non-cash changes				
DKK '000	1 January 2021	Cash flows	New loans / leases*	Changes in fair value	Changes in foreign exchange rates	Other changes**	31 December 2021
Borrowings, current and non-current	129,194	(1,977)	-	-	(47)	7,432	134,602
Lease liabilities	53,175	(17,309)	9,211		421	1,616	47,114
Loan from shareholders	21,304	(10,000)				451	11,755
Contingent consideration liability	17,816	-	-	4,957	-	-	22,773
Total liabilities from financing activities	**221,489**	**(29,286)**	**9,211**	**4,957**	**374**	**9,499**	**216,244**

			Non-cash changes				
DKK '000	1 January 2020	Cash flows	New loans / leases*	Changes in fair value	Changes in foreign exchange rates	Other changes**	31 December 2020
Borrowings, current and non-current	135,753	(15,177)	-	-	(537)	9,155	129,194
Lease liabilities	66,900	(17,365)	2,372	-	(652)	1,920	53,175
Loan from shareholders	23,092	-				(1,788)	21,304
Contingent consideration liability	11,537	(4,308)	-	10,587	-	-	17,816
Total liabilities from financing activities	**237,282**	**(36,850)**	**2,372**	**10,587**	**(1,189)**	**9,287**	**221,489**

* New leases include remeasurements.
** Other changes include non-cash movements such as accrued interest expense and DKK 4.571 which was converted into shares in 2020.

Note 17 CONTINGENT CONSIDERATION

Contingent consideration liabilities

When acquiring the Lakrids by Johan Bülow Group in 2016, part of the consideration was agreed to be contingent upon Valedo's gain on its investment in the Group upon the realization of Valedo's investment.

The payment amounts to 50 MDKK + a fixed annual increment of 3 MDKK and becomes payable if a certain return threshold is reached for Valedo's cash-on-cash return on Valedo's investment in the Group.

Fair value of the liability is determined based on a Monte-Carlo simulation including 20.000 * 30 simulations. The simulation is based on assumptions about the current share price, mean share return, the expected share price volatility and the expected term.

Fair value of the shares has been determined based on an earnings multiple as applied in the impairment test. Refer to note 11.

Due to the fact that the share of the company is not traded, it is not possible to observe historical share price volatility. Expected volatility has therefore been determined based on historical volatility for a Group of listed entities comparable in respect of activities adjusted for difference in size, leverage etc. for a period equal to the expected term.

Management expects the exit date to be affected by actual return that Valedo could obtain when exiting the investment. Therefore, based on different paths of the future equity value development, alternative exit dates are used.

Fair value is determined mainly based on unobservable input (level 3).

The following assumptions have been applied:

	31 December 2021	31 December 2020	1 January 2020
Share price, % of original investment	153.8%	126%	87.3%
Expected volatility	40%	50%	40%
Expected exit date (no later than)	1 January 2024	1 January 2024	1 January 2024

Fair value is based mainly on unobservable input. Due to the fact that the liability was not measured at fair value under previous GAAP, the group has historically not had any processes in place for determining fair value. Consequently, fair values have been determined as part of the preparation of IFRS consolidated financial statements.

The movement in the carrying amount of the liability is set out below:

	2021	2020
Beginning of year	17,816	11,537
Fair value adjustment recognised as a financial expense	4,957	10,586
Payment of contingent consideration for UAE operations	-	(4,307)
End of year	**22,773**	**17,816**

Fair value of the liability is sensitive to a number of assumptions. The below table sets out the change arising from reasonably possible changes in assumptions

	31 December 2021	31 December 2020	1 January 2020
Share price + / - 20%	15,230 / (11,588)	6,944 / (6,640)	3,963 / (3,270)
Expected volatility + / - 10%	2,371 / (4,107)	1,072 / (2,239)	2,202 / (3,187)
Expected term + / - 1 year	2,534	721	1,389

Note 18 FINANCIAL RISK MANAGEMENT

The group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets include trade receivables, and cash and cash equivalents.

The group is exposed to market risk (interest rate and foreign exchange rate), credit risk and liquidity risk. The group's management oversees the management of these risks on an ongoing basis and responds to those risks as appropriate

Market risk

Interest rate risk

Interest rate risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's long-term borrowings primarily consist of fixed interest rates and fixed payment-in-kind interests. Only a minor part of the group's borrowings comprises of bank overdrafts with variable interest rates and consequently, the groups exposure to interest rate risk is considered insignificant.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

The group generates its sales primarily in DKK, EUR, NOK and SEK, AED. A minor part is generated in USD and GBP. Purchases directly attributable to the sales are primarily made in DKK and consequently, foreign currency risk arises when sales are generated in a different currency than DKK. As USD and GBP are considered immaterial, and due to the fixed DKK/EUR exchange rate policy, the exposure to foreign currency is primarily considered to arise from sales in NOK, SEK and AED.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. With all other variables held constant, the group's profit is affected as follows:

	Impact on post tax profit	
DKK '000	2021	2020
DKK/NOK exchange rate - increase 10%	13	501
DKK/NOK exchange rate - decrease 10%	(13)	(501)
DKK/SEK exchange rate - increase 10%	181	37
DKK/SEK exchange rate - decrease 10%	(181)	(37)
DKK/AED exchange rate - increase 10%	927	904
DKK/AED exchange rate - decrease 10%	(927)	(904)

The impact above sensitivity analysis is based on the financial assets and financial liabilities recognised as of 31 December 2021.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables.

Risk management

Credit risk is managed on a group basis.

The most significant counterparty risk related is related to deposits with banks and financial institutions, as the groups cash balance at 31 December 2021 amounts to DKK 31.861 thousand (2020: DKK 32.664 thousand). To mitigate this risk, the group only enters into money market deposits with financial counterparties processing a satisfactory long-term credit rating from an internationally recognised agency (credit rating of minimum A-). The carrying amounts represents the maximum credit exposure.

Sales to retail customers are required to be settled in cash or using major credit cards. Online sales require to be settled using credit cards, both mitigating credit risk.

Further, trade receivables consists of sales to Danish chains of department stores with adequate ressources and capital available, and are therefore considered to have a high credit quality.

Payments are generally due for settlement within 30 days after invoice date, and are therefore all classified as current. Due to the short-term nature of the current receivables, the carrying amounts is considered to approximate the fair value.

The group has historically not incurred any material losses from trade receivables, and the existence of Covid-19 is not expected to have any significant impact on the group's expected credit losses.

On this basis, Management has concluded tha the group's credit risk from trade receivables is not material and has therefore not recognised any significant allowance for expected credit losses related to trade receivables.

Note 18 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

DKK '000	Less than 1 year	Between 1-5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2021					
Trade payables	28,309	-	-	28,309	28,309
Borrowings*	141,086	0	-	141,086	134,602
Shareholder loans*	11,755	-	-	11,755	11,755
Contingent consideration liability*	68,275	-	-	68,275	22,773
Lease liabilities	16,222	30,978	3,810	51,010	47,114
	265,647	**30,978**	**3,810**	**306,761**	**244,553**
At 31 December 2020					
Trade payables	15,344	-	-	15,344	15,344
Borrowings	8,048	163,162	-	171,210	129,194
Shareholder loans*	21,755			21,755	21,304
Contingent consideration liability*	66,741		-	66,741	17,816
Lease liabilities	17,140	39,957	-	57,097	53,171
	129,028	**203,119**	**-**	**332,147**	**236,829**

* As discussed in note 23, the Group was in breach of its loan covenants as of 31 December 2021 entitling the lender to require immediate repayment. Following the waiver obtained, the contractual cash outflow within 1 year is 6,326 TDKK and 158,352 TDKK between 1 and 5 years.

** As described in note 17 "Contingent consideration", the liability is due to be settled upon Valedo's realisation of its investment with 50 MDKK + a fixed annual increment of 3 MDKK. Therefore, the liability is presented with the amount due should an exit resulting in Valedo obtaining the specified return occur as of this point in time. The shareholder loan will also become due for payment upon an exit event.

The group expect to generate sufficient liquidity from its operations to settle the obligations as they fall due. Information about how the group manages capital is set out in note 23 "Capital management".

The group holds the following financial instruments:

DKK '000	Impact on post tax profit 2021	Impact on post tax profit 2020
Financial assets		
Financial assets at amortised cost		
Trade receivables	22,833	23,846
Cash and cash equivalents	31,861	32,644
Other receivables	933	1,532
	55,627	**58,022**
Financial liabilities		
Liabilities at amortised cost		
Trade payables	28,309	15,344
Borrowings	134,602	129,194
Lease liabilities	47,114	53,171
Shareholder loans	11,755	21,304
	221,780	**219,013**
Liabilities at fair value through profit or loss		
Contingent consideration liability	22,773	17,816
	22,773	**17,816**

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates fair value.

Note 19 CASH FLOW SPECIFICATIONS

DKK '000	2021	2020
Chang in working capital		
Change in inventories	(6,323)	(6,276)
Change in receivables	418	1,361
Change in trade payables and other payables	13,844	18,464
	7,939	**13,549**

Note 20 SHARE CAPITAL

	2021		2020		2019	
	Number of shares	Nominal value DKK	Number of shares	Nominal value DKK	Number of shares	Nominal value DKK
The share capital comprises:						
A-shares	5,143,541	5,143,541	5,143,541	5,143,541	5,029,205	5,029,205
B-shares	2,372,580	2,372,580	2,372,580	2,372,580	2,359,580	2,359,580
Share capital (fully paid)	**7,516,121**	**7,516,121**	**7,516,121**	**7,516,121**	**7,388,785**	**7,388,785**

Note 20 SHARE CAPITAL (continued)

	A-shares		B-s hares	
	2021	2020	2021	2020
	Number of shares	Nominal value DKK	Nominal value DKK	Nominal value DKK
Changes in share capital				
Opening balance	5,143,541	5,029,205	2,372,580	2,359,580
Capital increase	-	114,336	-	13,000
Total	**5,143,541**	**5,143,541**	**2,372,580**	**2,372,580**

All shares have nominal value of DKK 1.

All shares have equal voting rights. B-shares have a preferential dividend and liquidation right comprising a per share value of 50 DKK + 5 DKK interest p.a. Holders of A shares are entitled to Proceeds in excess of the B-share preference amount.

The group has issued warrants for the subscription of 114,123 A shares and 48,910 B shares respectively to a lender as part of a loan agreement. Refer to note 16.

Note 21 INTERESTS IN OTHER ENTITIES

The group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

	Place og business	2021	2020	At 1 January 2020
Name of entity				
Lakrids JB ApS	Denmark	100%	100%	100%
Lakrids by Johan Bülow A/S	Denmark	100%	100%	100%
Lakrids by Johan Bülow GmbH	Germany	100%	100%	100%
Lakrids by Johan Bülow Norge AS	Norway	100%	100%	100%
Lakrids by Johan Bülow AB	Sweden	100%	100%	100%
Lakrids by Johan Bülow OY	Finland	100%	100%	100%
Lakrids by Johan Bülow Dubai	Dubai	100%	100%	100%
Lakrids by Bülow Inc.	USA	100%		
Lakrids by Bülow Ltd.	United Kingdom	100%		

Note 22 PROVISIONS

DKK '000	Make good provision
At 1 January 2021	-
Additional provisions recognised	2,845
Carrying amount 31 December 2021	**2,845**

The group is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the asset.

Note 23 CAPITAL MANAGEMENT

The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to aid such objectives Management prepares cash flow budgets regularly and forecasts when required. This enables Management to act in due time in order to comply with the capital management objectives.

Under the terms in the Senior Facility Agreement the Group is required to comply with the following financial covenants:

- the ratio of Cashflow to Debt Services shall not be less than equal.
- the ratio of Total Net Debt on the last day of any Relevant Period to EBITDA ("Leverage") shall not exceed 2.50:1

As of 31 December 2021, the Group was in breach of the financial debt covenants regarding the Nest Capital loan entitling Nest Capital to require immediate repayment. On 15 February 2022, Nest Capital issued a waiver in respect of the 31 December 2021 covenant. On 27 April 2022, an amendment was implemented to the loan agreement, adjusting the financial covenants relating to the first three quarters of 2022. Based on this, it is Management expectation that the Group will comply with the amendment for the first three quarters of the financial year 2022 and expects that as of 1 January 2023, the Group will comply with the financial covenants.

Note 24 CONTINGENT LIABILITIES, COMMITMENTS, AND CONTINGENCIES

	2021	2020	1 January 2020
Corporate mortgage as security for bank engagement in Danske Bank	3,000	3,000	3,000
The following assets have been placed as security with suppliers:			
The group has provided a payment guarantee to suppliers	1,875	1,666	1,431
The group has committed to suppliers in 2022 and 2023 to buy raw materials for a total of	21,634	27,788	21,934
Charges and security			
The parent company has provided shares in the subsidiaries, Lakrids JB ApS and Lakrids by Johan Bülow A/S, as security for group debt to credit institutions	134,760	128,036	120,142

Note 25 RELATED PARTY TRANSACTIONS

The group is controlled by Valedo Partners Fund II AB, which is also the ultimate controlling party.

Information about remuneration to key management personnel has been disclosed in note 6 "Employee benefits". Further, a cash capital increase has been made in 2020 of which DKK 450 thousand was subscribed by key management personnel.

Lease liability from entities with significant influence

The group has commenced into a lease agreement with entities with significant influence with monthly rental payments. The group can terminate the lease on 1 September 2026 at the earliest and the lessor can terminate the lease on 1 September 2030 at the earliest. The lease agreement is recognised as a lease liability in the balance sheet based on a 3% incremental borrowing rate.

Transactions and outstanding balances from related parties

	2021	2020
Beginning of the year	10,726	13,146
Remeasurement	4,225	-
Interests on lease liability	403	351
Rental payments	(2,799)	(2,771)
End of year	**12,555**	**10,726**
Loan from entities with significant influence		
Beginning of the year	21,304	23,092
Loan repayments	(10,000)	-
Interests accrued on loans	1,827	2,783
Interest paid	(1,376)	-
Conversion of loans to equity	-	(4,571)
End of year	**11,755**	**21,304**

Terms and conditions

Loan from entities with significant influence has no stated maturity but will become due upon an a realisation of Valedo's investment in the group. The loan is subordinated to a unitranche facility agreement and bears a combination of annual interest rate of 10% (cash interest) and 12,5%% (paid in kind interest).

Contingent consideration liabilities with entities with significant influence

A contingent consideration agreement has been made with entities with significant influence. Terms and conditions, commitments and outstanding balances are disclosed in note 17 "Contingent consideration liabilities"

Note 26 SUBSEQUENT EVENTS

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

Note 27 FIRST TIME ADOPTION TO IFRS

The financial statements for the year ended 31 December 2021 are the first financial statements prepared in accordance with IFRS. The Group has not presented consolidated financial statements under Danish GAAP. The starting point for the reconciliation are the numbers to be included in such consolidated financial statements had they been presented, based on the numbers included in the consolidated financial statements of Valedo Partners Fund II AB. The date of transition to IFRS is 1 January 2020, and accordingly, an opening statement of financial position was prepared as of this date.

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the adjustments made by the group in restating Danish GAAP financial statements are provided below:

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Group reconciliation

	As at 1 January 2020			For the year ended 31 December 2020	As at 31 December 2020		
DKK '000	Assets	Liabilities	Equity	Profit and loss	Assets	Liabilities	Equity
According to the Danish Financial Statements Act	517,242	258,111	259,131	(18,680)	513,263	266,952	246,311
IFRS adjustments							
Leases	66,900	66,900	-	(970)	52,198	53,171	(973)
Goodwill	-	-	-	24,883	24,883	-	24,883
Deferred tax asset	-	-	-	213	213	-	213
Lender warrants		(3,015)	3,015	(670)		(2,345)	2,345
Contingent consideration	-	(52,921)	52,921	(7,537)	-	(45,384)	45,384
	66,900	**10,964**	**55,936**	**15,919**	**77,294**	**5,442**	**71,852**
According to IFRS	**584,142**	**269,075**	**315,067**	**(2,761)**	**590,557**	**272,394**	**318,163**
Exchange differences on translation of foreign operations				285			
Total comprehensive income				**(2,476)**			

Note 27 FIRST TIME ADOPTION TO IFRS (continued)

Explanation of the adjustments from Danish GAAP to IFRS

Leases
In accordance with the provisions in IFRS 1, the group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2020. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

By 31 December 2020, a lease liability of DKK 41.124 thousand and a right-of-use asset of DKK 52.198 thousand was recognised. In the cash flow statement, lease payments were under Danish GAAP presented in cash flow from operating activities. Under IFRS, the principal element of lease payments is presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

Goodwill amortisation
Under Danish GAAP, goodwill is amortised over the expected useful life. Under IFRS, Goodwill is not amortised but subject to an annual impairment test.

Lender warrants
As discussed in note 16, the parent company granted warrants to the lender upon entering into the loan agreement. The warrants meet the definition of equity instruments warrants have not been recognised under Danish GAAP. Under IFRS, part of the loan consideration equal to the issue date fair value of warrants is treated as consideration for the warrants. Consequently, the loan is considered issued at a discount with a counter entry to equity. The discount is amortised over the term of the loan.

Contingent consideration in a business combination
Under Danish GAAP applicable for business combinations occurring before 30 June 2018, a contingent consideration liability is measured in accordance with the guidance for provisions. Consequently, a liability is recognised if it is probable that payment is to be made and the liability can be measured reliably. The payment is a fixed amount subject to the buyer obtaining a minimum return in an exit, and Management has considered it probable that such minimum return will be achieved. Consequently, a liability equal to the amount payable on the balance sheet date assuming achievement of the minimum return has been recognised. Under IFRS, contingent consideration liabilities are measured at fair value.

Exemptions applied
The group has applied the following exemptions from full retrospective application of IFRS:

- Business combinations occurring before the date of transition to IFRS have not been restated. The carrying amount of goodwill as of 1 January 2020 is considered deemed cost of goodwill.

- IAS 21 has not been applied for goodwill arising in business combinations occurring before the date of transition. Consequently, goodwill is treated as an asset of the parent company and is not subject to foreign currency translation.

- Cumulative currency translation differences for foreign operations with a functional currency different from DKK are deemed to be zero as at 1 January 2020.

- Lease assets have been recognised at the present value of the of the lease liabilities as at 1 January 2020 by applying an incremental borrowing rate as at that date.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

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STATEMENT OF PROFIT OR LOSS (PARENT)

for the year ended 31 December 2021

		Group	
DKK '000	Notes	2021	2020
Gross Profit		**(8,537)**	**3,377**
Employee benefits	2	(3,295)	(3,377)
Profit before net financials		**(11,832)**	**-**
Finance income	3	1,043	1,206
Finance costs		(1,838)	(2,785)
Profit before tax		**(12,627)**	**(1,579)**
Income tax expense	4	622	347
Profit/(loss) for the year		**(12,005)**	**(1,232)**

BALANCE SHEET (PARENT)

as at 31 December 2021

DKK '000	Notes	Group 2021	Group 2020
Assets			
Investments in subsidiaries	5	338,000	338,000
Fixed asset investments		**338,000**	**338,000**
Fixed assets		**338,000**	**338,000**
Receivables from group enterprises		30,008	43,029
Deferred tax		331	627
Corporation tax		682	-
Prepayments		18	39
Receivables		**31,039**	**43,695**
Cash at bank and in hand		241	1,007
Currents assets		**31,280**	**44,702**
Total assets		**369,280**	**382,702**

DKK '000	Notes	Group 2021	Group 2020
Liabilities			
Share capital		7,516	7,516
Retained earnings		339,711	351,716
Total equity		**347,227**	**359,232**
Payables to group entities		-	21,304
Long-term debt		**-**	**21,304**
Payables to group entities		11,755	-
Other payables		10,298	2,166
Short-term debt		**22,053**	**2,166**
Total debt		**22,053**	**23,470**
Total equity and liabilities		**369,280**	**382,702**

STATEMENT OF CHANGES IN EQUITY (PARENT)

for the year ended 31 December 2021

Group

DKK '000	Share capital	Retained earnings	Total
Equity at 1. January 2021	7,516	351,716	359,232
Net profit/loss for the year	-	(12,005)	(12,005)
Equity at 31. December 2021	**7,516**	**339,711**	**347,227**

Note 1 ACCOUNTING POLICIES

The separate financial statements for the parent company ("the Parent") of the Group has been prepared in accordance with the Danish Financial Statements Act applying to medium enterprises of reporting class C.

The Parent Company Financial Statements for 2021 are presented in Danish kroner (TDKK).

Recognition and measurement

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

All contracts are considered and classified as operating lease. Lease payments are recognised in the statement of profit or loss on a straight-line-basis over the lease term.

Income statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services 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 Company.

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

Other external expenses

Other external expenses comprise costs for administration, office, etc.

Gross profit

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

Employee benefits

Staff expenses comprise wages and salaries as well as payroll expenses and salary related expenses.

Financials

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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Investments in subsidiaries

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

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments recognised as assets comprise prepaid expenses.

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 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 debt

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

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the cash flow statement for the group.

Note 2 EMPLOYEE BENEFITS

	Group	
DKK '000	2021	2020
Wages and salaries	3,285	3,363
Other social security costs	5	5
Other employee benefit costs	5	9
	3,295	3,377
Average number of employees	2	2

Management remmuneration in Lakrids JB Holding ApS is shown below:

	Group	
DKK '000	2021	2020
Executive Management	2,186	1,856
	2,186	1,856

Refer to note 6 in the consolidated financial statements for more information about Management remuneration.

Note 3 FINANCIAL INCOME

	Parent	
DKK '000	2021	2020
Interests from group enteties	1,043	1,206
	1,043	1,206

Note 4 TAX ON PROFIT/LOSS FOR THE YEAR

	Group	
DKK '000	2021	2020
Current tax for the year	(682)	-
Deferred tax for the year	0	(347)
Adjustment of tax for prior years	(236)	-
Adjustment of deferred tax of prior years	296	
Total	**(622)**	**(347)**

Note 5 INVESTMENTS IN SUBSIDIARIES

	Group	
DKK '000	2021	2020
Cost at 1 January	338,000	338,000
Carrying amount at	**338,000**	**338,000**

Investments in subsidiaries are specified as follows:

Name:	Lakrids JB ApS
Place of registered office:	Hvidovre
Share capital:	DKK 6.810.000
Votes and ownership:	100%
Equity:	DKK 313.460 thousand
Profit or loss for the year:	DKK -8.840 thousand

Refer to note 21 in the consolidated fianancial statements for the subsidiaries of the group.

Note 6 SHARE CAPITAL

Refer to note 20 in the consolidated financial statement for an overview of the changes in share capital.

Note 7 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	
DKK '000	**2021**	**2020**
Payables to group entities		
Between 1 and 5 years	-	21,304
Long-term part	**-**	**21,304**
Within 1 year	11,755	-
	11,755	**21,304**

Note 8 COMMITMENTS AND CONTINGENT LIABILITIES

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Refer to note 24 in the consolidated financial statements for more information.

Note 9 RELATED PARTIES

Refer to note 25 in the consolidated financial statements for more information abouut related parties.

Consolidated Financial Statements:
The seperate financial statements and the consolidated financial statements of Lakrids JB Holding ApS are included in the ultimate controlling party's consolidated financial statements:

Name:	Place of registered office
Valedo Partners Fund II AB	Stockholm, Sweden

Note 10 EVENTS AFTER THE BALANCE SHEET DATE

Refer to note 26 in the consolidated financial statements for more information.

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Lakrids JB Holding ApS for the financial year 1 January – 31 December 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

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.

Hvidovre, 5th May 2022

Executive Management

Fredrik R. Nilsson

Johan Askari Bülow

Tonny Dragheim

Board of Directors

Tue Mantoni (Chairperson)

Charlotte Strand (Vice Chairperson)

Johan Askari Bülow

Per Forsberg

Lisa Jane Bridgett

Louise Margaret Cruttenden

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Lakrids JB Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Lakrids JB Holding ApS for the financial year 1 January - 31 December 2021, 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 statement of comprehensive income and cash flow statement for the Group ("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 Financials 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 Statement 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 that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 judgment and maintain professional skepticism 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

Hellerup, 5th May 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR.nr. 33 77 12 31

Ulrik Ræbild	Claus Damhave
State Authorised	State Authorised
Public Accountant	Public Accountant
mne33262	mne34166

DANISH CONFECTIONERY

LAKRIDS BY BÜLOW