Danish Bake Holding ApS

Dortheavej 10, 2400 København NV
CVR no. 38 75 07 98

Annual report 2023

Approved at the Company's annual general meeting on 21 June 2024
Chairman:

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Danish Bake Holding ApS for the financial year 1 January - 31 December 2023.

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are 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 of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 18 April 2024

Executive Board:

Joachim Bernhard Knudsen

Board of Directors:

David Lachlan Campbell *Chair*	Niels-Olof Robert Campbell Furuhjelm	Graham Turner
Karen Kochevar	Jeremy James Hugo Sanders	

Independent auditor's report

To the shareholders of Danish Bake Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Danish Bake Holding ApS for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion, the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

Statement on the Management’s review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the 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 IFRS Accounting Standards as adopted by the EU and additional requirements of 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. Moreover, Management is responsible 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.

Independent auditor's report

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

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

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

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

► Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

► Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

► Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Copenhagen, 18 April 2024
EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

Peter Andersen
State Authorised Public Accountant
mne34313

Management's review

Key figures (for the group)

DKK 000	2023	2022	2021	2020	2019
Revenue	1.460.236	1.322.992	1.097.945	927.033	1.157.446
Gross Profit	1.053.182	953.831	822.565	689.261	877.662
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	123.092	96.431	140.322	34.245	141.659
Earnings before interest, taxes, depreciation and amortisation (EBITDA) before special items	128.952	97.026	140.322	36.736	146.436
Operating profit	-98.895	-113.752	-44.752	-161.862	-80.779
Financial income and financial expenses, net	-85.613	-99.987	-42.649	-68.384	6.756
Profit/Loss for the year	-182.300	-216.188	-89.400	-227.519	-69.596
Total assets	3.174.426	3.283.825	3.051.904	3.145.866	3.028.814
Total equity	1.304.961	1.437.738	1.451.565	1.538.680	1.566.029
Cash flow from operating activities	76.953	32.026	91.889	8.942	73.089
Investments in property, plant and equipment	-92.801	-157.659	-69.674	-61.404	-160.965
Cash flows for the year	-74.333	8.288	-58.983	176.634	-24.680
Operating margin	-6,8%	-8,6%	-4,1%	-17,5%	-7,0%
Return on assets	-2,7%	-3,4%	-1,4%	-5,1%	-2,4%
Current ratio	39,3%	67,6%	69,7%	91,6%	35,9%
Equity ratio	40,6%	43,3%	47,0%	48,4%	51,1%
Return on equity	-13,5%	-14,7%	-6,1%	-14,8%	-5,7%
Average number of employees (FTE)	1.361	1.178	1.151	1.298	1.336
Number of stores at 31 December	140	134	125	119	114

Financial ratios

The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$
Profit/loss from operating activities	Operating profit excluding other operating expenses and special items

Management's review

Our history dates back more than 30 years, when two bakers set out on a similar journey to revolutionise the bread experience in Denmark. Ole Kristoffersen and Steen Skallebæk opened their respective bakeries in Christianshavn, Copenhagen and Haderslev, Southern Jutland in the early 1990s. Ole and his wife Jane's first bakery was located in a building that since its origin in 1931 became renowned for its simplistic and functional style that looked like a layer cake – and hence the name Lagkagehuset or The Layer-cake-house in English was born. Ole and Steen both had a clear focus on quality based on principles of taste, edge and rustic baking style. They quickly became known in each their communities and in 2008 they joined forces in their pursuit of bringing exceptional bakery quality to more communities.

Today, 30 years later, we have taken the original passion for Danish bakery abroad with the ambition to become the most loved bakery. In 2016, we opened our first international bakery in London and the Danish bakery experience quickly got the attention of the locals – now we operate 140 bakery shops across Denmark, London, and New York. It is with this deep passion for Danish bakery that we continue to pursue our ambition by creating a better bakery for all – and why we named our international bakeries after our founding two bakers – Ole & Steen.

During the past years we have focused on emphasizing our values rooted in the founding principles of Ole & Steen, and throughout our business we are driven by three core values.

Heart-made: We believe that if something is worth doing, it's worth doing right – from hospitality to recipe development, to store design and sustainability initiatives – everything we do, we throw ourselves into 100% with love and attention.

Rustic, Refined: Born out of Ole & Steen's mission to revolutionise the bread experience in Denmark, we have always been dedicated to taking rustic recipes and refining them – it's simple done well.

Everyday special: From the feeling you get when you step foot through our doors, to the delicious treats you bring back for your loved ones, we want the experience to be that extra special spark in your day.

The following consolidated financial statements of Danish Bake Holding ApS accounts for the period 1 January – 31 December 2023, "the period" and which comprise Danish Bake Holding ApS and its subsidiaries - together referred to as "the Group".

Financial review

The Group closes 2023 at 10.3% revenue growth and an improved EBITDA margin of 27.6% over previous year. Sales uplifts are driven by a combination of opening new stores in UK and US while the Danish market has delivered sales increases through strong organic growth.

EBITDA improvements are below management's expectations for the year because of the continued cost pressure in the Groups's production costs as the 2022 cost hike in raw materials, production salaries and electricity carried into 2023 and peaked during 1st half of the year. In addition to the unfavorable production cost development, group companies has been impacted negatively by general market inflation well above historical targets that has increased the general cost base, including rent payments and payments for external services. During 2nd half of the year raw material and electricity cost started to drop which is expected to deliver cost reductions during 2024.

Salary increases across the business has been significantly higher compared to previous year, mainly driven by the 2023 union agreements in the Danish market that will impact 2024 and 2025 as well. Similar increases are seen in the UK and US market.

The construction of a new central production unit in Leyton, UK that was initiated in 2022, were completed during first quarter of the year and all bakery and confectionary production from our previous production facility in Powergate was moved to the new and larger Leyton site, which serves all of our 26 UK stores. In the coming years this investment will drive cost efficiencies for the UK operation and provide the foundation for further expansion in the UK market.

During 2023, we have added 4 locations to our store portfolio in UK (Guildford, Kingston, Jubilee and London Wall) and 2 locations in US (1280 Lexington and Church Street).

Towards the end of the year we started a general refurbishment and modernization of our Copenhagen Airport locations in connection with the airports rebuild of terminal areas. The work is expected to be concluded in Q1 2024.

From a commercial point of view the general weakening in consumer confidence in all 3 of our markets has continued from 2022 and various marketing and operational initiatives has been implemented to reduce impact to the business.

During the year, we have continued to develop our digital interaction with customers through our loyalty app available in all our markets. The app allows to regularly engage with customers on news, real time feedback and special offers. In 2023, we have continued to develop our instore "Click & Collect" and delivery solutions which has been well received by customers by an increase in usage of up to 50% over previous

Management's review

Financial review (continued)

In the beginning of the summer, the Danish market introduced our first national advertising campaign - “Ugens” – that on a rotating basis offers our well known, quality products at even greater value. The campaign has been supported by significant investment in marketing across outdoor, print and media. The initiatives have delivered increasing footfall in our stores and will be continued into 2024.

During the year, sales in UK has been negatively impacted by national strikes and the general customer sentiment post Brexit which has reduced footfall in stores, resulting lower sales and challenging cost control.

As a result of our 2022 transformation program SCALE the implementation of Central Ordering and Workforce Scheduling were completed in the Danish market during 2023. While Central Ordering has improved our ability to have the right products in the right places, reducing waste and limiting out of stock situations Workforce Scheduling has provided improved scheduling capabilities to support improved customer service while focusing at store labor control. Both initiatives are scheduled for full deployment in UK in early 2024 and US towards the end of 2024.

Despite the significant macro-economic challenges of 2022 well into 2023, we continued to invest in the long-term growth and capacity of the business, deploying DKK 93 million in capital across the markets (2022: DKK 158 million). Most of the investments related to opening of 6 new locations in UK and US as well as the completion of the Leyton production facility.

Overall results for the year did not meet the expectations and are considered unsatisfactory.

Group revenue for the period 1 January – 31 December 2023 amounted to DKK 1,460 million (2022: DKK 1,323 million), while loss for the period amounted to DKK 182 million (2022: DKK 216 million). The balance sheet showed an equity of DKK 1,305 million on 31 December 2023 (2022: DKK 1,438 million). Gross profit for the period amounted to DKK 1,053 million (2022: DKK 954 million), and EBITDA before special items for the period amounted to DKK 129 million (2022: DKK 97 million).

In December 2023, the credit facility was renewed by Lenders and extended until December 2025 while existing owners’ has subscribed to additional shares in the company for an amount of DKK 50 million. In addition to the cash contribution from the owners, the renewed credit facility with Lenders also allows for additional up to DKK 50 million draw under certain conditions.

Management is confident that the available liquidity combined with approved budgets, forecasts and business plans are sufficient for the company’s operation in 2024 and 2025.

Non-financial matters

Both in Denmark and internationally, there are consumer trends within food moving towards on-the-go solutions, which creates growth opportunities within food and coffee offerings. With the loyalty program and our App solution supporting easy use, in store, click and collect, or grab and go is a growth driver looking forward.

Financial risks

Due to its operations, investments and financing, the Group is exposed to changes in interest rates. The Company manages the Group's financial risks and liquidity, including capital sourcing and investment of surplus liquidity, centrally. Under the Group's financial policy, the risk profile is kept low to ensure that interest rate and credit risks arise only because of commercial circumstances, however the inflation and ultimately the general interest increase had a high negative impact in 2023.

The Group has activities in the UK and is therefore exposed towards potential negative effects from the Brexit decision to leave the EU.

Establishment in New York, the Group is also influenced by the fluctuation of the US dollar, however due to the small share of the Group, the overall risk is still very limited.

Management evaluates the capital structure of the Group on an ongoing basis. On 31 December 2023, the Group's interest-bearing debt to credit institutions amounted to DKK 539 million based on an overall credit facility of DKK 550 million on 31 December 2023. Covenant requirements for the credit facility have been reported on an ongoing basis. Cash and cash equivalents amounted to DKK 96 million, there was a net debt of DKK 444 million and additional DKK 894 million in leasing liabilities and DKK 53 million in other liabilities on 31 December 2023.

Knowledge resources

For the continued growth of the Group, it is important to attract and retain highly skilled employees, including bakers, pastry chefs and store managers. To meet customers' needs and to ensure the best possible customer experience, focus is on high product quality and a high level of hospitality, which requires strong competencies of our employees, which are built up by ongoing training and education.

Management's review

Data ethics

In the Group’s business model, we use analytics and digital solutions where large amounts of data are processed. Our Data Ethics Policy confirms our commitment towards the respect of our customers and employees as a main pillar in our core values. The Group wants to maintain high ethical standards for the protection of our data, especially our customers, why security measures include a variety of guidelines and processes as well as targeted training of our employees to prevent any unintended disclosure. The data which the Group collects, and stores is mainly commercial data, beneficial and value-adding to our customers and stakeholders, and such commercial data includes trading patterns across our markets.

Impact on the external environment

The Group's activities are not considered to have significant effect on the external environment and climate, and therefore, no separate policy has been prepared in this respect. Climate-related risks mainly raises from abrupt and unexpected shifts in input prices for energy and raw materials used in the company’s production as well as weather related damages to the company property, plant, and equipment.

Management is continuously monitoring prices and production forecast for all major product categories used in production and actively seek to mitigate risk from price increases and out of stock situations by entering into hedge- and fixed price agreements with its suppliers. Property, plant and equipment is insured for climate related loss – incl. business interruption – by reputable insurance companies.

For further description, see below under 'Statutory CSR report’.

Statutory CSR report cf. §99a.

The Group strives to act socially responsible in a market that changes every day and has defined several focus areas that are directly linked to operations.

Business model

The Groups operating business model is described as above in the first section of the management review.

Environment

As part of being socially responsible, the Group strives to limit the environmental impact of the operations.

An inherent part of operating a fresh food business is the risk of food waste. Reducing food waste is thus a continuous effort without also reducing customer experience. A part of the work is carried out in stores and productions where charity organisations supporting social responsibility can pick up excess products. Moreover, certain excess products are reused in production, e.g., for rye granola, rye bread chips or semi-finished products. Finally, some excess end of day products is reused for producing bioethanol and thus supporting both green energy as well as reusing product waste.

Continued efforts to optimize waste via assortment, digitalization and centralised order planning were initiated, still balancing the customer experience and product availability, the aim was to reduce overall waste in 2023 and end 2023 by 2%p. Despite significant efforts and general market fluctuations, we reduced the waste by 0.4%p and was unable to reach this target in 2023. Target for 2024 is to reduce by 1%p.

We have continued our partnership with Too Good To Go, offering expected end of day products at very low price. Target was to save 1 million of products in 2023 and further reduce overall food waste. Total saved products amounted to 1.4 million and thus reduced unnecessary waste significantly via this cooperation. Target for 2024 is to still exceed minimum 1 million saved products.

Social and employee conditions

The Group employs both skilled and unskilled employees with more than 3,200 employees in total. Many apprentices are trained and educated each year, and focus is on having a great base of skilled bakers and pastry chefs in our bakeries to uphold the craftsmanship and product quality of the trade.

Our employees are our greatest assets; there is a risk of employees not thriving therefore, we work to create a safe and healthy working environment with a high level of employee satisfaction. To ensure a sound and safe working environment, the Group conducts workplace assessments for all employees in accordance with legislation, at least every third year. The outcome of the workplace assessments results in specific action plans to solve issues, if any.

Throughout 2023, we have continued to monitor the well-being of our employees with eNPS as a main KPI. The eNPS is carried out on a quarterly basis and the measurement is to continuously have employees report on whether they would recommend working with us to friends and families. This is a clear message to whether we succeed in making our company the best place to work and track and report the development over time. The reporting and feedback is based on the numerical development and the comments attached for leaders to act on any development.

Management's review

Social and employee conditions (continued)
The Whistle-Blower (WB) policy and system supported by our Code of Conduct is an external WB platform supporting anonymous access, reporting to executive management, the Board and access to an external female representative. This is to secure that any critical matter is not restricted and reported in the best and most secure way for the employee or business partner.

The Group has assessed that there is a risk of occupational injuries and stress in both stores and bakeries and we have continued workplace assessments and local initiatives to drive the identified improvement areas.

Our focus on improving the working environment has entailed that employee job satisfaction increased during 2023. The efforts will continue using quarterly eNPS scoring in 2024.

Anticorruption
The highest material risk was found to be employees within procurement and conclusion of contracts. As the Group has a zero-tolerance policy for corruption and bribery, and to minimize the risk thereof, the central management of procurement and conclusion of contracts has been a continued focus area and no violations of the Code of Conduct were detected in 2023.

The Group have asked all contracted suppliers to sign and commit to an updated Vendor Code of Conduct (the "VCOC") which sets out the overall principles which Ole & Steen / Lagkagehuset requires Ole & Steen / Lagkagehuset employees, suppliers, and vendors ("business partners") to operate, behave and live by. The Group will continue to ask current and new contracted suppliers to sign updated VCOC's in 2024.

Human rights
The Group has after a materiality assessment not identified material risk in negatively affecting human rights. Therefore, we have not enacted any policies hereof.

Account of the gender composition of Management, cf. §99b
The Group's policy is to always recruit the best qualified person for a given job, and diversity is considered a strength. The Group is continuously working on harmonizing the gender composition including the gender composition of other management, the Board of Directors and senior managers in Danish Bake Holding ApS.

Currently, one out of five board members is female. The underrepresented gender is 20%. There were no changes in the gender composition in the Board of Directors in 2023. The target is to increase the number of female board members so that at least two or more board members are female at the end of 2026.

At other management levels, the Group has more female than male managers and thus not an equal gender composition. Other management levels are considered as any manager with leadership, from store/bakery/pastry managers to executive management. In connection with recruitment for senior positions, we are focused on seeing candidates of both genders, but qualifications will always be the decisive factor.

By the end of 2023 the other management consisted of 246 members. There were no changes in the gender composition of other management in 2023. The underrepresented gender is 18%. The underrepresented gender is expected to be 40% by the end of 2026.

	2023 Executive Board	**2023 Management level 1 and 2**
Members	5	246
Underrepresented gender	20%	18%
Target	40%	40%
Year of target	2026	2026

Events after the balance sheet date
The current shareholder loan as per 31 December 2023 of DKK 26 million has subsequently been converted to equity in 2024.
No other events have occurred after the balance sheet date that may materially affect the assessment of the Company's financial position.

Outlook
It is Management's expectation that 2024 will improve to 2023, through organic growth, cost optimization and continued development of new business areas. Management is expecting to increase sales min 5% through organic growth while EBITDA is expected to exceed DKK 150 million.

Management's review

Corporate governance

The Board of Directors and the Executive Board of Danish Bake Holding ApS continuously work to ensure that the Group's management structure and control systems are appropriate and work satisfactorily. Management regularly evaluates whether this is the case.

The framework for planning Management's duties is the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association and ethical guidelines as well as good practice for entities within the same industry. Being owned by private equity funds, the Company complies with the Danish Venture and Private Equity Association's (DVCA) guidelines on responsible ownership and corporate governance. Internal procedures have been drawn up to ensure active, effective, and profitable management of the Group.

Shareholders

On an ongoing basis, the Board of Directors reviews whether the Group's capital structure serves the best interests of both the Company and its stakeholders. The overriding goal is to ensure a capital structure that supports long- term profitable growth.

The Company is owned by Cidron Garonne Limited (72%) and FoodLuxCo S.à r.l. (18%), which are controlled by Nordic Capital Fund VIII and L Catterton Europe IV, respectively. The Board of Directors comprise independent members and representatives of Nordic Capital VIII and L Catterton Europe IV. Independent board members are David Lachlan Campbell (Chairman), Graham Turner and Karen Kochevar. Nordic Capital VIII is represented on the Board by Robert Furuhjelm, while L Catterton Europe IV is represented by Jeremy Sanders.

The Board of Directors' duties

The Board of Directors of Danish Bake Holding ApS oversees that the Executive Board pursues the objectives, strategies and business procedures adopted by the Board of Directors. The Board of Directors receives systematic updates from the Executive Board at meetings and through written and oral reports provided on a regular basis.

The members of the Board of Directors of Danish Bake Holding ApS meet six times a year according to a fixed schedule. An annual strategy seminar is held to lay down the Company's vision, goals and strategy. In between the ordinary board meetings, the Board receives written updates on the Company's and the Group's results and financial position. Extraordinary meetings are convened as required.

Remuneration for Management

To attract and retain managerial skills, the Executive Board and other executive officers are paid according to duties, value creation and terms in comparable entities. Their remuneration includes incentives to ensure consistency between the interests of Management and the owners, and the incentive schemes reflect both short-term and long-term goals.

Management and some of the members of the Board of Directors of Danish Bake Holding ApS and few key employees participate in the Company's investment incentive program. Treasury shares are sold and acquired as part of the incentive program.

In addition to the incentive program, certain key employees are offered performance-based bonus. Remuneration of the Executive Board and the Board of Directors is disclosed in a note to the financial statements.

Dividend policy

Dividend is distributed with due regard to the consolidation of equity required to ensure the Group's continued expansion and existing agreements with sources of financing.

The Board of Directors proposes that no dividend is paid for the financial year 2023.

Recommendations for active ownership and corporate governance for private equity funds

The Danish Venture and Private Equity Association (DVCA) has issued guidelines on responsible ownership and corporate governance for private equity funds and entities controlled by private equity funds.

These recommendations comprise guidelines on disclosures in the Management's review, including corporate governance, financial risks, employees, strategies, etc.

The guidelines have adopted a "comply or explain" approach to corporate governance that companies can follow by either complying with the recommendations or explaining why they have not complied. The Management of Danish Bake Holding ApS, as described above, generally complies with the DVCA's recommendations.

Consolidated income statement

Note	DKK 000	2023	2022
3	Revenue	1.460.236	1.322.992
	Cost of sales	-407.054	-369.161
	Gross Profit	1.053.182	953.831
4	Staff costs	-565.354	-526.562
5	Other external expenses	-355.358	-326.451
5	Other operating expenses	-4.559	-3.792
	Other operating income	1.041	0
5	Special items	-5.860	-595
9, 10	Amortisation, depreciation and impairment	-221.987	-210.183
	Operating profit	-98.895	-113.752
6	Financial income	3.057	545
7	Financial expenses	-88.670	-100.532
	Profit/loss before tax	-184.508	-213.739
8	Tax for the year	2.208	-2.449
	Profit/loss for the year	-182.300	-216.188
	Attributable to:		
	Equity holders of the parent	-182.951	-216.895
	Non-controlling interests	651	707
	Profit/loss for the year	-182.300	-216.188

Consolidated statement of comprehensive income

Note	DKK 000	2023	2022
	Profit/loss for the year	-182.300	-216.188
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Currency translation of foreign entities	-124	1.021
	Total comprehensive income for the year	-182.424	-215.167
	Attributable to:		
	Equity holders of the parent	-183.075	-215.874
	Non-controlling interests	651	707
	Total comprehensive income for the year	-182.424	-215.167

Consolidated statement of financial position at 31 December

Note	DKK 000	2023	2022
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Goodwill	1.416.490	1.417.896
	Brand	210.400	210.400
	Development projects	43.592	41.463
	Other acquired intangible assets	307	449
		1.670.789	1.670.208
10	Property, plant and equipment		
	Plant and machinery	148.876	129.510
	Fixtures and fittings, other plant and equipment	51.754	55.421
	Leasehold improvements	335.297	331.296
	Prepayments for property, plant and equipment	2.702	28.462
	Right-of-use assets	777.270	790.147
		1.315.899	1.334.836
11	Other non-current assets		
	Other non-current receivables	20.557	20.025
		20.557	20.025
	Total non-current assets	3.007.245	3.025.069
	Current assets		
13	Inventories	30.324	28.745
12	Trade and other receivables	22.923	43.831
12	Prepayments	17.903	15.472
16	Cash	96.031	170.708
	Total current assets	167.181	258.756
	TOTAL ASSETS	3.174.426	3.283.825

Consolidated statement of financial position at 31 December

Note	DKK 000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
14	Share capital	1.276	1.267
	Share premium	2.230.496	2.180.505
	Retained earnings	-941.662	-758.653
	Currency translation reserve	-2.576	-2.192
	Equity attributable to equity holders of the parent	1.287.534	1.420.927
	Non-controlling interests	17.427	16.811
	Total equity	1.304.961	1.437.738
	Non-current liabilities		
8	Deferred tax liabilities	28.079	32.582
15	Provisions	38.881	38.292
16	Debt to credit institutions	539.698	530.804
19	Lease liabilities	784.856	805.572
16	Other non-current financial liabilities	52.629	56.204
	Total Non current liabilities	1.444.143	1.463.454
	Current liabilities		
19	Lease liabilities	109.239	85.302
16	Shareholder loan	26.451	27.533
8	Corporation tax payable	2.461	1.817
	Deferred revenue	9.017	9.714
16, 17	Trade and other payables	278.154	258.267
	Total current liabilities	425.322	382.633
	Total liabilities	1.869.465	1.846.087
	TOTAL EQUITY AND LIABILITIES	3.174.426	3.283.825

Consolidated statement of changes in equity

DKK 000	Share Capital	Share Premium	Retained Earnings	Currency translation reserve	Total	Non-controlling interests	Total Equity
As at 1 January 2023	1.267	2.180.505	-758.653	-2.192	1.420.927	16.811	1.437.738
Comprehensive income for the year							
Profit/loss for the year	0	0	-182.951	0	-182.951	651	-182.300
Other comprehensive income	0	0	0	-384	-384	260	-124
Total comprehensive income for the year	0	0	-182.951	-384	-183.335	911	-182.424
Transactions with owners							
Capital increase	9	49.991	-58	0	49.942	0	49.942
Purchase of treasury shares	0	0	0	0	0	0	0
Other adjustment	0	0	0	0	0	-295	-295
Total transactions with owners	9	49.991	-58	0	49.942	-295	49.647
At 31 December 2023	1.276	2.230.496	-941.662	-2.576	1.287.534	17.427	1.304.961

DKK 000	Share Capital	Share Premium	Retained Earnings	Currency translation reserve	Total	Non-controlling interests	Total Equity
As at 1 January 2022	1.212	1.978.606	-541.144	-3.657	1.435.017	16.548	1.451.565
Comprehensive income for the year							
Profit/loss for the year	0	0	-216.895	0	-216.895	707	-216.188
Other comprehensive income	0	0	0	1.465	1.465	-444	1.021
Total comprehensive income for the year	0	0	-216.895	1.465	-215.430	263	-215.167
Transactions with owners							
Capital increase	55	201.899	0	0	201.954	0	201.954
Purchase of treasury shares	0	0	-614	0	-614	0	-614
Total transactions with owners	55	201.899	-614	0	201.340	0	201.340
At 31 December 2022	1.267	2.180.505	-758.653	-2.192	1.420.927	16.811	1.437.738

Consolidated statement of cash flows

Note	DKK 000	2023	2022
	Profit/loss for the year	-182.300	-216.188
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of property, plant and equipment	210.294	201.815
	Amortisation and impairment of intangible assets	11.693	8.368
	Gain/loss on disposal of property, plant and equipment	4.559	3.792
	Financial income	-3.057	-545
	Financial expenses	88.670	100.532
	Tax for the year	-2.208	2.449
	Other adjustments of non cash operating items*	-1.419	-11.985
	Cash flow from operations before changes in working capital	126.232	88.238
18	Change in working capital	36.088	10.213
	Cash flow from operations	162.320	98.451
	Interest income, received	3.057	545
	Interest expenses, paid	-86.772	-65.418
	Cash flow from ordinary activities before tax	78.604	33.578
8	Income tax paid	-1.651	-1.552
	Cash flow from operating activities	76.953	32.026
10	Acquisition of intangible assets	-13.680	-21.347
10	Acquisition of property, plant and equipment**	-92.801	-157.659
10	Sale of property, plant and equipment	1.050	602
11	Change in rental deposits	-418	-8.015
	Cash flow from investing activities	-105.849	-186.419
16	Proceeds of debt to credit institutions	6.887	63.964
16	Repayments, leases	-95.711	-82.811
16	Repayments, shareholder loan	-2.980	-7.188
16	Other non-current liabilities	-3.575	-12.624
15	Purchase of treasury shares	0	-614
15	Cash capital increase	49.942	201.954
	Cash flow from financing activities	-45.437	162.681
	Cash flows for the year	-74.333	8.288
	Cash and cash equivalents at 1 January	170.708	162.916
	Foreign currency translation of cash and cash equivalents	-344	-496
	Cash and cash equivalents 31 December	96.031	170.708

**) Other adjustments of non cash operations mainly includes adjustments of changes in provisions and refurbishment obligations.*

***) Acquisition of property, plant and equipment does not include additions related to refurbishment.*

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY

Basis of preparation

The financial statements section of the annual report for the period 1 January – 31 December 2023 comprises the consolidated financial statements of Danish Bake Holding ApS and its subsidiaries (the "Group" or the "Danish Bake Holding Group").

The consolidated financial statements of Danish Bake Holding ApS have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements prepared by large class C enterprises.

Danish Bake Holding ApS is incorporated and domiciled in Denmark.
On 18 April 2024, the Board of Directors and the Executive Board approved the Annual Report for 2023 of Danish Bake Holding ApS, and it will be presented at the Annual General Meeting.

Except as stated below, the accounting policies are unchanged from those applied in the 2023 consolidated financial statements.

New financial reporting standards

All new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2023 have been adopted. The implementation of these new or amended standards and interpretations had no material impact on the financial statements. The accounting policies have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures are not restated.

New financial reporting standards not yet adopted

The IASB has issued a number of new or amended standards and interpretations with effective date after 31 December 2023. None of the standards are expected to have a significant effect for Danish Bake Holding ApS.

Reporting currency

The consolidated financial statements are presented in Danish kroner (DKK'000) which is the functional currency of Danish Bake Holding ApS.

Foreign currencies

For each of the reporting entities in the Group, including subsidiaries and foreign associates, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rate on the transaction date. Foreign exchange differences arising between the rate on the transaction date and the rate on the date of settlement are recognised in profit or loss as financial income or financial expenses.

At the end of a reporting period, receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date.

The difference between the exchange rates on the balance sheet date and on the date the receivable or payable was recognised in the latest reporting period is recognised in profit or loss as financial income or financial expenses.

In the consolidated financial statements, the statements of comprehensive income of Group entities with a functional currency other than DKK are translated at the exchange rate on the transaction date, and the balance sheet items are translated at closing rates. An average exchange rate for each month is used as the exchange rate at the transaction date in so far as this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation to the DKK presentation currency are recognised in other comprehensive income (OCI) in a separate translation reserve under equity. On disposal of a reporting entity, the component of other comprehensive income relating to that particular reporting entity is reclassified to profit or loss.

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company. Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

Preparation of consolidated financial statements
The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

External business combinations
Acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the Group obtains control. The acquirees’ identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under “Intangible assets”. Goodwill is measured at cost less any accumulated impairment losses.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.
Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.
Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

Income statement

Revenue
Income from the sale of goods for resale and finished goods is recognised in revenue is recognised when a store sells the goods to the customer. Payment is usually due when the customer picks up the goods in the store.

For the customer loyalty program, a performance obligation is recognized at the date of recognition of the sale triggering the allocation of bonus point. The performance obligation is measured at the estimated fair value of the bonus point allocated. Revenue is recognized when the customer uses the bonus points.

Income from the rendering of services is recognised as revenue as the services are rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales
Cost of sales includes the cost of goods used in generating the year's revenue.

Staff costs
Staff costs include wages and salaries, including compensated absence and pension to the Group's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Other external expenses
Other external expenses include the year's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts etc.

Other operating expenses
Other operating expenses comprise items of a secondary nature relative to the Group's core activities, including gains or losses on the sale or scrapping of fixed assets.

Special items
Significant income and expenses which is considered non-recurring are presented in the income statement in a separate line item labelled "Special items" in order to distinguish these items from other income statement items.

Amortisation/depreciation
The item comprises amortisation/depreciation of intangible assets and property, plant and equipment, as well as any impairment losses recognised for these assets during the period.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects, 5-7 years
Acquired intangible assets, 5-10 years
Goodwill, indefinite
Brand, indefinite

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery, 5-15 years
Fixtures and fittings, other plant and equipment, 3-5 years
Leasehold improvements, 10 years
Right-of-use assets, up to 20 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

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

Tax for the year
The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets
Acquired IP rights are measured at cost less accumulated amortisation and impairment losses.

Goodwill and brand is initially recognised at cost. Subsequently, goodwill and brand is measured at cost less accumulated impairment losses. Goodwill and brand is not amortised and impairment losses on goodwill are not reversed.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the date of acquisition. Impairment is performed once a year as of 31 December or more frequently if events or changes in circumstances indicate that there is an impairment.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.
Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.
Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives (goodwill and brand) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Property, plant and equipment
Items of property, plant and equipment (including prepayments for property, plant and equipment) are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Impairment testing of non-current assets
The carrying amount of intangible, and property, plant and equipment and right-of-use assets is assessed for impairment on an annual basis.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the date of acquisition. Impairment testing is performed once a year as of 31 December or more frequently if events or changes in circumstances indicate that there is an impairment. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than the carrying amount of the cash-generating unit. Identification of cash-generating units is based on the internal financial reporting structure.

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

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

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

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables
Receivables are measured at amortised cost.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers’ ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments
Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash
Cash comprise cash at banks.

Equity
Currency translation reserve
Foreign exchange differences arising on translation of Group entities to the DKK presentation currency are recognised in other comprehensive income (OCI) in a separate currency translation reserve under equity. On disposal of a reporting entity, the component of other comprehensive income relating to that particular reporting entity is reclassified to profit or loss.

Share premium
Share premium can be used for dividend.

Treasury shares
Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

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

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

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities
The Group’s liabilities include provisions, lease liabilities, trade and other payables, credit facilities and convertible loans. Liabilities are classified as current if they fall due for payment within one year or earlier. If this condition is not met, they are classified as non-current liabilities. Non-current liabilities include earn-out amounts, lease liabilites and other liabilities.

Provisions
Provisions relates to refurbishment obligations relating to the Group's leased premises. The refurbishment obligation is calculated as the present value of the estimated net costs of refurbishment when leased premises are vacated. This will occur no earlier than the end of the expected useful life.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Deferred revenue
Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Trade and other payables
Trade payables are obligations to pay for goods or services acquired in the normal course of business. Trade payables are initially reported at fair value and, subsequently, at amortised cost using the effective interest method.

Other payables comprise amounts owed to staff, including wages, salaries and holiday pay; amounts owed to the public authorities, including taxes payable and VAT.

Credit facilities
Debt to credit institutions are at initial recognition measured at fair value less transaction cost and subsequently measured at amortised cost.

Notes to the consolidated financial statements

1 MATERIAL ACCOUNTING POLICY (Continued)

Fair value measurement
The Group uses the fair value concept in connection with certain disclosure requirements and for recognition of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (“exit price”).

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. The entity’s purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement, see below:

Level 1: Quoted priced in an active market for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3: Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data)

Cash flow statement
The cash flow statement shows the Group's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Notes to the consolidated financial statements

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND RISKS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements and estimates

In the process of applying the Group's accounting policies, Management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Goodwill and brand, Intangible assets with indefinite useful life and impairment

Goodwill and brand are expected to have an indefinite useful life and are therefore not subject to amortisation. The useful life of the brand "Lagkagehuset" is assessed to be indefinite, based on the history and strength of the brand. Management reviews this assessment annually to determine whether the indefinite life continues to be supportable.

Management reviews goodwill and brand for impairment at least once a year. This requires Management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit and also to choose a suitable discount rate for those cash flows. Management allocates the brand "Lagkagehuset" to the entity Lagkagehuset A/S. Reference is made to note 9 of the consolidated financial statements.

Refurbishment obligations

Provision covering refurbishment obligations is viewed per market and the individual lease contracts. Any estimates is based on quotes for the different types of leases or previous termination, where applicable.

Right-of-use assets

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate of 3.25% - 4.75%, at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The right-of-use assets are depreciated over the contractual lease period, up to 20 years from reporting date.

Climate-related risks

Management considers climate-related risks when preparing the consolidated financial statement. Climate-related risks mainly raises from abrupt and unexpected shifts in input prices for energy and raw materials used in the company's production as well as weather related damages to the company property, plant, and equipment.

Management is continuously monitoring prices and production forecast for all major product categories used in production and actively seek to mitigate risk from price increases and out of stock situations by entering into hedge- and fixed price agreements with its suppliers. Property, plant and equipment is insured for climate related loss – incl. business interruption – by reputable insurance companies.

Notes to the consolidated financial statements

3 REVENUE

DKK 000	2023	2022
Revenue disaggregated based on geographical markets:		
Denmark	1.061.824	1.010.460
UK	321.082	262.214
US	77.330	50.318
Total revenue	1.460.236	1.322.992

The allocation of revenue to geographical markets is disclosed. The Company only operates within one business segment, operation of bakeries. Therefore, no separate segment information has been given regarding activities.

The Group’s sales to BtC customers are cash sales without any variable consideration. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in the store, alternatively, with a few days' delay in using payment cards. A minor part of the net revenue is to BtB customers and is carried out by invoicing, thereby a receivable is recognized. Please refer to note 12 Trade and other receivables.

For the customer loyalty program, a performance obligation is recognized in deferred revenue at the date of recognition of the sale triggering the allocation of bonus point. The performance obligation is measured at the estimated fair value of the bonus point allocated. The estimated value is inherently subject to some uncertainty with respect to actual future redemption. Revenue is recognized when the customer uses the bonus points, which could be in a considerable time period.

4 STAFF COSTS

DKK 000	2023	2022
Wages and salaries	514.602	475.565
Pensions, defined contribution	27.527	24.864
Other social security costs	15.494	14.362
Other staff costs	15.888	16.991
Staff costs transferred to non-current assets	-2.296	-4.625
Included in special items	-5.860	-595
Total staff costs	565.354	526.562
Average number of full-time employees	1.361	1.178
Remuneration to Executive Board and Board of Directors	5.210	4.572

For 2022 Remuneration to the Executive Board and Board of Directors have been disclosed in total in accordance with section 98 B(3) of the Danish Financial Statements Act. For 2023 remuneration to the Board of Directors including remuneration in transition period amounted to DKK 3,450 thousand and remuneration to Executive board amounted to DKK 1,760 thousand. Due to the change in the Board of Directors in 2023 section 98 B(3) is not applicable for 2023.

Management including selective board members and a few key employees participate in an investment programme as part of the overall incentive plan. The purpose is to ensure consistency between the interests of the Company's management, key employees and owners, and the scheme reflects both short-term and long-term goals.

Notes to the consolidated financial statements

5 EXPENSES

FEES PAID TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

DKK 000	2023	2022
Fee related to statutory audit	958	858
Fees for tax advisory services	719	1.930
Assurance engagements	65	64
Other assistance	346	160
Total	2.088	3.012

OTHER OPERATING EXPENSES

DKK 000	2023	2022
Loss on the sale or scrapping of non-current assets	4.559	3.792
Total	4.559	3.792

SPECIAL ITEMS

Special Items are presented in the Income statement in a separate line item labelled 'Special items' in order to distinguish these items from other income statement items. Special items consists of non-recurring income and expenses in connection with acquisitions and other non-recurring cost.

DKK 000	2023	2022
Restructuring cost	5.860	595
Total	5.860	595

Restructuring cost relates to non-recurring cost in connection with changes in management for the Group.

6 FINANCIAL INCOME

DKK 000	2023	2022
Foreign exchange gains	962	0
Other interest income	2.095	545
Total finance income	3.057	545

7 FINANCIAL EXPENSES

DKK 000	2023	2022
Foreign exchange losses	655	5.752
Interest expenses, bank	33.838	21.799
Interest on lease liabilities	31.820	27.139
Other financial expenses	20.459	11.121
Interest expenses, shareholder loans	1.898	34.721
Total finance expenses	88.670	100.532

Notes to the consolidated financial statements

8 INCOME TAX

Income tax is specified as follows:

DKK 000	2023	2022
Income tax is specified as follows:		
Current tax for the year	2.592	743
Deferred tax for the year	-4.503	-428
Tax adjustments, prior years	-297	2.134
Total	-2.208	2.449
Calculated 22% tax of the result before tax	-40.592	-47.023
Tax effect of:		
Non-deductible costs	1.517	7.468
Adjustments in respect of deferred tax of previous years in foreign subsidiaries	-1.185	2.379
Not recognised deferred tax assets	35.006	36.218
Tax adjustments, prior years	-297	2.134
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	3.343	1.273
Total	-2.208	2.449
Effective tax rate	1,2%	-1,1%
Deferred tax 1 January	32.582	33.010
Adjustments of deferred tax in profit and loss	-4.503	-428
Deferred tax 31 December	28.079	32.582
Deferred tax is recognised in the balance sheet as:		
Deferred tax liability	28.079	32.582
Deferred tax 31 December	28.079	32.582
Deferred tax is related to:		
Intangible assets	46.286	46.287
Property, plant and equipment	-18.207	-13.277
Tax losses carried forward	0	0
Deferred tax 31 December	28.079	33.010

The Group has tax losses of DKK 371 million (2022: DKK 261 million) that are available indefinitely for offsetting against future taxable profit. Per 31 December 2023 the deferred tax assets have not been recognised in respect of these losses due to uncertainty in timing to offset future taxable profit. If the Group was able to recognize all unrecognized deferred tax assets the value 31 December 2023 would be DKK 160 million (2022: DKK 122 million).

Notes to the consolidated financial statements

9 INTANGIBLE ASSETS

DKK 000	Goodwill	Brand	Develop-ment projects	Acquired intangible assets	Total
Cost					
At 31 December 2021	1.419.276	210.400	61.800	3.253	1.694.729
Additions	0	0	21.347	0	21.347
Currency translation	-1.380	0	0	0	-1.380
At 31 December 2022	1.417.896	210.400	83.147	3.253	1.714.696
Additions	0	0	13.680	0	13.680
Currency translation	-1.406	0	0	0	-1.406
At 31 December 2023	1.416.490	210.400	96.827	3.253	1.726.970
Amortisation and impairment					
At 31 December 2021	0	0	33.458	2.662	36.120
Amortisation for the period	0	0	8.226	142	8.368
At 31 December 2022	0	0	41.684	2.804	44.488
Amortisation for the period	0	0	11.551	142	11.693
At 31 December 2023	0	0	53.235	2.946	56.181
Carrying Value					
At 31 December 2021	1.419.276	210.400	28.342	591	1.658.609
At 31 December 2022	1.417.896	210.400	41.463	449	1.670.208
At 31 December 2023	1.416.490	210.400	43.592	307	1.670.789
Expected useful lives:	Indefinite	Indefinite	5 - 7 years	5 - 10 years	

The Group’s goodwill and brand assets mainly arise from the business combinations of Danish Bake A/S and Modern Standard Coffee Ltd. as well as other asset acquisitions.

Goodwill and brand assets arising on business combinations are considered to have indefinite life and therefore not subject to amortisation, but are reviewed annually for impairment, or more frequently if there are any indicators of impairment that are noted during the year.

Cash-generating units

Goodwill from a business combination is allocated to cash-generating units in which synergies are expected to be generated from the acquisition. A cash-generating unit represents the smallest identifiable group of assets that together have cash inflows that are largely independent of the cash inflows from other assets. Management has concluded that the Group has only one cash-generating unit for impairment testing purposes, since goodwill is related to the cash flows from the Group as a whole. Therefore, impairment testing has been done at the level of one cash-generating unit.

Recoverable amount

When testing for impairment, the Group estimates a recoverable amount for goodwill and for brand assets. The recoverable amount is the higher of the asset or cash-generating unit’s fair value less costs of disposal and its value in use. Fair value is measured based on level 3 - Valuation techniques.

The Group has performed an impairment test on goodwill and other intangible assets as of 31 December 2023 and 31 December 2022 on a fair value less cost to sell basis (FVLCTS). Management has based the FVLCTS by estimating the present value of future cash flows from the budget for 2024 and forecast for the years 2025-2033. Key parameters in the forecast are expected international establishments on new markets and rollout, growth in revenue (Compound annual growth rate of 10.1% in the period 2023-2033), cost development and expected maintenance CAPEX. Management expects, that the negative impact from the macroeconomic conditions will be further reduced during 2024. Management expects to continue the expansion both at the current markets and new international locations. Management has applied a terminal value rate of 2%. Discount factor before tax for 2023 is 13.7% (2022: 13.7%).

The Board of Directors has approved the inputs to the impairment testing and is satisfied that the judgements made are appropriate.

The results of the impairment tests for goodwill and brand showed that the recoverable amount exceeded the carrying value and that there was no impairment loss to be recognised.

The Management has performed a sensitivity analysis on the result of the impairment test, which shows (other things being equal) that an increase of the applied WACC with 0.5%-point will not result in impairment, and that a decrease of the applied EBITDA-margin in the terminal value with 2.0%-point will not result in impairment.

Development projects

Completed development projects include the Company’s developed IT infrastructure mainly including ERP-system and related applications and customer related app with a total carrying amount of DKK 35,889 thousand. Management has not identified any evidence of impairment relative to the carrying amount of completed development projects.

Notes to the consolidated financial statements

10 PROPERTY PLANT AND EQUIPMENT

DKK 000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improve-ments	Prepay-ments for property, plant and equipment	Right-of-use assets	Total
Cost						
At 31 December 2021	170.272	141.153	473.938	5.932	1.063.325	1.854.620
Additions	25.721	23.197	99.849	22.530	167.048	338.344
Disposals	-5.189	-22.523	-4.636	0	0	-32.347
Reassessment	0	0	0	0	59.656	59.656
Transferred	0	0	0	0	0	0
Currency translation	-290	-1.453	-3.959	0	-11.892	-17.594
At 31 December 2022	190.514	140.374	565.192	28.462	1.278.137	2.202.679
Additions	25.543	16.611	49.953	2.702	78.458	173.266
Disposals	-3.720	-925	-5.951	-3.003	0	-13.599
Reassessment	0	0	0	0	14.321	14.321
Transferred	9.929	2.037	13.493	-25.459	0	0
Currency translation	132	472	2.497	0	7.193	10.294
At 31 December 2023	222.398	158.569	625.185	2.702	1.378.108	2.386.962
Depreciation and impairment						
At 31 December 2021	46.048	84.863	179.357	0	387.250	697.518
Depreciation for the year	15.174	23.198	53.755	0	100.740	192.867
Impairment losses*	1.579	129	7.240	0	0	8.948
Depreciation on disposed assets	-1.862	-22.221	-3.869	0	0	-27.953
Currency translation	65	-1.015	-2.586	0	0	-3.537
At 31 December 2022	61.004	84.954	233.896	0	487.990	867.843
Depreciation for the year	16.503	22.092	58.849	0	111.371	208.816
Impairment losses*	0	0	0	0	1.478	1.478
Depreciation on disposed assets	-3.582	-337	-3.506	0	0	-7.425
Currency translation	-403	106	649	0	0	352
At 31 December 2023	73.521	106.815	289.888	0	600.839	1.071.063
Carrying Value						
At 31 December 2021	124.224	56.290	294.581	5.932	676.075	1.157.102
At 31 December 2022	129.510	55.421	331.296	28.462	790.147	1.334.836
At 31 December 2023	148.876	51.754	335.297	2.702	777.270	1.315.899
Expected useful lives:	5 - 15 years	3 - 5 years	10 years		Up to 20 years	

**) Impairment losses are reversal of impairment losses of a total of DKK 1.5 million (2022: DKK 8.9 million). The impairment loss in 2023 relates to planned exit of two leasing contracts in UK. The impairment losses in 2022 were related to the exit of a CPU in London.*

Notes to the consolidated financial statements

11 OTHER NON-CURRENT ASSETS

DKK 000	Other non-current receivables
Cost	
At 31 December 2021	12.371
Additions	8.220
Disposals	-205
Currency translation	-361
At 31 December 2022	20.025
Additions	657
Disposals	-239
Currency translation	114
At 31 December 2023	20.557
Carrying Value	
At 31 December 2021	12.371
At 31 December 2022	20.025
At 31 December 2023	20.557

Notes to the consolidated financial statements

12 TRADE AND OTHER RECEIVABLES

DKK 000	2023	2022
Trade receivables	13.148	15.100
Other receivables	9.775	28.731
Total	22.923	43.831
Trade receivables from third-party customers	13.514	15.140
Allowance for expected credit losses	-366	-40
Total	13.148	15.100

Expected loss

The Group is according to IFRS 9 using the simplified expected credit loss model. The model implies that the expected loss over the lifetime of the asset is recognised in the profit and loss immediately and is monitored on an ongoing basis until realisation. The Group has limited overdue trade receivables and historically there has been minimal losses on trade receivables. The inputs to the expected credit loss model reflect this.

As per 31 December, 2023 the Group's impairment for expected loss is included in the trade receivables.

Expected credit loss on receivables from trade receivables for 2023 can be specified as follows:

DKK 000	Expected Loss Rate	Gross Receivable	Expected loss	Net receivable
Not Due	0,0%	8.813	0	8.813
Less than 30 days	0,0%	3.429	0	3.429
Between 31 and 60 days	0,0%	459	0	459
Between 61 and 90 days	5,0%	315	16	299
Between 91 and 120 days	46,1%	403	186	217
More than 121 days	172,3%	95	164	-69
Total	2,8%	13.514	366	13.148

No significant losses were recognised during 2023.

Expected credit loss on receivables from trade receivables for 2022 can be specified as follows:

DKK 000	Expected Loss Rate	Gross Receivable	Expected loss	Net receivable
Not Due	0,0%	12.733	0	12.733
Less than 30 days	0,7%	945	7	938
Between 31 and 60 days	0,8%	1.428	11	1.417
Between 61 and 90 days	37,5%	8	3	5
Between 91 and 120 days	66,7%	6	4	2
More than 121 days	75,0%	20	15	5
Total	0,3%	15.140	40	15.100

No significant losses were recognised during 2022.

Prepayments

Prepayments amounts to DKK 17,903 thousand (2022: DKK 15,472 thousand) and include accrual of expenses relating to subsequent financial years, including subscription, service agreements, variable lease payment, insurance etc.

Notes to the consolidated financial statements

13 INVENTORIES

DKK 000	2023	2022
Raw materials	25.837	23.244
Finished goods and goods for resale	4.487	5.501
Total	30.324	28.745

No significant write-down of inventories has been realised in 2023 and 2022.

14 SHARE CAPITAL AND TRESURY SHARES

Share capital

DKK 000	2023	2022
Share capital:		
Opening balance	1.267	1.212
Capital increase	9	55
Total	1.276	1.267

The share capital consists of 16,065,794 A shares, 72,787,490 B shares, 15,013,081 C shares and 23,760,930 D Shares of DKK 0.01 nominal value each. Each A share carries one voting right, each B share carries ten voting rights, each C share carries one voting right, and each D share carries one voting right.

Treasury shares

DKK 000	Number	Nominal value	Share of capital	Purchase/ sales sum
At 31 December 2021	0	0	0,00%	-2.325
Purchased in the year	5.706	57	0,45%	614
At 31 December 2022	5.706	57	0,45%	-1.711
Purchased in the year	0	0	0,00%	0
At 31 December 2023	5.706	57	0,00%	-1.711

Treasury shares are acquired, among other reasons, to be used in the incentive plan intended for members of the Executive Board, selective board members and other key employees.

15 PROVISIONS

The provisions relates to refurbishment obligations regarding leases and premises:

DKK 000	Refurbish-ment obligations
At 31 December 2021	33.975
Provisions arising in the year	13.637
Utilised during the year	-8.700
Currency translation	-620
At 31 December 2022	38.292
Provisions arising in the year	2.008
Utilised during the year	-1.917
Currency translation	498
At 31 December 2023	38.881

DKK 000	2023	2022
Total current	0	0
Total non-current	38.881	38.292

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Changes in liabilities arising from financing activities

DKK 000	1 January 2023	Cash flows	Non cash flow changes*	31 December 2023
Non-current interest-bearing loans and borrowings	530.804	6.887	2.007	539.698
Lease liabilities	890.874	-95.711	98.932	894.095
Shareholder loans	27.533	-2.980	1.898	26.451
Other non-current liabilities	56.204	-3.575	0	52.629
Total liabilities from financing activities	1.505.415	-95.379	102.837	1.512.873

DKK 000	1 January 2022	Cash flows	Non cash flow changes*	31 December 2022
Non-current interest-bearing loans and borrowings	466.436	63.964	404	530.804
Lease liabilities	766.972	-82.811	206.713	890.874
Shareholder loans	0	-7.188	34.721	27.533
Other non-current liabilities	68.828	-12.624	0	56.204
Total liabilities from financing activities	1.302.236	-38.659	241.838	1.505.415

*) Non cash flow changes include interest, additions and reasessements under IFRS 16.

Contractual undiscounted cash flows:

2023	Carrying amount	Fair Value	Total	< 1 year	1 – 2 years	3 – 5 years	> 5 years
Financial liabilities:							
Financial liabilities measured at amortised costs							
Debt to credit institutions	539.698	539.698	590.969	0	590.969	0	0
Shareholder loans	26.451	26.451	27.468	27.468	0	0	0
Other non current financial liabilities	52.629	52.629	110.606	0	8.646	908	101.052
Trade and other payables	278.154	278.154	278.154	278.154	0	0	0
Total financial liabilities	896.932	896.932	1.007.198	305.622	599.615	908	101.052
Assets:							
Financial assets measured at amortised costs							
Trade and other receivables	22.923	22.923	22.923	22.923	0	0	0
Deposits	20.557	20.557	20.557	0	0	0	20.557
Cash	96.031	96.031	96.031	96.031	0	0	0
Total financial assets	139.511	139.511	139.511	118.954	0	0	20.557
Net, financial liabilities	757.421	757.421	867.687	186.668	599.615	908	80.495

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

2022	Carrying amount	Fair Value	Total	< 1 year	1 – 2 years	3 – 5 years	> 5 years
Financial liabilities:							
Financial liabilities measured at amortised costs							
Debt to credit institutions	530.804	530.804	566.523	0	566.523	0	0
Shareholder loans	27.533	27.533	27.957	27.957	0	0	0
Other non current financial liabilities	56.204	56.204	123.973	0	5.012	8.702	101.557
Trade and other payables	258.267	258.267	258.267	258.267	0	0	0
Total financial liabilities	872.808	872.808	976.720	286.224	571.535	8.702	101.557
Assets:							
Financial assets measured at amortised costs							
Trade and other receivables	43.831	43.831	43.831	43.831	0	0	0
Deposits	20.025	20.025	20.025	0	0	0	20.025
Cash	170.708	170.708	170.708	170.708	0	0	0
Total financial assets	234.564	234.564	234.564	214.539	0	0	20.025
Net, financial liabilities	638.244	638.244	742.156	71.685	571.535	8.702	81.532

Fair value

Financial liabilities consists of current/short termed liabilities and revolving credit facility. The revolving credit facility are subject to a variable interest rate. Thus, the fair value of the financial assets and liabilities measured at amortised costs is considered equal to the book value.

Financial instruments risk management, capital management

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk, and liquidity risk. The Group has established principles for overall risk management, which seek to minimise potential adverse effects on the Group’s performance.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the Group, market risk comprises foreign currency risk and interest rate risk, as well as any changes in market prices impacted by the macroeconomic conditions on the financial instruments. The main risks are described as below.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group´s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s international operating activities. The Group’s revenues and expenses are mainly denominated in DKK and GBP, with limited revenues and expenses in USD. The majority of the Group’s expenses are cost of sale, employee costs, other external expenses which are denominated in the subsidiary company’s functional currency and as consequence the expenses are linked with the revenue. Since revenues and expenses to a large extent are directly linked is the Group exposure to foreign currency risk limited.

The main risk are therefore deemed to the financing of the net investments in the Group’s activities United Kingdom and United States. A negative change of 5% in the exchange rate for GBP and USD compared to DKK, will have a total effect of the result negatively by approximately DKK 12 million before tax. A positive change of 5% in the exchange rate for GBP and USD compared to DKK, will have a total effect of the result positively by approximately DKK 12 million before tax.

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from the revolving credit facility and leases held by the Group. The Group regularly monitors its interest rate risk.

Interest rate sensitivity

The following demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

A 0.5%-point increase in interest rates of the credit facility and the lease liabilities would, all other things being equal, impact earnings before tax negatively by DKK 5.7 million (2022: DKK 6.1 million) and equity negatively by DKK 5.7 million (2022: DKK 6.1 million).

Credit risk

The Group's sales to BtC customers are cash sales. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in the store, alternatively, with a few days' delay in using payment cards. A minor part of the net revenue is to BtB customers and is carried out by invoicing, thereby a receivable is recognized.

The Group are using the simplified expected credit loss model according to IFRS 9. The model implies that the expected loss over the lifetime of the asset is recognised in the profit and loss immediately and is monitored on an ongoing basis until realisation. The Group has limited overdue trade receivables and historically there has been minimal losses on trade receivables. The inputs to the expected credit loss model reflects this.

Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value and to maintain an optimal capital structure. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

Credit facilities (debt to credit institutions)

Management evaluates the capital structure of the Group on an ongoing basis. At 31 December 2023, the Group's interest-bearing debt to credit institutions amounted to DKK 540 million (2022: DKK 531 million) based on an overall credit facility. Covenant requirements for the credit facility have been reported on an ongoing basis. The credit facility expires in 2025. Cash and cash equivalents amounted to DKK 96 million (2022: DKK 171 million), there was a net debt of a negative DKK 444 million (2022: DKK 360 million) and DKK 894 million (2022: DKK 891 million) in leasing liabilities at 31 December 2023. The total credit facility amounts to DKK 558 million at 31 December 2023 including bank guarantees. Net unused credit facilities, amounted to approximately DKK 93 million at 31 December 2023 (2022: DKK 140 million).

This facility has an interest rate range of CIBOR+ (2.75% - 4.75%) and is secured by the shares of Danish Bake A/S and Lagkagehuset A/S.

Liquidity

In December 2023, the credit facility was renewed by Lenders and extended until December 2025 while existing owners' has subscribed to additional shares in the company for an amount of DKK 50 million. In addition to the cash contribution from the owners, the renewed credit facility with Lenders also allows for additional up to DKK 50 million draw under certain conditions.

Management is confident that the available liquidity combined with approved budgets, forecasts and business plans are sufficient for the company's operation in 2024 and 2025.

Shareholder loan

In 2022 a transfer pricing study have been performed and the interest rate has been reassessed from prior shareholder loans, which lead to an increase in the interest rate. The current shareholder loan of DKK 26 million has an interest of around 7.7% and is subsequently converted to equity in 2024.

Other non current financial liabilities

Other non current financial liabilities comprises of liabilities in connection with mainly holiday liabilities.

The Group has utilized legislation in Denmark which provides an option to keep paid leave under the administration of the company, as long as the paid leave is indexed each year until the employee retire. The indexing follows the market rate and is considered to be of low risk as there is an option of volunteering repayment.

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

DKK 000	2023	2022
Financial assets at amortised cost:		
Trade receivables	13.148	15.100
Deposits	20.557	20.025
Other receivables	9.775	28.731
Total financial assets	43.480	63.856
Total current	22.923	43.831
Total non-current	20.557	20.025
Financial liabilities		
Interest-bearing loans and borrowings:		
Debt to credit institutions	539.698	530.804
Shareholder loan	26.451	27.533
Other non current financial liabilities	43.766	44.165
Total interest-bearing loans and borrowings	609.915	602.502
Other financial liabilities:		
Other non current financial liabilities	8.863	12.039
Trade payables	192.787	182.496
Other payables	85.367	75.771
Total other financial liabilities	287.017	270.306
Total current	278.155	258.261
Total non-current	618.778	614.541

17 TRADE AND OTHER PAYABLES

DKK 000	2023	2022
Trade payables	192.787	182.496
Other payables	85.368	75.765
Total	278.155	258.261

18 CHANGE IN NET WORKING CAPITAL

DKK 000	2023	2022
Change in inventories	-1.579	-7.241
Change in receivables	18.477	-19.901
Change in trade and other payables and deferred revenue	19.190	37.355
Total change in working capital	36.088	10.213

Notes to the consolidated financial statements

19 LEASING

DKK 000	Property	Equipment	Total
Leasing assets			
At 31 December 2021	667.160	8.915	738.170
Additions	161.948	5.100	167.048
Reassessment	59.656	0	59.656
Currency translation	-11.915	23	-11.892
Depreciation for the period	-95.952	-4.788	-100.740
Impairment losses	0	0	0
At 31 December 2022	780.897	9.250	790.147
Additions	72.099	6.359	78.458
Reassessment	14.321	0	14.321
Currency translation	7.195	-2	7.193
Depreciation for the period	-107.055	-4.317	-111.371
Impairment losses	-1.478	0	-1.478
At 31 December 2023	765.979	11.291	777.270

Reference is made to note 2 for a description of:
- exposure to potential cash flows
- process for determining the internal borrowing rate

DKK 000	2023	2022
Leasing liabilities		
Within one year	109.239	85.302
Between one and five years	433.006	509.325
More that five years	351.850	296.247
Total leasing liabilities	894.095	890.874
Contractual undiscounted cash flows		
Within one year	152.245	120.396
Between one and five years	626.597	603.099
More that five years	276.630	322.799
Total lease payments undiscounted	1.055.471	1.046.294
Lease liabilities recognised in the balance sheet	894.095	890.874
Current liabilities	109.239	85.302
Non-current liabilities	784.856	805.572
Lease payments in the year	127.536	109.338
Interest expenses in the year related to leases	31.824	26.527
Variable lease payments (included in other external expenses)	40.635	33.392

The Group has lease contracts for rent that contains variable payments based on revenue. The terms are negotiated by management. Since revenue and variable payments are directly linked, the Group exposure to variable payments is limited.

Notes to the consolidated financial statements

20 GROUP INFORMATION

The consolidated financial statements of the Group include the following subsidiaries:

31 December 2023

Name	Ownership
Danish Bake Group ApS	100%
Danish Bake A/S	100%
Lagkagehuset A/S	100%
Danish Bake UK Ltd.	100%
Ole & Steen Coffee Ltd.	100%
Modern Standard Coffee Ltd.	51%
Modern Standard Coffee ApS	51%
Modern Standard Service Ltd.	34%
Danish Bake USA Inc.	100%
Danish Bake NYC LLC	100%
Danish Bake Broadway 873 LLC	100%
Danish Bake Intercontinental LLC	100%
Danish Bake Bryant Park LLC	100%
Danish Bake Production LLC	100%
Danish Bake Church Street LLC	100%
Danish Bake 50th Street LLC (Dormant)	100%
Danish Bake East 87th Street LLC	100%

The consolidated financial statements of the Group include the following subsidiaries:

31 December 2022

Name	Ownership
Danish Bake Group ApS	100%
Danish Bake A/S	100%
Lagkagehuset A/S	100%
Danish Bake UK Ltd.	100%
Ole & Steen Coffee Ltd.	100%
Modern Standard Coffee Ltd.	51%
Modern Standard Coffee ApS	51%
Modern Standard Service Ltd.	34%
Danish Bake USA Inc.	100%
Danish Bake NYC LLC	100%
Danish Bake Broadway 873 LLC	100%
Danish Bake Intercontinental LLC	100%
Danish Bake Bryant Park LLC	100%
Danish Bake Production LLC	100%
Danish Bake Church Street LLC	100%
Danish Bake 50th Street LLC (Dormant)	100%
Danish Bake East 87th Street LLC	100%

Notes to the consolidated financial statements

21 COMMITMENTS AND CONTINGENCIES

COLLATERAL
The Group has provided the shares of the subsidiaries Danish Bake A/S and Lagkagehuset A/S as security for the revolving credit facility. As of 31 December 2023 DKK 457 million (net of cash) (2022: DKK 410 million) is drawn on the revolving credit facility including bank guarantees.

OTHER CONTINGENT LIABILITIES
Other contingent liabilities, DKK 18,799 thousand (2022: DKK 19,196 thousand), include the Group's bank guarantees in relation to leaseholds.

OTHER FINANCIAL OBLIGATIONS
No other financial obligations.

22 RELATED PARTY DISCLOSURES
The Group has registered the following shareholders with 5% or more equity interest:

- Cidron Garonne Limited, 69,84%, Esplanade ST, Heller Jersey JE2 3QA Jersey
- DanishBread S.à.r.l., 17,44%, 10, Rue Antoine Jans L-1820 Luxembourg

The Group's related parties with significant influence include the Group's Board of Directors, Executive Board and Key Management in the parent company and close family members of these persons. Related parties also include companies in which this circle of persons has significant interests.

Management remuneration are disclosed in note 4.

Loans from parent companies are disclosed in note 16, interest income and expenses are disclosed in note 6 and 7.

Purchase and sale of treasury notes are disclosed in note 14.

23 EVENTS AFTER THE BALANCE SHEET DATE
The current shareholder loan as per 31 December 2023 of DKK 26 million has subsequently been converted to equity in 2024.

No other events have occurred after the balance sheet date that may materially affect the assessment of the Company’s financial position.

Parent company income statement

Note	DKK 000	2023	2022
	Other external expenses	-974	-1.192
	Gross Profit	-974	-1.192
2	Staff costs	-1.761	-1.571
	Operating profit	-2.735	-2.763
3	Financial income	65.537	27.180
4	Financial expenses	-1.910	-34.719
	Profit before tax	60.892	-10.302
5	Tax for the year	-14.001	-4.899
	Profit for the year	46.891	-15.201

Parent company balance sheet at 31 December

Note	DKK 000	2023	2022
	ASSETS		
	Non-current assets		
6	Investments		
	Investments in subsidiaries	1.516.435	1.466.435
		1.516.435	1.466.435
	Total non-current assets	1.516.435	1.466.435
	Current assets		
	Receivables from group entities	912.014	852.455
	Other receivables	855	918
	Cash	647	1.937
	Total current assets	913.516	855.310
	TOTAL ASSETS	2.429.951	2.321.745

Parent company balance sheet at 31 December

Note	DKK 000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	1.276	1.267
	Share premium account	2.230.496	2.180.505
	Retained earnings	151.659	104.825
	Total equity	2.383.431	2.286.597
	Current liabilities		
	Corporation tax payable (intra-group)	13.397	4.899
10	Payables to group enterprises	30.464	27.533
	Trade and other payables	2.659	2.716
	Total liabilities	46.520	35.148
	TOTAL EQUITY AND LIABILITIES	2.429.951	2.321.745

1 SIGNIFICANT ACCOUNTING POLICIES
8 TREASURY SHARES
9 COMMITMENTS AND CONTINGENCIES
10 RELATED PARTY DISCLOSURES
11 REMUNERATION TO EXECUTIVE BOARD AND BOARD OF DIRECTORS
12 RECOMMENDED APPROPRIATION OF PROFIT

Parent company statement of changes in equity

DKK 000	Share Capital	Share Premium	Retained Earnings	Total
Equity at 1 January 2023	1.267	2.180.505	104.825	2.286.597
Capital increase	9	49.991	0	50.000
Transfer through appropriation of profit	0	0	46.891	46.891
Sale of treasury shares	0	0	-57	-57
Equity at 31 December 2023	1.276	2.230.496	151.659	2.383.431

Notes to the parent financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Parent company financial statements for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

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

Foreign currency translation

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

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

Income statement

Other external expenses

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Group's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Profit from investments in subsidiaries

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

The item includes dividend received from subsidiaries.

Financial income and expenses

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

Tax

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

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss making Danish entities in proportion to their taxable income (full absorption).

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

Balance sheet

Investments in subsidiaries

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

Notes to the Parent financial statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment testing of non-current assets
The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

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

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

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

Receivables
Receivables are measured at amortised cost.

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

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

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

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

Cash
Cash comprise cash at banks.

Equity
Share premium
Share premium can be used for dividend.

Treasury shares
Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

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

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

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

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

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

Other liabilities are measured at net realisable value.

Notes to the Parent financial statements

2 STAFF COSTS

DKK 000	2023	2022
Wages and salaries	-1.761	-1.571
Total staff costs	-1.761	-1.571
Average number of full-time employees	0	0

Please refer to note 4 in consolidated financial statements for disclosure of remuneration to the Executive Board and Board of Directors.

3 FINANCIAL INCOME

DKK 000	2023	2022
Interest income, group entities	65.445	27.177
Other interest income	92	3
Total financial income	65.537	27.180

4 FINANCIAL EXPENSES

DKK 000	2023	2022
Interest expenses, shareholder loan	1.910	34.719
Total financial expenses	1.910	34.719

5 TAX FOR THE YEAR

DKK 000	2023	2022
Tax charge for the year	14.001	4.899
Total	14.001	4.899

6 INVESTMENTS

DKK 000	Investment in subsidiaries
Cost	
Cost at 1 January 2023	1.466.435
Increase during 2023	50.000
At 31 December 2023	1.516.435
Carrying Value	
At 31 December 2023	1.516.435

Please refer to note 20 in consolidated financial statement for group information.

Notes to the Parent financial statements

7 SHARE CAPITAL

DKK 000	2023	2022	2021	2020
Share capital:				
Opening balance	1.267	1.212	1.191	1.150
Capital increase	9	55	21	41
Total	1.276	1.267	1.212	1.191

The share capital consists of 16,065,794 A shares, 72,787,490 B shares, 15,013,081 C shares and 23,760,930 D Shares of DKK 0.01 nominal value each.

Each A share carries one voting right, each B share carries ten voting rights, each C share carries one voting right, and each D share carries one voting right.

8 TREASURY SHARES

DKK 000	Number	Nominal value	Share of capital	Purchase/ sales sum
At 31 December 2022	5.706	57	0,45%	588
Purchased in the year	0	0	0,00%	0
At 31 December 2023	5.706	57	0,00%	588

Treasury shares are acquired, among other reasons, to be used in the incentive plan intended for members of the Executive Board and other key employees.

9 COMMITMENTS AND CONTINGENCIES

COLLATERAL

The Company has provided the shares of the subsidiaries Danish Bake A/S and Lagkagehuset A/S as security for the revolving credit facility. As of 31 December 2023 DKK 457 million (net of cash) (2022: DKK 410 million) is drawn on the revolving credit facility including bank guarantees.

OTHER CONTINGENT LIABILITIES

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes.

10 RELATED PARTY DISCLOSURES

The Group has registered the following shareholders with 5% or more equity interest:

- Cidron Garonne Limited, 69,84%, Esplanade ST, Heller Jersey JE2 3QA Jersey
- DanishBread S.à.r.l., 17,44%, 10, Rue Antoine Jans L-1820 Luxembourg

The parent company applies an exemption provision in section 98c (1) of the Danish Financial Statements Act. 3, concerning transactions with related parties, as they have been made with wholly owned subsidiaries.

Refer to note 23 of the consolidated financial statements regarding the related party transactions.

11 REMUNERATION TO EXECUTIVE BOARD AND BOARD OF DIRECTORS

Refer to note 4 of the consolidated financial statements for disclosure of remuneration to Executive Board and Board of Directors.

12 RECOMMENDED APPROPRIATION OF PROFIT

DKK 000	2023	2022
Recommended appropriation of profit:		
Retained earnings	46.891	-15.201
Total	46.891	-15.201