Danish Bake Holding ApS

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

Annual report 2022

Approved at the Company's annual general meeting on
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 2022.

The consolidated financial statements are prepared in accordance with International Financial Reporting 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 2022 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 2022.

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, 27 April 2023

Executive Board:

DocuSigned by:

Jason Anthony Corra

Board of Directors:

DocuSigned by:

Henrik Brandt

Chair

DocuSigned by:

Graham Turner

DocuSigned by:

Karen Kochevar

DocuSigned by:

Robert Furuhjelm

Niels-Olof Robert Campbell Furuhjelm

DocuSigned by:

Jeremy Sanders

DocuSigned by:

Tiemo Grimm

Tiemo Andreas Grimm

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 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, 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 International Financial Reporting 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 2022 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting 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 2022 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2022 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 the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial 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 International Financial Reporting 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 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 risk 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 and 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, 27 April 2023
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	2022	2021	2020	2019	2018
Revenue	1.322.992	1.097.945	927.033	1.157.446	1.000.119
Gross Profit	953.831	822.565	689.261	877.662	757.014
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	96.431	140.322	34.245	141.659	113.189
Earnings before interest, taxes, depreciation and amortisation (EBITDA) before special items	97.026	140.322	36.736	146.436	114.824
Operating profit	-113.752	-44.752	-161.862	-80.779	-28.812
Financial income and financial expenses, net	-99.987	-42.649	-68.384	6.756	-104.655
Profit/Loss for the year	-216.188	-89.400	-227.519	-69.596	-113.712
Total assets	3.283.825	3.051.904	3.145.866	3.028.814	3.008.532
Total equity	1.437.738	1.451.565	1.538.680	1.566.029	929.675
Cash flow from operating activities	32.026	91.889	8.942	73.089	96.096
Acquisition of property, plant and equipment	-157.659	-69.674	-61.404	-160.965	-184.181
Cash flows for the year	8.288	-58.983	176.634	-24.680	21.470
Operating margin	-8,6%	-4,1%	-17,5%	-7,0%	-2,9%
Return on assets	-3,5%	-1,4%	-5,1%	-2,4%	-1,0%
Current ratio	67,6%	69,7%	91,6%	35,9%	11,7%
Equity ratio	43,3%	47,0%	48,4%	51,1%	30,4%
Return on equity	-15,2%	-6,1%	-14,8%	-5,7%	-11,7%
Average number of employees (FTE)	1.178	1.151	1.298	1.336	1.175
Number of stores at 31 December	134	125	119	114	98

Financial ratios

The financial ratios have been calculated as follows:

Operating margin	Operating profit (EBIT) x 100 / Revenue
Return on assets	Profit/loss from operating activities x 100 / Average assets
Current ratio	Current assets x 100 / Current liabilities
Equity ratio	Equity excl. non-controlling interests, year-end x 100 / Total equity and liabilities, year-end
Return on equity	Profit/loss for the year excl. non-controlling interests x 100 / 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 still bake for the local community of Christianshavn and Jane still serves thousands of guests every week – and 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 more than 130 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.

In 2022, we were delighted again to be fully open across all three markets following the pandemic and have millions of guests every month experiencing our Danish bakery.

The following consolidated financial statements of Danish Bake Holding ApS accounts for the period 1 January – 31 December 2022, "the period" and which comprise Danish Bake Holding ApS and its subsidiaries - together referred to as "the Group".

Financial review

The summary of 2022 is that it has been another year impacted by macro-economic upheavals. The COVID-19 pandemic impacting the start of the year with the Omicron variant, although the effect of this was relatively short lived and we started to see further normalisation in customer behaviour and continued return to the office. Unfortunately, just as we started to see the clear benefit of this normalisation Russia invaded Ukraine in late February and sparked the largest conflict seen in Europe in a generation. The war accelerated and exacerbated the post COVID and Brexit impact on the cost and supply of key raw materials particularly for a multinational artisan baker, flour, grain, sunflower products and eggs to name a few – within just weeks the price of flour increased by more than forty percent. Further to this energy prices soared as Russian energy was excluded from the market, raw material costs, distribution and in particular energy continued to increase throughout the year.

From a commercial point of view the general weakening in consumer confidence in all 3 of our markets with these cost increases was of such materiality that despite trying to offset some of these via thoughtful and strategic revenue management including some price increases and a continued and unrelenting focus on operational delivery which has also produced excellent results there has been an impact on profits in 2022.

The transformation program entitled SCALE continued as planned to the end of 2022 and was finalised end year, with great achievements in creating tools and digital solutions to make the business from bakery to sales more structured and foreseeable. Reducing waste, planning better to create the foundation for our employees to succeed and eventually make better products and provide better service to our customers.

Our commitment to our purpose to create "a better bakery for all" has driven all thinking, planning and results again this year. All our stakeholders have seen the improvements delivered over the year, for our teams we have continued to invest in communication and engagement tools ensuring that all the more than 3,500 people that work in the business across 3 countries have real time feedback and communication tools to stay informed about the business and to feedback what is working and not working for them in being part of the Lagkagehuset/Ole and Steen team.

For our customers, we have invested significantly in coming to new communities, establishing new bakeries, as well as our regular activity in new product development. We continue to enhance and add functionality to our App with more than half a million people

Management's review

Financial review (continued)
in 2022 regularly engaging with us on news, offers, click & collect, delivery plus given us real time feedback on our offering via net promoter score measurement. Enabling thousands of customers a month to tell us all about their last visit to us. In 2022 features as gift cards and extended delivery to 14 cities across Denmark were added to the App. The Lagkagehuset App won several awards at Danish Digital Awards in 2022 and the continued journey with our loyalty members continues into 2023.

We have continued the digital development across the business to secure efficiencies across the business and markets, and our focus on operational disciplines throughout our fully vertically integrated business, which has included significant investment in both UK and US bakeries, in automation and attention to process has resulted in best-in-class operations throughout the business.

We began 2022 with a business that was in great health having delivered a result well in excess of our plan and we were well placed to capitalise on the growth opportunities presented by the markets in all 3 of the countries we operate. In Denmark, UK and the USA, we expected to open a record number of new bakery locations in 2022, but due to the war and the effects to costs, inflation and eventual consumer purchasing power some of the planned openings in 2022 were deliberately pushed into 2023.

Despite the significant macro-economic challenges of 2022, we continued to invest in the long-term growth and capacity of the business, deploying DKK 158 million in capital across the markets (2021: DKK 92 million). Lagkagehuset opened 4 new stores in Denmark and closed 1 store, now having 109 stores. In London we continued to build on our successful portfolio and added 6 new Ole & Steen stores in 2022, all of which are performing even better than our expectations at opening. In total, by end of 2022 we had 22 stores in UK.

Feedback from customers remains very positive and the roll-out of new stores in London will continue. In 2022 we invested in a large bakery facility in Leyton securing supplies for the London area for the many new stores to come, the project was on time and on budget as we closed 2022. In New York, preparations for 2-3 openings were initiated and planned to open during Q2 2023.
In total 10 new stores were opened in 2022 across Denmark and London. Current plans for openings for 2023 will depend on the development of the inflation and private economy but current pipeline supports a similar level of expansions.

Results for the year did not meet the expectations and considered unsatisfactory in a general sense but driven by the turmoil of the economical market situation with costs rising to unprecedented levels and consumers private budgets being strained.

The strategy plan developed in 2020 and revisited in late 2021 for 2022 has been pursued and executed to the letter, transforming in our Danish market, starting with the store operating model, improving the customer experience whilst freeing up time for the teams to spend more time with our customers, this has is evident in our customer Net Promoter Score (NPS) ending the year at a record high 60%. Centralising our ordering systems has enabled transparency and controls for product availability and minimum waste from our completely vertically integrated business.

Building upon our artisanal skill and heritage in baking and confectionary we continued to bring truly excellent products to our customers, and finally further expanding our digital footprint and loyalty customer program has brought even more value and improved services to our customers. Implementations of similar improvements including learnings made in Denmark is ongoing in London & New York and will support the scalability of our business across the world.
Group revenue for the period 1 January – 31 December 2022 amounted to DKK 1.323 million (2021: DKK 1.098 million), while loss for the period amounted to DKK 216 million (2021: DKK 89 million). The balance sheet showed an equity of DKK 1,438 million on 31 December 2022 (2021: DKK 1,452 million). Gross profit for the period amounted to DKK 954 million (2021: DKK 823 million), and EBITDA before special items for the period amounted to DKK 97 million (2021: DKK 140 million).

In December 2022, the credit facility was renewed by Lenders and extended. Our owners also remain confident in the management and the long-term growth and success of the business. In December 2022 they injected DKK 200 million to support the continued expansion across markets and in particularly in London and New York.

Management is confident of current cash holdings and profit controls, and the forecast is secured for the continued expansion strategy of the company balanced to how the market situation evolves in 2023. Expectations are modest organic growth and cost continuing downwards to levels post war by end of the year.

Non-financial matters
In Denmark, the bakery segment in 2022 was still characterized by a consumer wanting freshly and premium baked products rather than packaged products, which leads to higher growth rates within premium baked products and in particular cake. Café sales and coffee growing as lockdowns and restrictions was lifted through the year.

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.

Management's review

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 interest increase had a negative impact in 2022.

The Group has activities in the UK and is therefore exposed towards potential negative effects from the Brexit decision to leave the EU. So far, the Group has only experienced temporary challenges in recruitment in the hospitality sector however no issues seen at year end on currency despite this market growing in share of total business.

Establishment in the latest market, 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 2022, the Group's interest-bearing debt to credit institutions amounted to DKK 531 million based on an overall credit facility of DKK 550 million on 31 December 2022. Covenant requirements for the credit facility have been reported on an ongoing basis. Cash and cash equivalents amounted to DKK 171 million, there was a net debt of DKK 360 million and additional DKK 891 million in leasing liabilities and DKK 56 million in other liabilities on 31 December 2022.

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.

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. 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 2022 and end 2022 by 2%p. Despite significant efforts, the inflation, and general market fluctuations after the Russian invasion, made us unable to reach this target in 2022. Target for 2023 is to reduce by 2%p.

A major enabler to keep waste low is via Too Good To Go which was initiated across all markets in 2021 and continued into 2022 also in new store openings. Offering expected end of day products at very low price. Target was to save 1 million of products in 2022 and further reduce overall food waste. Total saved products amounted to 1.2 million and thus reduced unnecessary waste significantly via this cooperation. Target for 2023 is to still exceed minimum 1 million saved products.

Management's review

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; 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.

An ongoing e-NPS was implemented across the group in 2020 and reported since and through 2021.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 are conducted first monthly and then minimum at a quarterly basis for the leaders to act and interact based on the numerical development and the comments attached.

Whistle-blower (WB) policy and system supported by our Code of Conduct was implemented in early 2021, using 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. During 2021, there has been increased sickness absence of store staff, bakers and pastry staff, which has been approached via workplace assessment and local initiatives are set in to improve areas identified. COVID pandemic had a significant impact to this development also in 2021.

Our focus on improving the working environment has entailed that employee job satisfaction increased during 2021. The efforts will continue now also using monthly eNPS scoring in 2022.

Anticorruption
The most 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 via lotions of the Code of Conduct were detected in 2022.

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 2023.

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 senior managers.

Currently, one out of six board members is female. There were no changes in the board of directors in 2022. 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 2025.

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 2022 female managers comprised of 73% of the team.

Events after the balance sheet date
The war started in Ukraine late February 2022 and the effect on an already inflationary European economy, was a challenge in 2022. Energy prices and raw materials and general inflation was increasing to unprecedented levels and challenged both direct and indirect ability to reach expected profits levels. As we now have seen energy prices reduce again, in the first half of 2023 and commodity costs as well, it is expected that all markets will be experiencing reduced costs through the year. Expectations are that this should continue into 2024.

The Group feels confident that current cash holdings and profit controls are adequate, and the forecast is secured for continued inflation effects across the markets. 3 store openings in London and 1 in New York has taken place since balance closing and is in line with the planned pipeline of expansions.

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

Management's review

Outlook
It is Management's expectation that 2023 will improve to 2022, even if still effected by macroeconomic challenges for some time. Expectations to sales are a double-digit sales growth and profits before tax to improve by minimum DKK 50 million.

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 Henrik Brandt (Chairman), Graham Turner and Karen Kochevar. Nordic Capital VIII is represented on the Board by Robert Furuhjelm and Tiemo Grimm, 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 2022.

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	2022	2021
3	Revenue	1.322.992	1.097.945
	Cost of sales	-369.161	-275.380
	Gross Profit	953.831	822.565
4	Staff costs	-526.562	-470.872
5	Other external expenses	-326.451	-208.696
5	Other operating expenses	-3.792	-2.675
5	Special items	-595	0
9, 10	Amortisation, depreciation and impairment	-210.183	-185.074
	Operating profit	-113.752	-44.752
6	Financial income	545	14.970
7	Financial expenses	-100.532	-57.619
	Profit/loss before tax	-213.739	-87.401
8	Tax for the year	-2.449	-1.999
	Profit/loss for the year	-216.188	-89.400
	Attributable to:		
	Equity holders of the parent	-216.895	-89.723
	Non-controlling interests	707	323
	Profit/loss for the year	-216.188	-89.400

Consolidated statement of comprehensive income

Note	DKK 000	2022	2021
	Profit/loss for the year	-216.188	-89.400
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Currency translation of foreign entities	1.021	-1.715
	Total comprehensive income for the year	-215.167	-91.115
	Attributable to:		
	Equity holders of the parent	-215.874	-91.753
	Non-controlling interests	707	638
	Total comprehensive income for the year	-215.167	-91.115

Consolidated balance sheet at 31 December

Note	DKK 000	2022	2021
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Goodwill	1.417.896	1.419.276
	Brand	210.400	210.400
	Development projects	41.463	28.342
	Other acquired intangible assets	449	591
		1.670.208	1.658.609
10	Property, plant and equipment		
	Plant and machinery	129.510	124.224
	Fixtures and fittings, other plant and equipment	55.421	56.290
	Leasehold improvements	331.296	294.581
	Prepayments for property, plant and equipment	28.462	5.932
	Right-of-use assets	790.147	676.075
		1.334.836	1.157.102
11	Other non-current assets		
	Other non-current receivables	20.025	12.371
		20.025	12.371
	Total non-current assets	3.025.069	2.828.082
	Current assets		
13	Inventories	28.745	21.504
12	Trade and other receivables	43.831	27.958
12	Prepayments	15.472	11.444
16	Cash	170.708	162.916
	Total current assets	258.756	223.822
	TOTAL ASSETS	3.283.825	3.051.904

Consolidated balance sheet at 31 December

Note	DKK 000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
14	Share capital	1.267	1.212
	Share premium	2.180.505	1.978.606
	Retained earnings	-758.653	-541.144
	Currency translation reserve	-2.192	-3.657
	Equity attributable to equity holders of the parent	1.420.927	1.435.017
	Non-controlling interests	16.811	16.548
	Total equity	1.437.738	1.451.565
	Non-current liabilities		
8	Deferred tax liabilities	32.582	33.010
15	Provisions	38.292	25.475
16	Debt to credit institutions	530.804	466.436
19	Lease liabilities	805.572	685.689
16	Other non-current financial liabilities	56.204	68.828
	Total Non current liabilities	1.463.454	1.279.438
	Current liabilities		
15	Provisions	0	8.500
19	Lease liabilities	85.302	81.283
16	Shareholder loan	27.533	0
8	Corporation tax payable	1.817	492
	Deferred revenue	9.714	11.076
16, 17	Trade and other payables	258.267	219.550
	Total current liabilities	382.633	320.901
	Total liabilities	1.846.087	1.600.339
	TOTAL EQUITY AND LIABILITIES	3.283.825	3.051.904

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 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
Sale of treasury shares	0	0	0	0	0	0	0
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

DKK 000	Share Capital	Share Premium	Retained Earnings	Currency translation reserve	Total	Non-controlling interests	Total Equity
As at 1 January 2021	1.191	1.976.952	-453.746	-1.627	1.522.770	15.910	1.538.680
Comprehensive income for the year							
Profit/loss for the year	0	0	-89.723	0	-89.723	323	-89.400
Other comprehensive income	0	0	0	-2.030	-2.030	315	-1.715
Total comprehensive income for the year	0	0	-89.723	-2.030	-91.753	638	-91.115
Transactions with owners							
Capital increase	21	1.654	0	0	1.675	0	1.675
Purchase of treasury shares	0	0	0	0	0	0	0
Sale of treasury shares	0	0	2.325	0	2.325	0	2.325
Total transactions with owners	21	1.654	2.325	0	4.000	0	4.000
At 31 December 2021	1.212	1.978.606	-541.144	-3.657	1.435.017	16.548	1.451.565

Consolidated statement of cash flows

Note	DKK 000	2022	2021
	Profit/loss for the year	-216.188	-89.400
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of property, plant and equipment	201.815	178.935
	Amortisation and impairment of intangible assets	8.368	6.139
	Gain/loss on disposal of property, plant and equipment	3.792	2.675
	Financial income	-545	-14.970
	Financial expenses	100.532	57.619
	Tax for the year	2.449	1.999
	Other adjustments of non cash operating items*	-11.985	-3.006
	Cash flow from operations before changes in working capital	88.238	139.991
18	Change in working capital	10.213	8.833
	Cash flow from operations	98.451	148.824
	Interest income, received	545	12
	Interest expenses, paid	-65.418	-53.295
	Cash flow from ordinary activities before tax	33.578	95.541
8	Income tax paid	-1.552	-3.652
	Cash flow from operating activities	32.026	91.889
10	Acquisition of intangible assets	-21.347	-15.033
10	Acquisition of property, plant and equipment**	-157.659	-69.674
10	Sale of property, plant and equipment	602	37
11	Change in rental deposits	-8.015	1.134
	Cash flow from investing activities	-186.419	-83.536
16	Proceeds of debt to credit institutions	63.964	0
16	Repayment of debt to credit institutions	0	-12.337
16	Repayments, leases	-82.811	-79.952
16	Repayments, shareholder loan	-7.188	0
16	Other non-current liabilities	-12.624	20.953
15	Purchase of treasury shares	-614	0
15	Sale of treasury shares	0	2.325
15	Cash capital increase	201.954	1.675
	Cash flow from financing activities	162.681	-67.336
	Cash flows for the year	8.288	-58.983
	Cash and cash equivalents at 1 January	162.916	221.522
	Foreign currency translation of cash and cash equivalents	-496	377
	Cash and cash equivalents 31 December	170.708	162.916

**) 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 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements section of the annual report for the period 1 January – 31 December 2022 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 International Financial Reporting 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.

Except as stated below, the accounting policies are unchanged from those applied in the 2021 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 2022 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 2022. 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 SIGNIFICANT ACCOUNTING POLICIES (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
Recently 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 SIGNIFICANT ACCOUNTING POLICIES (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 SIGNIFICANT ACCOUNTING POLICIES (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 SIGNIFICANT ACCOUNTING POLICIES (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.

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 SIGNIFICANT ACCOUNTING POLICIES (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 SIGNIFICANT ACCOUNTING POLICIES (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.

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 2.45% - 3.25%, 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 statements. It is considered these could potentially impact reported amounts materially on property, plant and equipment, and any risk includes climate-related legislation restricting the use of such assets.

3 REVENUE

DKK 000	2022	2021
Revenue disaggregated based on geographical markets:		
Denmark	1.010.460	905.185
International	312.532	192.760
Total revenue	1.322.992	1.097.945

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	2022	2021
Wages and salaries	470.940	421.635
Pensions, defined contribution	24.864	23.727
Other social security costs	14.362	11.014
Other staff costs	16.991	14.496
Included in special items	-595	0
Total staff costs	526.562	470.872
Average number of full-time employees	1.175	1.151
Remuneration to Executive Board and Board of Directors	4.572	6.807

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 Statement Act.

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	2022	2021
Fee related to statutory audit	858	1.103
Fees for tax advisory services	1.930	538
Assurance engagements	64	99
Other assistance	160	469
Total	3.012	2.209

OTHER OPERATING EXPENSES

DKK 000	2022	2021
Loss on the sale or scrapping of non-current assets	3.792	2.675
Total	3.792	2.675

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	2022	2021
Restructuring cost	595	0
Total	595	0

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

6 FINANCIAL INCOME

DKK 000	2022	2021
Foreign exchange gains	0	14.958
Other interest income	545	12
Total finance income	545	14.970

7 FINANCIAL EXPENSES

DKK 000	2022	2021
Foreign exchange losses	5.752	4.855
Interest expenses, bank	21.799	19.809
Interest on lease liabilities	27.139	25.167
Other financial expenses	11.121	7.788
Interest expenses, shareholder loans	34.721	0
Total finance expenses	100.532	57.619

Notes to the consolidated financial statements

8 INCOME TAX

Income tax is specified as follows:

DKK 000	2022	2021
Income tax is specified as follows:		
Current tax for the year	743	1.648
Deferred tax for the year	-428	-2.113
Tax adjustments, prior years	2.134	2.464
Total	2.449	1.999
Calculated 22% tax of the result before tax	-47.023	-19.228
Tax effect of:		
Non-taxable income	0	0
Non-deductible costs	7.468	198
Adjustments in respect of deferred tax of previous years in foreign subsidiaries	2.379	1.050
Not recognised deferred tax assets	36.218	16.898
Tax adjustments, prior years	2.134	2.464
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	1.273	617
Total	2.449	1.999
Effective tax rate	-1,1%	-2,3%
Deferred tax 1 January	33.010	35.123
Adjustments of deferred tax in profit and loss	-428	-2.113
Deferred tax 31 December	32.582	33.010
Deferred tax is recognised in the balance sheet as:		
Deferred tax liability	32.582	33.010
Deferred tax 31 December	32.582	33.010
Deferred tax is related to:		
Intangible assets	46.287	46.287
Property, plant and equipment	-13.705	-13.277
Tax losses carried forward	0	0
Deferred tax 31 December	32.582	33.010

The group has tax losses of DKK 261 million (2021: DKK 172 million) that are available indefinitely for offsetting against future taxable profit. In 2022 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 2022 would be DKK 122 million (2021: DKK 87 million).

9 INTANGIBLE ASSETS

DKK 000	Goodwill	Brand	Develop-ment projects	Acquired intangible assets	Total
Cost					
At 31 December 2020	1.417.593	210.400	46.767	3.253	1.678.013
Additions	0	0	15.033	0	15.033
Currency translation	1.683	0	0	0	1.683
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
Amortisation and impairment					
At 31 December 2020	0	0	27.461	2.520	29.981
Amortisation for the period	0	0	5.997	142	6.139
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
Carrying Value					
At 31 December 2020	1.417.593	210.400	19.306	733	1.648.032
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
Expected useful lives:	Indefinite	Indefinite	5 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 2022 and 31 December 2021 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 2023 and forecast for the years 2024-2032. Key parameters in the forecast are expected international establishments on new markets and rollout, growth in revenue (Compound annual growth rate of 13.4% in the period 2022-2032), cost development and expected maintenance CAPEX. Management expects, that the negative impact from the macroeconomic conditions will be further reduced during 2023, so that the Group's markets by the end of 2024 generally are at the level before the Ukraine-crisis and the COVID-19 outbreak. 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 2022 is 13.7% (2021: 12.6%).

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 1.0%-point will not result in impairment, and that an 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 costumer related app with a total carrying amount of DKK 31,779 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 2020	158.924	119.605	431.418	874	1.024.152	1.734.973
Additions	11.544	18.723	37.857	5.058	52.263	125.445
Disposals	-1.992	-212	-3.926	0	0	-6.130
Reassessment	0	0	0	0	-35.621	-35.621
Transferred	0	0	0	0	0	0
Currency translation	1.796	3.037	8.589	0	22.531	35.953
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

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
Depreciation and impairment						
At 31 December 2020	32.850	61.368	127.837	0	294.560	516.615
Depreciation for the year	13.743	22.192	48.310	0	92.690	176.935
Impairment losses*	0	0	2.000	0	0	2.000
Depreciation on disposed assets	-980	-150	-2.362	0	0	-3.492
Currency translation	435	1.453	3.572	0	0	5.460
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
Carrying Value						
At 31 December 2020	126.074	58.237	303.581	874	729.592	1.218.358
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
Expected useful lives:	5 - 15 years	3 - 5 years	10 years		Up to 20 years	

**) Impairment losses are a write down of assets and installations of DKK 8.9 million (2021: DKK 2.0 million) mainly related to the exit of a CPU in London. The impairment losses in 2021 were related to the exit of a CPU in Copenhagen.*

Notes to the consolidated financial statements

11 OTHER NON-CURRENT ASSETS

DKK 000	Other non-current receivables
Cost	
At 31 December 2020	13.136
Additions	173
Disposals	-1.307
Currency translation	369
At 31 December 2021	12.371
Additions	8.220
Disposals	-205
Currency translation	-361
At 31 December 2022	20.025

Carrying Value	
At 31 December 2020	13.136
At 31 December 2021	12.371
At 31 December 2022	20.025

Notes to the consolidated financial statements

12 TRADE AND OTHER RECEIVABLES

DKK 000	2022	2021
Trade receivables	15.100	11.112
Other receivables	28.731	16.846
Total	43.831	27.958
Trade receivables from third-party customers	15.140	11.210
Allowance for expected credit losses	-40	-98
Total	15.100	11.112

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 2022 the Group's impairment for expected loss is included in the trade receivables.

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.

Expected credit loss on receivables from trade receivables for 2021 can be specified as follows:

DKK 000	Expected Loss Rate	Gross Receivable	Expected loss	Net receivable
Not Due	0,0%	9.037	0	9.037
Less than 30 days	0,0%	1.207	0	1.207
Between 31 and 60 days	0,0%	215	0	215
Between 61 and 90 days	2,2%	633	14	619
Between 91 and 120 days	58,5%	41	24	17
More than 121 days	77,9%	77	60	17
Total	0,9%	11.210	98	11.112

No significant losses were recognised during 2021.

Prepayments
Prepayments amounts to DKK 15,472 thousand (2021: DKK 11,444 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	2022	2021
Raw materials	23.244	18.049
Finished goods and goods for resale	5.501	3.455
Total	28.745	21.504

No significant write-down of inventories has been realised in 2022 and 2021.

14 SHARE CAPITAL AND TRESURY SHARES

Share capital

DKK 000	2022	2021
Share capital:		
Opening balance	1.212	1.191
Capital increase	55	21
Total	1.267	1.212

The share capital consists of 16,065,700 A shares, 72,787,490 B shares, 15,013,081 C shares and 22,820,300 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 2020	2.944.542	28.878		
Sold in the year	-2.944.542	-28.878	-2,44%	-2.325
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

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 2020	29.364
Provisions arising in the year	3.508
Unwinding of discount	306
Currency translation	797
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

DKK 000	2022	2021
Total current	0	8.500
Total non-current	38.292	25.475

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Changes in liabilities arising from financing activities

DKK 000	1 January 2021	Cash flows	Non cash flow changes*	31 December 2021
Non-current interest-bearing loans and borrowings	477.435	-12.337	1.338	466.436
Lease liabilities	811.652	-79.952	35.272	766.972
Other non-current liabilities	47.875	20.953	0	68.828
Total liabilities from financing activities	1.336.962	-71.336	36.610	1.302.236

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:

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

Notes to the consolidated financial statements

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

2021	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	466.436	466.436	510.747	0	510.747	0	0
Other non current financial liabilities	68.828	68.828	129.017	0	19.912	6.636	102.469
Trade and other payables	219.550	219.550	219.550	219.550	0	0	0
Total financial liabilities	754.814	754.814	859.314	219.550	530.659	6.636	102.469
Assets:							
Financial assets measured at amortised costs							
Trade and other receivables	27.958	27.958	27.958	27.958	0	0	0
Deposits	12.371	12.371	12.371	0	0	0	12.371
Cash	162.916	162.916	162.916	162.916	0	0	0
Total financial assets	203.245	203.245	203.245	190.874	0	0	12.371
Net, financial liabilities	551.569	551.569	656.069	28.676	530.659	6.636	90.098

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

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 10 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 10 million before tax.

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 6.1 million (2021: DKK 5.7 million) and equity negatively by DKK 6.1 million (2021: DKK 5.7 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 2022, the Group's interest-bearing debt to credit institutions amounted to DKK 531 million (2021: DKK 466 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 2024. Cash and cash equivalents amounted to DKK 171 million (2021: DKK 163 million), there was a net debt of a negative DKK 360 million (2021: DKK 303 million) and DKK 891 million (2021: DKK 767 million) in leasing liabilities at 31 December 2022. The total credit facility amounts to DKK 550 million at 31 December 2022 including bank guarantees. Net unused credit facilities, amounted to approximately DKK 140 million at 31 December 2022 (2021: DKK 195 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 2022, the credit facility was renewed by Lenders and extended. Our owners also remain confident in the management and the long-term growth and success of the business. In December 2022 they injected DKK 200 million to support the continued expansion across markets and in particularly in London and New York.

Management is confident of current cash holdings and profit controls, and the forecast is secured for the continued expansion strategy of the company balanced to how the market situation evolves in 2023. Expectations are modest organic growth and cost continuing downwards to levels post war by end of the year.

Shareholder loan

In 2022 a transfer pricing study have been performed and the interest rate has been reassessed from prior shareholder loans, which has lead to a interest expense of DKK 35 million. The current shareholder loan of DKK 28 million has an interest of around 3.1%.

Other non current financial liabilities

Other non current financial liabilities comprises of liabilities in connection with mainly holiday liabilities and governmental loans in connection with COVID-19.
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	2022	2021
Financial assets at amortised cost:		
Trade receivables	15.100	11.112
Deposits	20.025	12.371
Other receivables	28.731	16.846
Total financial assets	63.856	40.329
Total current	43.831	27.958
Total non-current	20.025	12.371
Financial liabilities		
Interest-bearing loans and borrowings:		
Debt to credit institutions	530.804	466.436
Shareholder loan	27.533	0
Other non current financial liabilities	44.165	58.298
Total interest-bearing loans and borrowings	602.502	524.734
Other financial liabilities:		
Other non current financial liabilities	12.039	10.530
Trade payables	182.496	142.752
Other payables	75.771	76.798
Total other financial liabilities	270.306	230.080
Total current	258.261	219.550
Total non-current	614.541	535.264

17 TRADE AND OTHER PAYABLES

DKK 000	2022	2021
Trade payables	182.496	142.752
Other payables	75.765	76.798
Total	258.261	219.550

18 CHANGE IN NET WORKING CAPITAL

DKK 000	2022	2021
Change in inventories	-7.241	-1.591
Change in receivables	-19.901	-14.497
Change in trade and other payables and deferred revenue	37.355	24.921
Total change in working capital	10.213	8.833

Notes to the consolidated financial statements

19 LEASING

DKK 000	Property	Equipment	Total
Leasing assets			
At 31 December 2020	718.502	11.090	738.170
Additions	48.309	3.954	52.263
Reassessment	-35.621	0	-35.621
Currency translation	22.386	145	22.531
Depreciation for the period	-86.416	-6.274	-92.690
Impairment losses	0	0	0
At 31 December 2021	667.160	8.915	676.075
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

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

DKK 000	2022	2021
Leasing liabilities		
Within one year	85.302	81.283
Between one and five years	509.325	442.124
More that five years	296.247	243.565
Total leasing liabilities	890.874	766.972
Contractual undiscounted cash flows		
Within one year	120.396	100.257
Between one and five years	603.099	496.352
More that five years	322.799	256.401
Total lease payments undiscounted	1.046.294	853.010
Lease liabilities recognised in the balance sheet	890.874	766.972
Current liabilities	85.302	81.283
Non-current liabilities	805.572	685.689
Lease payments in the year	109.338	105.119
Interest expenses in the year related to leases	26.527	25.167
Variable lease payments (included in other external expenses)	33.392	17.664

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 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	100%
Danish Bake East 87th Street LLC	100%

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

31 December 2021

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 Broadway 1155 LLC (Dormant)	100%
Danish Bake Production LLC	100%

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 2022 DKK 410 million (net of cash) (2021: DKK 355 million) is drawn on the revolving credit facility including bank guarantees.

OTHER CONTINGENT LIABILITIES

Other contingent liabilities, DKK 19,196 thousand (2021: DKK 20,411 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, 69,76%, Esplanade ST, Heller Jersey JE2 3QA Jersey
- DanishBread S.à.r.l., 17,43%, 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 war started in Ukraine late February 2022 and the effect on an already inflationary European economy, was a challenge in 2022. Energy prices and raw materials and general inflation was increasing to unprecedented levels and challenged both direct and indirect ability to reach expected profits levels. As we now have seen energy prices reduce again, in the first half of 2023 and commodity costs as well, it is expected that all markets will be experiencing reduced costs through the year. Expectations are that this should continue into 2024.

The Group feels confident that current cash holdings and profit controls are adequate, and the forecast is secured for continued inflation effects across the markets. 3 store openings in London and 1 in New York has taken place since balance closing and is in line with the planned pipeline of expansions.

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	2022	2021
	Other external expenses	-1.192	-1.071
	Gross Profit	-1.192	-1.071
2	Staff costs	-1.571	-1.518
	Operating profit	-2.763	-2.589
3	Financial income	27.180	26.453
4	Financial expenses	-34.719	0
	Profit before tax	-10.302	23.864
5	Tax for the year	-4.899	-5.271
	Profit for the year	-15.201	18.593

Parent company balance sheet at 31 December

Note	DKK 000	2022	2021
	ASSETS		
	Non-current assets		
6	Investments		
	Investments in subsidiaries	1.466.435	1.266.431
		1.466.435	1.266.431
	Total non-current assets	1.466.435	1.266.431
	Current assets		
	Receivables from group entities	852.455	835.928
	Other receivables	918	0
	Cash	1.937	4.763
	Total current assets	855.310	840.691
	TOTAL ASSETS	2.321.745	2.107.122

Parent company balance sheet at 31 December

Note	DKK 000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	1.267	1.212
	Share premium account	2.180.505	1.978.606
	Retained earnings	104.825	120.640
	Total equity	2.286.597	2.100.458
	Current liabilities		
	Corporation tax payable	4.899	5.271
10	Payables to group enterprises	27.533	0
	Trade and other payables	2.716	1.393
	Total liabilities	35.148	6.664
	TOTAL EQUITY AND LIABILITIES	2.321.745	2.107.122

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 2022	1.212	1.978.606	120.640	2.100.458
Capital increase	55	201.899	0	201.954
Transfer through appropriation of profit	0	0	-15.201	-15.201
Sale of treasury shares	0	0	-614	-614
Equity at 31 December 2022	1.267	2.180.505	104.825	2.286.597

Notes to the parent financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Parent company financial statements for 2022 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 and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

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	2022	2021
Wages and salaries	-1.571	-1.518
Total staff costs	-1.571	-1.518
Average number of full-time employees	0	0

For 2021 and 2022 remuneration to the Executive Board and Board of Directors have not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. Refer to note 4 of the consolidated financial statements for disclosure of remuneration to Executive Board and Board of Directors.

3 FINANCIAL INCOME

DKK 000	2022	2021
Interest income, group entities	27.177	26.453
Other interest income	3	0
Total financial income	27.180	26.453

4 FINANCIAL EXPENSES

DKK 000	2022	2021
Interest expenses, shareholder loan	34.719	0
Total financial expenses	34.719	0

5 TAX FOR THE YEAR

DKK 000	2022	2021
Tax charge for the year	4.899	5.271
Total	4.899	5.271

6 INVESTMENTS

DKK 000	Investment in subsidiaries
Cost	
Cost at 1 January 2022	1.266.431
Increase during 2022	200.004
At 31 December 2022	1.466.435
Carrying Value	
At 31 December 2022	1.466.435

Please refer to note 20 in consolidated financial statement.

Notes to the Parent financial statements

7 SHARE CAPITAL

DKK 000	2022	2021	2020	2019
Share capital:				
Opening balance	1.212	1.191	1.150	1.000
Capital increase	55	21	41	150
Total	1.267	1.212	1.191	1.150

The share capital consists of 16,065,794 A shares, 72,787,490 B shares, 15,013,081 C shares and 22,820,300 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.

The share capital has been unchanged from 2018 to 2019.

8 TREASURY SHARES

DKK 000	Number	Nominal value	Share of capital	Purchase/ sales sum
At 31 December 2021	0	0	0,00%	0
Purchased in the year	5.706	57	0,45%	588
At 31 December 2022	5.706	57	0,45%	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 2022 DKK 410 million (net of cash) (2021: DKK 355 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, 69,76%, Esplanade ST, Heller Jersey JE2 3QA Jersey
- DanishBread S.à.r.l., 17,43%, 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	2022	2021
Recommended appropriation of profit:		
Retained earnings	-15.201	18.593
Total	-15.201	18.593