

# Danish Bake Group ApS

Dortheavej 10, 2400 Copenhagen NV

CVR no. 38 75 08 36

## Annual report 2019

Approved at the Company's annual general meeting on

Chairman:

DocuSigned by:



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Carl Moltke

24 August 2020

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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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 Group ApS for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

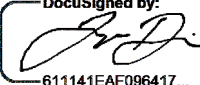
Copenhagen, 22 June 2020

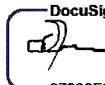
Executive Board:

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 Mikael Koch Jensen

Board of Directors:

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 Jason Anthony Cotta  
 Chairman

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 Jesper Mark Diken

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 Mikael Koch Jensen



## Independent auditor's report

To the shareholder of Danish Bake Group ApS

### Opinion

We have audited the financial statements of Danish Bake Group ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

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



## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 22 June 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Thomas Bruun Kofoed  
State Authorised Public Accountant  
mne28677

Peter Andersen  
State Authorised Public Accountant  
mne34313



## Management's review

### Company details

Name	Danish Bake Group ApS
Address, Postal code, City	Dortheavej 10, 2400 Copenhagen NV
CVR no.	38 75 08 36
Established	28 June 2017
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Jason Anthony Cotta, Chairman Jesper Mark Dixen Mikael Koch Jensen
Executive Board	Mikael Koch Jensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea SEB

## Management commentary

### Business review

The Company was established for the purpose of acquiring the shares in Danish Bake A/S, and the purpose of the Company is thus to hold shares and generate a return.

### Financial review

The income statement for 2019 shows a loss of DKK 28,561 thousand against a loss of DKK 58,509 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 965,014 thousand.

At 31 December 2019, payables to group entities amounted to DKK 800 million. The debt is short-term at 31 December 2019. After the balance sheet date, the Company has received a letter of subordination from the parent company, confirming that the loan will not be recalled until 31 December 2020.

### Events after the balance sheet date

The COVID-19 virus has not effected the Company's financial position, but has changed the market conditions for the subsidiaries. Management assesses that the COVID-19 outbreak will not have a negative impact on the Company's investments in the long-term.

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



## Financial statements 1 January - 31 December

## Income statement

Note	DKK'000	2019	2018
	Revenue	9,981	8,565
	Other external expenses	-2,539	-7,703
	Gross profit	7,442	862
3	Staff costs	-11,279	-9,073
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-121	0
	Profit/loss before net financials	-3,958	-8,211
4	Financial income	5,487	7,143
5	Financial expenses	-26,626	-62,751
	Profit/loss before tax	-25,097	-63,819
6	Tax for the year	-3,464	5,310
	Profit/loss for the year	-28,561	-58,509
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-28,561	-58,509
		-28,561	-58,509



## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	566	397
		566	397
	Investments		
	Investments in group entities	1,588,814	1,588,814
		1,588,814	1,588,814
	Total fixed assets	1,589,380	1,589,211
	Non-fixed assets		
	Receivables		
	Receivables from group entities	170,397	172,946
	Deferred tax assets	0	6,692
	Corporation tax receivable	5,733	2,505
	Prepayments	2,406	3,722
		178,536	185,865
	Cash	75	1,881
	Total non-fixed assets	178,611	187,746
	TOTAL ASSETS	1,767,991	1,776,957
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,000	1,000
	Share premium account	0	1,065,429
	Retained earnings	964,014	-72,854
	Total equity	965,014	993,575
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Other payables	166	0
		166	0
	Current liabilities other than provisions		
	Trade payables	231	60
	Payables to group entities	799,587	782,304
	Other payables	2,993	1,018
		802,811	783,382
	Total liabilities other than provisions	802,977	783,382
	TOTAL EQUITY AND LIABILITIES	1,767,991	1,776,957

- 1 Accounting policies
- 2 Events after the balance sheet date
- 8 Contractual obligations and contingencies, etc.
- 9 Contingent assets
- 10 Collateral
- 11 Related parties





## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2019	1,000	1,065,429	-72,854	993,575
Transfer through appropriation of loss	0	0	-28,561	-28,561
Transferred from share premium account	0	-1,065,429	1,065,429	0
Equity at 31 December 2019	<u>1,000</u>	<u>0</u>	<u>964,014</u>	<u>965,014</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Danish Bake Group ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

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

#### Reporting currency

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

#### Foreign currency translation

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

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

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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.

##### 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 Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Depreciation

The item comprises depreciation of property, plant and equipment.

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:

Fixtures and fittings, other plant and equipment	3-5 years
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##### Profit from investments in subsidiaries

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

##### Financial income and expenses

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

##### Tax

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

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

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

##### Balance sheet

##### Property, plant and equipment

Items of 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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

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

##### Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries and associates 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.

##### 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.



## Financial statements 1 January - 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

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

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

## Liabilities

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

Other liabilities are measured at net realisable value.

## 2 Events after the balance sheet date

The COVID-19 virus has not effected the Company's financial position, but has changed the market conditions for the subsidiaries. Management assesses that the COVID-19 outbreak will not have a negative impact on the Company's investments in the long-term.

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

DKK'000	2019	2018
3 Staff costs		
Wages/salaries	10,349	7,610
Pensions	0	79
Other social security costs	14	24
Other staff costs	916	1,360
	<u>11,279</u>	<u>9,073</u>
Average number of full-time employees	<u>3</u>	<u>3</u>
4 Financial income		
Interest receivable, group entities	5,487	7,143
	<u>5,487</u>	<u>7,143</u>



## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK'000	2019	2018
5 Financial expenses		
Interest expenses, group entities	25,284	61,360
Other financial expenses	1,342	1,391
	<u>26,626</u>	<u>62,751</u>
6 Tax for the year		
Estimated tax charge for the year	-3,228	-2,505
Deferred tax adjustments in the year	6,692	-2,519
Tax adjustments, prior years	0	-286
	<u>3,464</u>	<u>-5,310</u>

## 7 Non-current liabilities other than provisions

At 31 December 2019, payables to group entities amounted to DKK 800 million. The debt is short-term at 31 December 2019. After the balance sheet date, the Company has received a letter of subordination from the parent company, confirming that the loan will not be recalled until 31 December 2020.

The Company has together with the subsidiaries Danish Bake A/S and Lagkagehuset A/S a credit facility of DKK 550 million as of 31 December 2019. Only Danish Bake A/S has debt to credit institutions in relation to this credit facility. The debt to credit institutions as of 31 December 2019 is DKK 422 million, including bank guarantees. The agreement expires in august 2021. The agreement includes covenants.

## 8 Contractual obligations and contingencies, etc.

## Other contingent liabilities

After the balance sheet date, the Company has provided a letter of subordination letter to the subsidiary Danish Bake A/S, confirming that the loan amounted to DKK 73 million will not be recalled until 31 December 2020.

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

## Other financial obligations

## Other rent and lease liabilities:

DKK'000	2019	2018
Rent and lease liabilities	<u>273</u>	<u>224</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Contingent assets

The Company has deferred tax assets, which mainly consist of tax loss carry-forwards. The nominal value thereof totals DKK 3,869 thousand. DKK 0 thousand of the amount has been recognised in the balance sheet due to the uncertainty as to utilisation of the tax losses.

#### 10 Collateral

The Company has provided the shares of the subsidiaries Danish Bake A/S and Lagkagehuset A/S, with a total carrying amount of DKK 1,589 million, as security for the revolving credit facility. As of 31 December 2019, DKK 422 million is drawn on the revolving credit facility, including bank guarantees.

The Company has not provided any other security or other collateral in assets at 31 December 2019.

#### 11 Related parties

##### Information about consolidated financial statements

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