Grocon Holding ApS

Lysholt Allé 3, DK-7100 Vejle

CVR no. 40 48 64 61

Annual report 2023

Approved at the Company's annual general meeting on 11 July 2024

Chairman:

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Søren Israelsen

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Grocon Holding ApS for the financial year 1 January – 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

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

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

Aarhus, 11 July 2024
Executive Board:

Kenneth Skov Eskildsen

Board of Directors:

Kenneth Skov Eskildsen Chairman	Klaus Skov Eskildsen	Allan Skov Eskildsen

Søren Israelsen

Independent auditor's report

To the shareholders of Grocon Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Grocon Holding ApS for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements 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 Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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.

Independent auditor's report

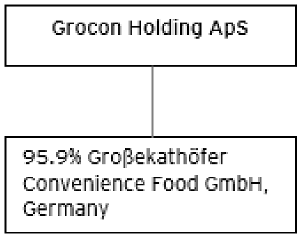
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 11 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Hammer-Pedersen
State Authorised
Public Accountant
mne21334

Management's review

Group chart



Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	512,063	354,230	216,180	183,106	134,604
Gross profit/loss	79,654	9,843	33,389	45,371	43,442
Operating profit/loss	26,554	-30,965	4,481	21,113	27,272
Profit/loss from net financials	-3,349	-2,206	-2,023	-1,518	-921
Profit/loss for the year	16,359	-23,522	2,873	14,057	23,443
Investments in property, plant and equipment	30,900	5,392	10,854	51,658	13,051
Total assets	195,628	197,224	168,612	159,166	97,588
Equity	39,355	22,950	65,412	62,559	47,953
Financial ratios					
Operating margin	4,9	-8.7	2.1	11.5	20.3
Equity ratio	20,3	11.2	38.8	39.3	49.1
Return on equity	52.5	-53.8	4.5	25.4	71.4
Average number of full-time employees	178	150	124	111	80

The 2019 financial year is the Company's first financial year and comprises the period from 2 May – 31 December 2019.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin $$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Management's review

Company details

Company	Grocon Holding ApS Lysholt Allé 3, DK-7100 Vejle
CVR no.	40 48 64 61
Financial year:	1 January – 31 December
Registered office	Vejle
Board of Directors	Kenneth Skov Eskildsen, Chairman Klaus Skov Eskildsen Allan Skov Eskildsen Søren Iraelsen
Executive Board	Kenneth Skov Eskildsen, CEO
Lawyers	Gorrissen Federspiel Silkeborgvej 2, DK-8000 Aarhus C
Auditors	EY Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8000 Aarhus C

Management's review

Review

Principal activities

The objective of the Group and the Company is to manufacture and sell pastries and related products.

Development in activities and financial matters

The financial performance improved significantly during 2023 as a new management team strengthened and optimized the business. Furthermore, measures to address price impacts from raw materials and energy had a positive effect in 2023. This has led to an increase in financial results after tax for the Group from DKK -23,522 thousand in 2022 to DKK 16,359 thousands in 2023. The results are considered satisfactory and above the expectations which were between DKK 7,500 thousands and DKK 15,000 thousands.

Investments and financing

During 2023, the Group generated positive cashflow from operations of DKK 38,699 thousands which was partly offset by investments in property, plant and equipment of DKK 30,900 thousands.

Outlook

Despite the improved financial results in 2023, uncertainty remains high. Raw material prices and energy prices remain at a high level and at the same time customers ask for price reductions. Therefore, expected results for 2024 will be between DKK 10,000 thousands and DKK 15,000 thousands.

Exchange rate and interest rate risks etc.

The majority of the Group's revenue is generated in euro. It is the assessment that exchange rate risks comprise a material risk. Debt to banks carries variable interest rates and is thereby associated with risk from increasing interest rates. This has had an impact on interest costs in 2023 but it is assessed that the size of debt relative to operational to cashflow is at a reasonable level.

The primary raw materials are typically secured for a certain period of time in order to limit exposure from fluctuations.

Product development

Product development is of great importance for the Group and in 2023 a number of new products were launched. Over the years significant knowledge and expertise within products and production processes have been established.

External environment

The Group is subject to significant public controls with respect to environment aspects, especially within waste water and noise. It is an ongoing focus area to reduce waste water. It is the assessment that this does not comprise an environmental risk.

Corporate responsibility in accordance with ÅRL §99a

Business model

The Group develops and manufactures a wide range of bread products, which are marketed and sold through retailers – primarily in Germany and Netherlands.

The Group's overall policy is that Group companies must, as a minimum, comply with the relevant laws and regulations of the countries in which they operate. One of the Group's most important values is responsibility, and it is on this basis that the company intends to exercise responsibility to the greatest extent possible.

Management's review

The Group's main impact on society relates to the procurement of raw materials, including social conditions and working conditions at suppliers, as well as environmental and climate-related influences.

Furthermore, social and employee conditions among the Group's own employees constitute an important area.

Social and employee related matter

Policy: The Group is committed to creating good working conditions and a healthy working environment for the company's employees.

Risks, actions and outcomes: The Group's main social and employee risks are assessed to relate to safety in production and health at work in general. To minimize these risks, the company operates with safety committees and risk assessments and closely monitors the number of workplace accidents at the factories. This was also conducted in 2023.

In 2023, there were 10 registered accidents at work with absence from work. Reducing the number of accidents at work by 2024 is a clear goal.

In 2024, the company has set itself the goal of reducing the number of temporary workers by taking them on as direct employees. In addition, suitable team-building measures are to strengthen company loyalty and employee satisfaction.

Human rights

Policy: The Group recognizes its social responsibility not only in relation to its own employees, but also in relation to suppliers' employees. The Group supports and respects internationally recognised human rights as set out in the UN Universal Declaration of Human Rights and the core conventions of the International Labour Organisation (ILO).

Risks, actions and outcomes: The principal risks of human rights violations are located in the Group's supply chain. To minimise these risks, the Group continued its practice in 2023 of asking raw material and packaging suppliers to sign the company's Code of Conduct.

This Code of Conduct contains basic requirements and expectations for suppliers in relation to human and labour rights. In 2023, all new and significant raw material and packaging suppliers signed the company's Code of Conduct.

Going forward, our goal is to ensure that all new employees undergo training in human rights upon joining the company.

Environment and climate

Policy: The Group's goal is to limit negative impacts on the environment and climate as much as possible.

Risks, actions and results: The Group has assessed that the most significant risks of negative impact on the environment are related to emissions of CO2 and other gases, food waste, wastewater, odours and noise.

The company is constantly investing in new, more energy-efficient technology in order to reduce any harmful effects on the environment. In addition, the concept of sustainability is becoming increasingly important when it comes to the use of raw materials. This action was also conducted in 2023

In the future we will continue to invest in new and more energy-efficient technology in order to reduce any harmful effects on the environment.

Management's review

Anti corruption

Policy: The Group does not tolerate any form of corruption or bribery.

Risks, actions and results: As the Group works across borders and cultures, there is a risk that our employees will be exposed to situations of corruption, bribery or gifts without legitimate cause.

In 2023, the Group continued its practice of introducing all new hires to the company's business ethics. The Group will continue to do so in the coming years. In 2023, no cases of breaches of business ethics and corruption cases have been reported.

In 2023, the Group has also established a digital whistleblower solution.

Gender composition within management

	2023
Board of Directors	
Total number	4
Percentage of underrepresented gender	0
Target in %	25
Year for achieving target	2027
Other management	
Total number	1
Percentage of underrepresented gender	0
Target in %	0
Year for achieving target	2027

There has been no changes to the Board of Directors of Grocon Holding ApS during 2023 and as of 31 December 2023, the Board of Directors elected by the general meeting consists of 4 men and 0 women. The under-represented gender on the Board of Directors is 0%. A target figure has been set that by the end of 2027 a minimum of 1 woman will be elected to the Board of Directors. This is merely a target setting and not a fixed mandatory quota, as it is first and foremost crucial that the group's board members have the necessary competences. In 2023 the policy for the gender diversity in the BoD of Grocon Holding ApS was confirmed.

In Grocon Holding ApS Other management consist of 1 person. The other management is defined as the executive management. Grocon Holding ApS has not developed policies to increase the proportion of the underrepresented gender at the company's other management level, as the company had fewer than 50 employees during the financial year.

Data ethics

The Group assesses that it is not relevant to prepare a policy for data ethics. In this connection, the Group emphasizes that the Group only collects and processes data to a limited extent and does not use new technologies as part of the Group’s main activity, and does not itself or through external suppliers carry out specific data analyses, evaluations or segmentations. The Group relies on the General Data Protection Regulation, where the legislation is complied with.

Events after the balance sheet date

No significant events have occurred after the balance sheet date affecting the evaluation of the Company's financial position and the annual report for 2023.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent	
Note	DKK'000	2023	2022	2023	2022
2	**Revenue**	512,063	354,230	0	0
3	Production costs	-432,409	-344,387	0	0
	Gross profit	79,654	9,843	0	0
	Distribution costs	-30,876	-19,030	0	0
3	Administrative expenses	-22,224	-21,778	-313	-103
	Operating profit	26,554	-30,965	-313	-103
	Other operating income	1,907	2,708	0	0
	Profit before net financials	28,461	-28,257	-313	-103
	Shares of profit/loss after tax in subsidiaries	0	0	17,608	-22,566
4	Financial income	44	0	644	167
5	Financial expenses	-3,393	-2,206	-341	-52
	Profit before tax	25,112	-30,463	17,598	-22,554
6	Tax on profit for the year	-8,753	6,941	-1,995	0
	Profit for the year	16,359	-23,522	15,603	-22,554

	Breakdown of the consolidated profit/loss:		
	Shareholders in Grocon Holding ApS	15,603	-22,554
	Non-controlling interests	756	-968
		16,359	-23,522

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent	
Note	DKK'000	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Software and licences	75	67	0	0
	Other intangible assets	2,445	2,528	0	0
		2,520	2,595	0	0
8	**Property, plant and equipment**				
	Land and buildings	7,729	7,094	0	0
	Plant and machinery	41,915	45,653	0	0
	Fixtures and fittings, tools and equipment	35,208	22,567	0	0
	Property, plant and equipment under construction	5,933	350	0	0
		90,785	75,664	0	0
	Investments				
9	Equity investments in subsidiaries	0	0	35,860	18,208
		0	0	35,860	18,208
	Total fixed assets	93,305	78,259	35,860	18,208
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	14,876	14,219	0	0
	Finished goods and goods for resale	17,410	17,669	0	0
		32,286	31,888	0	0
	Receivables				
	Trade receivables	58,028	66,408	0	0
	Receivables from group entities	0	0	11,573	11,468
10	Deferred tax assets	1,262	5,342	0	0
	Other receivables	4,454	5,964	0	0
	Tax receivables	2,008	2,008	0	0
	Prepayments	738	15	0	0
		66,490	79,737	11,573	11,468
	Cash	3,548	7,340	388	60
	Total non-fixed assets	102,324	118,965	11,961	11,528
	TOTAL ASSETS	195,629	197,224	47,821	29,736

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent	
Note	DKK'000	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	40	40	40	40
	Net revaluation reserve according to the equity method	0	0	18,070	418
	Translation reserve	-137	-181	0	0
	Retained earnings	37,912	22,309	19,705	21,710
	Grocon Holding ApS' shareholders' share of equity	37,815	22,168	37,815	22,168
	Non-controlling interests	1,540	782	0	0
	Total equity	39,355	22,950	37,815	22,168
	Liabilities				
12	**Non-current liabilities**				
	Credit institutions	15,644	20,845	0	0
	Liabilities to shareholders	33,716	33,643	0	0
	Mortgage debt	812	907	0	0
		50,172	55,395	0	0
	Current liabilities				
	Current portion of non-current liabilities	21,196	27,835	0	0
	Trade payables	60,574	70,203	174	84
	Liabilities to shareholders	7,837	7,484	7,837	7,484
	Corporation tax	1,995	0	1,995	0
	Other payables	14,500	13,356	0	0
		106,102	118,878	10,006	7,568
	Total liabilities	156,274	174,274	10,006	7,568
	TOTAL EQUITY AND LIABILITIES	195,629	197,224	47,821	29,736

1 Accounting policies
13 Staff costs
14 Contractual obligations and contingencies, etc.
15 Mortgages and collateral
16 Related parties
17 Fees paid to auditor appointed at the annual general meeting

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

		Group					
Note	DKK'000	Share capital	Transla-tion reserve	Retai-ned earnings	Total	Non-control-ling inte-rests	Total equity
	Equity at 1 January 2021	40	-188	57,081	56,933	8,479	65,412
	Addition and disposal of non-controlling interests	0	0	-12,218	-12,218	-6,725	-18,943
	Profit for the year	0	0	-22,554	-22,554	-968	-23,522
	Foreign exchange adjustments, foreign subsidiary	0	7	0	7	-4	3
	Equity at 31 December 2022	40	-181	22,309	22,168	782	22,950
	Profit for the year	0	0	15,603	15,603	756	16,359
	Foreign exchange adjustments, foreign subsidiary	0	44	0	44	2	46
	Equity at 31 December 2023	40	-137	37,912	37,815	1,540	39,355

		Parent			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2021	40	35,424	21,469	56,933
	Addition and disposal of non-controlling interests	0	-10,400	-1,818	-12,218
	Transferred	0	-2,047	2,047	0
18	Distribution of profit	0	-22,566	12	-22,554
	Foreign exchange adjustments, foreign subsidiary	0	7	0	7
	Equity at 31 December 2022	40	418	21,710	22,168
	Addition and disposal of non-controlling interests	0	0	0	0
18	Distribution of profit	0	17,608	-2,005	15,603
	Foreign exchange adjustments, foreign subsidiary	0	44	0	44
	Equity at 31 December 2023	40	18,070	19,705	37,815

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group 2023	Group 2022
	Profit/loss before net financials	28,460	-28,257
	Depreciation and amortisation	16,104	14,207
	Cash generated from operations before changes in working capital	44,564	-14,050
	Changes in inventories	-398	-1,146
	Changes in receivables	9,167	-38,946
	Changes in trade and other payables	-8,485	52,027
	Foreign exchange adjustments	-123	-11
	Cash generated from operations	44,725	-2,126
	Interest paid	-3,348	-2,206
	Taxes paid	-2,678	-5,128
	Cash flows from operating activities	38,699	-9,460
6	Acquisition of intangible assets	-82	-736
7	Acquisition of property, plant and equipment	-30,900	-5,392
	Disposal of property, plant and equipment	0	587
	Payments related to long-term receivables	0	2,603
	Cash flows from investing activities	-30,982	-2,938
	Repayment of liabilities	-11,862	0
	Increase of non-current liabilities	353	16,881
	Increase of current liabilities	0	7,283
	Addition and disposal of non-controlling interests	0	-18,943
	Cash flows from financing activities	-11,509	5,221
	Cash flows for the year	-3,792	-7,177
	Cash and cash equivalents, beginning of year	7,340	14,517
	Cash and cash equivalents, year end	3,548	7,340

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Grocon Holding ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In 2023, the Company changed reporting class from medium-sized reporting class C to large reporting class C. The change in reporting class did not imply any changes to the principles for recognition and measurement, but only implied increased disclosure requirements.

The accounting policies applied remain unchanged from last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Grocon Holding ApS and subsidiaries controlled by Grocon Holding ApS.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

The Management's review includes a group chart.

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 as well as 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 unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

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

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquired entity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquired entity, 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 in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

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 Group's presentation currency 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 purchase consideration 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 purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, 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. Subsequently, any adjustments are recognised as errors.

Gains or losses from the disposal of subsidiaries resulting in a loss of control are calculated as the difference between, on the one hand, the net selling price and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' ownership share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' ownership share is not recognised.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Income statement

Revenue

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

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

Revenue from the sale of goods

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Production costs

Production costs comprise costs, including depreciation, amortisation and salaries, incurred in generating revenue for the year. Commercial entities recognise their cost of sales, and manufacturing entities recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Also, a provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs related to sales staff, advertising, exhibitions as well as amortisation and depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Group, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and property, plant and equipment.

Profit/loss from equity investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Intangible assets

Software and licences

Software and licences are measured at cost less accumulated amortisation and impairment losses. Software are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 3 years.

Gains and losses on the disposal of software and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Administrative buildings	8-50 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-8 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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

Equity investments in subsidiaries in the parent company financial statements

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a consolidation method.

On initial recognition, equity investments in subsidiaries are measured at cost. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries and associates is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the 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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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 of the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet 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 non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date 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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Deferred tax assets, including the tax value of tax loss carryforwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the 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.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are subject to only minor risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Segment information

Information is disclosed by geographical markets only as the companies only activity is manufacturing and sale of pastries.

Geographical

	Group				
DKK'000	Germany	Rest of EU	Rest of the world	Not allocated	Total
2023					
Revenue	357,915	148,525	5,623	0	512,063
2022					
Revenue	278,049	68,925	7,256	0	354,230

	Parent Company				
DKK'000	Germany	Rest of EU	Rest of the world	Not allocated	Total
2023					
Revenue	0	0	0	0	0
2022					
Revenue	0	0	0	0	0

	Group		Parent	
DKK'000	2023	2022	2023	2022
3 **Amortisation, depreciation and impairment losses**				
Amortisation, depreciation and impairment losses are recognised in the consolidated financial statements as follows:				
Production	15,644	13,805	0	0
Administration	460	402	0	0
	16,104	14,207	0	0

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group 2023	Group 2022	Parent 2023	Parent 2022
4 Financial income				
Interest income from group entities	0	0	629	167
Other interest income	44	0	15	0
	44	0	644	167
5 Financial expenses				
Other interest expenses	3,393	2,206	341	52
6 Tax for the year				
Current tax for the year	1,669	0	0	0
Deferred tax adjustment for the year	4,091	4,947	0	0
Adjustment tax - previous years	998	1,994	0	0
Other tax	1,995	0	-1,995	0
	8,753	6,941	-1,995	0

7 Intangible assets

	Group		
DKK'000	Software and licences	Other intangible assets	Total
Cost at 1 January 2023	388	2,745	3,133
Exchange rate adjustment relating to foreign entities	2	6	8
Additions	75	7	82
Cost at 31 December 2023	465	2,758	3,223
Amortisation at 1 January 2023	-321	-217	-538
Exchange rate adjustment relating to foreign entities	-2	0	-2
Amortisation	-67	-96	-163
Amortisation at 31 December 2023	-390	-313	-703
Carrying amount at 31 December 2023	75	2,445	2,520
Amortised over	3 years	3 years	

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

DKK'000	Group				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2023	7,815	78,246	27,287	1,168	114,516
Exchange rate adjustment relating to foreign entities	21	228	108	2	359
Transfer	0	238	0	-238	0
Additions	857	10,732	13,490	5,821	30,900
Disposals	0	0	0	0	0
Cost at 31 December 2023	8,693	89,444	40,885	6,753	145,775
Depreciation at 1 January 2023	-721	-32,356	-4,957	-818	-38,852
Exchange rate adjustment relating to foreign entities	-5	-130	-60	-2	-197
Depreciation	-238	-15,043	-660	0	-15,941
Depreciation, disposals for the year	0	0	0	0	0
Depreciation at 31 December 2023	-964	-47,529	-5,677	-820	-54,990
Carrying amount at 31 December 2023	7,729	41,915	35,208	5,933	90,785
Depreciated over	8-50 years	5-10 years	3-8 years	-	

9 Equity investments in subsidiaries

DKK'000	Parent	
	2023	2022
Cost at 1 January	17,790	18,881
Additions	0	0
Disposals	0	-1,091
Cost at 31 December	17,790	17,790
Value adjustments at 1 January	418	35,424
Equity adjustment	0	-10,400
Foreign exchange adjustment	44	7
Profit/loss for the year	17,608	-22,566
Adjustment due to disposal	0	-2,047
Value adjustments at 31 December	18,070	418
Carrying amount at 31 December	35,860	18,208

Name and registered office	Voting rights and ownership
Großekathöfer Convenience Food GmbH, Germany	95.88%

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Notes

10 Deferred tax assets

	Group		Parent	
DKK'000	2023	2022	2023	2022
Deferred tax at 1 January	5,342	397	0	0
Foreign exchange adjustment	11	-2	0	0
Deferred tax adjustment for the year	-4,091	4,947	0	0
Cost at 31 December	1,262	5,342	0	0

The deferred tax asset relates to purchase price adjustments in connection with the takeover of subsidiary and tax losses. The deferred tax assets are expected to be utilised within five years.

11 Share capital

The share capital comprises:

40,000 shares of DKK 1 each.

The share capital has remained unchanged since the date of registration.

	Group	
DKK'000	2023	2022
12 Non-current liabilities		
Non-current liabilities falling due more than five years after the balance sheet date (carrying amount)	34,231	34,156
13 Staff costs		
Wages and salaries	48,133	41,178
Pensions	22	22
Other social security costs	11,012	9,917
	59,167	51,117

Staff costs are recognised in the consolidated financial statements as follows:

Production	44,601	35,122
Distribution	4,336	4,092
Administration	10,230	11,903
	59,167	51,117
Average number of full-time employees	178	150

The Parent Company's Executive Board and the Board of Directors did not receive any remuneration in 2023.

In 2023, Grocon Holding ApS has not had any employees other than the Executive Board.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

14 Contractual obligations and contingencies, etc.

Operating lease commitments

The Group's entities have entered into operating leases and rental agreements with a remaining nominal lease commitment totalling DKK 1,662 thousands.

15 Mortgages and collateral

The following assets have been pledged as security for mortgage debt:

	Group		Parent	
DKK'000	2023	2022	2023	2022
Land and buildings	909	996	0	0
The following assets have been pledged as security for debt to credit institutions:				
Plant and machinery	35,759	26,288	0	0
Inventories	22,350	31,888	0	0

16 Related parties

Grocon Holding ApS' related parties comprise the following:

Shareholders with significant influence

Givesco Bakery A/S, Lysholt Alle 3, Vejle, Denmark
Amazing B.V., Wilhelmina Park 22, Utrecht, Holland.

Related party transactions

DKK'000	2023	2022
Group		
Sale of goods to shareholders and companies owned by them	76,253	65,371
Purchase of services from shareholders and companies owned by them	1,065	1,101
Interest expenses from shareholders and companies owned by them	918	580
Receivables from shareholders and companies owned by them	13,117	10,679
Payables to shareholders and companies owned by them	41,680	41,127
Parent		
Receivables from group entities	11,573	11,468
Payables to shareholders and companies owned by them	7,837	7,484
Interest income from group entities	629	167
Interest expenses from shareholders and companies owned by them	337	47

Remuneration of the Parent Company's Executive Board and the Board of Directors is disclosed in note 13.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

17 Fees paid to auditor appointed at the annual general meeting

	Group	
DKK'000	2023	2022
Total fees to EY	231	91
Fee for statutory audit	60	
Tax consultancy	128	
Non-audit services	43	
	231	

18 Distribution of profit

DKK'000	2023	2022
Transferred to equity reserves	15,603	-22,554

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Klaus Skov Eskildsen
Bestyrelse
På vegne af: Grocon Holding ApS
Serienummer: a6826c5e-3454-493e-9caa-60b9c64390cc
IP: 93.178.xxx.xxx
2024-07-11 07:08:43 UTC

Allan Skov Eskildsen
Bestyrelse
På vegne af: Grocon Holding ApS
Serienummer: ccda5344-c60f-4d26-9d61-abb08838e1f6
IP: 212.10.xxx.xxx
2024-07-11 09:57:08 UTC

Søren Israelsen
Dirigent
På vegne af: Grocon Holding ApS
Serienummer: 837dae9d-0658-46df-a617-a39867cd15c4
IP: 80.62.xxx.xxx
2024-07-11 10:35:11 UTC

Søren Israelsen
Bestyrelse
På vegne af: Grocon Holding ApS
Serienummer: 837dae9d-0658-46df-a617-a39867cd15c4
IP: 80.62.xxx.xxx
2024-07-11 10:35:11 UTC

Kenneth Skov Eskildsen
CEO
På vegne af: Grocon Holding ApS
Serienummer: 78f3b7c3-23b3-4c7d-98e4-4e2ed1338b92
IP: 80.62.xxx.xxx
2024-07-11 12:07:21 UTC

Kenneth Skov Eskildsen
Chairman of the Board
På vegne af: Grocon Holding ApS
Serienummer: 78f3b7c3-23b3-4c7d-98e4-4e2ed1338b92
IP: 80.62.xxx.xxx
2024-07-11 12:07:21 UTC

Claus Hammer-Pedersen
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: 12073424-f440-43dd-99e2-523444b6d14c
IP: 165.225.xxx.xxx
2024-07-11 17:46:22 UTC