Lineage Danish Bidco 5 ApS

c/o Lundsøe Køl & Frys A/S
Jellingvej 5
9230 Svenstrup J

CVR no. 41 87 74 56

Annual report 2022

The annual report was presented and adopted at the Company's annual general meeting

on 13 July 2023

Claus Erdmann
chairman of the annual general meeting

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Lineage Danish Bidco 5 ApS for the financial year 1 January – 31 December 2022.

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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and 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 Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Aalborg, 13 July 2023
Executive Board:

Johannes Albrecht Poelman	Harld Johan Peters	Annegien Maria Kooij

Independent auditor's report

To the shareholders of Lineage Danish Bidco 5 ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Lineage Danish Bidco 5 ApS for the financial year 1 January 2022 – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January 2022 – 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 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 consolidated financial statements and the parent company financial statements" section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Independent auditor's report Financial Statement Act.

We did not identify any material misstatement of the Management's review.

Aalborg, 13 July 2023
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Company details

Lineage Danish Bidco 5 ApS
c/o Lundsøe Køl & Frys A/S
Jellingvej 5
9230 Svenstrup J
Denmark

CVR no.	41 87 74 56
Established:	20 November 2020
Registered office:	Aalborg

Executive Board

Johannes Albrecht Poelman
Harld Johan Peters
Annegien Maria Kooij

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
9000 Aalborg
Denmark
CVR no. 25 57 81 98

Management's review

Financial highlights for the Group

DKK'000	2022	2021/20
Revenue	535,228	15,416
Gross margin	417,962	15,416
EBITDA	89,583	15,089
Profit/loss before financial income and expenses	-92,113	1,024
Profit/loss from financial income and expenses	-26,193	-3,928
Profit/loss for the year	-103,765	-2,268
Total assets	2,961,672	2,974,813
Investments in property, plant and equipment	135,006	0
Equity	2,157,410	1,295,140
Gross margin	61.1	97.9
Operating margin	-17.2	6.6
Return on equity	-6.0	-0.2
Solvency ratio	72.8	43.5
Average number of full-time employees	406	0

The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Operating margin $\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Revenue}}$

Return on equity $\frac{\text{Profit after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

The Group's principal activities

This is the Company’s and the Group’s second year of operation.

The Group’s principal activity comprises rental and other services related to cold storage and freezer houses within the food industry.

The major part of the Group was formed through an intra-group business combination at year end 2021.

Development in activities and financial position

Consolidated EBITDA for 2022 came in at DKK 90 million, and net loss for the year was DKK 104 million as against a loss of DKK 2 million in 2020/21. Adjusted for earn-out adjustments, consolidated EBITDA amounted to DKK 70 million.

Revenue and earnings were expected by Management to be at a higher level. However, as a result of the war in Ukraine and subsequent high energy prices, the year unfolded differently. Due to the high energy prices, an electricity pricing model was introduced to the customers during the year.

Consolidated cash flows from operating activities were positive at DKK 53.9 million.

Consolidated equity at 31 December 2022 stood at DKK 2.2 billion as against DKK 1.3 billion at 31 December 2021.

Consequently, the Group is well consolidated with an equity ratio of 73% and with limited external debt arrangements.

Outlook

The Group expects an increase in revenue and profit due to stabilizing market conditions and the implementation of an energy surcharge mechanism.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

The Company's risk exposure

In general, the Lineage Group is dependent on the activity in the industries with inventories in cold storage facilities and freezer houses, including especially the food industry. As a result, the Lineage Group continuously ensures to have freezers which are certified according to e.g., IFS and MSC standards, so that export needs in the food industry can always be handled. The Lineage Group is also sensitive to fluctuations in electricity prices, and therefore these are closely monitored in order to enter into the right agreements.

Management's review

Operating review

Corporate social responsibility (Statement on Corporate social responsibility, cf. section 99a of the Danish Financial Statements Act)

The business model for the Lineage Group is described in the Management's review on page 8.

The Company follows the Lineage Group's values, code of conduct and group policies, which can be summarised as follows:

Lineage's values and its Code of Conduct

At Lineage, our six values - safe, trust, respect, innovation, bold, and servant leadership - define who we are as a Company and guide our actions as we reimagine the journey of food.

"Our values define what is important to us and drive Lineage's success without compromising our integrity." Greg Lehmkuhl, President and CEO.

Our Code of Conduct takes our values and translates them into action by providing our employees with guidance on Lineage's expectations on how to conduct business in a manner that complies with law, respects the people we work with and communities we work in and protects the integrity of the food supply chain.

Our Code of Conduct applies to all officers, directors and employees.

Furthermore, suppliers when considered relevant are to confirm compliance with the Code of Conduct. Such procedures are not fully implemented but will be an area of increased focus going forward.

Reporting potential misconduct

At Lineage, we take our commitment to conduct business the right way seriously. If you see or hear about any conduct that is inconsistent with the commitments we make in our Code of Conduct, we ask that you report it to us so that we can properly investigate any report of misconduct.

To make sure anyone is comfortable with making a report, Lineage has established an independent hotline that allows for 24/7 reporting.

Anti-corruption and human rights

We have a zero-tolerance policy with respect for bribery and anti-corruption and comply with the anti-corruption laws and anti-money laundering laws of all countries where we conduct business. Moving food around the globe in a safe and legal manner is our highest priority.

We are also committed to responsible sourcing as a fundamental part of our commitment to maintaining the integrity of the food supply chain. Lineage is committed to eradicating child labour, forced labour, and slave labour, and has taken efforts to ensure that our supply chain is free of human rights abuses.

To ensure that all any potential misconduct is reported, Lineage has established an independent hotline that allows for 24/7 reporting, to ensure that anyone is comfortable making a report. At Lineage, we take our commitment to conduct business the right way seriously. If you see or hear about any conduct that is inconsistent with the commitments we make in our Code of Conduct, we ask that you report it to us so that we can properly investigate any report of misconduct.

As of 2022, no cases of corruption or human rights violations have been identified within the Company.

Management's review

Operating review

Health and safety

Safe food storage practices are a top focus area. Consequently, safety is continuously reviewed and discussed at management meetings, and relevant actions to reduce risk and increase safety are implemented. At Lineage Logistics, it is expected that all employees are committed to working in an environment of mutual trust and respect, where everyone feels responsible for the Company's representation and reputation.

The Company's self-monitoring of employees' compliance with occupational health and safety regulations, as well as the results of the work performed, are recorded through measurements, including continuous improvements in safety at site level.

Regular employee satisfaction surveys are conducted, placing high importance on receiving feedback to ensure the best possible conditions for our employees' well-being and development.

In 2022, we recorded 11 safety incidents resulting in absence from work.

Environment and climate matters

The Group continuously works to reduce its energy consumption through investments and energy-saving measures and thereby reduce its environmental impact from operations.

An analysis of the usage of renewable energy was initiated during the financial year, and the long-term goal is CO_2-neutral operations.

The Group has implemented an energy management system is in accordance with ISO 50.001:2018.

Innovation is at the core of everything we do. A team of data scientists, physicists, engineers, mathematicians, biologists and others drives our innovative use of data and technology in the supply chain and more generally in the journey of food. Our cutting-edge initiatives have resulted in more efficient energy usage and safer food storage practices.

Actions, outlook and risk assessment

Except from the continued focus of operating in line with Lineage Group’s values, Code of Conduct and policies continuous governance improvements are being made through the strengthening of compliance, procurement, energy, and HR functions.

From a local perspective, no significant risks have been identified within the above areas. Management will pay attention to the areas in 2023, and relevant actions will be implemented if any significant risks are identified within the above areas.

Management's review

Operating review

Goals and policies for the underrepresented gender (Statement on Corporate social responsibility, cf. section 99b of the Danish Financial Statements Act)

The Lineage Group always strive to have as relevant and well-qualified a board of directors as possible. At the same time, the Lineage Group wants a diverse and inclusive organization that creates an innovative and good working environment. The Lineage Group has set targets for the number of women to serve on its Executive Board. For the Executive Board, our target is to have at least one female board member. Two men and one woman serve on the Executive Board as of 2022, and therefore the Company has an equal distribution of both genders according to the requirements for section 99b.

The rest of the leadership refers to individuals in the Company's top management group, consisting of 12 persons. The rest of the leadership is measured based on headcount.

The cold storage and logistics industry is predominantly male dominated in terms of employees. Therefore, a target of 33% women in the Company's top leadership body is considered satisfactory.

Nine men and three women serve as part of the Company’s top management group, and therefore the target was not met for 2022.

Management has adopted a policy to increase the proportion of women in other leadership levels. The policy sets guidelines for recruiting and retaining female leaders, including the following measures:

- Personnel policies that promote equal career opportunities for both genders.
- Employment procedures that contribute to ensuring equal recruitment opportunities for both genders.

The Group is committed to being an equal opportunity employer, valuing equal employment opportunity and equal pay regardless of factors such as race, colour, religion, sex, national origin, sexual orientation, disability, or gender identity.

This commitment is reinforced and supported by internal diversity and inclusion training programs, emphasising the importance of rejecting all forms of harassment. Psychological safety is practiced, encouraging all employees to speak their minds as the group believes this fosters motivation and commitment to improving our working experience.

The organisation actively works towards creating an inclusive work environment by facilitating communities for minorities and providing financial support to employees performing charitable work in their local communities.

Talent development is a focal area, with intensive efforts invested in leadership training programs and internal communities. Recognition is given special attention within the group as it plays a crucial role in fostering employee satisfaction and motivation.

Reporting on data ethics (Statement on Corporate social responsibility, see section 99d of the Danish Financial Statements Act)

The Group has not prepared policy for data ethics, as it is not an integrated part of the entities’ business strategy and business model.

The Company emphasises that it only collects and processes data to a limited extent and does not use new technologies as part of its core activities. However, we always strive to comply with applicable data protection laws.

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

Income statement

		Group		Parent Company	
DKK'000	Note	2022	2021/20	2022	2021/20
Revenue		535,228	15,416	0	0
Other operating income		20,236	0	0	0
Costs of sales		-117,266	0	0	0
Other external costs	2	-110,965	-327	-1,093	-31
Gross profit/loss		327,233	15,089	-1,093	-31
Staff costs	3	-237,650	0	0	0
Depreciation of property, plant and equipment and amortisation of intangible assets		-181,696	-14,065	0	0
Operating profit/loss		-92,113	1,024	-1,093	-31
Financial income	4	2,992	2	0	0
Financial expenses	5	-29,185	-3,930	-3,754	-3,136
Loss before tax		-118,306	-2,904	-4,847	-3,167
Tax on loss for the year		14,541	636	669	697
Loss for the year	6	-103,765	-2,268	-4,178	-2,470

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

Balance sheet

DKK'000	Note	Group 31/12 2022	Group 31/12 2021/20	Parent Company 31/12 2022	Parent Company 31/12 2021/20
ASSETS					
Fixed assets					
Intangible assets	7				
Goodwill		939,804	1,007,382	0	0
Completed development projects		47,616	54,658	0	0
Software		1,855	4,481	0	0
Other acquired intangible assets		6,833	8,833	0	0
		996,108	1,075,354	0	0
Property, plant and equipment	8				
Land and buildings		1,304,440	1,331,584	0	0
Plant and machinery		328,250	343,174	0	0
Fixtures and fittings, tools and equipment		37,465	38,129	0	0
Leasehold improvements		206	112	0	0
Property, plant and equipment under construction		130,207	54,640	0	0
		1,800,568	1,767,639	0	0
Investments					
Equity investments in subsidiaries	9	0	0	1,752,680	1,488,716
Deposits		371	414	0	0
Other securities and equity investments		112	112	0	0
		483	526	1,752,680	1,488,716
Total fixed assets		2,797,159	2,843,519	1,752,680	1,488,716

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

Balance sheet

DKK'000	Note	Group 31/12 2022	Group 31/12 2021	Parent Company 31/12 2022	Parent Company 31/12 2021
ASSETS (continued)					
Current assets					
Inventories					
Raw materials and consumables		2,755	1,361	0	0
Finished goods and goods for resale		0	792	0	0
		2,755	2,153	0	0
Receivables					
Trade receivables		112,993	65,679	0	0
Receivables from group entities		0	0	702,818	7,293
Other receivables		19,045	27,658	34	28
Deferred tax assets	12	0	0	669	697
Prepayments	10	7,345	6,454	0	0
		139,383	99,791	703,521	8,018
Cash at bank and in hand		22,373	29,350	0	23
Total current assets		164,511	131,294	703,521	8,041
TOTAL ASSETS		2,961,670	2,974,813	2,456,201	1,496,757

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

Balance sheet

DKK'000	Note	Group 31/12 2022	Group 31/12 2021	Parent Company 31/12 2022	Parent Company 31/12 2021
EQUITY AND LIABILITIES					
Equity					
Contributed capital	11	50	40	50	40
Retained earnings		2,157,360	1,295,100	2,276,147	1,314,300
Total equity		2,157,410	1,295,140	2,276,197	1,314,340
Provisions					
Provisions for deferred tax	12	278,391	290,703	0	0
Total provisions		278,391	290,703	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions					
Lease obligations		1,249	1,538	0	0
Other debt		19	20,139	0	0
Deposits		457	3,483	0	0
		1,725	25,160	0	0
Current liabilities other than provisions					
Current portion of non-current liabilities		511	1,168	0	0
Credit institutions		89,438	90,026	0	0
Prepayments received from customers		4,502	0	0	0
Trade payables		52,096	25,223	0	0
Payables to group entities		312,543	1,201,990	179,786	182,417
Other payables		62,575	31,013	0	0
Taxes payable		0	11,934	218	0
Deferred income	13	2,479	2,456	0	0
		524,144	1,363,810	180,004	182,417
Total liabilities other than provisions		525,869	1,388,970	180,004	182,417
TOTAL EQUITY AND LIABILITIES		2,961,670	2,974,813	2,456,201	1,496,757

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

Statement of changes in equity

	Group		
DKK'000	Contribu-ted capital	Retained earnings	Total
Equity at 1 January 2022	40	1,295,100	1,295,140
Capital increase	10	966,025	966,035
Transferred over the distribution of loss	0	-103,765	-103,765
Equity at 31 December 2022	50	2,157,360	2,157,410

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

Statement of changes in equity

	Parent Company		
DKK'000	Contribu-ted capital	Retained earnings	Total
Equity at 1 January 2022	40	1,314,300	1,314,340
Capital increase	10	966,025	966,035
Transferred over the distribution of loss	0	-4,178	-4,178
Equity at 31 December 2022	50	2,276,147	2,276,197

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

Cash flow statement

		Group	
DKK'000	Note	2022	2021/20
Loss for the year		-103,765	-2,268
Depreciation, amortisation and impairment losses		181,696	14,065
Other adjustments of non-cash operating items	14	-8,348	3,292
Cash generated from operations before changes in working capital		69,583	15,089
Changes in working capital	15	9,823	-929
Cash generated from operations		79,406	14,160
Interest income		2,992	2
Interest expense		-29,185	-3,930
Corporation tax paid		689	0
Cash flows from operating activities		53,902	10,232
Acquisition of intangible assets		-1,584	0
Acquisition of property, plant and equipment		-135,006	0
Acquisition of subsidiaries and activities, net		0	-233,914
Cash flows from investing activities		-136,590	-233,914
Intercompany loan		76,588	163,006
Leasing instalments		-289	0
Cash flows from financing activities		76,299	163,006
Cash flows for the year		-6,389	-60,676
Cash and cash equivalents at the beginning of the year		-60,676	0
Cash and cash equivalents at year end		-67,065	-60,676

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

Notes

1 Accounting policies

The annual report of Lineage Danish Bidco 5 ApS for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Lineage Danish Bidco 5 ApS, and subsidiaries in which Lineage Danish Bidco 5 ApS directly or indirectly holds more than 50% of the votes or in some other way exercises control over.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Intra-group business combinations

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered completed as from the earliest accounting period included in the annual report, however, no earlier than the date when the companies became subject to joint control, including restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

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.

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

Notes

1 **Accounting policies (continued)**

Income statement

Revenue

Revenue from the sale of services, comprising rent and handling of third-party goods, is recognised on a straight-line basis in the income statement as the services are provided.

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

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

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Other operating costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, 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.

Dividends from equity investments in subsidiaries measured at cost are recognised as income in the parent company income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividends exceed profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

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

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and 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 are evidenced, 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 as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 10 years.

Software and other acquired intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 10 years.

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

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Gains and losses on the disposal of intangible assets 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 costs, 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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	5-15 years
Plant and machinery	3-33 years
Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated 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 costs, respectively.

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Notes

1 Accounting policies (continued)

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Investments

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is 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 costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

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Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for 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 value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

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Notes

1 Accounting policies (continued)

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 divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

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 corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

The segment information is in line with the Group's accounting policies, risks and internal financial management. In accordance with section 96 of the Danish Financial Statements Act, segment information is not disclosed, as this information may cause significant damage to the entities' competitive position.

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DKK'000	Group 2022
2 Fees to auditors appointed at the general meeting	
Statutory audit services	695
Non-audit services	169
Other assurance services	30
Other services	0
	894

3 Staff costs and incentive schemes

	Group		Parent Company	
DKK'000	2022	2021/20	2022	2021/20
Wages and salaries	221,688	0	0	0
Pensions	10,009	0	0	0
Other social security costs	5,953	0	0	0
	237,650	0	0	0
Average number of full-time employees	406	0	0	0

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		Group		Parent Company	
	DKK'000	2022	2021/20	2022	2021/20
4	**Financial income**				
	Interest income from group entities	2,941	0	0	0
	Foreign exchange gains	48	0	0	0
	Other interest income	3	2	0	0
		2,992	2	0	0
5	**Financial expenses**				
	Interest expense to group entities	26,211	3,031	3,754	3,031
	Foreign exchange losses	253	105	0	105
	Other interest expense	2,721	794	0	0
		29,185	3,930	3,754	3,136
6	**Proposed distribution of loss**				
	Retained earnings	-103,765	-2,268	-4,178	-2,470

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

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7 Intangible assets

	Group				
DKK'000	Completed development projects	Software	Goodwill	Other acquired intangible assets	Total
Cost at 1 January 2022	73,936	9,793	1,008,400	10,000	1,102,129
Additions	1,480	104	0	0	1,584
Transferred	0	-286	0	0	-286
Disposal	-187	0	0	0	-187
Cost at 31 December 2022	75,229	9,611	1,008,400	10,000	1,103,240
Amortisation and impairment losses at 1 January 2022	-19,278	-6,336	-1,018	-1,167	-27,799
Amortisation	-8,335	-1,420	-67,578	-2,000	-79,333
Amortisation and impairment losses at 31 December 2022	-27,613	-7,756	-68,596	-3,167	-107,132
Carrying amount at 31 December 2022	47,616	1,855	939,804	6,833	996,108

Completed development projects

Completed development projects relates to development and test of an ERP system. The system is in use and regularly maintained. The system is used internally and has entailed a higher degree of productivity.

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8 Property, plant and equipment

	Group					
DKK'000	Land and buildings	Plant and ma-chinery	Fixtures and fittings, tools and equip-ment	Lease-hold impro-ve-ments	Pro-perty, plant and equip-ment under con-struc-tion	Total
Cost at 1 January 2022	1,828,888	722,144	263,623	1,863	54,640	2,871,158
Additions	23,250	25,219	10,211	198	76,128	135,006
Transferred	0	-1,809	2,656	0	-561	286
Cost at 31 December 2022	1,852,138	745,554	276,490	2,061	130,207	3,006,450
Depreciation and impairment losses at 1 January 2022	-497,304	-378,970	-225,494	-1,751	0	-1,103,519
Depreciation	-50,394	-38,334	-13,531	-104	0	-102,363
Depreciation and impairment losses at 31 December 2022	-547,698	-417,304	-239,025	-1,855	0	-1,205,882
Carrying amount at 31 December 2022	1,304,440	328,250	37,465	206	130,207	1,800,568
Assets held under finance leases	0	1,272	1,511	0	0	2,783

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9 Investments

Equity investments in subsidiaries

DKK'000	Parent Company 2022
Cost at 1 January	1,488,716
Additions	263,964
Cost at 31 December	1,752,680
Impairment losses at 1 January	0
Impairment losses at 31 December	0
Carrying amount at 31 December	1,752,680

Name/legal form	Registered office	Equity interest
Subsidiaries:		
Lineage Danish Bidco ApS	Aalborg	100%
Lineage Danish Bidco II ApS	Aalborg	100%
Lineage Danish Bidco 3 ApS	Aalborg	100%
Lineage Danish Bidco 4 ApS	Aalborg	100%
Lineage Danish Bidco 6 ApS	Aalborg	100%
LL Cold Trs ApS	Esbjerg	100%
LL Cold ApS	Esbjerg	100%
Ejendomsselskabet Kristian Skous Vej 6 ApS	Aalborg	100%
Lineage Vejle ApS	Vejle	100%
Lineage Kolding ApS	Aalborg	100%
Lineage Regstrup ApS	Holbæk	100%
Lineage Nordlog ApS	Aalborg	100%
Lineage Copenhagen ApS	Hvidovre	100%
Lineage Avedore ApS	Aalborg	100%
Lundsøe Køl & Frys A/S	Aalborg	100%

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10 Prepayments

Prepayments primarily comprise prepaid insurance premiums, accrual of customer agreements, rental agreements and IT costs.

11 Contributed capital

Contributed capital consists of:

500 shares of nom. DKK 100 each.

During the year, 100 new equity investments of nom. DKK 10,000 have been subscribed for.

All shares rank equally.

12 Deferred tax

DKK'000	Group 31/12 2022	Parent Company 31/12 2022
Deferred tax at 1 January	-290,703	697
Deferred tax utilised in joint taxation	0	-697
Deferred tax adjustment for the year in the income statement	12,312	669
	-278,391	669

Deferred tax that is expected to fall due more than five years after the balance sheet date relates to tax losses. Tax losses are allowed to be carried forward indefinitely. Due to a considerable taxable income within the joint taxation, the losses are expected to be realizable within the foreseeable future.

13 Deferred income

Deferred income comprise payments received from customers that cannot be recognised until the subsequent financial year.

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DKK'000	Group 2022
14 Other adjustments	
Financial income	-2,992
Financial expenses	29,185
Tax on profit/loss for the year	-14,541
Gains on reversed earn-out	-20,000
	-8,348

DKK'000	Group 2022
15 Changes in working capital	
Change in inventories	-602
Change in receivables	-39,549
Change in trade and other payables	49,974
	9,823

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

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16 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Operating lease obligations

The Company has entered into lease agreements and operating leases not recognised at an amount of DKK 20,857 thousand.

Upon the expiry of the lease agreement of land, the Company has, under certain conditions, an obligation to hand over the leased item in the same condition as when entering into the lease agreement, which is not recognised in the financial statements.

17 Mortgages and collateral

The Group has provided collateral for nominal debt of DKK 26,000 thousand secured upon properties and equipment with a carrying amount of DKK 73,398 thousand.

18 Related parties

Lineage Danish Bidco 5 ApS' related parties comprise the following:

Control

Boreas Logistics Holdings B.V., Bergen op Zoom holds the majority of the contributed capital in the Company.

Lineage Danish Bidco ApS is part of the consolidated financial statements of Lineage Dutch Cooperatief U.A - Noord-Brabant, and the consolidated financial statements of Lineage Logistics Holdings, LLC - Michigan, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of the above mentioned can be obtained by contacting the companies at the above addresses.

Related party transactions

The annual report only discloses transactions with related parties that have not been carried out on market terms pursuant to section 98c(7).

No such transactions have been completed during the financial year.

Payables to group entities are disclosed in the balance sheet, and interest income and expense is disclosed in notes 4 and 5.

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Parent Company has not disclosed remuneration of the Company's Management.

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

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