CrispyFood®

Crispy Food A/S

Blommeskoven 2, 4281 Gørlev

CVR no. 73 79 33 19

Annual report 2022

Approved at the Company's annual general meeting on 3 March 2023

Chair of the meeting:

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Jesper Fogtmann

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Crispy Food A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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

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

3 March 2023
Executive Board:

Christian Bring

Board of Directors:

Jesper Fogtmann Chair	Christian Boas Linde	Hans Nicolai Hansen
Per Fogtmann	Preben Fogtmann	Jacob Ørskov Rasmussen

Independent auditor's report

To the shareholders of Crispy Food A/S

Opinion

We have audited the financial statements of Crispy Food A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aabenraa, 3 March 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant
mne28657

Management's review

Company details

Name	Crispy Food A/S
Address, Postal code, City	Blommeskoven 2, 4281 Gørlev
CVR no.	73 79 33 19
Established	31 October 1983
Registered office	Kalundborg
Financial year	1 January - 31 December
E-mail	crispy@crispyfood.com
Telephone	+45 58 87 05 00
Board of Directors	Jesper Fogtmann, Chair Christian Boas Linde Hans Nicolai Hansen Per Fogtmann Preben Fogtmann Jacob Ørskov Rasmussen
Executive Board	Christian Bring
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	323,452	313,814	290,250	159,242	146,457
Gross profit	34,982	22,291	32,165	31,554	28,144
Operating profit/loss	-5,524	-13,054	-1,873	13,943	9,935
Net financials	-3,592	-3,223	-2,508	-577	-500
Profit/loss for the year	**4,137**	**-10,975**	**-8,818**	**10,634**	**7,437**
Fixed assets	150,911	135,288	157,389	51,441	33,830
Non-fixed assets	83,161	97,351	78,603	33,549	32,738
Total assets	**234,072**	**232,639**	**235,992**	**84,990**	**66,568**
Investments in property, plant and equipment	6,494	45,974	39,458	11,369	7,879
Equity	**74,199**	**67,054**	**76,294**	**36,921**	**33,428**
Provisions	5,114	6,140	8,191	1,166	936
Non-current liabilities other than provisions	42,918	60,912	62,791	13,039	6,587
Current liabilities other than provisions	111,841	98,533	88,716	33,864	25,617
Financial ratios					
Return on assets	-2.4%	-5.6%	-1.2%	18.4%	14.8%
Equity ratio	31.7%	28.8%	32.3%	43.4%	50.2%
Return on equity	5.9%	-15.3%	-15.6%	30.2%	22.6%
Average number of full-time employees	**156**	**153**	**150**	**68**	**65**

As a continuing company, the company entered into a merger with Nakskov Mill Food A/S with accounting effect from 1 January 2020. Comparative figures for 2018 - 2019 have not been restated.
Financial ratios are defined under accounting policies.

Management's review

Business review

Crispy Food is Denmark's largest producer of breakfast cereals with a wide range of both classic and innovative breakfast products (cereals) made from quality raw materials with a focus on high food-safety. The Company's primary sales channels are brand owners and retail customers in Europe.

Crispy Food A/S specialises in the production of Top Cup solutions for the dairy industry and other food solutions, as well as food extrusion, including high-protein vegan raw materials for industrial use in sustainable and plant-based food solutions.

Financial review

Result for the year after tax amounts to DKK 4.1 million, compared to DKK -11.0 million in 2021. The result for the year is positive in line with expectation in the 2021 annual report, however, is not considered satisfactory but expected under the difficult market conditions that have affected operations in 2022. The war in Ukraine and continued Covid-19 have complicated the supply situation for both raw materials, energy, and freight. Therefore, the market situation has been characterised by significant price inflation and general uncertainty regarding the global food situation. We have worked continuously to meet these challenges, while maintaining our good delivery performance towards our customers.

High inflation is reducing purchasing power and slowing consumption growth in most of the markets where Crispy Food operates. Inflation on a 12-month basis stood at 9.2% in the Eurozone in December 2022, while the key interest rates in most countries in Europe were 2 to 4 percentage points higher than in the same period in 2021. This had a noticeable negative impact on Crispy Food's sales volumes in 2022.

Following the significant capital investments and structural changes made in 2019, 2020 and 2021, we saw positive developments in 2022, which are the first signs of positive returns from these initiatives and management's business plan. In the coming years, our main focus will be to continue driving operational improvements and profitable growth.

Further investments were made in the Company's Environment, Social and Governance (ESG) initiatives during the year. These investments include, in particular, investments to improve the working environment and the Company's climate footprint and effective resource allocation.

The equity ratio is 31.7% (2021: 28.8%), corresponding to total equity of DKK 74.2 million on 31 December 2022. The equity capital adequacy is assessed as robust in relation to the Company's planned activities and investments.

Risks

General risks

The Company's growth, acquisitions and market positioning over recent years have largely eliminated the operational risk associated with retaining a few but relatively large customers in the Company's customer base.

Credit risks

The Company's primary credit risk is that customers fail to pay amounts payable for products and services provided to them by the Company. Crispy Food's customers are predominantly large, international food companies with robust credit ratings, high equity ratios, spread across several geographies within Europe. This provides a natural hedge against credit risk.

To further mitigate the credit risks, the Company's credit policy includes guidelines and rules for assessing credit risk for new customers, payment terms and procedures, and processes for handling outstanding receivables. All sales orders where some credit risk is expected will be covered by prepayments and/or other collateral.

Currency risks

The Company sells its products on the European market and invoices mainly in EUR and DKK. Furthermore, the Company has significant receivables and payables in these currencies. The Company is therefore exposed to currency movements between EUR/DKK. The Company benefits to a certain extent from natural hedges due to EUR denominated costs. Management assesses hedging of currency exposures on a case-by-case basis, while EUR exchange rate risk is considered to be low due to Denmark's fixed exchange rate policy against the EUR.

Management's review

Interest rate risks

To hedge against significant interest rate fluctuations, interest rate swaps have been concluded whereby variable interest rates are converted into fixed interest rates.

Special risks

The war in Ukraine and its impact on global commodity supplies and prices pose a risk to Crispy Food A/S. Both as a direct risk to our ability to source the materials and components we need, but also indirectly as it may affect the global economy and our customers' demand for products and new product launches. In addition, the ongoing Covid-19 pandemic creates uncertainty and thus increases risk, particularly in operations, where a virus outbreak could lead to a plant shutdown, and in the supply chain, where security of supply from the Company's suppliers and subcontractors could be affected. The potential long-term impact on the Company's results and financial position will of course depend on the evolution of the war and pandemic, which is unknown at the time of financial reporting.

Knowledge resources

The skills and experience of our employees are our most valuable assets. Hence, significant resources are continually invested in research and development, enabling the Company to maintain and expand its status as the preferred supplier in its industry. We employ our own staff with specialised food and nutrition, as well as technical backgrounds in both sales, product development, project management, and production technology. Through their knowledge, skill, and experience, we customize our products and machinery, enabling us to develop unique products together with our customers.

Impact on the external environment

Crispy Food A/S is an environmentally conscious company and places crucial importance on food safety, the use of quality raw materials and production certifications throughout the value chain. The Company invests heavily in ESG initiatives and works continuously to minimise waste and environmentally conscious production, as well as sorting waste for recycling throughout the Company. Work to reduce environmental impact is an ongoing process and in 2022 large initiatives were kicked-off with external partners to further invest in environmental initiatives, as the Company looks to further reduce its climate footprint in the short term.

Research and development activities

We continually invest significantly in the development and marketing of new products, as well as investments in optimising methods and processes.

Crispy Food continuously works on improvements to existing platforms and technologies and develops new features to improve its position in the food industry business areas. These activities also enhance the Company's ability to meet and understand customer demand for product innovation through close collaboration with individual customers. At the same time, ongoing product development is underway to improve food safety, reduce waste and resources, optimize productivity and experiment with new ingredients.

Statutory CSR report

This statutory corporate social responsibility report for Crispy Food A/S is a component of the management report in the annual report for 2022 and covers the financial period 1 January - 31 December 2022. For 2022, Crispy Food has prepared the Crispy Food A/S ESG report 2022. The activities within corporate social responsibility are thus detailed in this report, which constitutes Crispy Food's statutory CSR report.

The statutory CSR report is published on the Company's website:

https://crispyfood.com/corporate-social-responsibility/

Crispy Food A/S' corporate responsibility policies include policies in relation to four reporting areas: 1) human rights, 2) environmental and climate issues, 3) social and employee relations and 4) anti-corruption. We have developed Code of Conduct, which is an integral part of any business agreement with Crispy Food A/S.

Management's review

The Code of Conduct includes the right of employees to form trade unions, equal rights for women and men and the avoidance of child labour. In this way, the Company aims to ensure, among other things, that suppliers' employees have the right to establish trade unions, that women and men are employed on equal terms and thus have equal rights, and that suppliers do not use child labour. It is a requirement that all suppliers have signed the Company's Code of Conduct.

Account of the gender composition of Management

At Crispy Food A/S, we are committed to creating and maintaining a workplace where all employees can participate and contribute to the success of the business and are valued for their skills, experience and unique perspectives.

All employees are valued for their skills, knowledge and unique perspectives regardless of gender, age, nationality, religion, sexual orientation, language, political views or disabilities. We encourage anyone with the right skills to apply for our open positions. This includes our management positions, of which 38% was filled by women in fiscal year 2022. The management team consisted of 8 individuals in 2022 and is defined as managers with direct reference to the CEO of the Company. We ask our recruitment partners to search for female candidates in a positive way. We have also decided to change job descriptions to attract more diverse candidates.

There are currently no female representatives on the Board of Directors. The selection of the incumbent board was made based on unique competencies in the Company's business and growth areas that require specialised knowledge. At the end of 2022, the Board consisted of six members. There were no elections to the Board in 2022.

Towards 2025, our goal is to have at least one female representative on the Board of Crispy Food A/S.

Data ethics

Crispy Food currently considers that it is not appropriate to formalise a data ethics policy. This is because Crispy Food only collects and processes data to a limited extent as part of its core business, and we do not undertake specific data analysis, evaluation or segmentation on a large scale ourselves or through external suppliers. Crispy Food has policies for IT Security, Privacy Policy and related areas. We will ensure compliance with applicable data protection laws at all times and as a company we have a strong focus on the principles of self-determination, human dignity, responsibility, equality and fairness, progressiveness and diversity in general.

The need for a data ethics policy will be assessed on an ongoing basis.

Events after the balance sheet date

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

Outlook

The outlook for 2023 may be significantly impacted by the ongoing multi-crisis, where the combined impact of the war in Ukraine, Covid-19, high inflation, and potential economic recession, is expected to increase pressure on the business and financial performance. Thus, for 2023, a slowdown in general activity is expected, resulting in revenue growth in the range of 0-5%.

Crispy Food follows the market closely and we are ready to make the necessary adjustments to ensure a positive and profitable development. New efficiency projects are continuously initiated, several of which have had an effect in 2022 and the Company expects a positive result in the range of DKK 5-10 million before tax in 2023 as well.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
4	**Revenue**	323,452	313,814
15	Production costs	-288,470	-291,523
	Gross profit	34,982	22,291
15	Distribution costs	-23,240	-20,388
15	Administrative expenses	-17,265	-14,958
	Operating profit/loss	-5,523	-13,055
	Other operating income	81	9,306
	Profit/loss before net financials	-5,442	-3,749
	Income from investments in group entities	10,688	221
	Income from investments in associates	0	-7,434
5	Financial income	303	28
6	Financial expenses	-3,895	-3,251
	Profit/loss before tax	1,654	-14,185
7	Tax for the year	2,483	3,210
	Profit/loss for the year	4,137	-10,975

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
8	**Intangible assets**		
	Acquired intangible assets	9,142	9,815
		9,142	9,815
9	**Property, plant and equipment**		
	Land and buildings	44,649	47,741
	Plant and machinery	56,315	59,990
	Other fixtures and fittings, tools and equipment	4,816	7,919
	Property, plant and equipment in progress	4,794	6,326
		110,574	121,976
10	**Investments**		
	Investments in group entities, net asset value	23,331	3,497
	Receivables from group entities	7,864	0
		31,195	3,497
	Total fixed assets	150,911	135,288
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	25,129	20,572
	Work in progress	1,358	1,917
	Finished goods and goods for resale	4,744	3,491
		31,231	25,980
	Receivables		
	Trade receivables	31,956	38,326
	Receivables from group entities	10,072	20,446
	Other receivables	245	1,960
	Deferred income	950	1,315
		43,223	62,047
	Cash	8,707	9,324
	Total non-fixed assets	83,161	97,351
	TOTAL ASSETS	234,072	232,639

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	1,010	1,010
	Hedging reserve	-877	-3,948
	Foreing currency translation reserve	-63	0
	Retained earnings	74,129	69,992
	Total equity	74,199	67,054
	Provisions		
12	Deferred tax	5,114	5,290
	Other provisions	0	850
	Total provisions	5,114	6,140
	Liabilities other than provisions		
13	**Non-current liabilities other than provisions**		
	Mortgage debt	21,938	25,623
	Bank debt	16,430	25,013
	Lease liabilities	4,550	5,795
	Other payables	0	4,481
		42,918	60,912
	Current liabilities other than provisions		
13	Current portion of long-term liabilities	13,657	15,247
	Bank debt	49,316	23,937
	Trade payables	28,187	32,145
	Payables to group entities	7,497	4,482
	Other payables	10,750	13,662
	Deferred income	2,434	9,060
		111,841	98,533
	Total liabilities other than provisions	154,759	159,445
	TOTAL EQUITY AND LIABILITIES	234,072	232,639

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18 Related parties
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Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Foreing currency translation reserve	Retained earnings	Total
	Equity at 1 January 2022	1,010	-3,948	0	69,992	67,054
20	Transfer, see "Appropriation of profit/loss"	0	0	0	4,137	4,137
	Currency translation of foreign entity	0	0	-63	0	-63
	Value adjustments of hedging transactions	0	3,071	0	0	3,071
	Equity at 31 December 2022	1,010	-877	-63	74,129	74,199

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Crispy Food A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Koff A/S.

Reporting currency

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

Foreign currency translation

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

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

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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

Income from the sale of goods for resale and finished goods, including breakfast cereals and other food solutions, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided 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® 2020.

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

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Research costs, development costs not satisfying the criteria for capitalisaion and amortisation/depreciation of capitalised development costs are also recognised under production costs.

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 and amortisation/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 include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities. Staff costs are recognised under production cost, distribution cost or administrative expenses.

Share-based payment scheme:
The value of services received from employees in exchange for granted share incentive schemes is measured at fair value.
Share-based payment schemes, which can be remunerated in shares or by cash settlement of share options are measured at the fair value of the liability and recognised in the income statement as staff costs as the employees' services are received over the vesting period. On subsequent recognition, the fair value of the share incentive schemes is remeasured at each end of the reporting periods and at final settlement, and any changes in the value of the share incentive schemes are recognised in the income statement as staff costs in proportion to the lapsed part of the vesting period. The counter entry is recognised under liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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

Acquired intangible assets	3-10 years
Buildings	5-50 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.

Profit/loss from investments in subsidiaries and associates

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 and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

Financial income and expenses

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

Tax

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

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

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

Balance sheet

Intangible assets

Intangible assets include acquired intangible rights, including software and trademarks.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

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

As regards self-produced assets, the cost includes the cost of materials and labour, etc. directly relating to the production proces.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, 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 accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

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 for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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

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

Inventories

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

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost.

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

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

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

Cash

Cash comprise cash in bank and in hand.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Liabilities

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

Other liabilities are measured at net realisable value.

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Notes to the financial statements

1 Accounting policies (continued)

Deferred income

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

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

No events have occurred after the balance sheet date that significantly affect the financial position of the company.

3 Special items

In connection with a discontinued cooperation, Crispy Food A/S received compensation for investments in production facilities made as part of the cooperation during financial year 2021. The effect of the compensation in financial year 2021 is specified below.

DKK'000	2022	2021
Income		
Compensation for the purchase of plant and machinery;	0	9,300
	0	9,300
Expenses		
Write down of plant and machinery	0	-9,300
	0	-9,300
Special items are recognised in the below items of the financial statements		
Production costs	0	-9,300
Other operating income	0	9,300
Net profit on special items	0	0

4 Segment information

Breakdown of revenue by geographical segment:

	2022	2021
Denmark	101,595	104,007
Scandinavia	122,016	115,823
Rest of Europe	94,782	89,095
Rest of the world	5,059	4,889
	323,452	313,814

The company is considered having only one activity.

5 Financial income

	2022	2021
Interest receivable, group entities	301	0
Other financial income	2	28
	303	28

6 Financial expenses

	2022	2021
Interest expenses, group entities	308	0
Other financial expenses	3,587	3,251
	3,895	3,251

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
7 Tax for the year		
Estimated tax charge for the year	0	-576
Deferred tax adjustments in the year	-916	-2,634
Refund in joint taxation	-1,567	0
	-2,483	-3,210

8 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2022	14,712
Additions in the year	1,143
Cost at 31 December 2022	15,855
Impairment losses and amortisation at 1 January 2022	4,897
Amortisation/depreciation in the year	1,816
Impairment losses and amortisation at 31 December 2022	6,713
Carrying amount at 31 December 2022	9,142

9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	89,731	191,353	24,809	6,326	312,219
Additions in the year	98	1,550	52	4,794	6,494
Disposals in the year	0	-2,947	-364	0	-3,311
Transfer from other accounts	0	6,326	0	-6,326	0
Cost at 31 December 2022	89,829	196,282	24,497	4,794	315,402
Impairment losses and depreciation at 1 January 2022	41,990	131,363	16,890	0	190,243
Impairment losses in the year	0	141	0	0	141
Amortisation/depreciation in the year	3,190	11,410	3,155	0	17,755
Reversal of amortisation/depreciation and impairment of disposals	0	-2,947	-364	0	-3,311
Impairment losses and depreciation at 31 December 2022	45,180	139,967	19,681	0	204,828
Carrying amount at 31 December 2022	44,649	56,315	4,816	4,794	110,574
Property, plant and equipment include finance leases with a carrying amount totalling	0	7,359	0	0	7,359

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Notes to the financial statements

10 Investments

DKK'000	Investments in group entities, net asset value	Receivables from group entities	Total
Cost at 1 January 2022	18,576	0	18,576
Additions in the year	19,304	9,673	28,977
Cost at 31 December 2022	37,880	9,673	47,553
Value adjustments at 1 January 2022	-15,079	0	-15,079
Share of the profit/loss for the year	10,688	0	10,688
Other adjustments, investments	-63	0	-63
Repayment	0	-1,809	-1,809
Reversal of negative value set-off against receivables	-10,095	0	-10,095
Value adjustments at 31 December 2022	-14,549	-1,809	-16,358
Carrying amount at 31 December 2022	23,331	7,864	31,195

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Nisco	ApS	Taastrup	100.00%	11,827	2,618
CF Toppers	Sp z o.o.	Rybnik, Poland	100.00%	11,504	8,070

11 Share capital

The share capital comprises 10,100 shares of a nominal value of DKK 100 each. All shares rank equally.

Analysis of changes in the share capital over the past 3 years:

DKK'000	2022	2021	2020
Opening balance	1,010	1,010	1,000
Capital increase	0	0	10
	1,010	1,010	1,010

12 Deferred tax

The provision for deferred tax mainly concerns timing differences related to intangible and tangible fixed assets and tax losses carried forward.

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	32,385	10,447	21,938	2,766
Bank debt	18,499	2,069	16,430	0
Lease liabilities	5,691	1,141	4,550	0
	56,575	13,657	42,918	2,766

Financial statements 1 January - 31 December

Notes to the financial statements

14 **Derivative financial instruments**

Interest rate risks

The Company uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

For 2022, a value adjustment of DKK 3,071 thousand has been recognized on equity. The fair value as of 31 December 2022 is DKK -1,132 thousand (2021: DKK -5,069 thousand). The fair value (level 3 in the fair value hierarchy) is measured annually by means of a return-based cash flow model. Interest rate swaps have a remaining maturity of up to 60 month.

DKK'000	2022	2021
15 **Staff costs and incentive programmes**		
Wages/salaries	61,327	65,473
Pensions	6,484	6,311
Other social security costs	1,815	1,910
	69,626	73,694
Staff costs are recognised as follows in the financial statements:		
Production	53,248	58,948
Distribution	10,266	8,898
Administration	6,112	5,848
	69,626	73,694
Average number of full-time employees	156	153

Staff costs include remuneration to Executive Board and Board of Directors totalling DKK 2,509 thosand (2021: DKK 2,754 thousand).

Incentive programmes

In 2020, the Company established a share-based payment scheme, which comprises several executive employees.

The scheme is established for purposes of retaining executive employees and replaces the former bonus scheme.

The scheme includes the following elements:

1) Several executive employees acquired 90 shares in the Company. The shares were acquired at a calculated market value based on EBITDA multiple of 7.0 and average EBITDA for the period 2018-2020.

2) Executive employees have acquired warrants, which grant them a right to subscribe for 450 shares subsequent to the presentation of the financial statements for 2021 at a price of DKK 15,681 per share. Warrants are acquired at calculated market value based on the black scoles model.

3) Executive employees have acquired put options, which allow them to sell back the acquired shares to the parent company at cost. The put option is acquired at calculated market value based on the black scoles model.

Shares acquired under the scheme can be sold back to the Company subsequent to the presentation of the financial statements for 2022 based on a new market value on the basis of the determined EBITDA multiple of 7.0 and average EBITDA for the period 2021-2023. Considering the development in the Company's results, no increase in value was recognised at the end of 2022.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its Danish group entities. The Company has joint and several liability, together with the group entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The jointly taxed entities' total known net liability in respect of corporation taxes etc. is shown in the parent company (administrative company) financial statements, Koff A/S. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the entities' liability will increase.

The Company is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not further affect the Company's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2022.

Other financial obligations

The Company has provided a guarantee for Nisco ApS' (group entity) bank loan, amounting to maximally DKK 2,500 thousand.

The Company has total operating lease commitments of DKK 7,912 thousand concerning cleaning agreements, telephone systems, packaging machines and cars. Commitments fall due within June 2027.

17 Collateral

Land and buildings accounting for DKK 44,649 thousand have been provided as collateral for mortgage debt, DKK 15,267 thousand. DKK 65.925 thousand of the Company's other items of property, plant and equipment is deemed to have been charged via the provisions on accessories mortgages.

The following assets have been pledged as security for the Company's bank debt: Receivables, inventories, fixtures and fittings, tools and equipment totalling a maximum of DKK 35,000 thousand.

The following assets have been pledged as security for the Company's bank: Mortgage deeds registered to the mortgagor, DKK 16,000 thousand, in land and buildings.

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Notes to the financial statements

18 Related parties

Crispy Food A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
KOFF A/S	Varnæsvej 91, 6200Aabenraa	Ownership of majority of shares and voting rights

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
KOFF A/S	Varnæsvej 91, 6200Aabenraa	datacvr.virk.dk

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	2022	2021
19 Fee to the auditors appointed by the Company in general meeting		
Total fees to EY	248	292
Statutory audit	136	149
Tax assistance	34	40
Other assistance	78	103
	248	292
20 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	4,137	-10,975
	4,137	-10,975

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Hans Nicolai Hansen
Client Signer
På vegne af: Crispy Food A/S
Serienummer: 9a1dab75-68b2-4c8e-8e7a-3c7fee520c64
IP: 83.73.xxx.xxx
2023-03-03 07:53:49 UTC

Christian Bring
Client Signer
På vegne af: Crispy Food A/S
Serienummer: 4ec36a7a-ea8d-42d4-a60e-488f605939f8
IP: 87.54.xxx.xxx
2023-03-03 10:33:58 UTC

Per Fogtmann
Client Signer
På vegne af: Crispy Food A/S
Serienummer: 8e5c1973-2cdf-4248-ad03-0909896dad74
IP: 83.137.xxx.xxx
2023-03-03 11:07:47 UTC

Jesper Fogtmann
Client Signer
På vegne af: Crispy Food A/S
Serienummer: cdd5d85d-469e-416b-8b22-c9852c8a0ee8
IP: 5.180.xxx.xxx
2023-03-03 11:13:44 UTC

Preben Fogtmann
Client Signer
På vegne af: Crispy Food A/S
Serienummer: 145a65fd-0605-4416-a44e-2ff790c497ef
IP: 83.137.xxx.xxx
2023-03-03 16:28:06 UTC

Christian Boas Linde
Client Signer
På vegne af: Crispy Food A/S
Serienummer: 73cca216-1b58-4677-b61a-e2473f6c38c5
IP: 87.49.xxx.xxx
2023-03-05 15:56:25 UTC

Jacob Ørskov Rasmussen
Client Signer
På vegne af: Crispy Food A/S
Serienummer: PID:9208-2002-2-839145217006
IP: 194.182.xxx.xxx
2023-03-06 11:12:46 UTC

Jon Midtgaard
EY Signer
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: CVR:30700228-RID:11522188
IP: 145.62.xxx.xxx
2023-03-06 11:36:22 UTC