

Lagkagehuset A/ S

Dortheavej 10, 2400 Copenhagen NV

CVR no. 20 21 30 94

Annual report 2024

Approved at the Company's annual general meeting on

Chair of the meeting:

Signed by:

Michael Borchert

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial statements 1 January - 31 December	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes to the financial statements	16

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 Lagkagehuset A/S for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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

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

Copenhagen, 9 May 2025
Executive Board:

.....
Lisa Rossen Borch

Board of Directors:

.....
Joachim Bernhard Knudsen
Chairman

.....
Lisa Rossen Borch

.....
Kennet Skyggelund
Wienecke

Independent auditor's report

To the shareholder of Lagkagehuset A/S

Opinion

We have audited the financial statements of Lagkagehuset A/S for the financial year 1 January - 31 December 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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.

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 9 May 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

Peter Andersen
State Authorised Public Accountant
mne34313

Management's review

Company details

Name	Lagkagehuset A/S
Address, Postal code, City	Dortheavej 10, 2400 Copenhagen NV
CVR no.	20 21 30 94
Established	27 June 1997
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.lagkagehuset.dk
E-mail	info@lagkagehuset.dk
Board of Directors	Joachim Bernhard Knudsen, Chairman Lisa Rossen Borch Kennet Skyggelund Wienecke
Executive Board	Lisa Rossen Borch
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea SEB

Management's review

Financial highlights

DKK'000	2024	2023	2022	2021	2020
Key figures					
Revenue	1,122,500	1,068,558	1,011,785	905,220	830,222
Gross profit	500,715	447,362	408,701	409,471	378,250
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-13,337	-54,458	-68,525	70	-87,924
Profit/loss before net financials	-81,274	-128,924	-141,763	-72,588	-170,800
Net financials	-26,781	-13,381	-6,234	-11,677	-3,301
Profit/loss before tax	-108,052	-142,305	-147,997	-84,265	-174,101
Profit/loss for the year	-101,885	-136,597	-144,874	-82,365	-171,301
Fixed assets	284,351	332,937	366,544	371,818	398,280
Non-fixed assets	305,716	294,548	258,613	174,562	238,640
Total assets	590,067	627,485	625,157	546,380	636,920
Investments in property, plant and equipment	15,460	27,910	49,345	34,324	41,479
Equity	103,042	204,927	291,524	236,399	318,765
Provisions	13,151	13,756	13,756	24,374	25,365
Non-current liabilities other than provisions	49,963	51,877	55,260	67,459	46,570
Current liabilities other than provisions	423,911	356,925	264,617	218,148	246,220
Financial ratios					
Operating margin	-7.2%	-12.1%	-14.0%	-8.0 %	-20.6 %
Return on assets	-1.4%	-6.7%	-12.9%	-7.9%	-18.2%
Current ratio	72.1%	82.5%	97.7%	80.0%	96.9%
Equity ratio	17.5%	32.7%	46.6%	43.3%	50.0%
Return on equity	-66.2%	-55.0%	-54.9%	-29.7%	-100.3%
Average number of full-time employees	917	911	932	892	948

For terms and definitions of financial ratios, please see the accounting policies.

Management's review

Data ethics

In the Danish business model, we use analytics and digital solutions where large amounts of data are processed. Our Data Ethics Policy confirms our commitment towards the respect of our customers and employees as a main pillar in our core values. The Company wants to maintain high ethical standards for the protection of our data, especially our customers, where security measures include a variety of guidelines and processes as well as targeted training of our employees to prevent any unintended disclosure. The data which the Company collects, and stores is mainly commercial data, beneficial and value-adding to our customers and stakeholders, and such commercial data includes trading patterns across our markets. The company is in the process of becoming compliant with the NIS2 standard in 2025.

Business review

Our history dates back more than 30 years, when two bakers embarked on a similar journey to revolutionise the bread experience in Denmark. Ole Kristoffersen and Steen Skallebæk opened their respective bakeries in Christianshavn, Copenhagen and Haderslev, Southern Jutland in the early 1990s. Ole and his wife Jane's first bakery was located in a building that, since its origin in 1931, became renowned for its simplistic and functional style that looked like a layer cake – hence the name Lagkagehuset or The Layer-cake-house in English. Ole and Steen focused on quality based on taste, edge and rustic baking style principles. They quickly became known in each of their communities, and in 2008, they joined forces to bring exceptional bakery quality to more communities.

Today, some 35 years later, we have taken the original passion for Danish bakery abroad with the ambition to become the most loved bakery. In 2016, we opened our first international bakery in London, and the Danish bakery experience quickly got the attention of the locals – now we operate 138 bakery shops across Denmark, London, and New York. With this deep passion for Danish bakery, we continue to pursue our ambition by creating a better bakery for all – and that is why we named our international bakeries after our founding two bakers – Ole & Steen.

In the past years, we have emphasised our values rooted in Ole & Steen's founding principles. Throughout our business, we are driven by three core values.

Heart-made: We believe that if something is worth doing, it's worth doing right – from hospitality to recipe development, to store design and sustainability initiatives – everything we do, we throw ourselves into 100% with love and attention.

Rustic, Refined: Born out of Ole & Steen's mission to revolutionise the bread experience in Denmark, we have always been dedicated to refining rustic recipes – it's simply done well.

Everyday special: From the feeling you get when you step foot through our doors to the delicious treats you bring back for your loved ones, we want the experience to be that extra special spark in your day.

The Company is 100% owned by Danish Bake A/S and is a part of the consolidated financial statements of Danish Bake Holding ApS for the year ended 31 December 2024.

Financial review

The Company's overall revenue grew by 6.3% on a like-for-like basis. The total number of stores dropped from 109 at year-end 2023 to 107 in 2024 as two unprofitable stores were closed. No new stores were opened by the Company in 2024.

Management attributes the improved financial results to deploying the 2024 Refocused Strategy, improved efficiency, and decreasing world market prices on raw materials.

The Refocused Strategy, launched in April 2024, aims to be more available and provide even more relevant offers to our customers in Denmark.

Initiatives implemented under the Refocused Strategy include but are not limited to increased opening hours, new product launches and a continued focus on evolving our three core values in Denmark.

We continued developing our well-known, iconic product offerings. We successfully implemented our version of the Cardamom bun and a revitalised version of the classical Citron Måne that many Danes know from childhood. Coffee – classical and iced versions – has been growing above expectations, and new versions – including Matcha – will be implemented in 2025.

Management's review

In 2024, we have generally increased our offerings to customers around seasons and special occasions – e.g. New Year, Halloween, Valentine's Day, to mention a few and we saw continued interest from our customers in convenience and home/office delivery through our delivery partners and "Click & Collect" saw significant growth, especially towards the end of the year.

During 2024 we continued to develop our digital presence through our loyalty app and added new customer options, such as the ability to do business orders with access to our B2B loyalty program and customer configuration for speciality cakes.

We successfully launched a new webshop for non-app users and B2B customers to supplement our online presence through the app.

As expected, raw material prices decreased after the 2022 and 2023 highs as general food inflation flattened out. This, combined with the continued cooperation between our key suppliers and the supply chain team, led to a 2.7% point gross profit improvement for the year. As we moved towards the end of the year, the unexpected negative impact of price increases within certain raw materials (coffee, cacao and dairy) eroded some of the improvements from earlier in the year. This negative impact is expected to carry into 2025.

Company revenue for 1 January – 31 December 2024 amounted to DKK 1,123 million (2023: DKK 1,069 million), while loss for the period amounted to DKK -102 million (2023: DKK -137 million). The balance sheet showed an equity of DKK 103 million on 31 December 2024 (2023: DKK 205 million). Gross profit for the period amounted to DKK 501 million (2023: DKK 447 million), and EBITDA amounted to DKK -13 million (2023: DKK -54 million). The result for the year is within managements expectations of a 2024 EBITDA improvement of DKK 40 million for the year.

Non-financial matters

Historically, Lagkagehuset has prioritized delivering premium products to B2C customers through its 107 bakery stores across Denmark. In recent years, Danish and global consumer trends have shifted toward convenient, on-the-go solutions, opening up substantial growth opportunities in food, coffee, and home/business delivery services. In addition and recognizing the rising demand from B2B customers, the Company has strengthened its sales capabilities to effectively cater to this emerging and promising customer segment.

Financial risks

Due to its operations, investments and financing, the Company is exposed to changes in interest rates. The Company centrally manages the Company's financial risks and liquidity, including capital sourcing and investment of surplus liquidity. Under the Company's financial policy, the risk profile is kept low to ensure that interest rate and credit risks arise only because of commercial circumstances.

On an ongoing basis, the Board of Directors reviews whether the Company's capital structure serves the best interests of both the Company and its stakeholders. The overriding goal is to ensure a capital structure that supports long-term profitable growth.

Knowledge resources

For the continued growth of the Company, it is important to attract and retain highly skilled employees, including bakers, pastry chefs, and store managers. To meet customers' needs and ensure the best possible customer experience, the focus is on high product quality and a high level of hospitality. This requires strong competencies of our employees, which are built up by ongoing training and education.

Impact on the external environment

The Company's activities are not considered to significantly affect the external environment and climate; therefore, no separate policy has been prepared in this respect. Climate-related risks mainly arise from abrupt and unexpected shifts in input prices for energy and raw materials used in the company's production, as well as weather-related damages to the company's property, plant, and equipment.

Management continuously monitors prices and production forecasts for all major product categories used in production and actively seeks to mitigate risk from price increases and out-of-stock situations by entering into hedge and fixed-price agreements with its suppliers. Property, plant, and equipment are insured for climate-related loss, including business interruption, by reputable insurance companies.

For further description, see below under 'Statutory CSR report'.

Management's review

Statutory CSR report

The Company strives to act socially responsible in a constantly changing market and has defined several focus areas that are directly linked to operations.

Environment

As part of being socially responsible, the Group strives to limit the environmental impact of the operations.

An inherent part of operating a fresh food business is the risk of food waste. Reducing food waste is thus a continuous effort without also reducing customer experience. A part of the work is carried out in stores and productions where charity organisations supporting social responsibility can pick up excess products. Moreover, certain excess products are reused in production, e.g., for rye granola, rye bread chips or semi-finished products. Finally, some excess end of day products is reused for producing bioethanol and thus supporting both green energy as well as reusing product waste.

We continue our efforts to optimize waste via assortment, digitalization and centralised order planning, still balancing the customer experience and product availability. Furthermore, we have continued our partnership with Too Good To Go, offering expected end of day products at very low price and thus reduced unnecessary waste significantly via this cooperation, reaching 1 million saved 'lucky bags'.

Social and employee conditions

The Company employs skilled and unskilled employees, with around 2,500 employees in total. Many apprentices are trained and educated each year, and the focus is on having a great base of skilled bakers and pastry chefs in our bakeries to uphold the craftsmanship and product quality of the trade. This is achieved through thorough recruitment and training.

Our employees are our greatest assets; there is a risk of employees not thriving. Therefore, we work to create a safe and healthy working environment with a high level of employee satisfaction. To ensure a sound and safe working environment, both physically and mentally, the Company conducts workplace assessments for all employees in accordance with legislation at least every third year. The outcome of the workplace assessments results in specific action plans to solve issues, if any. In addition to this, medical examinations are conducted for employees who work night shifts.

As in previous years, we have continued to monitor the well-being of our employees with eNPS as a primary KPI. The eNPS is carried out every quarter, and the measurement is to continuously have employees report on whether they would recommend working with us to friends and families. This is a clear message as to whether we succeed in making our company a great place to work and track and report the development over time. The reporting and feedback are based on numerical development, and the comments are attached for leaders to act on any development.

The Whistleblower (WB) policy and system supported by our Code of Conduct is an external WB platform that supports anonymous access, reporting to executive management and the Board, and access to an external legal representative. This ensures that any critical matter is not restricted and instead is reported in the best and most secure way for the employee or business partner.

The Company has assessed the risk of occupational injuries and stress in both stores and bakeries. We have continued workplace assessments and local initiatives to drive the identified improvement areas. Elected occupational health and safety representatives (employees) are educated in building a safety culture, and we train our frontline leaders in preventing a poor and unsafe working environment.

Our focus on improving the working environment increased employee job satisfaction during 2024. The efforts will continue using eNPS scoring every four months in 2025.

Anticorruption

Employees in procurement and contract conclusion were found to be at the highest material risk. The Company has a zero-tolerance policy for corruption and bribery, and to minimize the risk thereof, the central management of procurement and contract conclusion has been a continued focus area. No violations of the Code of Conduct were detected in 2024.

Management's review

The Company have asked all contracted suppliers to sign and commit to an updated Vendor Code of Conduct (the "VCOC"), which sets out the overall principles which Ole & Steen / Lagkagehuset requires Ole & Steen / Lagkagehuset employees, suppliers, and vendors ("business partners") to operate, behave and live by.

Corporate governance

The Board of Directors and the Executive Board of Lagkagehuset A/S continuously work to ensure that the Company's management structure and control systems are appropriate and work satisfactorily. Management regularly evaluates whether this is the case.

The framework for planning management's duties is the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association and ethical guidelines, and good practices for entities within the same industry. Owned by private equity funds, the Company complies with the Danish Venture and Private Equity Association's (DVCA) guidelines on responsible ownership and corporate governance. Internal procedures have been drawn up to ensure the Company's active, effective, and profitable management.

Shareholders

On an ongoing basis, the Board of Directors reviews whether the Company's capital structure serves the best interests of both the Company and its stakeholders. The overriding goal is to ensure a capital structure that supports long- term profitable growth.

The Board of Directors' duties

The Board of Directors of Lagkagehuset A/S oversees that the Executive Board pursues the objectives, strategies and business procedures adopted by the Board of Directors. The Board of Directors receives systematic updates from the Executive Board at meetings and through written and oral reports provided on a regular basis.

Remuneration for Management

The Executive Board and other executive officers are paid according to duties, value creation and terms in comparable entities to attract and retain managerial skills. Their remuneration includes incentives to ensure consistency between the interests of Management and the owners, and the incentive schemes reflect both short-term and long-term goals.

Management and some of the members of the Board of Directors of Lagkagehuset A/S and few key employees participate in the Company's investment incentive program. Treasury shares are sold and acquired as part of the incentive program.

In addition to the incentive program, certain key employees are offered performance-based bonuses. Remuneration of the Executive Board and the Board of Directors is disclosed in a note to the financial statements.

Dividend policy

The dividend is distributed with due regard to the consolidation of equity required to ensure the Company's continued expansion and existing agreements with sources of financing.

The Board of Directors proposes that no dividend is paid for the financial year 2024.

Recommendations for active ownership and corporate governance for private equity funds

The Danish Venture and Private Equity Association (DVCA) has issued guidelines on responsible ownership and corporate governance for private equity funds and entities controlled by private equity funds.

These recommendations comprise guidelines on disclosures in the Management's review, including corporate governance, financial risks, employees, strategies, etc.

The guidelines have adopted a "comply or explain" approach to corporate governance that companies can follow by either complying with the recommendations or explaining why they have not complied. The Management of Lagkagehuset A/S, as described above, generally complies with the DVCA's recommendations.

Business model

Management's review

The Company's operating business model is described above in the management review's first section.

Human rights

The Company has after a materiality assessment not identified material risk in negatively affecting human rights. Therefore, we have not enacted any policies hereof.

Events after the balance sheet date

After the balance sheet date, the Company has agreed with its credit institutions to extend the existing financing agreement until 31 December 2026.

Based on the agreed extension, management is confident that the available liquidity, combined with approved budgets, forecasts, and business plans, will be sufficient for the company's operations in 2025 and 2026.

Outlook

For 2025, management expects continued revenue growth through the existing 107 stores and the continued development of the B2B sales channel started in 2024. In February 2025, the Company opened its first new store since 2021, and more new stores are planned for the year. Management expect revenue to grow to the level of DKK 1,190-1,200 million and EBITDA to DKK 20-25 million.

Financial statements 1 January - 31 December**Income statement**

Note	DKK'000	2024	2023
3	Revenue	1,122,500	1,068,558
	Cost of sales	-297,030	-305,211
	Other operating income	692	5
4	Other external expenses	-325,447	-315,990
	Gross profit	500,715	447,362
5	Staff costs	-440,567	-414,647
6	Amortisation/depreciation of intangible assets and property, plant and equipment	-67,934	-74,466
7	Other operating expenses	-73,485	-87,173
	Profit/ loss before net financials	-81,271	-128,924
8	Financial income	153	53
9	Financial expenses	-26,934	-13,434
	Profit/ loss before tax	-108,052	-142,305
10	Tax for the year	6,167	5,708
	Profit/ loss for the year	-101,885	-136,597

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	ASSETS		
	Fixed assets		
12	Intangible assets		
	Completed development projects	37,828	43,594
	Acquired intangible assets	141	308
	Goodwill	16,562	22,352
		<u>54,531</u>	<u>66,254</u>
13	Property, plant and equipment		
	Plant and machinery	99,944	106,784
	Other fixtures and fittings, tools and equipment	14,356	20,656
	Leasehold improvements	106,424	130,610
	Property, plant and equipment in progress	1,380	646
		<u>222,104</u>	<u>258,696</u>
14	Investments		
	Deposit	7,716	7,987
		<u>7,716</u>	<u>7,987</u>
	Total fixed assets	<u>284,351</u>	<u>332,937</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	20,527	21,033
	Finished goods and goods for resale	1,338	1,371
		<u>21,865</u>	<u>22,404</u>
	Receivables		
	Trade receivables	9,469	6,649
	Receivables from group entities	13,567	3,233
	Income taxes receivable	6,167	5,708
	Other receivables	6,672	8,388
15	Prepayments	13,405	8,966
		<u>49,280</u>	<u>32,944</u>
	Cash	<u>234,571</u>	<u>239,200</u>
	Total non-fixed assets	<u>305,716</u>	<u>294,548</u>
	TOTAL ASSETS	<u>590,067</u>	<u>627,485</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	EQUITY AND LIABILITIES		
	Equity		
16	Share capital	1,079	1,079
	Reserve for development costs	29,760	34,001
	Retained earnings	72,203	169,847
	Total equity	103,042	204,927
	Provisions		
	Other provisions	13,151	13,756
19	Total provisions	13,151	13,756
	Liabilities other than provisions		
18	Non-current liabilities other than provisions		
	Other payables	49,963	51,877
		49,963	51,877
	Current liabilities other than provisions		
18	Current portion of long-term liabilities	2,812	2,959
	Trade payables	123,671	139,197
	Payables to group entities	234,579	140,876
	Other payables	55,869	65,879
20	Deferred income	6,980	8,014
		423,911	356,925
	Total liabilities other than provisions	473,874	408,802
	TOTAL EQUITY AND LIABILITIES	590,067	627,485

- 1 Accounting policies
- 2 Events after the balance sheet date
- 11 Appropriation of profit/loss
- 21 Contractual obligations and contingencies, etc.
- 22 Security and collateral
- 23 Related parties

Financial statements 1 January - 31 December**Statement of changes in equity**

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2023	1,079	32,340	258,105	291,524
11	Transfer, see "Appropriation of profit/loss"	0	1,661	-138,258	-136,597
	Contribution from group	0	0	50,000	50,000
	Equity at 1 January 2024	1,079	34,001	169,847	204,927
11	Transfer, see "Appropriation of profit/loss"	0	-4,241	-97,644	-101,885
	Equity at 31 December 2024	1,079	29,760	72,203	103,042

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Lagkagehuset A/S for 2024 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

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

Reporting currency

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

Foreign currency translation

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

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

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when a store sells the goods to the customer. Payment is usually due when the customer picks up the goods in the store.

For the customer loyalty program, a performance obligation is recognised at the date of recognition of the sale triggering the allocation of bonus points. The performance obligation is measured at the estimated fair value of the bonus points allocated. Revenue is recognised when the customer uses the bonus points.

Income from the rendering of services is recognised as revenue as the services are rendered.

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

Other operating income

Other operating income and expenses comprise items of a secondary nature relative to the Company's core activities, including governmental furlough schemes, group contribution and losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees.

Amortisation/ depreciation

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

The cost net of the expected residual value for completed development projects and other acquired intangible assets is amortised over the expected useful life.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business, profitability, market position, business segment and dependency on key employees.

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

Completed development projects	5-7 years
Acquired intangible assets	5-10 years
Goodwill	10 years

The expected useful life of the Company's investments in software and completed development projects is 5-7 years, which is considered to be the expected use of the asset.

The Company's investments in other acquired intangible assets are considered to be of strategic importance to future operations. Taking into consideration the Company's plans to increase activities, the economic life has been assessed to be 10 years.

The residual value of all intangible assets is assessed to be DKK 0.

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

The residual value of all items of property, plant and equipment is assessed to be 0 DKK.

The basis of depreciation is calculated taking into account the residual value of the asset and is reduced by any impairment.

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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 and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

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

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.

The cost of a total asset is divided into separate components, which are depreciated separately if the useful life of the individual components is different.

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".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

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

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

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

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

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 costs necessary 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.

Receivables

The Company has chosen IFRS 9 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments

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

Cash

Cash comprise cash at bank and petty cash.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Provisions

Provisions relate to refurbishment obligations relating to the Group's leased premises. The refurbishment obligation is calculated as the present value of the estimated net costs of refurbishment when leased premises are vacated. This will occur no earlier than at the end of the expected useful life.

Income taxes

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

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

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

Liabilities

The Company has chosen IAS 39 as interpretation for 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.

Deferred income

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Events after the balance sheet date

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

Financial statements 1 January - 31 December**Notes to the financial statements****3 Segment information**

The Company only operates within one business segment, operation of bakeries, only in Denmark. Therefore, no separate segment information has been provided.

4 Fee to the auditors appointed in general meeting

With reference to section 96(3) of the Danish Financial Statements Act, audit fees are not disclosed. The fee is specified in the consolidated financial statements of Danish Bake Holding ApS.

DKK'000	2024	2023
5 Staff costs		
Wages/salaries	394,552	370,704
Pensions	27,443	25,565
Other social security costs	6,475	6,472
Other staff costs	12,234	14,202
Staff costs transferred to non-current assets	-137	-2,296
	440,567	414,647
 Average number of full-time employees	 917	 911

For 2024, remuneration to the Executive Board is not disclosed by reference to section 98b(3), (ii), of the Danish Financial Statements Act.

6 Amortisation/depreciation of intangible assets and property, plant and equipment

Amortisation of intangible assets	5,443	18,071
Depreciation of property, plant and equipment	62,491	56,395
	67,934	74,466

7 Other operating expenses

Other operating expenses include group contribution, totalling DKK 70,467 thousand (2023: DKK 85,860 thousand), and losses on rental contract when vacating and on the sale of property, plant and equipment, including other operating equipment, totalling DKK 0 (2023: DKK 1,313 thousand).

8 Financial income

Interest receivable, group entities	123	0
Other financial income	30	53
	153	53

9 Financial expenses

Interest expenses, group entities	19,650	6,034
Other financial expenses	7,284	7,400
	26,934	13,434

10 Tax for the year

Estimated tax charge for the year	-6,167	-5,708
	-6,167	-5,708

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000			2024	2023
11 Appropriation of profit/ loss				
Recommended appropriation of profit/ loss				
Other statutory reserves			-4,241	1,661
Retained earnings/ accumulated loss			-97,644	-138,258
			<u>-101,885</u>	<u>-136,597</u>
12 Intangible assets				
	Completed development projects	Acquired intangible assets	Goodwill	Total
DKK'000				
Cost at 1 January 2024	100,105	7,221	75,222	182,548
Additions in the year	7,178	0	0	7,178
Disposals in the year	0	0	-2,625	-2,625
Cost at 31 December 2024	<u>107,283</u>	<u>7,221</u>	<u>72,597</u>	<u>187,101</u>
Impairment losses and amortisation at 1 January 2024	56,511	6,913	52,870	116,294
Amortisation/depreciation in the year	12,944	167	5,276	18,387
Amortisation/depreciation and impairment of disposals in the year	0	0	-2,111	-2,111
Impairment losses and amortisation at 31 December 2024	<u>69,455</u>	<u>7,080</u>	<u>56,035</u>	<u>132,570</u>
Carrying amount at 31 December 2024	<u><u>37,828</u></u>	<u><u>141</u></u>	<u><u>16,562</u></u>	<u><u>54,531</u></u>
Amortised over	<u>5-7 years</u>	<u>5-10 years</u>	<u>10 years</u>	

Completed development projects include the Company's developed IT infrastructure mainly including ERP-system and related applications and costumer related app with a total carrying amount of DKK 32,225 thousand. Management has not identified any evidence of impairment relative to the carrying amount of completed development projects.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2024	239,292	131,076	398,223	646	769,237
Additions in the year	5,935	2,304	6,487	734	15,460
Disposals in the year	-2,288	-1,208	-4,843	0	-8,339
Cost at 31 December 2024	242,939	132,172	399,867	1,380	776,358
Impairment losses and depreciation at 1 January 2024	132,508	110,420	267,613	0	510,541
Amortisation/depreciation in the year	11,694	8,541	29,312	0	49,547
Reversal of amortisation/depreciation and impairment of disposals	-1,207	-1,145	-3,482	0	-5,834
Impairment losses and depreciation at 31 December 2024	142,995	117,816	293,443	0	554,254
Carrying amount at 31 December 2024	99,944	14,356	106,424	1,380	222,104
Depreciated over	5-15 years	3-5 years	10 years		

14 Investments

DKK'000	Deposit
Cost at 1 January 2024	7,987
Disposals in the year	-271
Cost at 31 December 2024	7,716
Carrying amount at 31 December 2024	7,716

Other receivables mainly consist of leasehold deposits.

15 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent.

Financial statements 1 January - 31 December**Notes to the financial statements**

DKK'000	2024	2023
16 Share capital		
Analysis of the share capital:		
1,078,203 shares of DKK 1.00 nominal value each	1,078	1,078
	1,078	1,078

Analysis of changes in the share capital over the past 5 years:

DKK'000	2024	2023	2022	2021	2020
Opening balance	1,079	1,079	1,041	1,041	1,000
Capital increase	0	0	38	0	41
	1,079	1,079	1,079	1,041	1,041

DKK'000	2024	2023
17 Deferred tax		
Deferred tax at 1 January	0	0
Deferred tax adjustment in the year	28,032	24,624
Adjustment for not recognised deferred tax assets	-28,032	-24,624
Deferred tax at 31 December	0	0

The total net unrecognised deferred tax asset amounts to DKK 141,279 thousand at 31 December 2024 (2023: DKK 123,909 thousand). The deferred tax asset has not recognised due to uncertainty about whether it can be utilized within 3-5 years.

18 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2024	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	52,775	2,812	49,963	0
	52,775	2,812	49,963	0

Together with the group entities, Danish Bake A/S and Danish Bake Group ApS, the Company had credit facilities of DKK 550 million including an additional facility up to 50 million to draw under certain conditions as of 31 December 2024. Only Danish Bake A/S has debt to credit institutions in relation to this credit facility. The debt to the credit institutions totalled DKK 531 million, including bank guarantees at 31 December 2024. Net unused credit facilities, amounted to approximately DKK 70 million at 31 December 2024 (2023: DKK 93 million). The agreement has in 2025 been extended so it expires in December 2026. The agreement includes covenants.

19 Provisions

Other provisions comprise provisions for refurbishment obligations, totalling DKK 13,151 thousand.

In total DKK 13,151 thousand, whereof DKK 0 thousand is expected to fall due within one year.

Provision covering refurbishment obligations is viewed per individual lease contracts. Any estimates are based on quotes for the different types of leases or previous terminations, where applicable.

20 Deferred income

Deferred income, DKK 6,980 thousand (2023: DKK 8,014 thousand), consists of payments received from customers in giftcards and loyalty programs to be recognised as income in the subsequent financial years.

Financial statements 1 January - 31 December**Notes to the financial statements****21 Contractual obligations and contingencies, etc.****Other contingent liabilities**

DKK'000	2024	2023
Other contingent liabilities	10,525	12,375
	<u>10,525</u>	<u>12,375</u>

Other contingent liabilities include bank guarantees in relation to leaseholds.

The Company has provided a guarantee of DKK 275 million to the credit institutions for the parent company Danish Bake A/S.

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

Other financial obligations

Other rent and lease liabilities:

DKK'000	2024	2023
Rent and lease liabilities	191,728	226,580
	<u>191,728</u>	<u>226,580</u>

Rental and lease commitments are in all material respects rent commitments and reflect the rent during the non-cancellable period. DKK 69,994 thousand (2022: DKK 65,797 thousand) falls due within one year.

22 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2024.

Financial statements 1 January - 31 December**Notes to the financial statements****23 Related parties**

Lagkagehuset A/S related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Direct parent company Danish Bake A/S	Copenhagen, Denmark	Participating interest
Ultimate parent company Cidron Garonne Limited	Heller Jersey, Jersey	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Danish Bake Holding ApS	Copenhagen, Denmark	Requisitioning at the company's address

Related party transactions

Lagkagehuset A/S was engaged in the below related party transactions:

DKK'000	2024	2023
Sales	18,536	17,082
Management fee	-9,739	-5,863
Group contribution	-70,467	-85,860
Financial income	12,242	6,034
Capital contribution	0	50,000

Information on receivables from group entities and payables to group entities is disclosed in the balance sheet of the annual report.

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

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

Lisa Rossen Borch

Executive Board

On behalf of: Lagkagehuset A/S

Serial number: 9a85161c-5151-4f60-b788-7271f3eee678

IP: 78.153.xxx.xxx

2025-05-13 08:57:24 UTC



Lisa Rossen Borch

Board of Directors

On behalf of: Lagkagehuset A/S

Serial number: 9a85161c-5151-4f60-b788-7271f3eee678

IP: 78.153.xxx.xxx

2025-05-13 08:57:24 UTC



Kennet Skyggelund Wienecke

Board of Directors

On behalf of: Lagkagehuset A/S

Serial number: 2dedbfae-9f79-42c3-8283-fd7efa2bef0a

IP: 78.153.xxx.xxx

2025-05-13 09:06:53 UTC



Joachim Bernhard Knudsen

Board of Directors, Chairman

On behalf of: Lagkagehuset A/S

Serial number: a8e9ba6e-42e2-45bd-8259-5c7b7441515a

IP: 65.51.xxx.xxx

2025-05-13 10:57:26 UTC



Peter Andersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 5d86566f-0d85-44c0-ab69-be681c3c395b

IP: 37.96.xxx.xxx

2025-05-13 11:59:07 UTC



Thomas Bruun Kofoed

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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