

Our ingredients are not secret.
Neither are our numbers

Annual Report



is for everyone

KEY FIGURES FOR THE FRoSTA GROUP

Key figures of the FRoSTA Group

Financial year		2022	2023
Employees (average)	number	1,757	1,665
Revenue	mEUR	579	639
EBITDA in % of revenue	mEUR	54,8 9.5%	68.6 10.7 %
Consolidated profit/loss for the year	mEUR	24.3	34.1
Capital expenditure	mEUR	21.0	19.4
Dividend per share	EUR	1.60 ¹	2.00 ¹

¹ subject to approval by the General Meeting

FINANCIAL CALENDAR

Financia Calendar

Event	Date
Presentation of Annual Results	Thursday, 14 February 2024
Virtual Annual General Meeting	Thursday, 11 April 2024
Half-yearly financial report 2024	Wednesday, 10 July 2024

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With amore.
Without laboratories.

100% free from additives.



LETTER TO OUR SHAREHOLDERS

Dear shareholders,

Twenty years since the introduction of the Purity Promise, we again grew the FRoSTA brand by 19% in 2023. Sales across all segments rose by 10.4%. This success reflects not only our commitment to a high-quality, transparent food chain, but also consumers' growing awareness of healthy eating and their critical stance towards additives.

A recent survey* emphasises consumers' desire for transparent food labelling. Just 11% of respondents feel fully informed by the nutritional information on food packaging. Over 80% would like to see all ingredients contained in the product listed on the packaging, including all ingredients and additives contained in preliminary products, even if this is not currently prescribed by food labelling laws. These results confirm our long-standing call for greater transparency in German food legislation. While we have been able to win over many politicians in talks, we have yet to see any action.

Our product innovations in 2023 were winners from the start: **Butter Chicken** (an Indian recipe with yoghurt, curry and spinach), our first **organic ready meals** and our current personal favourites, **grilled fish fillets**. Available soon from a supermarket near you or alternatively in our FRoSTA online shop and definitely worth a try.

Sustainability is a central component of our corporate strategy. Here, we pursue three principles:

1. We produce real food products with no additives and label them transparently.
2. We are reducing our carbon footprint by switching to renewable wind and solar energy.
3. We want to remain an employer of choice for our employees. We report on our goals and progress in our sustainability report.

Our employee share programme proved very popular in the past year. We are proud to report that 509 people took part in the programme, acquiring 24,102 shares – significantly more than in the previous year.

We would like to express our heartfelt thanks for your trust and support. We would also like to thank our retail partners and the entire FRoSTA team, whose outstanding work is crucial to our success.

Yours,



Felix Ahlers



Maik Busse



Hinnerk Ehlers

* Source: forsa Zusatzstoffe in Lebensmitteln (Additives in Foodstuffs), January 2024, n=1005, commissioned by FRoSTA



Our Purpose

Food the way it should be.

At FRoSTA we are dedicated to offering delicious tasting frozen food. We combine our care and expertise to ensure the highest quality.

Our commitment extends to sustainable sourcing, production and logistics. Our branded products are pure, natural, and entirely free from additives. We believe in traditional cooking methods that have proven successful for generations. The origins of all ingredients are declared on each product. No tricks. No secrets.

We call it the „**FRoSTA Purity Promise**”.

ABOUT FRoSTA AG

1,665 people work for FRoSTA AG in seven countries. We produce at three plants in Germany and one in Poland.

FRoSTA is a successful brand for frozen fish, vegetables and meals in Germany, Poland, Austria, Italy and Eastern Europe. The FRoSTA Purity Promise is our way of promising that we will never add any colours, flavourings, flavour enhancers, stabilisers or emulsifiers to any of our branded products – even if this is not currently prescribed by food labelling laws. FRoSTA products are available from supermarkets and include a range of vegetables, fish, fruit and herbs as well as classic

dishes such as Nasi Goreng and Paella. In April 2013, FRoSTA was the first frozen food brand to publish on the Internet the countries of origin of each batch of our ingredients. Since autumn 2015, we have included this information on all of our product packaging as well.

FRoSTA AG is also a specialist production partner in the development and production of high-quality customer brands for the European retail and wholesale sectors.

→ [CLICK HERE FOR MORE INFORMATION](#)



HI THERE, WE'RE NEW!

NEW FRoSTA PRODUCTS IN 2023

The new products that we launched in 2023 are, of course, also subject to the strict FRoSTA Purity Promise. Our products have been consistently free from all additives and flavourings since 2003 – even those that do not have to be declared or labelled as such under food law. Since 2015, we have also included the country of origin of all ingredients on our packaging.



READY MEALS



BUTTER CHICKEN

Who doesn't love Butter Chicken? This is one of the most popular dishes in Indian cuisine. Here, tender chicken breast is combined with rice, spinach leaves and a mild tomato-butter sauce. The traditional Indian garam masala spice mix imparts the typical Butter Chicken flavour – we blend it ourselves with a lot of love in our FRoSTA spice kitchen. According to Nielsen figures, our Butter Chicken is the most successful new product in the frozen ready meals segment in 2023.

→ [BUTTER CHICKEN](#)

MEATBALL PAN

Fusilli pasta from our own production, savoury meatballs, crunchy vegetables and a flavoursome tomato sauce make this dish a real treat.

→ [MEATBALL PAN](#)

FISH

FISH FINGERS

New on the menu by popular demand. The FRoSTA fish finger family has some new additions.

Alongside the test-winning fish fingers voted "GOOD" by Stiftung Warentest (issue 03/2024), you can now also find gluten-free fish fingers, fish fingers coated with organic breadcrumbs and fish fingers with chilli crunch coating in the freezer aisle.

The **Chili Crunch Fish Fingers** contain spices such as chilli, turmeric and fenugreek seeds for those who like to spice things up a bit. The **Fish Finger in Organic Breading** are made using tender MSC-certified Alaska pollack fillets with a coating consisting of certified organic ingredients. The **Gluten-free Fish Fingers** have a coating that contains rice flour and chickpea flour instead of wheat flour.



→ [CHILI CRUNCH FISH FINGERS](#) → [FISH FINGERS WITH ORGANIC BREADING](#) → [GLUTEN-FREE FISH FINGERS](#)

CHARGRILLED ALASKA POLLACK FILLETS

Real lovers of fish can land a new catch: succulent Alaska pollack fillets in the flavours **Herbs & Butter** or **Mediterranean Style** have a high fish content of 90 %. A special otopop grill gives an attractive chargrilled appearance and a mild smoky flavour.

→ [ALASKA POLLACK FILLET HERBS & BUTTER](#)

→ [ALASKA POLLACK FILLET MEDITERRANEAN STYLE](#)



ORGANIC VEGETABLE PANS + ORGANIC READY MEALS

We have been asked again and again for more FRoSTA organic products and are more than happy to oblige. And because we got so excited about them, we immediately produced a few more. Organic from FRoSTA means ingredients grown using strictly controlled organic cultivation methods, plus FRoSTA Purity Promise quality. In other words, 100 % free from additives – even where they do not have to be declared or labelled as such under food law. But organic and Purity Promise notwithstanding, the six new FRoSTA products are one thing above all: really, really tasty. And that's pretty important as far as we're concerned.

Organic Tagliatelle Cherry Tomatoes is a fruity, flavoursome dish of pasta, cherry tomatoes and lentils in a velvety cream sauce, topped with hard cheese and parsley.

→ [ORGANIC TAGLIATELLE CHERRY TOMATOES](#)

Our Organic Yellow Curry impresses with a combination of potatoes, cauliflower, chickpeas, beans, carrots and mushrooms, rounded off with a mild curry sauce and a hint of coriander.

→ [ORGANIC YELLOW CURRY](#)

The Organic Rice Mushroom Pan combines delicious vegetables like peas, sweetcorn and spinach leaves with rice and button mushrooms. This dish is finished with nutty green spelt and a mild gorgonzola sauce.

→ [ORGANIC RICE MUSHROOM PAN](#)



The Organic Vegetable Pan a la Mexicana is inspired by Mexican cuisine and combines runner beans, kidney beans, sweetcorn, cherry tomatoes and peppers in a mild and fruity tomato sauce, seasoned with garlic and freshly ground pepper. Mexican yes, spicy hot, no!

→ [ORGANIC VEGETABLE PAN A LA MEXICANA](#)

Our Organic Garden Vegetables Pan contains crunchy carrots, green beans, peas and pumpkin and is flavoured with butter, dill and freshly ground pepper.

→ [ORGANIC GARDEN VEGETABLE PAN](#)

The typically French Organic Vegetable Pan à la Ratatouille with tomatoes, courgettes, yellow peppers and grilled aubergine is seasoned with oregano, thyme and garlic. Hot or cold, our ratatouille is a popular side dish.

→ [ORGANIC VEGETABLE PAN À LA RATATOUILLE](#)



NEW PRODUCTS IN ITALY

SOUPS

Our classic minestrone is joined by a protein-rich version with yellow carrots, peas, rice and mint for that special freshness, as well as a high-fibre minestrone, subtly flavoured with beetroot and ginger. The range of soups is complemented by a rustic cream soup with button mushrooms, potatoes and chickpeas.

→ [MINISTRONE WITH PROTEIN](#)

→ [MINISTRONE WITH FIBRE](#)

→ [RUSTIC SOUP](#)



READY MEALS



Italy's most popular vegetarian dish consisting of carrots, potatoes and aubergines is now also available with chicken breast fillet for meat lovers:

→ [VEGETABLE PAN WITH CHICKEN](#)

And our new lasagne made to a traditional Sicilian recipe with aubergines and ricotta is a welcome vegetarian alternative to classic lasagne:

→ [AUBERGINE LASAGNE](#)

FISH

Three new additions to the crispy fillets range with trendy ingredients such as lemongrass, sunflower seeds or cranberries in the breading complement our traditional bestseller:

→ [CRISPY FILLET WITH ROSEMARY AND LEMONGRASS](#)

→ [CRISPY FILLET WITH SUNFLOWER SEEDS AND MINT](#)

→ [CRISPY FILLET WITH OATFLAKES AND CRANBERRIES](#)



Our best-selling grilled fish gets a new twist with lemon and rosemary:

→ [GRILLED FISH WITH LEMON AND ROSEMARY](#)



Our salmon burger is brand new to the Italian market – juicy salmon fillet with a thin breadcrumb coating seasoned with parsley and beetroot.

→ [SALMON BURGER](#)

Our recently launched range of crème fillets has proved very popular. Reason enough for us to introduce a new recipe: crème fillets with chickpea puree and pumpkin.

→ [CRÈME FILLETS WITH PUREED CHICKPEAS AND PUMPKIN](#)



NEW PRODUCTS IN POLAND

In Poland, we launched a new range of vegetables last year that fully responds to consumer demands.

VEGETABLE PANS

We offer the traditional pan-fried vegetable mixes unseasoned in three popular varieties: classic, Asian and favourite vegetable mix, making them the perfect basis for your own recipe creations.

Our pan-fried vegetable mixes with oregano, parsley and dill or rosemary frozen straight after picking are particularly tasty.

The new pan-fried vegetables with sauce in the varieties Wok Mix, Italian Mix and Mexican Mix are the perfect complement to the range and make a tasty meal with chicken, rice or pasta.

→ [CLASSIC VEGETABLE MIX](#)

→ [VEGETABLE MIX ASIAN STYLE](#)

→ [FAVOURITE VEGETABLE MIX](#)

→ [VEGETABLE PAN WITH BASIL AND OREGANO](#)

→ [VEGETABLE PAN WITH DILL AND PARSLEY](#)

→ [VEGETABLE PAN WITH THYME AND ROSEMARY](#)



→ [VEGETABLE PAN WOK MIX](#)

→ [VEGETABLE PAN ITALIAN MIX](#)

→ [VEGETABLE PAN MEXICAN MIX](#)

OVEN-BAKED VEGETABLES

Oven-baked veggies are bang on trend, extremely healthy and easy to prepare. Frosta offers two popular varieties:

→ [OVEN-BAKED VEGETABLES WITH CAULIFLOWER; BEANS AND CARROTS](#)

→ [OVEN-BAKED VEGETABLES WITH POTATOES; COURGETTES AND CARROTS](#)



VEGGIE BOWLS

Ready to go for a light, balanced meal with plenty of protein and fibre.

→ [VEGGIE BOWL WITH PEA NOODLES](#)

→ [ASIAN VEGGIE BOWL WITH CAULIFLOWER RICE](#)

→ [VEGGIE BOWL WITH QUINOA](#)

→ [MEXICAN VEGGIE BOWL WITH CHICKPEAS](#)





GROUP MANAGEMENT REPORT OF FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

FUNDAMENTAL INFORMATION ABOUT THE FROSTA GROUP

BUSINESS MODEL

FRoSTA Group's 1,665 employees are active in seven countries and produce deep-frozen products at our three plants in Germany and one in Poland. FRoSTA is a successful brand for frozen fish, vegetables, herbs and ready meals, with highly sustainable growth in Germany, Italy, Poland, Austria and Eastern Europe. In Italy, frozen vegetables are marketed under the "La Valle degli Orti" brand. With the Purity Promise, we have gone without adding any colourings, flavourings, flavour enhancers, stabilisers, emulsifiers or any other additives to any of our branded products since 2003. FRoSTA products are available from supermarkets and, in addition to traditional dishes such as Nasi Goreng and Paella, include a range of vegetarian and vegan choices as well as vegetables, fish, fruit and herbs. In April 2013, FRoSTA was the first frozen food brand to start publishing the countries of origin of all ingredients on the Internet and, since autumn 2015, it has also done so on product packaging. In autumn 2020, the Company began marketing a plant-based alternative to fish.

The FRoSTA Group also develops and produces high-quality private labels for the food retail and wholesale sectors, for the most part using our retail partners' own brands. However, on request we also offer the secondary brands Tiko (for fish and ready meals) and Elbtal (for vegetables). We also produce a wide range of frozen products as a production partner to industry as well as to our out-of-home customers (supplying restaurant chains and wholesalers).

The FRoSTA Group generates 63% of its business in the German market and 37% abroad.

BRANCH OFFICES

Production in Germany is organised across the following branch offices:

- FRoSTA AG Werk Bremerhaven
- FRoSTA AG Werk Bobenheim-Roxheim
- FRoSTA AG Werk Lommatzsch

MANAGEMENT SYSTEM

The FRoSTA Group manages its business operations based on the financial key performance indicators sales and annual net profit.

BUSINESS ENVIRONMENT

GENERAL MARKET AND INDUSTRY CONDITIONS

MACROECONOMIC FACTORS

The economic environment remained difficult in the 2023 financial year.

The knock-on effects of the energy crisis and high inflation significantly dampened private consumption. International conflicts further intensified with massive negative impacts on the economy, leading to stagnation in real gross domestic product in Germany and the eurozone.

The labour market faced particular challenges in the financial year. On the one hand, wages and salaries rose unusually sharply on the back of high inflation. The trade unions only very conditionally accepted the good idea of the one-off inflation compensation premium as a solution for the exceptional situation. Concurrently, the shortage of

skilled labour was clearly felt in specific sectors for the first time.

Drastic climatic extremes, with flooding in some regions and drought in others, had a strong negative impact on harvests and made the procurement of raw materials much more difficult.

Political decisions in Germany and Europe also resulted in a high level of uncertainty for industry and consumers.

This contributed to a challenging environment in all of FRoSTA AG's markets overall.

THE FROZEN FOOD MARKET IN 2023

Retail sales in the frozen food market for the product groups fish, vegetables and ready meals in the three core markets (Germany, Italy and Poland) once again declined in terms of volume by 2.8 %, while growing in value by 10.3% due to higher consumer prices.

Against this trend, the FRoSTA brands reported an increase in consumer sales of 4.1 % and gain as high as 18.5% in value.

The FRoSTA brand with its Purity Promise was thus once again a clear growth driver across the whole category (Sources: AC Nielsen Germany / Poland & IRI Italy Food Retail Sector / DM YTD Nov 2023).

BUSINESS DEVELOPMENT, FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

DEVELOPMENT OF SALES

Against the backdrop of a challenging environment, FRoSTA AG developed positively in line with expectations in the 2023 financial year. Net sales of EUR 639.5m showed an increase of EUR 60.4m (+10.4 %) compared to the previous year, in line with the forecast. The principal growth driver was the FRoSTA brand with the Purity Promise, which posted renewed growth of EUR 42.1m (+19%) across all markets. Out-of-home business also contributed to growth with EUR 10.5m (+13 %).

Remaining business (industrial and private label) exhibited no growth overall and is declining in volume in line with the general market trend.

FINANCIAL PERFORMANCE

Net income for the year in the amount of EUR 34.1m and 5.3 % of sales was also in line with the forecast. For the most part, there were no further drastic increases in the cost of raw materials, as seen in the previous year. Overall, however, materials and logistics costs remained at a high level. At EUR 28.7m in the financial year (2022: EUR 17.9m, 2021: EUR 11.8m), energy costs reached their highest level to date. Relief under the energy price brake scheme in the amount of EUR 3.9m is included in other operating income. Parallel to this, the Company is working hard to develop further sustainable energy sources. Labour costs rose significantly on the back of inflation and could not be directly offset by corresponding productivity increases. In an attempt to appeal to even more consumer households with the FRoSTA brand, advertising expenditures were significantly increased by +45 % in the financial year. Negative net investment income of minus kEUR 132 resulted from the write-down of the Russian business, which will be finally administratively wound up in 2024.

FINANCIAL POSITION, CASH FLOWS AND INVESTMENTS

Targeted measures were taken to improve working capital in the financial year. Inventories were reduced significantly by EUR 20.0m, although safety stocks were built up at the end of the year in order to better counter supply risks in the new year. Suppliers' payment reaches were expanded in order to further strengthen financial independence. The success of these measures is reflected in the positive cash funds of EUR 67.1m at the end of the financial year. The current ratio/liquidity III was increased from 175.2% in 2022 to 176.6% in the 2023 financial year and the equity ratio remained at the very good level of 53.6%. Capital expenditure totalling EUR 19.4m related to investments in quality and efficiency improvement, sustainability and digitalisation. The Group was able to fulfil its payment obligations at all times.

SEGMENT REPORTING

FRoSTA SEGMENT

The FRoSTA operating segment covers the brand business, out-of-home, Home Delivery and industrial business in Europe. This segment in the meantime accounts for EUR 430m or 68% of FRoSTA AG's total net sales, which represents growth of 10%. In the Home Delivery and industrial business segment, not all contracts with industrial partners could be renewed, resulting in a decline of 26%. By contrast, out-of-home business achieved respectable year-on-year growth of 13%. Brand business once again grew particularly strongly in terms of volume and net sales (plus 19%). The close cooperation with all retail partners as well as the substantial 45% increase in brand advertising contributed significantly to this success. Despite high inflation in the cost structures, there was a continued focus on improving product quality. The increase in volume and the positive mix in favour of the brand resulted in considerably higher net income for the financial year.

COPACK SEGMENT

The COPACK operating segment comprises our private label business in Europe and also generated sales revenue growth of 10%, while sales volume declined by 7%. The non-renewal of unprofitable supply contracts in particular contributed to the improvement in net income for the year.

PEOPLE & CULTURE

DEVELOPMENT IN FIGURES

The FRoSTA Group had an annual average of 1,665 employees in 2023, 47 fewer than in 2022. A key aspect of this development was the downturn in the volume of unprofitable private label and industrial business. While we regret this development, we are pleased that we were for the most part able to manage the reduction in a socially acceptable manner through the termination of temporary employment contracts and departures due to retirement.

Annual mean number of employees

	2022	2023	Diff.
Total employees	1,712	1,665	-47
of which permanent	1,494	1,465	-29
of which temporary	218	200	-18
Distribution by function			
FRoSTA head office	449	427	-22
of which Administration	280	266	-14
of which Sales	169	161	-8
FRoSTA production facilities	1,263	1,238	-25
of which production Bremerhaven	487	469	-18
of which production Bydgoszcz	456	448	-8
of which production Lommatzsch	181	183	2
of which production Bobenheim-Roxheim	139	138	-1

FRoSTA IS FOR EVERYONE

The demographic trend is also reflected at FRoSTA. In total, 25 older employees (63 plus) took well-deserved retirement. At the same time, we are pleased to report that 13 new young employees under the age of 24 also joined the FRoSTA team, thus keeping the average age of a "FRoSTarian" at 44. At 16 years, the average length of service testifies that FRoSTA is a good place to work.

We firmly believe that working together with people from different cultural backgrounds enriches our day-to-day interactions. It is therefore a source of pride to us that FRoSTA's workforce is made up of employees of 38 different nationalities. This internationality not only brings diversity to our ready meal recipes, it also influences how we shape the future success of the Group. Our vegetable processing facilities provided a good example of this in the past financial year. With high inflation keeping many seasonal workers away, we were very quickly able to recruit colleagues from Poland to fill jobs in Germany. Despite the initial language barriers, their existing knowledge of comparable production facilities, coupled with openness and a welcoming environment, helped them to integrate very quickly.

We are also pleased to report that we were able to maintain the proportion of women in FRoSTA's workforce at a level of 37% overall and even 55% among employees in Administration and Sales. It remains our goal to achieve a balanced gender ratio at all corporate levels. To enable us to also meet this objective among the members of the Supervisory Board and Executive Board, we are actively nurturing the next generation of young in-house employees. At first-tier management level below the Executive Board, women accounted for a share of 31% in the 2023 financial year, unchanged from the previous year, and at second tier level below the Executive Board for a slightly lower share of 42% (2022: 43%).

We would like to take this opportunity to say to the entire workforce and the Works Council that it was once again a real treat to contribute to FRoSTA's success together with you in 2023. You are a great team!

HEALTH MANAGEMENT AT FRoSTA

We are firm believers that good work can support good health. Granted, this can sometimes be a challenge, but with a bit of effort it is usually possible to manage work processes beneficially. Height-adjustable desks in Administration or height-adjustable pallet platforms are just two good examples. Wherever work puts undue strain on the back, we strive to find a solution. Together with our company doctor, we have introduced a training programme that reaches every individual – no matter where or when. Project initiatives target a wide range of topics, such as a healthy diet or quitting smoking, in a totally unbureaucratic way. In order to gain an even better understanding of the physical and mental strains at the workplace, particularly in production, we realised a digital ultra-broadband pilot project in 2023. This enabled us to give our employees a voice and measure over a number of shifts where we can improve working conditions by enhancing workflows.

Health cannot always be seen and preventive healthcare is important. We have therefore developed a regular check-up programme, to be introduced at the beginning of the current financial year. FRoSTA will then offer all employees a full body health check-up from top to toe. All at a single appointment, simple and comprehensive.

TOGETHER AT FRoSTA

At FRoSTA, our information technology is improving all the time. Whether during morning shop floor meetings or remotely while working from home or a hotel on a business trip, we exchange information in real time and can discuss achievements or new challenges together. With our Flex Focus scheme, we have introduced a highly flexible instrument that will allow employees to continue to benefit from hybrid working arrangements in the future and thus better reconcile work and family life. In many areas we have implemented modern office concepts that offer an ideal framework for workshops, creative as well as personal meetings and networking. In the past financial year, we moved into newly designed office premises in Italy, and a team of employees in Bremerhaven developed a new concept to be realised in 2024, which will allow shop floor and administration to dovetail more closely with the aim to increase proximity to the product and quality awareness. What is important is that we maintain the sense of belonging in the work environment and come together "live" to discuss issues, develop ideas together and take advantage of spontaneous contacts and special occasions to broaden our horizon or enjoy time together.

MORE FRoSTA EMPLOYEES BECOME SHAREHOLDERS

Our slogan "FRoSTA is for everyone" also applies to owning a stake in the Company. In 2023, we therefore again offered our employees the option to purchase FRoSTA shares acquired within the scope of a share buyback, at preferential conditions. Even in this inflation-driven year, 509 employees participated in our employee share programme (2022: 477). A total of 24,102 shares were bought, which was significantly higher than in the prior period (2022: 19,746). The introductory offer, limited to a maximum of 50 shares with an issue price of EUR 14.90 per share, proved the most popular with 20,619 shares purchased (2022: 18,852). Under Proposal II (limited to a maximum of 950 shares depending on seniority), 3,483 shares were acquired at an issue price of EUR 44.90 per share (2022: 894). Total costs for the programme amounted to kEUR 1,080 (2022: kEUR 1,054), which were recognised in personnel expenses.

We are proud that more and more FRoSTA shareholders are active Company employees.

THE FRoSTA SHARE AND APPROPRIATION OF NET PROFIT

Since March 2017, the FRoSTA share has been traded in the Open Market segment of the Frankfurt Stock Exchange (WKN 606900; ISIN DE0006069008; nominal value EUR 2.56) and in the reporting period developed as follows:

Key figures for the FRoSTA share mEUR	2022	2023	Diff. %
Share capital	17.4	17.4	0%
Number of shares (in thousands)	6.813	6.813	0%
Group equity	205.3	232.2	13%
Equity per share EUR	30.13	34.08	13%
Share price at year-end EUR	54.00	62.40	16%
Year high EUR	87.00	66.00	-24%
Year low EUR	46.50	53.80	16%
Number of traded shares (in thousands)	97.2	55.7	-43%
Net income for the year	24.3	34.1	40%
P/E ratio (share price at year-end/earnings per share)	15.14	12.49	-18%
Net profit for the year per share EUR	3.57	5.00	40%
Dividend proposal (payout per share) EUR	1.60	2.00	25%

SUSTAINABILITY, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

In the 2023 financial year, we subjected our sustainability strategy to an in-depth review. This is to be rolled out across the board at the beginning of the current year and will provide us with a concrete roadmap for the coming years. At its core is the premise that we are not only responsible for the health of our Company, but also for the environmental and social footprint that we leave on the planet.

The Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 2.00 per share from net retained profits and allocate the remainder to reserves. Based on 6,812,598 no-par value bearer shares, less 5,899 no-par value bearer treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act (AktG), this results in 6,806,699 no-par value bearer shares entitled to a dividend and a dividend payout of EUR 13.6m.

Relating to disclosures pursuant to Section 160 (1) no. 2 AktG (acquisition of treasury shares), please refer to the Notes to the consolidated financial statements: 4) Notes to the consolidated balance sheet, Equity subheading.

	31/12/2023	Share %
Current company taxes	13,496	28.4%
Capital yield tax incl. solidarity surcharge on dividend	3,591	7.6%
Total taxes	17,087	35.9%
Net dividend	10,023	21.1%
Retained by the company	20,436	43.0%
Pre-tax net income for the financial year	47,546	100%

From the pre-tax net income for the year, 35.9% will be paid as taxes and 21.1% will be distributed as a net dividend, with 43% being retained by the Company.

In our sustainability strategy we therefore make three promises:

1. We promise to produce real food products that are good for everyone. We believe that our consumers deserve to know everything we know about our products and we

promise to provide this information. We call this our Purity Promise.

2. We promise to continuously and measurably reduce our ecological footprint at both product and corporate level. Our ecological footprint includes our carbon footprint, water footprint and our impact on biodiversity. In addition, we promise to only use ingredients and raw materials from sustainable sources. We call this our Environmental Promise.
3. Our goal is to become the employer of choice for current and future employees. We support leadership, feedback and teamwork in order to create a work culture as it should be. We promote cultural diversity, age and gender diversity with a fair share in all functions. FRoSTA stands for fair pay and social benefits. We work to ensure that our values and our Code of Conduct are respected by everyone at all times. We also bear responsibility for the impact of our business on the people who live near our production sites or work for our suppliers. That is why every year we invest in social and non-profit projects. We produce all of our food products while respecting human rights along the entire value chain. We call this our People Promise.

Our guiding principles that help us to achieve our sustainability goals are “To be measurably better today than yesterday and better tomorrow than today” and “To be radically transparent in everything we do”. No tricks, no secrets.

In this spirit, we will continue to report transparently on our goals and progress in the area of sustainability.

REPORT ON OPPORTUNITIES AND RISKS

INTERNAL CONTROL SYSTEM

FRoSTA AG's internal control and monitoring system is enforced by the Group's Financial Controlling department in coordination with all other relevant departments.

The most important financial KPIs are sales growth and profitability. These performance figures and their respective drivers are examined, analysed and discussed in the relevant departments on the basis of management accounting reports drawn up in daily, weekly and monthly cycles.

The objective is to continuously work on improving the results and at the same time to introduce early measures to counter potential negative developments.

In the context of the monthly Sales & Operations Planning Cycle, rolling forecasts are used to react to future market changes.

The correctness and reliability of our accounting and financial reporting are guaranteed by adherence to work instructions in the QM manual and the uniform reporting system in SAP, which apply to all relevant Group companies.

The work instructions in the QM manual also stipulate the material and formal requirements concerning the preparation of the financial statements. Nevertheless, risks can still arise, for example when concluding extraordinary transactions.

Through internal audits conducted by our quality management officers, coupled with internal auditing projects, we support the compliance or adaptation of our processes.

The separation of executive, accounting and approval functions reduces the risk of fraudulent actions.

RISK MANAGEMENT

FRoSTA's risk management system is intended to ensure that risks can be quickly identified and assessed at an early stage.

The risk management officers from the various departments assess the risks on an ongoing basis – if necessary drawing on the advice of external consultants – and initiate appropriate countermeasures.

QUANTIFIED RISK ASSESSMENT

In the following tables, risks are assessed with their probability of occurrence and possible extent of losses.

Risk evaluation						
Probability of occurrence	very probable very frequent	E	high	high	not acceptable	not acceptable
	probable frequent	D	medium	high	high	not acceptable
	possible infrequent	C	low	medium	high	high
	low rare	B	low	medium	medium	high
	very improbable very rare	A	low	low	low	medium
			I	II	III	IV
			low	moderate	high	critical
			poses a threat to the Company's existence			
			Extent of losses			

Risk assessment

not acceptable	Risk mitigation measures must be initiated/implemented urgently and without delay.
high	Risk mitigation measures must be initiated/implemented promptly.
medium	Risk mitigation measures must be initiated/implemented in the medium term.
low	The existing/implemented risk mitigation measures are sufficient and effective; no (further) action needed at present.

Risk	Probability of occurrence	Extent of losses	Risk
Product risks	low	moderate	medium
Cyber risks	possible	moderate	medium
Procurement risks	possible	moderate	medium
Energy risks	low	moderate	medium
Recruitment risks	probable	moderate	medium
Currency risks	low	minimal	minimal
Sales market risks	low	minimal	minimal
Financing risks	highly improbable	minimal	minimal
Legal risks	highly improbable	minimal	minimal

The individual risks and actions to mitigate their impact are discussed in more detail below.

GENERAL RISKS

Market-related business risks are borne by the Company itself. These include, for example, risks from the development and marketing of new products, sales performance in the various distribution channels and the quality level of our products.

As far as is meaningful, we transfer any risks not stemming from the Company's core areas of activity, such as liability and property damage risks, to third parties.

In addition, FRoSTA implements a Code of Conduct for all employees, which is aimed at raising awareness among the workforce for responsible conduct towards one another, towards business partners, in connection with handling data, as well as towards the environment.

PRODUCT RISKS

Quality and production reliability have the highest priority. We therefore continuously strive to improve food safety and our food safety culture. The quality of the raw materials is monitored by audits at our suppliers' facilities and by checking goods as they arrive at our plants. Despite all due care, quality checks cannot provide a fail-safe guarantee of the quality of raw materials since the thresholds for contamination are becoming ever lower and the checks are only carried out on a random basis.

We also purchase raw materials from BSCI (Business Social Compliance Initiative) risk countries. We thus also bear our share of responsibility for the working conditions at our suppliers, as well as for the respecting of human rights. Since 2020, we have therefore required all suppliers from BSCI risk countries to be certified in accordance with an internationally recognised social standard (SA 8000, SMETA or similar).

We are currently working intensively on the implementation of the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), which takes effect for our size of company from 1 January 2024 onwards.

Our internal value chain processes are also regularly certified to IFS (International Food Standard) and BRC (British Retail Consortium) standards. Our plants completed audits again in 2023 with a high-level of assurance.

CYBER RISKS

We counter cyber risks with the help of modern IT architecture as well as regular internal and external audits and penetration tests as part of a continuous review process.

PROCUREMENT RISKS

The production of frozen food involves the use of a large number of renewable raw materials from over 30 countries, the procurement of which can be subject to wide-ranging fluctuations. In the case of supplies of raw fish, for example, increased demand coupled with dwindling fish stocks repeatedly results in supply bottlenecks. The same applies to climate-related crop failures that can affect the procurement of fruit and vegetables. This can result in considerable price fluctuations for raw materials which, depending on the competitive and contract situation, we cannot always pass on directly to our customers.

By cooperating with strategic suppliers, we attempt to smooth out these fluctuations and avoid dependencies. In the case of critical raw materials, we are additionally looking to establish several suppliers in different regions. Our own vegetable production also helps us to be independent and at the same time acquire important agricultural expertise.

As it is not always possible to cover stock requirements for the long term, the setting of selling prices is subject to fundamental risks and opportunities. Price agreements with customers over a period of more than six months increase the uncertainty. For that reason, we try to avoid customer supply agreements which go beyond this period. Alternatively, price escalator clauses for certain raw materials can be included in the selling price agreements. Both are not always possible, depending on the competitive situation.

RECRUITMENT RISKS

The shift in the labour market from a supply to a demand market is leading to a refocusing of HR policy measures. Positioning FRoSTA as the employer of choice is more important than ever in the quest to finding the right employees in the future. Comparably fair remuneration schemes and excellent advancement opportunities are just as important in this regard as a motivating work environment. When filling vacant positions on the market,

speed and commitment are key success factors in the hiring process. At the same time, it is important to offer in-house training and facilitate transfers across different sites. Going forward, the Company will draw on the positive experiences with recruitments from countries with different labour market situations.

ENERGY RISKS

The war in Ukraine has also led to growing uncertainties over energy security in Europe, accompanied by sharply rising prices. FRoSTA counters the risk of rising energy prices through structured energy procurement in the form of fixed price agreements with suppliers. An alternative use of oil and gas in production creates flexibility to bridge price and supply risks. Logistical risks in long-distance coverage and/or diesel price development are reduced through alternative use of the rail network. In order to reduce dependencies over the medium term, we are accelerating development of a renewable energy supply both within FRoSTA and in collaboration with local partners.

CURRENCY RISKS

Exchange rate-related fluctuations in the prices of raw materials have a significant influence on the production costs of our products. Exchange rate fluctuations can therefore negatively impact the gross profit margin and the annual operating profit.

FRoSTA purchases many of its raw materials from international markets. Most of these goods are invoiced in US dollars. We make use of regular currency forwards to hedge exchange rate fluctuations. The aim of currency hedging transactions is to hedge specific contracts or negotiated annual talks for the respective period. In addition, a blanket rolling hedging mechanism smooths out short-term fluctuations. As a basic principle, hedging can only compensate to a limited extent for the risk of persistently rising US dollar exchange rates. Correspondingly, declining US dollar exchange rates may give rise to opportunities.

SALES MARKET RISKS

The increasing concentration of the retail sector is leading to risks arising from the potential loss of bulk contracts. The Company's broad customer structure with its own brands, private labels as well as the supply of Home Delivery

services, caterers and industrial customers supports the hedging of fluctuations with individual customers. Our contracts with our customers normally include items and prices but do not guarantee fixed volumes; this means that the risks or opportunities of fluctuating consumption by end customers lie with FRoSTA.

We limit the risk of defaults on outstanding receivables with the help of a strict reminder system and internal credit limits. We counter political and protectionist risks by assessing the opportunities and risks associated with a given market and, where appropriate, including distribution and/or production partners.

The frozen food market is as a basic principle subject to constant change. Our competitors might respond to product trends more quickly or gain technological leads. We conduct intensive research to identify market trends. This enables us to produce innovative product concepts in response to changes or even to initiate changes ourselves within the market.

The FRoSTA brand offers the opportunity for further sustainable growth based on the Purity Promise, an innovative portfolio and its positive image. It is therefore important to be particularly proactive in countering all events that could have a negative impact on the brand's reputation and thus on business development.

FINANCING

Our financing capability is based on our creditworthiness. By continuously improving our earnings and balance sheet strength, we intend to focus on equity financing. At the same time, we are opening up additional borrowing potential on the market, which is available at very short notice thanks to long-standing partnerships with banks. By taking advantage of credit lines, we create additional flexibility in short-term financing. Using long-term loans for long-term financing allows us to limit the interest rate risk. Overall, we are generally subject to the interest rate risk on the capital market, which has currently increased again, which is why we prefer to consider long-term financing in conjunction with investment grants and favour equity financing.

LEGAL RISKS

There are no legal risks.

CRITICAL APPRAISAL OF RISKS AND OPPORTUNITIES

As part of the risk management process, the opportunities and risks for FRoSTA are also monitored regularly during the year, as above all the risk of changing costs could significantly impact the year-end result and, especially in the case of a negative development, could only be passed on to the retail sector with a time delay via higher selling prices.

In assessing the overall risk situation of the FRoSTA Group, we can state that, based on the information known today, there are no risks identifiable at present or in the foreseeable future that could jeopardise the continued existence of the Group as a going concern.

REPORT ON EXPECTED DEVELOPMENTS

In a world characterised by multiple international trouble spots, ongoing difficult political tensions at home and abroad and increasingly unpredictable climate conditions, it is only conditionally possible to make any reliable forecast regarding the course of the current financial year.

We generally expect the level of costs and selling prices seen in recent months to continue across all markets over the course of the year. Changes in the underlying parameters, such as customs duties, logistics costs, crop failures and other currently unknown challenges, must be evaluated in close coordination with suppliers and customers to enable joint countermeasures to be promptly taken.

We want to continue in the new financial year to enhance the quality of our products and awareness of the FRoSTA brand with the Purity Promise in order to achieve further sustainable brand growth in 2024. On the back of this, we are expecting to achieve sales growth for the Group of 3% to 5% and consolidated net income for the year of around 5% of sales.

We hope to once again successfully develop our business in good cooperation with our employees as well as our retail partners and supplier base. Building on this basis of trust, we believe we are well positioned for a successful financial year 2024.

Bremerhaven, February 2024

The Executive Board

OVERVIEW OF FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

in kEUR

	31/12/2022	31/12/2023	Change
Sales	579,077	639,480	10,4%
EBIT (Earnings before interest and taxes) in % of sales	34,524 6.0%	48,075 7.5%	39.2%
EBT (Earnings before taxes) in % of sales	33,912 5.9%	47,546 7.4%	40.2%
Consolidated net profit in % of sales	24,304 4.2%	34,050 5.3%	40.1%
Balance sheet total	382,774	433,342	13.2%
Current Ratio / Liquidity III (inventories + trade receivables + cash-in-hand) / (provisions + trade payables)	175.2%	176.6%	1.4%
Equity ratio	53.6%	53.6%	0.0%

CONSOLIDATED INCOME STATEMENT OF FRoSTA AG

FOR THE FINANCIAL YEAR FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

Consolidated Income Statement of FRoSTA AG (in kEUR)

	2022	2023	Change
1. Sales	579.077	639.480	10,4%
2. Decrease/increase of stock of work in progress	-744	-4,836	> 100 %
3. Other operating income	12,546	16,501	31.5%
of which from currency translation: kEUR 8,459 (2022: kEUR 8,019)			
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-328,547	-337,363	2.7%
b) Cost of purchased services	-17,562	-28,712	63.5%
	-346,109	-366,075	5.8%
5. Personnel expenses			
a) Wages and salaries	-64,098	-70,669	10.3%
b) Social security, post-employment and other employee benefit costs	-12,514	-13,415	7.2%
	-76,612	-84,084	9.8%
6. Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets	-20,322	-20,479	0.8%
7. Other operating expenses	-113,312	-132,431	16.9%
of which from currency translation: kEUR 7,673 (2022: kEUR 5,650)			
8. Operating result	34,524	48,075	39.3%
9. Amortisation and write-downs of financial assets and current assets	0	-132	> 100.0%
10. Other interest and similar income	44	728	> 100.0%
11. Interest and similar expenses	-656	-1,125	71.6%
of which from unwinding the discount: kEUR 39 (2022: kEUR 38)			
12. Result from ordinary activities	33,912	47,546	40.2%
13. Taxes on income	-9,190	-13,022	41.7%
of which from deferred taxes: kEUR 325 (2022: kEUR 244)			
14. Earnings after taxes	24,722	34,524	39.7%
15. Other taxes	-418	-475	13.6%
16. Net income for the financial year / net retained profits	24,304	34,050	40.1%

CONSOLIDATED BALANCE SHEET OF FRoSTA AG – ASSETS

AS AT 31 DECEMBER 2023

Consolidated Balance sheet of FRoSTA AG — Assets (in kEUR)

	2022	2023	Change
A. FIXED ASSETS			
I. Intangible fixed assets			
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	9,632	9,861	2.4%
II. Tangible fixed assets			
1. Land, land rights and buildings	33,024	34,133	3.4%
2. Technical equipment and machinery	57,180	62,469	9.2%
3. Other equipment, operating and office equipment	15,649	13,999	-10.5%
4. Prepayments and assets under construction	6,250	2,137	-65.8%
	112,103	112,738	0.6%
III. Long-term financial assets			
1. Shares in affiliated companies	180	30	-83.3%
2. Long-term securities and shares in cooperatives	6	6	0.0%
	186	36	-80.7%
	121,921	122,634	0.6%
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials, consumables and supplies	93,008	81,039	-12.9%
2. Work in progress	23,049	22,239	-3.5%
3. Finished goods and merchandise	51,676	44,477	-13.9%
	167,733	147,754	-11.9%
II. Receivables and other assets			
1. Trade receivables	80,675	81,717	1.3%
2. Other assets	9,309	13,132	41.1%
	89,984	94,849	5.4%
III. Cash-in-hand, bank balances and cheques	1,103	67,083	> 100.0%
	258,820	339,687	19.7%
C. PREPAID EXPENSES	2,032	1,021	-49.8%
TOTAL ASSETS	382,773	433,342	13.2%

CONSOLIDATED BALANCE SHEET OF FRoSTA AG – – EQUITY AND LIABILITIES

AS AT 31 DECEMBER 2023

Balance sheet of FRoSTA AG — Equity and Liabilities (in kEUR)

	2022	2023	Change
A. EQUITY			
I. Issued capital			
1. Subscribed capital	17,440	17,440	0.0 %
2. Treasury shares	-16	-15	-3.8 %
	17,424	17,425	0.0 %
II. Capital reserves	11,447	11,447	0.0 %
III. Revenue reserves			
1. Legal reserve	235	220	-6.4 %
2. Other revenue reserves	157,534	171,012	8.6 %
3. Currency translation difference recognised in equity	-5,689	-1,976	-65.3 %
	152,080	169,256	11.3 %
IV. Consolidated net retained profits	24,304	34,050	40.1 %
	205,255	232,178	13.1 %
B. PROVISIONS			
1. Provisions for pensions and similar obligations	1,105	1,280	15.8 %
2. Provisions for taxes	4,017	9,107	> 100.0 %
3. Other provisions	43,656	52,615	20.5 %
	48,778	63,002	29.2 %
C. LIABILITIES			
1. Liabilities to banks	42,520	20,842	-51.0 %
2. Trade payables	78,052	106,184	36.0 %
3. Other liabilities	7,694	10,337	34.4 %
of which taxes: kEUR 741 (2022: kEUR 742)			
	128,266	137,363	7.1 %
D. DEFERRED TAXES	474	799	68.7 %
TOTAL EQUITY AND LIABILITIES	382,773	433,342	13.2 %

CONSOLIDATED STATEMENT OF CASH FLOWS OF FRoSTA AG

FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

Consolidated statement of cash flows FRoSTA AG (in kEUR)

	2022	2023
Consolidated net income for the financial year	24,304	34,050
Income taxes	9,190	13,022
Depreciation, amortisation and write-downs of fixed assets	20,322	20,479
Gains/losses on disposal of fixed assets	-40	-42
Interest income	-44	-729
Interest expense	656	1,126
Interest paid	-586	-1,115
Interest received	-	624
Income taxes paid	-9,465	-9,119
Income taxes received	2,568	-
Increase in long-term provisions	8	814
Decrease/increase in short-term provisions	177	-292
Other non-cash income and expenses	-80	1,743
Increase in other assets not attributable to investing or financing activities	-1,973	-410
Increase in other liabilities not attributable to investing or financing activities	1,337	10,924
Cash flow before change in working capital	46,374	71,075
Decrease/increase in inventories and trade receivables	-57,122	18,576
Increase in trade payables	8,662	28,132
Change in working capital	-48,460	46,708
Cash flow from operating activities	-2,086	117,783
Proceeds from disposal of fixed assets	0	5
Proceeds from grants/subsidies received	0	187
Payments to acquire tangible fixed assets	-19,559	-17,767
Payments to acquire intangible fixed assets	-1,572	-1,790
Cash flow from investing activities	-21,131	-19,365
Payments to acquire treasury shares	-2,213	-1,595
Proceeds from disposal of treasury shares	1,775	1,656
Dividends to shareholders	-10,891	-10,884
Cash proceeds from bank borrowings	20,000	-
Payments for redemption of borrowings	-4,581	-4,995
Decrease/increase in other financial liabilities	13,052	-16,682
Cash flow from financing activities	17,142	-32,500
Effect on cash funds of exchange rate movements	-30	62
Net change in cash funds	-6,075	65,918
Cash funds at the beginning of period	7,208	1,103
Cash funds at the end of period	1,103	67,083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FRoSTA AG

Consolidated statement of changes in equity FRoSTA AG (in kEUR)

	Sub- scribed capital	Treasury shares	Capital reserves	Currency translation differences	Legal reserve	Other revenue reserves	Consoli- dated net retained profits	Equity
As at 1 January 2022	17,440	0	11,447	-4,921	235	140,214	28,633	193,049
Dividends paid							-10,891	-10,891
Acquisition of treasury shares		-77				-2,137		-2,213
Employee share programme		61				1,714		1,775
Appropriation to/ withdrawal from revenue reserves					0	17,743	-17,743	0
Currency translation differences				-769				-769
Consolidated net in- come for the financial year							24,304	24,304
As at 31 December 2022	17,440	-16	11,447	-5,689	235	157,534	24,304	205,255
As at 1 January 2023	17,440	-16	11,447	-5,689	235	157,534	24,304	205,255
Dividends paid							-10,884	-10,884
Acquisition of treasury shares		-64				-1,499		-1,563
Employee share programme		65				1,558		1,623
Appropriation to/ withdrawal from revenue reserves					-15	13,419	-13,419	-15
Currency translation differences				3,713				3,713
Consolidated net in- come for the financial year							34,050	34,050
As at 31 December 2023	17,440	-15	11,447	-1,976	220	171,012	34,050	232,178

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2022/2023

Consolidated statement of changes in non-current assets 2022 (in kEUR)

	Purchase and production costs					as at 31/12/2022
	as at 01/01/2022	Currency translation differences	Addi- tions	Disposals	Reclassi- fications	
I. Intangible fixed assets						
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	31,697	-7	1,572	44	500	33,718
	31,697	-7	1,572	44	500	33,718
II. Tangible fixed assets						
1. Land, land rights and buildings	103,596	-333	1,693	0	281	105,237
2. Technical equipment and machinery	220,346	-659	10,369	7,023	848	223,881
3. Other equipment, operating and office equipment	65,795	-85	1,964	393	224	67,505
4. Prepayments and assets under construction	2,573	-3	5,533	0	-1,853	6,250
	392,310	-1,080	19,559	7,416	-500	402,873
III. Long-term financial assets						
1. Shares in affiliated companies	393	0	0	0	0	393
2. Other long-term equity investments	176	0	0	0	0	176
3. Long-term securities and shares in cooperatives	28	0	0	0	0	28
	597	0	0	0	0	597
	424,604	-1,087	21,131	7,460	0	437,188

Consolidated statement of changes in non-current assets 2023 (in kEUR)

	Purchase and production costs					as at 31/12/2023
	as at 01/01/2023	Currency translation differences	Addi- tions	Disposals	Reclassi- fications	
I. Intangible fixed assets						
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	33,718	37	1,790	41	1,306	36,810
	33,718	37	1,790	41	1,306	36,810
II. Tangible fixed assets						
1. Land, land rights and buildings	105,237	1,352	2,510	203	198	109,094
2. Technical equipment and machinery	223,881	2,944	11,812	1,831	4,131	240,937
3. Other equipment, operating and office equipment	67,505	353	1,780	285	27	69,380
4. Prepayments and assets under construction	6,250	66	1,483	0	-5,662	2,137
	402,873	4,715	17,585	2,319	-1,306	421,548
III. Long-term financial assets						
1. Shares in affiliated companies	393	0	0	18	0	375
2. Other long-term equity investments	176	0	0	0	0	176
3. Long-term securities and shares in cooperatives	28	0	0	22	0	6
	597	0	0	40	0	557
	437,188	4,752	19,375	2,400	0	458,915

Cumulative depreciation, amortisation and write-downs					Net carrying amount	
as at 01/01/2022	Currency translation differences	Additions	Disposals	as at 31/12/2022	as at 31/12/2022	as at 31/12/2021
20,201	-6	3,935	44	24,086	9,632	11,496
20,201	-6	3,935	44	24,086	9,632	11,496
70,053	-127	2,287	0	72,213	33,024	33,543
163,499	-439	10,630	6,989	166,701	57,180	56,847
48,812	-39	3,470	387	51,856	15,649	16,983
0	0	0	0	0	6,250	2,573
282,364	-605	16,387	7,376	290,770	112,103	109,946
213	0	0	0	213	180	180
176	0	0	0	176	0	0
22	0	0	0	22	6	6
411	0	0	0	411	186	186
302,976	-611	20,322	7,420	315,267	121,921	121,628

Cumulative depreciation, amortisation and write-downs					Net carrying amount	
as at 01/01/2023	Currency translation differences	Additions	Disposals	as at 31/12/2023	as at 31/12/2023	as at 31/12/2022
24,086	24	2,875	36	26,949	9,861	9,632
24,086	24	2,875	36	26,949	9,861	9,632
72,213	568	2,353	173	74,961	34,133	33,024
166,701	1,951	11,642	1,826	178,468	62,469	57,180
51,856	189	3,609	273	55,381	13,999	15,649
0	0	0	0	0	2,137	6,250
290,770	2,708	17,604	2,272	308,810	112,738	112,103
213	0	132	0	345	30	180
176	0	0	0	176	0	0
22	0	0	22	0	6	6
411	0	132	22	521	36	186
315,267	2,732	20,611	2,330	336,280	122,635	121,921

Full of taste. Without flavoring.

100% free from additives.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2023 FINANCIAL YEAR

FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN
REGISTERED IN THE COMMERCIAL REGISTER OF THE DISTRICT COURT OF BREMEN
REGISTER NO.: HRB 1100 BHV

FRoSTA Aktiengesellschaft (in the following FRoSTA AG) is a public limited company under German law listed in the Open Market segment of the Frankfurt Stock Exchange. FRoSTA AG as parent company and its subsidiaries develop, produce and market frozen food products in Germany and Europe. The products are sold under their FRoSTA, Elbtal and TIKO own brand labels and as private labels. The Group's registered seat is in 27572 Bremerhaven, Germany, Am Lunedeich 116.

The consolidated financial statements were prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros (kEUR).

(1) ACCOUNTING POLICIES AND PRINCIPLES

The consolidated financial statements of FRoSTA Aktiengesellschaft (in the following FRoSTA AG) as at 31 December 2023 have been prepared in accordance with the regulations for corporations included in the German Commercial Code (HGB), taking into account the additional provisions of the German Stock Corporation Act (AktG).

The consolidated financial statements have been prepared on the basis of the going concern assumption. Comparative figures from 2022 are stated for all line items of the consolidated financial statements.

The single-entity financial statements of FRoSTA AG and its subsidiaries are included in the consolidated financial statements using uniform recognition and measurement principles applicable to the Group as a whole.

The consolidated income statement is presented using the total cost (nature of expense) format.

CONSOLIDATION

(2)

CONSOLIDATION DATE

The cut-off date (31 December) for the consolidated financial statements corresponds to the balance sheet date of the annual financial statements of the parent and all companies to be consolidated.

CONSOLIDATION PRINCIPLES

The financial statements of all entities included in the consolidated financial statements are drawn up according to uniform accounting principles. Insofar as the financial statements of companies included in the consolidation deviate from the uniform accounting policies and measurement methods, the adjustments are stated in single-entity financial statements adjusted to comply with uniform group accounting policies (Handelsbilanz II).

On first-time inclusion of subsidiaries in the consolidated financial statements, the acquisition cost of the investment is eliminated against the Group's share in the carrying amount of the equity of the respective entity.

The difference between the acquisition cost of the investment and the proportionate equity is initially allocated to the assets and liabilities of the subsidiary corresponding to the Group's share in the equity insofar as their fair values

differ from the carrying amounts. Any excess of costs over net assets acquired shall be recognised as goodwill on the assets side of the consolidated balance sheet.

Expenses and income as well as receivables and liabilities between consolidated companies are eliminated. Intercompany profits and losses from transactions between consolidated companies are eliminated through profit or loss.

The consolidation methods remained unchanged compared with the previous year.

GROUP REPORTING ENTITY

All subsidiaries under the legal and/or factual control of FRoSTA AG are included in the consolidated financial statements.

Fully consolidated subsidiaries

Name of entity	Registered seat of entity	Percentage of capital held in 2022 (%)	Percentage of capital held in 2023 (%)
Copack Tiefkühlkost-Produktions GmbH	Bremerhaven	100.00	100.00
FRoSTA Tiefkühlkost GmbH	Bremerhaven	100.00	100.00
FRoSTA Foodservice GmbH	Bremerhaven	100.00	100.00
FRoSTA CR s.r.o.	Prague/Czech Republic	100.00	100.00
FRoSTA Sp. z o.o.	Bydgoszcz/Poland	100.00	100.00
Tiko Vertriebsgesellschaft mbH	Bremerhaven	100.00	100.00
FRoSTA S.r.l.	Rome/Italy	100.00	100.00
Copack S.r.l.	Rome/Italy	100.00	100.00

COPACK France S.a.r.l. in Paris (France) was wound up without liquidation in the reporting year.

The consolidated financial statements for the financial year do not include the following entities whose effect on the Group's financial position, financial performance and cash flows is not material:

Companies not included in the consolidated financial statements

Name of entity	Registered seat of entity	Percentage of capital held 2022 (%)	Percentage of capital held 2023 (%)	Equity (kEUR)	Net profit/loss for 2023 (kEUR)
FRoSTA Romania S.R.L.	Bucharest/Romania	100.00	100.00	0	0
NORDSTERN America Inc.	Seattle/USA	100.00	100.00	¹	¹
OOO FRoSTA	Moscow/Russia	100.00	100.00	135	-3
FRoSTA Hungary Kft.	Esztergom/Hungary	100.00	100.00	104	8

¹ The entity is no longer in business, there are no data available.

The Copack Sp. z o.o. entity in Bydgoszcz (Poland) was liquidated.

(3) NOTES TO THE ACCOUNTING POLICIES AND MEASUREMENT METHODS

INCOME STATEMENT

Only product sales resulting from ordinary Group operating activities are disclosed as sales revenue. FRoSTA recognises sales revenue for product sales when the goods are handed over to the freight forwarder or, alternatively, upon proof that the delivery has been carried out and the risk has been transferred to the customer.

FRoSTA exclusively recognises sales revenue from fixed-price contracts with customers at a point in time when control of the goods or services passes to the customer. Since they are deducted from the agreed service charge by the customer and there is no separate performance obligation, advertising cost allowances are recognised under sales allowances.

Operating expenses are recognised in profit or loss at the point in time when the service in question is rendered or the expenses are incurred. Expenses and income for the financial year are included in the consolidated financial statements regardless of the dates of the corresponding payments. All foreseeable risks and losses that have arisen up to the balance sheet date are taken into account. Gains are only taken into account to the extent that they have been realised on the balance sheet date.

Expense-related grants and subsidies are recognised as income in the financial year in which the related costs were incurred that they are intended to compensate.

BALANCE SHEET

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recognised at cost at the time of transfer of economic or legal ownership, and amortised over their expected useful life and, if necessary, written down.

From the 2021 financial year, the trademark rights for La Valle degli Orti have been amortised over their expected residual useful life of 10 years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised at cost at the time of transfer of economic or legal ownership, reduced, where finite-lived, by use-related straight-line depreciation and, if necessary, write-downs.

Purchase or production cost includes the purchase price plus any costs directly attributable to bringing the asset to the required location and working condition.

The production cost of self-generated tangible fixed assets includes all direct costs and an appropriate share of indirect materials costs, indirect labour costs and depreciation of the assets. The Group does not exercise the option pursuant to Section 255 (3) sentence 2 HGB to recognise interest on borrowings.

Depreciation is carried out uniformly throughout the Group over the following useful lives:

Depreciation period of property, plant and equipment

	Useful life in years
Buildings	25 – 40
Other constructions	10 – 19
Technical equipment and machinery	7 – 15
IT equipment	3 – 7
Other operating and office equipment	5 – 13

Write-downs are recognised where impairments are expected to be permanent. If the reasons for the write-downs no longer apply, the write-down is reversed, whereby the maximum amount of any reversal may not exceed the amount that would have been recognised as amortised cost.

Low-value assets with a purchase or production cost of up to EUR 800 are written down in full in the year of acquisition and their disposal is assumed.

A fixed value is recognised for transport pallets.

Investment grants and investment subsidies are recognised if there is reasonable assurance that these grants will actually be received and the requirements attached to them will be fulfilled. They result in a reduction of the purchase or production cost of the subsidised assets.

Costs incurred for repairs of items of tangible fixed assets are always expensed. They are only capitalised if the costs result in an enhancement or significant improvement of the asset.

Gains or losses from the disposal of fixed assets are shown in other operating income or expenses.

LONG-TERM FINANCIAL ASSETS

Long-term financial assets are recognised at cost at the time of transfer of economic or legal ownership and, where the impairment is expected to be permanent, carried at cost less write-downs to fair value on the balance sheet date.

WRITE-DOWNS OF INTANGIBLE FIXED ASSETS, TANGIBLE FIXED ASSETS AND LONG-TERM FINANCIAL ASSETS

FRoSTA AG examines the carrying amounts of fixed assets to assess the need to recognise write-downs as soon as events occur or circumstances change implying that permanent impairment has occurred.

A write-down is recognised when the fair value is lower than the asset's respective carrying amount. The fair value is determined on the basis of the expected future cash flow from the use of the asset based on the discounted cash flow method. Write-downs are charged directly to profit or loss.

If the reasons for the write-down no longer apply, the write-down is reversed, whereby the maximum amount of

any reversal may not exceed the amount that would have been recognised as amortised cost.

INVENTORIES

Inventories are measured at cost. Write-downs to fair value are charged if the market price is lower than the original purchase or production cost.

The cost of raw materials, supplies and goods is based on the purchase price plus transaction costs less purchase price reductions.

The production cost of finished goods and work in progress includes direct production costs as well as an appropriate share of indirect labour and materials costs.

Furthermore, depreciation and amortisation of fixed assets may be included in production costs to the extent that they are attributable to the production process.

General and administrative costs, expenses for social amenities of the Company, the costs of voluntary social benefits and of occupational pensions are not included in production cost.

Write-downs are recognised to anticipate identifiable expected losses and for inventory risks arising from excessive storage times or reduced usability. Allowances for finished goods as at the balance sheet date amounted to kEUR 1,107 (2022: kEUR 898) as well as kEUR 2,298 (2022: kEUR 1,541) for raw materials, consumables and supplies, and for unfinished goods.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are carried at nominal value. Identifiable individual risks relating to doubtful receivables are taken into account through corresponding specific valuation allowances.

CASH AND CASH EQUIVALENTS

The cash holdings and credit balances at banks are recognised at their nominal value.

PREPAID EXPENSES

Prepaid expenses relate to expenses incurred prior to the reporting date of the financial statements which represent an expenditure allocable to future periods.

DEFERRED TAXES

The calculation of deferred taxes is based on the temporary differences between the carrying amounts of balance sheet items from an accounting and tax perspective in accordance with Section 274 HGB. The option to recognise only the surplus of deferred tax liabilities is generally exercised. The calculation is made on the basis of the future tax rates applicable at the end of the reporting period.

EXCESS OF PLAN ASSETS OVER POST-EMPLOYMENT BENEFIT LIABILITY

Partial retirement benefit obligations are hedged by post-employment benefit claims from life insurance policies. These assets are exempt from attachment by all other creditors and serve exclusively to settle liabilities from partial retirement benefit obligations. Accordingly, they are offset against the settlement amount of the hedged obligation. If the fair value of the assets (plan assets) is higher than the amount of the obligations from partial retirement, the assets are recognised with the carrying amount of the corresponding post-employment benefit liability claims from life insurance policies so that there is no excess of plan assets over post-employment benefit liability as at the reporting date.

PENSION OBLIGATIONS

Pension obligations are measured in accordance with the principles of the projected unit credit method. The amount of the provision is defined as the actuarial present value of the pension obligation earned by employees up to that date in accordance with the pension formula and vesting rules based on their length of past service. The biometric actuarial assumptions are based on the "Richttafeln 2018 G" mortality tables issued by Dr Klaus Heubeck in the version of October 2018 (Heubeck Richttafeln 201 8G). The discount rate used is the average market interest rate of the past 10 years of 1.83% p.a. calculated by the Deutsche Bundesbank as at the

balance sheet date, which results from a basic assumption of a residual term of 15 years. A salary trend of 2.0% and a pension trend of 2.3% p.a. were assumed. Fluctuation is taken into account by applying age- and gender-dependent sector-specific probabilities of fluctuation.

The carrying amount pursuant to Section 253 (2) HGB applying the 10-year average interest rate of 1.83% (2022: 1.78%) was kEUR 1,280 in the financial year 2023 (2022: kEUR 1,105).

Applying the 7-year average interest rate pursuant to Section 253 (6) HGB of 1.76% (2022: 1.44%) would have produced a carrying amount of kEUR 1,281 (2022: kEUR 1,107).

Discounting with the average market interest rate of the past 10 years compared to discounting with the average market interest rate of the past 7 years resulted in a distribution-barred difference amounting to kEUR 1 (2022: kEUR 2) in accordance with section 253 (6) HGB.

OTHER PROVISIONS

Other provisions take into account all identifiable legal and de facto obligations a corporation has towards third parties, where settlement is likely and the level of settlement can be reliably estimated. Provisions are recognised as a liability in the amount deemed necessary by applying prudent business judgement to meet the future obligations. For provisions with a residual term of more than one year, future price and cost increases are taken into account in the amount of the general inflation rate and discounted to the balance sheet date. The average market interest rates of the past 7 financial years corresponding to the residual terms of the provisions are used as the discount rate, as determined and announced monthly by the Deutsche Bundesbank in accordance with the Regulation on the Discounting of Provisions.

Long-term employee benefits include jubilee benefits and partial retirement benefit obligations. Jubilee benefits are measured in accordance with the principles of the projected unit credit method (PUC method). The amount of the provision in accordance with the PUC method is defined as the actuarial present value of the jubilee benefits earned pro rata temporis up to the reporting date. The amount of the provision shall be determined taking

into account trend assumptions regarding the future development of entitlements as well as any probabilities of fluctuation. The biometric actuarial assumptions are based on the "Richttafeln 2018 G" mortality tables issued by Dr Klaus Heubeck. The settlement amount of the jubilee provisions as at 31 December 2023, taking into account an interest rate of 1.76% p.a. and a salary trend of 2.00% p.a., was kEUR 3,858 (2022: kEUR 3,265).

Provisions for partial retirement benefits include expenses for wage and salary payments to employees in the release phase as well as top-up payments. Potential beneficiaries are included in the provisions in the current financial year. The measurement is carried out in accordance with statement IDW-RS HFA 3 of 19 June 2013 issued by the Institute of Public Auditors in Germany (IDW).

Insofar as biometric influencing factors are to be taken into account, the "Richttafeln 2018 G" mortality tables issued by Dr Klaus Heubeck are used. The following additional assumptions were used:

Assumed interest rate p.a.: 1.76%
Salary trend p.a.: 2.00%

Partial retirement benefit obligations are hedged by post-employment benefit claims from life insurance policies. These assets are exempt from attachment by all other creditors and serve exclusively to settle liabilities from partial retirement benefit obligations. Accordingly, they are offset against the settlement amount of the hedged obligation.

The provisions for partial retirement were recognised with a settlement amount of kEUR 360. This was determined based on an interest rate of 1.76% (Section 253 (2) sentence 1 HGB). The fair value of assets invested amounted to kEUR 313. After offsetting the plan assets against the underlying partial retirement benefit obligation, the amount of the provision was kEUR 47.

In the previous year, the settlement amount of partial retirement benefit provisions was kEUR 370. The fair value of assets invested amounted to kEUR 425. The partial

retirement benefit obligations were therefore measured at the carrying amount of the corresponding post-employment benefit claims arising from life insurance policies.

No return was earned on plan assets in 2023, thus rendering offsetting against expenses unnecessary.

Provisions for restructuring are only taken into account if at the end of the reporting period the intended measures have become sufficiently concrete and have been communicated.

LIABILITIES

Liabilities are recognised with their respective settlement amounts at the balance sheet date.

DERIVATIVE FINANCIAL INSTRUMENTS

Currency forwards are the only derivative financial instruments currently used. These are only concluded with banks which have an excellent credit rating. Such transactions are used strictly in line with FRoSTA's own internal procedures and are subject to stringent internal controls. These transactions are concluded with the sole aim to safeguard the operating business and the financing transactions associated with it. Hedging mainly concerns US dollar requirements. These occur because FRoSTA purchases some of the required raw materials in this currency without reporting any US dollar income.

Interest hedging instruments are used as required to provide variable financing on a medium- and long-term basis.

Derivative financial instruments are accounted for at cost when purchased. They are subsequently recognised at their fair value. The banks establish the fair values based on market quotations.

All derivative financial instruments are treated as stand-alone derivatives, i.e. all realised and unrealised gains and losses resulting from the development of the fair values are recognised directly in profit or loss.

Scope and fair values of the derivatives (in kEUR)

Financial instrument	Type	31/12/2022		31/12/2023	
		Nominal amount	Fair value	Nominal amount	Fair value
Currency forward	Purchase kUSD	41,742	-1,270	43,034	-430

The fair value is the amount that would have to be paid or would be received on the reporting date assuming termination of the hedging transactions. As the hedging transactions at the time of acquisition only concerned arm's length transactions, the fair value was established on the basis of market quotations. Hedge accounting was not applied.

As the underlying contracts have been agreed with banks with sound credit ratings, no credit risks exist for these financial instruments.

CURRENCY TRANSLATION

The consolidated financial statements are prepared in euros, the reporting currency of the Group. Each entity within the Group determines its own functional currency. Items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially translated to the functional currency at the applicable spot rate on the date the transaction occurred.

Trade receivables and payables as well as receivables and liabilities from/to affiliated companies in foreign currencies with a residual term of up to one year are generally measured at the middle spot rate at the balance sheet date. Both unrealised gains and losses are recognised. Derivative financial instruments, in contrast, are recognised in accordance with the imparity principle, i.e. provisions are recognised for unrealised losses whereas unrealised gains (profits) may not be recognised.

The assets and liabilities of foreign subsidiaries are subsequently translated to euros at the applicable exchange rate at the end of the reporting period. Income and expenses are translated at average monthly exchange rates, because due to minor exchange rate fluctuations in the given period, this is an accurate reflection of the exchange rates on the day the transactions occurred. The exchange rate differences that occur from translation are presented as currency translation difference recognised in equity.

Currency translation differences from consolidation of intercompany balances and consolidation of intercompany profits (losses) are presented directly in Group equity under currency translation difference recognised in equity.

The following exchange rates were taken into account when preparing the consolidated financial statements and the consolidated income statement (equivalent value for EUR 1):

Development of the exchange rates of the most important currencies

	Average rate		Closing rate on 31/12	
	2022	2023	2022	2023
Polish zloty	4.68727	4.54412	4.68584	4.34204
Czech koruna	24.56467	24.00776	24.1441	24.70601

(4) NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

The development of the individual items of fixed assets as well as the development of depreciation, amortisation and write-downs in the financial year is shown in the consolidated statement of changes in fixed assets attached as an appendix to these Notes.

The share of foreign subsidiaries in the net carrying amount of intangible fixed assets as at 31 December 2023 amounted to kEUR 647 (2022: kEUR 589).

The share of tangible fixed assets located abroad, primarily in Poland, in the net carrying amount as at 31 December 2023 amounted to kEUR 24,162 (2022: kEUR 25,369).

Investment grants and subsidies received in the financial year reduced the net carrying amounts by kEUR 1,340 (2022: kEUR 1,231).

The reversal of investment grants and subsidies of kEUR 99 (2022: kEUR 93) directly reduced gross depreciation/amortisation.

For transport pallets a fixed rate of kEUR 871 (2022: kEUR 871) was recognised.

In the reporting year no borrowing costs were capitalised.

INVENTORIES

Inventories shown in the consolidated balance sheet can be broken down as follows

Inventories (in kEUR)

	31/12/2022	31/12/2023
Raw materials, consumables and supplies	93,008	81,039
Work in progress	23,049	22,238
Finished goods and merchandise	51,676	44,477
Inventories	167,733	147,754

RECEIVABLES AND OTHER ASSETS

Receivables and other assets (in kEUR)

	31/12/2023	residual term more than 1 year
Trade payables (previous year)	81,717 (80,675)	0 (0)
Other receivables and other assets (previous year)	13,132 (9,309)	0 0
Receivables and other assets (previous year)	94,849 (89,984)	0 (0)

DEFERRED TAX ASSETS / DEFERRED TAX LIABILITIES

Pursuant to Section 274 (1) HGB, deferred taxes shall be recognised on temporary differences between the accounting and tax carrying amounts of assets, liabilities, prepaid expenses and deferred income. Deferred taxes

were calculated using a combined tax rate of corporation tax plus solidarity surcharge and trade tax applicable for the financial year of 31.77% (2022: 30.66%). The items under Section 306 HGB were combined with the items under Section 274 HGB.

Deferred tax assets and liabilities (in kEUR)

	31/12/2022		31/12/2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible fixed assets	5	1,490	5	1,705
Tangible fixed assets	411	1,502	498	1,429
Inventories	16	0	0	185
Trade receivables	5	0	22	0
Provisions for pensions	6	0	70	0
Other provisions	1,935	0	2,049	0
Trade payables	0	62	63	187
Other liabilities	202	0	0	0
Total	2,580	3,054	2,707	3,506
Netting	-2,580	-2,580	-2,707	-2,707
Balance	0	474	0	799

A resulting theoretical tax benefit was not recognised in accordance with the option as set forth in Section 274 HGB.

EQUITY

Changes in Group equity are shown in the statement of changes in equity.

An equity ratio is aimed at that safeguards the Company's economic independence. This should be achieved through self-financing.

At 31 December 2023, the subscribed capital of the parent entity amounted to EUR 17,440,250.88 and was divided into 6,812,598 no-par value bearer shares with an accounting par value each of EUR 2.56.

In accordance with a resolution passed at the Annual General Meeting on 27 April 2023, it was decided to appropriate the sum of EUR 1,527,953.55 from the recognised net retained profits of EUR 12,412,239.95 to other revenue reserves. Revenue reserves include profits generated in prior periods to the extent that they were not distributed.

A total of 5,899 FRoSTA AG no-par value bearer shares held as treasury shares with a nominal value of EUR 15,101.44, or 0.09% of the share capital, were set off against equity. The purchase cost amount of EUR 362,305.56 exceeding the nominal value was reported as a reduction of revenue reserves.

These 5,899 no-par value bearer treasury shares resulted from the following purchase and sales transactions:

In the context of a share buyback in the period between 9 March 2023 and 23 November 2023, FRoSTA AG reacquired 25,182 treasury shares, corresponding to a nominal amount of EUR 64,465.92, or 0.37% of the share capital. This cost the Company EUR 1,563,001.60, which equates to a weighted average price of EUR 62.07 per share.

FRoSTA AG subsequently sold 24,102 no-par value bearer treasury shares under an employee share programme. This corresponded to a nominal amount of EUR 61,701.12, or 0.35%, of the share capital as at 31 December 2023. For these shares, FRoSTA AG received a total of EUR 463,609.80 to be used as it deems fit. As part of a bonus scheme, the parent entity issued 1,314 shares to employees at first-tier management level below the Executive Board.

The share buybacks were determined on the basis of the shares sold in the previous year within the scope of the share-based remuneration scheme and employee share programme. Under Section 71b of the German Stock Corporation Act (AktG), the no-par value bearer shares held as treasury shares are not entitled to any rights. Apart from this, there is authorised capital, as yet unused, for a fixed period until 26 April 2028, amounting to EUR 1,000,000.00 for the issuing of shares to employees of the parent entity and its affiliated companies.

OTHER PROVISIONS

Other provisions can be broken down as follows (in kEUR)	31/12/2023
Provision for jubilee benefits	3,858
Provision for partial retirement obligations	47
Provision for restructuring	869
Provision for bonuses	5,501
Provision for unused vacation time	2,033
Provision for flexitime, annual working hours and shift leave	2,289
Provision for profit-sharing	524
Provision for outstanding invoices	10,232
Provision for payment differences	363
Provision for obligations from sales-related agreements on terms and conditions	23,421
Provision for debt collection commissions	1,773
Provision for tax consultancy	302
Provision for period-end closing costs	143
Provision for remuneration of the Supervisory Board	192
Provision for expected losses from purchase and sale contracts	32
Other provisions	1,036
Total	52,615

LIABILITIES

Liabilities (in kEUR)

	Total amount	of which due within		
		up to 1 year	more than 1 year	of which more than 5 years
Liabilities to banks	20,842	4,786	16,056	3,899
(previous year)	(42,520)	(21,892)	(20,628)	(6,433)
Trade payables	106,184	106,184	0	0
(previous year)	(78,052)	(78,052)	(0)	(0)
Other liabilities	10,337	10,337	0	0
(previous year)	(7,694)	(7,694)	(0)	(0)

The liabilities to banks were guaranteed by mortgages amounting to kEUR 1,528 (2022: kEUR 2,292).

Customary retentions of title apply to trade payables.

(5) NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES

Sales revenue concerns the sale of goods and can be broken down as follows:

Sales by region (in kEUR)

	2022	2023	Change in %
Germany	349,060	401,850	15,1
Outside Germany	230,017	237,630	3,3
Sales	579,077	639,480	10,4

Sales by product groups (in kEUR)

	2022	2023	Change in %
Fish	272,501	293,704	7,8
Fruit and vegetables	133,717	141,058	5,5
Ready meals and other products	172,859	204,718	18,4
Sales	579.077	639.480	10,4

INCOME AND EXPENSES OF EXCEPTIONAL SCALE OR SIGNIFICANCE

In the financial year 2023, income of exceptional scale or exceptional significance was recognised in the amount of kEUR 3,926 (2022: kEUR 0). This related to energy cost relief as part of the German government's electricity and gas price brake.

OTHER OPERATING INCOME

Other operating income included prior-period income amounting to kEUR 1,084 (2022: kEUR 1,581) as well

as income from currency translation amounting to kEUR 8,459 (2022: kEUR 8,019). Prior-period income mainly related to the reversal of personnel provisions and other provisions.

PERSONNEL EXPENSES

Personnel expenses (in kEUR)

	2022	2023
Wages and salaries	63,044	69,589
Social security contributions	12,504	13,360
Post-employment benefit costs	10	55
Costs of share-based payments	1,054	1,080
Personnel expenses	76,612	84,084

The interest component included in personnel expenses is shown in the financial result.

OTHER OPERATING EXPENSES

Other operating expenses included prior-period expenses amounting to kEUR 711 (2022: kEUR 1,436) as well as expenses from currency translation amounting to kEUR 7,673 (2022: kEUR 5,650).

INTEREST AND SIMILAR EXPENSES

The interest cost of provisions for pensions and jubilee benefits amounted to kEUR 37 in the 2023 financial year (2022: kEUR 36). No return was earned on plan assets in 2023, thus rendering offsetting against expenses unnecessary.

TAXES ON INCOME AND DEFERRED TAXES

Taxes on income are made up of trade tax, corporation tax, solidarity surcharge and the applicable foreign taxes.

Tax expense by origin (in kEUR)

	2022	2023
Current taxes Germany	6,941	10,895
Current foreign taxes	3,644	3,070
Current taxes for the financial year	10,585	13,965
Taxes for prior periods	-1,666	-1,209
Taxes on income	8,919	12,756
Deferred taxes Germany	603	659
Deferred foreign taxes	-332	-393
Deferred taxes	271	266
Tax expense	9,190	13,022

CASH FUNDS

Cash funds is made up of cash and cash equivalents of the Group.

(6) OTHER DISCLOSURES**DISCLOSURES ON THE GOVERNING BODIES**

During the financial year, the parent entity's business was conducted by the following persons:

- Felix Ahlers, businessman, Hamburg, Chairman
- Hinnerk Ehlers, businessman, Hamburg, Board Member Marketing, Sales
- Maik Busse, businessman, Bremerhaven, Board Member Finance, Financial Controlling, IT, SCM, Operations & HR

During the financial year, the following persons were members of the Supervisory Board:

- Volker Kuhn, businessman, Geneva, Chairman of the Supervisory Board, President Hygiene, Reckitt Benckiser
- Dirk Ahlers, businessman, Hamburg, Vice Chairman of the Supervisory Board, former Chairman of the Executive Board of FRoSTA AG
- Torsten Richter, Lommatzsch, employee of FRoSTA AG

TOTAL REMUNERATION FOR MEMBERS OF THE GOVERNING BODIES (SECTION 314 (1) NO. 6 HGB)

The members of the Executive Board receive remuneration made up of the following components:

- a fixed basic annual salary
- a variable remuneration component for the purchase of FRoSTA shares
- a variable remuneration component dependent on consolidated pre-tax profit
- a long-term bonus component oriented towards the 3-year average return on investment (ROI) of FRoSTA AG.

The total remuneration of the Executive Board of FRoSTA AG in the 2022 financial year amounted to kEUR 3,361 (2022: kEUR 2,555). Of this, the fixed remuneration came to kEUR 937 (2022: kEUR 807) and variable remuneration to kEUR 2,424 (2022: kEUR 1,748).

The members of the Supervisory Board receive remuneration made up of the following components:

- a fixed basic annual salary paid once a year
- a performance bonus related to earnings per share, which is also paid once a year

The remuneration of the Supervisory Board amounted to kEUR 192 (2022: kEUR 144), of which kEUR 83 (2022: kEUR 54) was variable remuneration and kEUR 109 (2022: kEUR 90) was fixed remuneration.

Number of employees (Annual average)

	2022	2023
Wage earners	1,111	1,073
Salaried staff of whom trainees	581 5	574 2

Number of employees pursuant to Section 314 (1) No. 4 HGB

	2022	2023
Apprentices	20	18
Number of employees	1,712	1,665

OTHER FINANCIAL OBLIGATIONS

Other financial obligations not recognised in the balance sheet exist as follows:

Other financial obligations (in kEUR)

	31/12/2022	31/12/2023
Obligations arising from current lease agreements	1,565	1,420
Obligations under current rental and maintenance contracts	4,693	4,783
Purchase commitments from expansion investments	11,576	2,437
Consignment agreements	2,276	2,698
Other financial obligations	20,110	11,338

Obligations arising from current lease agreements resulted mostly from the leasing of cars and industrial trucks and exclusively take the form of operating lease agreements. Obligations under current rental contracts concerned rent for office space, software and communications systems.

On the balance sheet date, other financial obligations had the following residual terms:

Due dates for other financial obligations (in kEUR)

	≤ 1 year	1–5 years	> 5 years
Future payments from current lease agreements	687	733	0
Future payments from current rental and maintenance contracts	3,368	1,172	243
Total	4,055	1,905	243

Total expenditure from rental and lease agreements amounted to kEUR 4,946 (2022: kEUR 5,110).

CONTINGENT LIABILITIES

The FRoSTA Group believes there are no contingent liabilities.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties at non-arm's length conditions in the 2023 financial year.

AUDITORS' FEES

Auditors' fees (in kEUR)

Auditing services	107
Other assurance services	15
Total	122

REPORT ON POST-BALANCE SHEET DATE EVENTS

No significant events having a material impact on the financial position, financial performance and cash flows as at 31 December 2023 occurred after the balance sheet date.

APPROPRIATION OF NET PROFIT OF THE PARENT

Based on 6,812,598 no-par value bearer shares, less 5,899 no-par value bearer treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act (AktG), the number of no-par value bearer shares entitled to a dividend came to 6,806,699.

At the Annual General Meeting, we will be proposing a dividend payment of EUR 2.00 per share corresponding to a total dividend payment of EUR 13.613.398.00. This payment will be taken from the net income for the year as at 31 December 2023 of EUR 26,323,405.83. The remaining EUR 12.710.007,83 will be appropriated to other revenue reserves.

Bremerhaven, 14 February 2024

The Executive Board

Felix Ahlers

Maik Busse

Hinnerk Ehlers

INDEPENDENT AUDITORS' REPORT

To FRoSTA Aktiengesellschaft, Bremerhaven

AUDIT OPINIONS

We have audited the consolidated financial statements of FRoSTA Aktiengesellschaft, Bremerhaven, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2023 to 31 December 2023, and the notes to the consolidated financial statements, including the presentation of the significant accounting and measurement policies presented therein.

In addition, we have audited the Group management report of FRoSTA Aktiengesellschaft for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the elements of the Group management report included in the OTHER INFORMATION section of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023

to 31 December 2023 in compliance with German Legally Required Accounting Principles, and

- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group management report does not cover the elements referred to in the OTHER INFORMATION section of the Group management report referred to above.

Pursuant to Section 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

BASIS FOR OUR OPINIONS

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT section of our auditors' report. We are independent of the Group in accordance with the requirements of German commercial and

professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

OTHER INFORMATION

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises

- the disclosures in the Group management report that do not constitute part of the Group management report. These comprise the corporate governance statement in accordance with Section 289f (4) HGB (disclosures on the quota of women on executive boards) and disclosures relating to the sections "FRoSTA IS FOR EVERYONE", "HEALTH MANAGEMENT AT FRoSTA", "TOGETHER AT FRoSTA" as well as "SUSTAINABILITY, ENVIRONMENT & CORPORATE SOCIAL RESPONSIBILITY".
- the remaining parts of the annual report with the exception of the audited consolidated financial statements and Group management report and our auditors' report.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our Group audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the Group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the provisions of German commercial law, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated statements that are free from material misstatement, whether due to fraud (i.e. accounting manipulation or asset misappropriation) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole

provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditors' report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to

the audit of the Group management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the businesses or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the

direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Bremen, 14 February 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Zypress
Auditor

signed Kunze
Auditor



MANAGEMENT REPORT 2023

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MANAGEMENT REPORT OF FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

FUNDAMENTAL INFORMATION ABOUT FRoSTA AG

BUSINESS MODEL

FRoSTA AG's 1,008 employees produce deep-frozen products at our three plants in Germany. FRoSTA is a successful brand for frozen fish, vegetables and ready meals in Germany and Austria. With our Purity Promise, we have gone without adding any colourings, flavourings, flavour enhancers, stabilisers or emulsifiers to any of our branded products since 2003. FRoSTA products are available from supermarkets and, in addition to traditional dishes such as Nasi Goreng and Paella, include a range of vegetarian and vegan choices as well as vegetables, fish, fruit and herbs. In April 2013, FRoSTA was the first frozen food brand to start publishing the countries of origin of all ingredients on the Internet and, since autumn 2015, it has also done so on product packaging. In autumn 2020, the Company began marketing a plant-based alternative to fish.

The FRoSTA Group also develops and produces high-quality private labels for the food retail and wholesale sectors, for the most part using our retail partners' own brands. However, on request we also offer the secondary brands Tiko (for fish and ready meals) and Elbtal (for vegetables). We also produce a wide range of frozen products as a production partner to industry as well as to our out-of-home customers (supplying restaurant chains and wholesalers).

FRoSTA AG generates 67% of its business in the German market and 33% abroad.

BRANCH OFFICES

Production is organised across the following branch offices:

- FRoSTA AG Werk Bremerhaven
- FRoSTA AG Werk Bobenheim-Roxheim
- FRoSTA AG Werk Lommatzsch

MANAGEMENT SYSTEM

FRoSTA AG manages its business operations based on the financial key performance indicators sales and annual net profit.

BUSINESS ENVIRONMENT

GENERAL MARKET AND INDUSTRY CONDITIONS

MACROECONOMIC FACTORS

The economic environment remained difficult in the 2023 financial year.

The knock-on effects of the energy crisis and high inflation significantly dampened private consumption. International conflicts further intensified with massive negative impacts on the economy, leading to stagnation in real gross domestic product in Germany and the eurozone.

The labour market faced particular challenges in the financial year. On the one hand, wages and salaries rose unusually sharply on the back of high inflation. The trade unions only very conditionally accepted the good idea of the one-off inflation compensation premium as a solution for the exceptional situation. Concurrently, the shortage of skilled labour was clearly felt in specific sectors for the first time.

Drastic climatic extremes, with flooding in some regions and drought in others, had a strong negative impact on harvests and made the procurement of raw materials much more difficult.

Political decisions in Germany and Europe also resulted in a high level of uncertainty for industry and consumers.

This contributed to a challenging environment in all of FRoSTA AG's markets overall.

THE FROZEN FOOD MARKET IN 2023

Retail sales in the German frozen food market for the product groups fish, vegetables and ready meals once again declined in terms of volume by 2.9%, while growing in value by 13.5% due to higher consumer prices.

Against this trend, the FRoSTA brands reported an increase in consumer sales of 5.7% and gains as high as 21.6% in value.

The FRoSTA brand with its Purity Promise was thus once again a clear growth driver across the whole category (Sources: AC Nielsen Germany Food Retail Sector / DM YTD Nov 2023).

BUSINESS DEVELOPMENT, FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

DEVELOPMENT OF SALES

Against the backdrop of a challenging environment, FRoSTA AG developed positively in line with expectations in the 2023 financial year.

Net sales of EUR 598.4m were up by EUR 34.1m (+6.1%) compared to the previous year and were therefore below the 10% forecast. The principal growth driver was the FRoSTA brand with the Purity Promise (+21%). Out-of-home business also contributed to growth with +12%. Remaining business (industrial and private label), at -3.4%, did not grow and is declining in volume in line with the overall market trend.

FINANCIAL PERFORMANCE

Net income for the year in the amount of EUR 26.3m and 4.4% of sales was in line with the forecast. For the most part, there were no further drastic increases in the cost of raw materials, as seen in the previous year. Overall, however, materials and logistics costs remained at a high level. The decline in the cost of materials is attributable among other things to the reduction in stock levels of finished goods as well as the non-renewal of unprofitable contracts. At EUR 24.8m in the financial year (2022: EUR 13.5m, 2021: EUR 9.5m), energy costs reached

their highest level to date. Relief under the energy price brake scheme in the amount of EUR 3.9m is included in other operating income. Parallel to this, the Company is working hard to develop further sustainable energy sources. Labour costs rose significantly on the back of inflation and could not be directly offset by corresponding productivity increases. In an attempt to appeal to even more consumer households with the FRoSTA brand, advertising expenditures were significantly increased by +45% in the financial year. Write-downs on long-term financial assets of kEUR 132 resulted from the write-down of the Russian business, which will be finally administratively wound up in 2024.

FINANCIAL POSITION, CASH FLOWS AND INVESTMENTS

Targeted measures were taken to improve working capital in the financial year. Inventories were reduced significantly by EUR 18m, although safety stocks were built up at the end of the year in order to better counter supply risks in the new year. Suppliers' payment reaches were expanded in order to further strengthen financial independence. The success of these measures is reflected in the positive cash funds of EUR 64m at the end of the financial year. The current ratio/liquidity III was increased from 158 % in 2022 to 187.1 % in the 2023 financial year. On the back of the increase in total assets, the equity ratio decreased very slightly to 49.1 % (2022: 50.6%) and therefore remained at a very good level. Capital expenditure totalling EUR 17.7m related to investments in quality and efficiency improvement, sustainability and digitalisation. FRoSTA AG was able to fulfil its payment obligations at all times.

PEOPLE & CULTURE

DEVELOPMENT IN FIGURES

The FRoSTA AG had an average of 1,008 employees in 2023, 43 fewer than in 2022. A key aspect of this development was the downturn in the volume of unprofitable private label and industrial business. While we regret this development, we are pleased that we were for the most part able to manage the reduction in a socially acceptable manner through the termination of temporary employment contracts and departures due to retirement.

Annual mean number of employees

	2022	2023	Diff.
Total employees	1,051	1,008	-43
of which permanent	942	917	-25
of which temporary	109	91	-18
FRoSTA head office	244	218	-26
of which Administration	160	140	-20
of which Sales	84	78	-6
Production facilities	807	790	-17
of which production Bremerhaven	487	469	-18
of which production Lommatszsch	181	183	2
of which production Bobenheim-Roxheim	139	138	-1

FRoSTA IS FOR EVERYONE

The demographic trend is also reflected at FRoSTA. In total, 23 older employees (63 plus) took well-deserved retirement. At the same time, we are pleased to report that 10 new young employees under the age of 24 also joined the FRoSTA team, thus keeping the average age of a "FRoSTarian" at 45. At 15 years, the average length of service testifies that FRoSTA is a good place to work.

We firmly believe that working together with people from different cultural backgrounds enriches our day-to-day interactions. It is therefore a source of pride to us that FRoSTA's workforce is made up of employees of 36 different nationalities. This internationality not only brings diversity to our ready meal recipes, it also influences how we shape the future success of the Company. Our vegetable processing facilities provided a good example of this in the past financial year. With high inflation keeping many seasonal workers away, we were very quickly able to recruit colleagues from Poland to fill jobs in Germany. Despite the initial language barriers, their existing knowledge of comparable production facilities, coupled with openness and a welcoming environment, helped them to integrate very quickly.

We are also pleased to report that we were able to increase the proportion of women in FRoSTA's workforce

to 29% overall and to as high as 50 % among employees in Administration and Sales (2022: 49%). It remains our goal to achieve a balanced gender ratio at all corporate levels. To enable us to also meet this objective among the members of the Supervisory Board and Executive Board, we are actively nurturing the next generation of young in-house employees. At first-tier management level below the Executive Board they accounted for a share of 20 % in the 2023 financial year, and at second tier level below the Executive Board for a share of 41 %.

We would like to take this opportunity to say to the entire workforce and the Works Council that it was once again a real treat to contribute to FRoSTA's success together with you in 2023. You are a great team!

HEALTH MANAGEMENT AT FRoSTA

We are firm believers that good work can support good health. Granted, this can sometimes be a challenge, but with a bit of effort it is usually possible to manage work processes beneficially. Height-adjustable desks in Administration or height-adjustable pallet platforms are just two good examples. Wherever work puts undue strain on the back, we strive to find a solution. Together with our company doctor, we have introduced a training programme that reaches every individual – no matter where or when. Project initiatives target a wide range of topics, such as a healthy diet or smoking, in a totally unbureaucratic way. In order to gain an even better understanding of the physical and mental strains at the workplace, particularly in production, we realised a digital ultra-broadband pilot project in 2023. This enabled us to give our employees a voice and measure over a number of shifts where we can improve working conditions by enhancing workflows.

Health cannot always be seen and preventive healthcare is important. We have therefore developed a regular check-up programme, to be introduced at the beginning of the current financial year. FRoSTA will then offer all employees a full body health check-up from top to toe. All at a single appointment, simple and comprehensive.

TOGETHER AT FRoSTA

At FRoSTA, our information technology is improving all the time. Whether during morning shop floor meetings or

remotely while working from home or a hotel on a business trip, we exchange information in real time and can discuss achievements or new challenges together. With our Flex Focus scheme, we have introduced a highly flexible instrument that will allow employees to continue to benefit from hybrid working arrangements in the future and thus better reconcile work and family life. In many areas we have implemented modern office concepts that offer an ideal framework for workshops, creative as well as personal meetings and networking. In the past financial year, we moved into newly designed office premises in Italy, and a team of employees in Bremerhaven developed a new concept to be realised in 2024, which will allow shop floor and administration to dovetail more closely with the aim to increase proximity to the product and quality awareness. What is important is that we maintain the sense of belonging in the work environment and come together "live" to discuss issues, develop ideas together and take advantage of spontaneous contacts and special occasions to broaden our horizon or enjoy time together.

MORE FRoSTA EMPLOYEES BECOME SHAREHOLDERS

Our slogan "FRoSTA is for everyone" also applies to owning a stake in the Company. In 2023, we therefore again offered our employees the option to purchase FRoSTA shares acquired within the scope of a share buyback, at preferential conditions. Even in this inflation-driven year, 509 employees participated in our employee share programme (2022: 477). A total of 24,102 shares were bought, which was significantly higher than in the prior period (2022: 19,746). The introductory offer, limited to a maximum of 50 shares with an issue price of EUR 14.90 per share, proved the most popular with 20,619 shares purchased (2022: 18,852). Under Proposal II (limited to a maximum of 950 shares depending on seniority), 3,483 shares were acquired at an issue price of EUR 44.90 per share (2022: 894). Total costs for the programme amounted to kEUR 1,080 (2022: kEUR 1,054), which were recognised in personnel expenses.

We are proud that more and more FRoSTA shareholders are active Company employees.

THE FRoSTA SHARE AND APPROPRIATION OF NET PROFIT

Since March 2017, the FRoSTA share has been traded in the Open Market segment of the Frankfurt Stock Exchange (WKN 606900; ISIN DE0006069008; nominal value EUR 2.56). For more information about the FRoSTA share, please see the Group management report 2023.

The Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 2.00 per share

from net retained profits and allocate the remainder to reserves. Based on 6,812,598 no-par value bearer shares, less 5,899 no-par value bearer treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act (AktG), this results in 6,806,699 no-par value bearer shares entitled to a dividend and a dividend payout of EUR 13.6m.

Relating to disclosures pursuant to Section 160 (1) no. 2 AktG (acquisition of treasury shares), please refer to the Notes to the consolidated financial statements: 4) Notes to the consolidated balance sheet, Equity subheading.

	31/12/2023	Percentage %
Current company taxes	10,460	28.4%
Capital yield tax incl, solidarity surcharge on dividend	3,591	9.8%
Total taxes	14,051	38.2%
Net dividend	10,023	27.2%
Retained by the company	12,710	34.6%
Pre-tax net income for the financial year	36,784	100%

From the pre-tax net income for the year of FRoSTA AG, 38.2% will be paid as taxes and 27.2% will be distributed as a net dividend, with 34.6% being retained by the Company.

SUSTAINABILITY, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

In the 2023 financial year, we subjected our sustainability strategy to an in-depth review. This is to be rolled out across the board at the beginning of the current year and

will provide us with a concrete roadmap for the coming years. At its core is the premise that we are not only responsible for the health of our Company, but also for the environmental and social footprint that we leave on the planet.

In our sustainability strategy we therefore make three promises:

1. We promise to produce real food products that are good for everyone. We believe that our consumers deserve to know everything we know about our products and we promise to provide this information. We call this our Purity Promise.

2. We promise to continuously and measurably reduce our ecological footprint at both product and corporate level. Our ecological footprint includes our carbon footprint, water footprint and our impact on biodiversity. In addition, we promise to only buy ingredients and raw materials from sustainable sources. We call this our Environmental Promise.
3. Our goal is to become the employer of choice for current and future employees. We support leadership, feedback and teamwork in order to create a work culture as it should be. We promote cultural diversity, age and gender diversity with a fair share in all functions. FRoSTA stands for fair pay and social benefits. We work to ensure that our values and our Code of Conduct are respected by everyone at all times. We also bear responsibility for the impact of our business on the people who live near our production sites or work for our suppliers. That is why every year we invest in social and non-profit projects. We produce all of our food products while respecting human rights along the entire value chain. We call this our People Promise.

Our guiding principles that help us to achieve our sustainability goals are “To be measurably better today than yesterday and better tomorrow than today” and “To be radically transparent in everything we do”. No tricks, no secrets.

In this spirit, we will continue to report transparently on our goals and progress in the area of sustainability.

REPORT ON OPPORTUNITIES AND RISKS

INTERNAL CONTROL SYSTEM

FRoSTA AG's internal control and monitoring system is enforced by the Group's Financial Controlling department in coordination with all other relevant departments.

The most important financial KPIs are sales growth and profitability. These performance figures and their respective drivers are examined, analysed and discussed in the relevant departments on the basis of management accounting reports drawn up in daily, weekly and monthly cycles.

The objective is to continuously work on improving the results and at the same time to introduce early measures to counter potential negative developments.

In the context of the monthly Sales & Operations Planning Cycle, rolling forecasts are used to react to future market changes.

The correctness and reliability of our accounting and financial reporting are guaranteed by adherence to work instructions in the QM manual and the uniform reporting system in SAP, which apply to all relevant Group companies.

The work instructions in the QM manual also stipulate the material and formal requirements concerning the preparation of the financial statements. Nevertheless, risks can still arise, for example when concluding extraordinary transactions.

Through internal audits conducted by our quality management officers, coupled with internal auditing projects, we support the compliance or adaptation of our processes.

The separation of executive, accounting and approval functions reduces the risk of fraudulent actions.

RISK MANAGEMENT

FRoSTA's risk management system is intended to ensure that risks can be quickly identified and assessed at an early stage.

The risk management officers from the various departments assess the risks on an ongoing basis – if necessary drawing on the advice of external consultants – and initiate appropriate countermeasures.

QUANTIFIED RISK ASSESSMENT

In the following tables, risks are assessed with their probability of occurrence and possible extent of losses.

Risk evaluation						
Probability of occurrence	very probable very frequent	E	high	high	not acceptable	not acceptable
	probable frequent	D	medium	high	high	not acceptable
	possible infrequent	C	low	medium	high	high
	low rare	B	low	medium	medium	high
	very improbable very rare	A	low	low	low	medium
			I	II	III	IV
			low	moderate	high	critical
			poses a threat to the Company's existence			
			Extent of losses			

Risk assessment

not acceptable	Risk mitigation measures must be initiated/implemented urgently and without delay.
high	Risk mitigation measures must be initiated/implemented promptly.
medium	Risk mitigation measures must be initiated/implemented in the medium term.
low	The existing/implemented risk mitigation measures are sufficient and effective; no (further) action needed at present.

Nature of risk	Probability of occurrence	Extent of losses	Risk
Product risks	low	moderate	medium
Cyber risks	possible	moderate	medium
Procurement risks	possible	moderate	medium
Energy risks	low	moderate	medium
Recruitment risks	probable	moderate	medium
Currency risks	low	minimal	minimal
Sales market risks	low	minimal	minimal
Financing risks	highly improbable	minimal	minimal
Legal risks	highly improbable	minimal	minimal

The individual risks and actions to mitigate their impact are discussed in more detail below.

GENERAL RISKS

Market-related business risks are borne by the Company itself. These include, for example, risks from the development and marketing of new products, sales performance in the various distribution channels and the quality level of our products.

As far as is meaningful, we transfer any risks not stemming from the Company's core areas of activity, such as liability and property damage risks, to third parties.

In addition, FRoSTA implements a Code of Conduct for all employees, which is aimed at raising awareness among the workforce for responsible conduct towards one another, towards business partners, in connection with handling data, as well as towards the environment.

PRODUCT RISKS

Quality and production reliability have the highest priority. We therefore continuously strive to improve food safety and our food safety culture. The quality of the raw materials is monitored by audits at our suppliers' facilities and by checking goods as they arrive at our plants. Despite all due care, quality checks cannot provide a fail-safe guarantee of the quality of raw materials since the thresholds for contamination are becoming ever lower and the checks are only carried out on a random basis.

We also purchase raw materials from BSCI (Business Social Compliance Initiative) risk countries. We thus also bear our share of responsibility for the working conditions at our suppliers, as well as for the respecting of human rights. Since 2020, we have therefore required all suppliers from BSCI risk countries to be certified in accordance with an internationally recognised social standard (SA 8000, SMETA or similar).

We are currently working intensively on the implementation of the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), which will take effect for our size of company from 1 January 2024 onwards.

Our internal value chain processes are also regularly certified to IFS (International Food Standard) and BRC (British Retail Consortium) standards. Our plants completed audits again in 2023 with a high-level of assurance.

CYBER RISKS

We counter cyber risks with the help of modern IT architecture as well as regular internal and external audits and penetration tests as part of a continuous review process.

PROCUREMENT RISKS

The production of frozen food involves the use of a large number of renewable raw materials from over 30 countries, the procurement of which can be subject to wide-ranging fluctuations. In the case of supplies of raw fish, for example, increased demand coupled with dwindling fish stocks repeatedly results in supply bottlenecks. The same applies to climate-related crop failures that can affect the procurement of fruit and vegetables. This can result in considerable price fluctuations for raw materials which, depending on the competitive and contract situation, we cannot always pass on directly to our customers.

By cooperating with strategic suppliers, we attempt to smooth out these fluctuations and avoid dependencies. In the case of critical raw materials, we are additionally looking to establish several suppliers in different regions. Our own vegetable production also helps us to be independent and at the same time acquire important agricultural expertise.

As it is not always possible to cover stock requirements for the long term, the setting of selling prices is subject to fundamental risks and opportunities. Price agreements with customers over a period of more than six months increase the uncertainty. For that reason, we try to avoid customer supply agreements which go beyond this period. Alternatively, price escalator clauses for certain raw materials can be included in the selling price agreements. Both are not always possible, depending on the competitive situation.

RECRUITMENT RISKS

The shift in the labour market from a supply to a demand market is leading to a refocusing of HR policy measures. Positioning FRoSTA as the employer of choice is more important than ever in the quest to finding the right employees in the future. Comparably fair remuneration schemes and excellent advancement opportunities are just as important in this regard as a motivating work environment. When filling vacant

positions on the market, speed and commitment are key success factors in the hiring process. At the same time, it is important to offer in-house training and facilitate transfers across different sites. Going forward, the Company will draw on the positive experiences with recruitments from countries with different labour market situations.

ENERGY RISKS

The war in Ukraine has also led to growing uncertainties over energy security in Europe, accompanied by sharply rising prices. FRoSTA counters the risk of rising energy prices through structured energy procurement in the form of fixed price agreements with suppliers. An alternative use of oil and gas in production creates flexibility to bridge price and supply risks. Logistical risks in long-distance coverage and/or diesel price development are reduced through alternative use of the rail network. In order to reduce dependencies over the medium term, we are accelerating development of a renewable energy supply both within FRoSTA and in collaboration with local partners.

CURRENCY RISKS

Exchange rate-related fluctuations in the prices of raw materials have a significant influence on the production costs of our products. Thus, exchange rate fluctuations can negatively impact the gross profit margin and the annual operating profit.

FRoSTA purchases many of its raw materials from international markets. Most of these goods are invoiced in US dollars. We make use of standard currency forwards to hedge exchange rate fluctuations. The aim of currency hedging transactions is to hedge specific contracts or negotiated annual talks for the respective period. In addition, a blanket rolling hedge mechanism smooths out short-term fluctuations. As a basic principle, hedging can only compensate to a limited extent for the risk of persistently rising US dollar exchange rates. Correspondingly, declining US dollar exchange rates may give rise to opportunities.

SALES MARKET RISKS

The increasing concentration of the retail sector is leading to risks arising from the potential loss of bulk contracts. The Company's broad customer structure with its own brands, private labels as well as the supply of Home Delivery services, caterers and industrial customers supports the hedging of

fluctuations with individual customers. Our contracts with our customers normally include items and prices but do not guarantee fixed volumes; this means that the risks or opportunities of fluctuating consumption by end customers lie with FRoSTA.

We limit the risk of defaults on outstanding receivables with the help of a strict reminder system and internal credit limits. We counter political and protectionist risks by assessing the opportunities and risks associated with a given market and, where appropriate, drawing on distribution and/or production partners.

The frozen food market is as a basic principle subject to constant change. Our competitors might respond to product trends more quickly or gain technological leads. We conduct intensive research to identify market trends. This enables us to produce innovative product concepts in response to changes or even to initiate changes ourselves within the market.

The FRoSTA brand offers the opportunity for further sustainable growth based on the Purity Promise, an innovative portfolio and its positive image. It is therefore important to be particularly proactive in countering all events that could have a negative impact on the brand's reputation and thus on business development.

FINANCING

Our financing capability is based on our creditworthiness. By continuously improving our earnings and balance sheet strength, we intend to focus on equity financing. At the same time, we are opening up additional borrowing potential on the market, which is available at very short notice thanks to long-standing partnerships with banks. By taking advantage of credit lines, we create additional flexibility in short-term financing. Using long-term loans for long-term financing allows us to limit the interest rate risk. Overall, we are generally subject to the interest rate risk on the capital market, which has currently increased again, which is why we prefer to consider long-term financing in conjunction with investment grants and favour equity financing.

LEGAL RISKS

There are no legal risks.

CRITICAL APPRAISAL OF RISKS AND OPPORTUNITIES

As part of the risk management process, the opportunities and risks for FRoSTA are also monitored regularly during the year, as above all the risk of changing costs could significantly impact the year-end result and, especially in the case of a negative development, could only be passed on to the retail sector with a time delay via higher selling prices.

In assessing the overall risk situation of FRoSTA AG, we can state that, based on the information known today, there are no risks identifiable at present or in the foreseeable future that could jeopardise the continued existence of the Company as a going concern.

REPORT ON EXPECTED DEVELOPMENTS

In a world characterised by multiple international trouble spots, ongoing difficult political tensions at home and abroad and increasingly unpredictable climate conditions, it is only conditionally possible to make any reliable forecast regarding the course of the current financial year.

We generally expect the level of costs and selling prices seen in recent months to continue across all markets over the course of the year. Changes in the underlying parameters, such as customs duties, logistics costs, crop failures and other currently unknown challenges, must be evaluated in close coordination with suppliers and customers to enable joint countermeasures to be promptly taken.

We want to continue in the new financial year to enhance the quality of our products and awareness of the FRoSTA brand with the Purity Promise in order to achieve further sustainable brand growth in 2024. On the back of this, we are expecting to achieve sales growth for FRoSTA AG of 3% to 5% and net income for the year of around 5% of sales.

We hope to once again successfully develop our business in good cooperation with our employees as well as our retail partners and supplier base. Building on this basis of trust, we believe we are well positioned for a successful financial year 2024.

Bremerhaven, February 2024

The Executive Board

OVERVIEW OF FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

in kEUR

	31/12/2022	31/12/2023	Change
Sales	564,269	598,411	6,1 %
EBIT (Earnings before interest and taxes) in % of sales	19,064 3.4 %	37,530 6,3 %	96.9 %
EBT (Earnings before taxes) in % of sales	18,473 3.3 %	36,784 6.1 %	99.1 %
Consolidated net profit in % of sales	12,412 2,2 %	26,323 4.4 %	112.1 %
Balance sheet total	325,631	367,396	12.8 %
Current Ratio / Liquidity III (inventories + trade receivables + cash-in-hand) / (provisions + trade payables)	184.6 %	187.2 %	2.6 %
Equity ratio	50.6 %	49.1 %	-1.5 %

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INCOME STATEMENT OF FRoSTA AG

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

Income statement of FRoSTA AG (in kEUR)

	2022	2023	Change
1. Sales	564,269	598,411	6.1%
2. Decrease in stock of finished goods and work in progress	-2,152	-4,344	>100%
3. Other operating income	15,836	18,660	17.8%
– of which from currency translation: kEUR 2,416 (2022: kEUR 4,912)			
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-380,449	-370,093	-2.7%
b) Cost of purchased services	-13,469	-24,790	84.1%
	-393,918	-394,883	0.2%
5. Personnel expenses			
a) Wages and salaries	-52,135	-55,298	6.1%
b) Social security, post-employment and other employee benefit costs	-9,713	-9,969	2.6%
– of which post-employment: kEUR -1 (2022: kEUR 6)			
	-61,848	-65,267	5.5%
6. Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets	-16,231	-15,698	-3.3%
7. Other operating expenses	-86,893	-99,348	14.3%
– of which from currency translation: kEUR 1,780 (2022: kEUR 2,377)			
8. OPERATING RESULT	19,063	37,530	96.9%
9. Write-downs of long-term financial assets and securities classified as current assets	0	-132	
– of which from affiliated companies: kEUR -132 (2022: kEUR 0)			
10. Other interest and similar income	52	732	>100%
– of which from affiliated companies: kEUR 84 (2022: kEUR 49)			
11. Interest and similar expenses	-643	-1,347	>100%
– of which to affiliated companies: kEUR 252 (2022: kEUR 12)			
– of which from unwinding the discount: kEUR 39 (2022: kEUR 38)			
12. Net financial result	18,473	36,784	99.1%
13. Taxes on income	-5,885	-10,279	74.7%
– of which deferred taxes: kEUR 499 (2022: kEUR 603)			
14. EARNINGS AFTER TAXES	12,587	26,504	>100%
15. Other taxes	-175	-181	3.1%
16. NET INCOME FOR THE FINANCIAL YEAR/ NET RETAINED PROFITS	12,412	26,323	>100%

BALANCE SHEET OF FRoSTA AG – ASSETS

AS AT 31 DECEMBER 2023

Balance sheet of FRoSTA AG — Assets (in kEUR)

	2022	2023	Change
A. FIXED ASSETS			
I. Intangible fixed assets			
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	9,043	9,214	1.9%
II. Tangible fixed assets			
1. Land, land rights and buildings	23,124	23,975	3.7%
2. Technical equipment and machinery	44,631	51,262	14.9%
3. Other equipment, operating and office equipment	13,560	11,910	-12.2%
4. Prepayments and assets under construction	5,415	1,430	-73.6%
	86,730	88,576	2.1%
III. Long-term financial assets			
1. Shares in affiliated companies	11,317	11,017	-2.7%
2. Long-term securities and shares in cooperatives	6	6	
	11,323	11,023	-2.6%
TOTAL FIXED ASSETS	107,096	108,812	1.6%
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials, consumables and supplies	77,740	65,435	-15.8%
2. Work in progress	21,794	21,314	-2.2%
3. Finished goods and merchandise	32,656	27,760	-15.0%
	132,190	114,509	-13.4%
II. Receivables and other assets			
1. Trade receivables	47,484	48,472	2.1%
2. Receivables from affiliated companies	30,816	23,740	-23.0%
3. Other assets	6,049	6,986	15.5%
	84,349	79,197	-6.1%
III. Cash-in-hand, bank balances	43	63,875	>100%
TOTAL CURRENT ASSETS	216,582	257,582	18.9%
C. PREPAID EXPENSES	1,953	1,002	-48.7%
TOTAL ASSETS	325,631	367,396	12.8%

BALANCE SHEET OF FRoSTA AG – EQUITY AND LIABILITIES

AS AT 31 DECEMBER 2023

Balance sheet of FRoSTA AG — Equity and liabilities (in kEUR)

	2022	2023	Change
A. EQUITY			
I. Issued capital			
1. Subscribed capital	17,440	17,440	0.0%
2. Treasury shares	-16	-15	-6.3%
	17,424	17,425	0.0%
II. Capital reserves	11,447	11,447	0.0%
III. Revenue reserves			
1. Legal reserve	200	200	
2. Other revenue reserves	123,289	124,876	1.3%
	123,489	125,076	1.3%
IV. Net retained profits	12,412	26,323	>100%
	164,772	180,272	9.4%
B. PROVISIONS			
1. Provisions for pensions and similar obligations	69	60	-12.5%
2. Provisions for taxes	2,609	7,942	>100%
3. Other provisions	34,154	39,682	16.2%
	36,832	47,685	29.5%
C. LIABILITIES			
1. Liabilities to banks	40,307	20,842	-48.3%
2. Trade payables	62,825	86,254	37.3%
3. Liabilities to affiliated companies	16,117	26,175	62.4%
4. Other liabilities	2,632	3,523	33.9%
– of which taxes: kEUR 545 (2022: kEUR 574)			
	121,881	136,794	12.2%
D. DEFERRED TAXES	2,146	2,645	23.3%
TOTAL EQUITY AND LIABILITIES	325,631	367,396	12.8%

STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG 2023

Statement of changes in fixed assets in kEUR

	Purchase and production costs				as at 31/12/2023
	as at 01/01/2023	Addi- tions	Disposals	Reclassifi- cations	
I. Intangible fixed assets					
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	32,423	1,596	0	1,306	35,325
	32,423	1,596	0	1,306	35,325
II. Tangible fixed assets					
1. Land, land rights and buildings	88,162	2,315	0	73	90,550
2. Technical equipment and machinery	185,009	11,331	1,400	3,790	198,730
3. Other equipment, operating and office equipment	62,888	1,273	226	26	63,961
4. Prepayments and assets under construction	5,415	1,210	0	-5,195	1,430
	341,474	16,129	1,626	-1,306	354,671
III. Long-term financial assets					
1. Shares in affiliated companies	11,769	0	168	0	11,601
2. Loans to affiliated companies	301	0	0	0	301
3. Other long-term equity investments	176	0	0	0	176
4. Long-term securities and shares in cooperatives	6	0	0	0	6
5. Other loans	22	0	22	0	0
	12,274	0	190	0	12,084
	386,171	17,725	1,816	0	402,080

Cumulative depreciation, amortisation and write-downs				Net carrying amount	
as at 01/01/2023	Additions	Disposals	as at 31/12/2023	as at 31/12/2023	as at 31/12/2022
23,380	2,731	0	26,111	9,214	9,043
23,380	2,731	0	26,111	9,214	9,043
65,038	1,538	0	66,576	23,974	23,124
140,378	8,485	1,395	147,468	51,262	44,631
49,328	2,944	221	52,051	11,910	13,560
0	0	0	0	1,430	5,415
254,744	12,967	1,616	266,095	88,576	86,730
452	132	0	584	11,017	11,317
301	0	0	301	0	0
176	0	0	176	0	0
0	0	0	0	6	6
22	0	22	0	0	0
951	132	22	1,061	11,023	11,323
279,075	15,830	1,638	293,267	108,813	107,096

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE 2023 FINANCIAL YEAR

FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

REGISTERED IN THE COMMERCIAL REGISTER OF THE DISTRICT COURT OF BREMEN, REGISTER NO.: HRB 1100 BHV

(1) BASIS FOR PREPARATION

The single-entity financial statements of FRoSTA Aktiengesellschaft (in the following FRoSTA AG) have been prepared in accordance with the regulations for corporations included in the German Commercial Code (HGB), taking into account the additional provisions of the German Stock Corporation Act (AktG); all figures are specified in thousands of euros (kEUR).

GENERAL

FRoSTA AG prepares its income statement using the total cost (nature of expense) method.

The classification of the income statement has been modified to include the line item operating result. This provides a better insight into the earnings situation of the Company.

The financial statements have been prepared on a going concern basis.

FRoSTA AG also prepares consolidated financial statements, which are published in the Federal Gazette (Bundesanzeiger).

ACCOUNTING POLICIES

(2)

FIXED ASSETS

Intangible fixed assets are carried at cost less amortisation. Amortisation is calculated using the straight-line method on the basis of the assets' average useful life, starting from the date on which they are made available. The useful life for software and licences is four years. The option to capitalise internally generated intangible assets was not exercised. Costs for research and development were therefore expensed in full. Purchased trademark rights are capitalised at cost and amortised over a useful life of 10 years. They are tested annually against their recoverable amount, and written down as required.

Tangible fixed assets are recognised at cost, less depreciation in the case of assets with a finite useful life. The production cost of self-generated tangible fixed assets includes all direct costs and an appropriate share of indirect materials costs, indirect labour costs and depreciation of the assets.

Depreciation of tangible fixed assets is calculated using the straight-line method on the basis of the average useful life of the assets concerned.

Depreciation period of tangible assets

	Useful life in years
Buildings	25 – 40
Other constructions	10 – 19
Technical equipment and machinery	7 – 15
IT equipment	3 – 7
Other operating and office equipment	5 – 13

Write-downs are recognised where impairments are expected to be permanent.

Low-value assets with a purchase cost of up to EUR 250.00 are recorded as expenditure in the year in which they are acquired. In the case of a purchase cost between EUR 250.01 and EUR 800.00, low-value assets are fully depreciated and shown as disposals in the statement of changes in fixed assets.

A fixed value is assigned to recognised transport pallets.

Investment grants and subsidies received or requested lower the purchase or production cost of the subsidised assets.

Where impairment is deemed to be permanent, long-term financial assets are recognised at cost less any write-downs to fair value.

CURRENT ASSETS

Inventories are measured at cost unless a lower measurement is required in accordance with the lower of cost or market principle. The present market value is used to measure the lower of cost or market value. The purchase cost of raw materials, supplies and goods is based on the purchase prices plus transaction costs less purchase price reductions.

In addition to direct costs, production cost also includes an appropriate share of the indirect labour and materials costs and depreciation and amortisation of the assets. General and administrative costs, expenses for social amenities of the Company, the costs of voluntary social benefits and of occupational pensions are not capitalised. Write-downs are recognised to anticipate identifiable expected losses and for inventory risks arising from excessive storage times or reduced usability.

Allowances for finished goods as at the balance sheet date amounted to kEUR 1,024 (2022: kEUR 712) as well as kEUR 2,115 (2022: kEUR 1,576) for raw materials, consumables and supplies, and for unfinished goods.

Receivables and other assets are carried at nominal value.

Default and credit risks are accounted for by specific valuation allowances.

Cash and cash equivalents are reported at nominal value at the balance sheet date.

PREPAID EXPENSES

Prepaid expenses relate to expenses incurred prior to the reporting date of the financial statements which represent expenditure allocatable to future periods.

DEFERRED TAXES

Deferred taxes on temporary differences between the accounting and tax carrying amounts of assets, liabilities, prepaid expenses and deferred income are presented on a net basis. In the event of an excess of deferred tax assets over deferred tax liabilities, the option not to recognise them was used. The calculation is made on the basis of the future tax rates applicable at the balance sheet date.

OFFSETTING OF ASSETS AND LIABILITIES, INCOME AND EXPENSES

Assets that are exempt from attachment by all other creditors and that serve exclusively to settle liabilities from partial retirement benefit obligations are measured at their fair value.

The related income and expenses are offset against the income from discounting and recognised in the financial result. Furthermore, these assets are offset against the underlying obligation. Any excess of obligations over expected benefits is recognised in the provisions.

PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations are measured in accordance with recognised actuarial principles using the projected unit credit method. The amount of the provisions is determined by including expected trends with respect to future pension developments as well as any probabilities of fluctuation. The biometric actuarial assumptions are based on the "Richttafeln 2018 G" mortality tables issued by Dr Klaus Heubeck.

The following additional assumptions were used:

Assumed interest rate p.a.:	1.83% (2022: 1.78%) (10-year average)
Pension trend p.a.:	2.30% (2022: 2.30%)

Since 1 January 2010, the average interest rate used for discounting has been the rate published by the Deutsche Bundesbank for a residual term of 15 years. Interest expense is recognised in the financial result.

Provisions for widow's benefit entitlements are determined using the collective method, according to which the probability of marriage is used as the underlying basis for the actuarial assumptions applied.

OTHER PROVISIONS

In this account, the Company has set aside appropriate and adequate provisions for all identifiable risks and contingent liabilities and for expected losses from executory contracts. Provisions are recognised in the amount deemed necessary by applying prudent business judgement to meet the future obligations.

Partial retirement benefit obligations are measured in accordance with actuarial principles using the "Richttafeln 2018 G" mortality tables issued by Dr Klaus Heubeck based on the block model or part-time model. The calculations were based on an assumed interest rate of 1.76% and an expected rise in income of 2.0%. Interest expense is recognised in the financial result.

Working time account reinsurance contracts have been concluded to cover partial retirement programme commitments. The value of pension liability claims from life insurance policies for FRoSTA AG lies solely in the fact that in terms of net assets it is discharged from the obligation in the amount of the insurance benefits. In the event of an asset surplus, the partial retirement benefit commitments are therefore measured at the (higher) carrying amount of the corresponding reinsurance claim, so that no excess of plan assets over post-employment benefit liability is recognised. Any excess of obligations over expected benefits is recognised in the provisions.

Jubilee obligations are measured in accordance with recognised actuarial principles using the projected unit credit method. Any increases of salaries and pensions to be expected for the future are taken into account in determining the present value. Since 1 January 2010, the interest rate published by the Deutsche Bundesbank has been used for discounting. Interest expense is recognised in the financial result.

LIABILITIES

Liabilities are recognised at the balance sheet date with their settlement amount.

CURRENCY TRANSLATION

Foreign currency transactions are initially translated to euros at the applicable spot rate on the date the transaction occurred.

Trade receivables and payables in foreign currencies with a residual term of up to one year are generally measured at the middle spot rate at the balance sheet date. Both unrealised gains and losses are recognised. Derivative financial instruments, in contrast, are recognised in accordance with the imparity principle, i.e. provisions are recognised for unrealised losses whereas unrealised gains (profits) may not be recognised.

NOTES TO THE BALANCE SHEET (3)**FIXED ASSETS**

An overview of the fixed assets based on total cost is attached to these Notes.

The value of recognised transport pallets was fixed at kEUR 871 (2022: kEUR 871).

The reduction in the cost of subsidised assets to which investment grants and subsidies relate as at 31 December 2023 amounted to kEUR 373 (2022: kEUR 241). The reversal of investment grants and subsidies of kEUR 55 (2022: kEUR 49) directly reduced gross depreciation/amortisation. Investment grants amounting to kEUR 187 (2022: kEUR 0) were received in the reporting year, which directly reduced acquisition costs.

Long-term equity investments (in kEUR)

Name of entity	Share of capital in %	Subscribed capital	Equity	Net profit/loss for 2022	Net profit/loss for 2023
1. Copack Tiefkühlkost-Produktionsgesellschaft mbH, Bremerhaven	100.00	256	235	-2	7
2. FRoSTA Tiefkühlkost GmbH, Bremerhaven	100.00	255	275	0	7
3. FRoSTA Foodservice GmbH, Bremerhaven	100.00	256	279	-1	7
4. TIKO Vertriebsgesellschaft mbH, Bremerhaven	100.00	256	285	-2	7
5. FRoSTA Sp. z o.o., Bydgoszcz/Poland	100.00	8,061	53,732	9,902	5,386
6. FRoSTA CR s.r.o., Prague/Czech Republic	100.00	40	288	9	18
7. FRoSTA Hungary Kft., Esztergom/Hungary	100.00	17	104	9	8
8. FRoSTA S.r.l. Rome/Italy	100.00	500	6,029	1,526	1,795

COPACK France S.a.r.l. in Paris (France) was wound up without liquidation in the reporting year. The Copack Sp. z o.o. entity in Bydgoszcz (Poland) was also liquidated.

The euro amounts from financial statements that have been prepared in foreign currencies are determined using the exchange rate on the balance sheet date.

In addition, there are four other equity investments, the disclosure of which is omitted in the overview with reference to Section 286 (3) no. 1 HGB.

RECEIVABLES AND OTHER ASSETS

Receivables from affiliated companies included receivables from intercompany deliveries and services amounting to kEUR 22,212 (2022: kEUR 24,057). Other assets were recognised in an amount of kEUR 1,528 (2022: kEUR 6,759).

Of the receivables from affiliated companies, kEUR 972 (2022: kEUR 1,528) had a residual term of more than one year.

EQUITY

At 31 December 2023, share capital amounted to EUR 17,440,250.88 and was divided into 6,812,598 no-par value shares (accounting par value EUR 2.56) classified as ordinary shares. The shares are made out to the bearer.

In accordance with a resolution passed at the Annual General Meeting on 27 April 2023, it was decided to allocate the sum of EUR 1,527,953.55 from the recognised net retained profits of EUR 12,412,239.95 to other revenue reserves. Revenue reserves include profits generated in prior periods to the extent that they were not distributed.

A total of 5,899 FRoSTA AG no-par value bearer shares held as treasury shares with a nominal value of EUR 15,101.44, or 0.09% of the share capital, were offset against equity. The purchase cost amount of EUR 362,305.56 exceeding the nominal value was reported as a reduction of revenue reserves.

These 5,899 no-par value bearer shares resulted from the following purchase and sales transactions:

In the context of a share buyback in the period between 9 March 2023 and 23 November 2023, FRoSTA AG reacquired 25,182 treasury shares. This corresponds to a nominal amount of EUR 64,465.92, or 0.37% of the share capital. This cost the Company EUR 1,563,001.60, which equates to a weighted average price of EUR 62.07 per share.

Under an employee share programme, FRoSTA AG sold 24,102 no-par value bearer treasury shares. This corresponded to a nominal amount of EUR 61,701.12, or 0.35%, of the share capital as at 31 December 2023. For these shares, FRoSTA AG received a total of EUR 463,609.80 to be used as it deems fit. As part of a bonus scheme, the Company issued 1,314 shares to employees at first-tier management level below the Executive Board.

The share buybacks were determined on the basis of the shares sold in the previous year within the scope of the share-based remuneration scheme and employee share programme. Under Section 71b of the German Stock Corporation Act (AktG), the no-par value bearer shares held as treasury shares are not entitled to any rights.

Apart from this, there is authorised capital, as yet unused, for a fixed period until 26 April 2028, amounting to EUR 1,000,000.00 for the issuing of shares to employees of the Company and its affiliated companies.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The settlement value of pension provisions relates exclusively to retirees already receiving a pension. The carrying amount pursuant to Section 253 (2) HGB applying the ten-year average interest rate of 1.83% was kEUR 60 in the financial year 2023. Applying the seven-year average interest rate pursuant to Section 253 (6) HGB of 1.76% would have produced a carrying amount of kEUR 61. The difference amounting to kEUR 1 (2022: kEUR 2) is subject to a distribution restriction.

OTHER PROVISIONS

Other provisions comprised provisions for personnel expenses amounting to kEUR 12,747. This included provisions for jubilee benefits with a settlement amount of kEUR 2,852. The discount rate on which this is based was 1.76%, assuming a residual term of 15 years.

Provisions for partial retirement were recognised with a settlement amount of kEUR 360. This was determined based on an interest rate of 1.76% (Section 253 (2) sentence 1 HGB). The fair value of assets invested amounted to kEUR 313. After offsetting the plan assets against the underlying partial retirement benefit obligation, the amount of the provision was kEUR 47.

Additional provisions were recognised for outstanding invoices amounting to kEUR 6,302. Other provisions also related to obligations arising from sales-related agreements on terms and conditions totalling kEUR 17,060.

LIABILITIES

Liabilities (in kEUR)

	Total amount	of which due within		
		up to 1 year	more than 1 year	more than 5 years
Liabilities to banks (previous year)	20,842 (40,307)	4,786 (19,679)	16,056 (20,628)	3,899 (6,433)
Trade payables (previous year)	86,254 (62,825)	86,254 (62,825)	0 (0)	0 (0)
Liabilities to affiliated companies (previous year)	26,175 (16,117)	26,175 (16,117)	0 (0)	0 (0)
Other liabilities(previous year)	3,523 (2,632)	3,523 (2,632)	0 (0)	0 (0)
Total(previous year)	136,794 (121,881)	120,738 (101,253)	16,056 (20,628)	3,899 (6,433)

The liabilities to banks were guaranteed by mortgages amounting to kEUR 1,528 (2022: kEUR 2,292).

Trade payables were subject to normal retention of title.

Liabilities to affiliated companies resulted from intercompany deliveries and services amounting to kEUR 13,974 (2022: kEUR 12,768) and in an amount of kEUR 12,201 (2022: kEUR 3,349) from other liabilities.

NOTES TO THE INCOME STATEMENT

(4)

SALES

Sales by region in mEUR (in mEUR)

	2022	2023	Change %
Germany	415	486	17.1
Sales allowances	65	84	29.2
	350	402	14.9
Outside Germany	216	198	-8.3
Sales allowances	2	2	0.0
	214	196	-8.4
	564	598	6.0

Sales by product groups

	2022	2023	Change %
Fish	174	182	4.6
Fruit and vegetables	122	131	7.4
Ready meals and other products	268	285	6.3
	564	598	6.0

accounting periods in the amount of kEUR 586 (2022: kEUR 1,236). Prior-period income mainly related to the reversal of personnel provisions and other provisions. In the financial year 2023, income of exceptional scale or exceptional significance was recognised in the amount of kEUR 3,926 (2022: kEUR 0). This related to energy cost relief as part of the German government's electricity and gas price brake.

OTHER OPERATING INCOME

Other operating income includes licence income from affiliated companies amounting to kEUR 2,976 and income from service contracts amounting to kEUR 721.

OFFSETTING OF INCOME AND EXPENSES

No return was earned on plan assets in 2023, thus rendering offsetting against expenses unnecessary.

PRIOR-PERIOD INCOME AND EXPENSES AS WELL AS EXPENSES AND INCOME OF EXCEPTIONAL SIGNIFICANCE

The income statement of FRoSTA AG included income relating to prior accounting periods of kEUR 1,305 (2022: kEUR 1,378) and expenses relating to prior

TAXES ON INCOME

Deferred taxes on temporary differences between the accounting and tax carrying amounts of assets, liabilities, prepaid expenses and deferred income were determined as follows.

Deferred tax assets and liabilities (in kEUR)

	31/12/2022		31/12/2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible fixed assets	0	1,490	0	1,705
Tangible fixed assets	0	1,502	0	1,429
Provisions for pensions	6	0	6	0
Other provisions	902	0	670	0
Trade payables	0	62	0	187
Total	908	3,054	676	3,321
Netting	-908	-908	-676	-676
Balance	0	2,146	0	2,645

The temporary differences were measured based on the combined tax rate of corporation tax and trade tax of 31.17% (2022: 30.66%).

A resulting theoretical tax benefit was not recognised in accordance with the option as set forth in Section 274 HGB.

(5) OTHER DISCLOSURES**OTHER FINANCIAL OBLIGATIONS****Other financial obligations (in kEUR)**

	31/12/2022	31/12/2023
Obligations arising from current lease agreements	1,146	1,100
Obligations under current rental and maintenance contracts	4,592	3,898
Purchase commitments from expansion investments	11,043	2,270
Consignment agreements	2,276	2,698
Total	19,057	9,966

Remaining maturities of rental, maintenance and lease agreements as at 31 December 2023 (in kEUR)

	< 1 year	1 – 5 years	> 5 years
Future payments from current lease agreements	496	604	0
Future payments from current rental and maintenance contracts	3,212	683	3
Purchase commitments from expansion investments	2,270	0	0
Consignment agreements	2,698	0	0
Total	8,676	1,287	3

**HEDGING TRANSACTIONS/
DERIVATIVES**

Currency hedging is used to hedge outgoing payments in USD. Derivative financial instruments are accounted for at acquisition cost. The banks determine the fair values as at the balance sheet date on the basis of market quotations. Hedging transactions are measured in accordance with the imparity principle, i.e. provisions for contingent

losses are recognised for unrealised losses whereas unrealised gains may not be recognised. These are reported under other provisions.

The following table shows the individual financial instruments. The fair values were determined on the basis of the individual closing rate.

Hedging transactions/derivatives

Financial instrument	Type	Period	Underlying transaction	Scope in kEUR	Fair value in kEUR
		04/01/2024 until			
Currency forwards	Purchase kUSD	08/08/2024	47,420	43,034	-430

AUDITORS' FEES AND SERVICES

The total fees invoiced by the auditors, BDO AG Wirtschaftsprüfungsgesellschaft, for the financial year are included in the relevant section of the Notes to the consolidated financial statements.

NUMBER OF EMPLOYEES

Employees (annual average)

	2022	2023
Wage earners	693	664
Salaried staff of whom trainees	338 5	326 2
Number of employees pursuant to Section 285 no. 7 HGB	1,031	990
Apprentices	20	18
Total	1,051	1,008

EXECUTIVE BOARD

The following persons were members of the Executive Board of FRoSTA AG in the financial year 2023:

- Felix Ahlers, businessman, Hamburg, Chairman, as at 31 December 2023: 2,295,910 FRoSTA shares = 33.7%.
- Hinnerk Ehlers, businessman, Hamburg, Vice President Marketing, Sales
- Maik Busse, businessman, Bremerhaven, Vice President Finances, Financial Controlling, IT, SCM, Operations & HR

The total number of FRoSTA shares owned by the Executive Board as at 31 December 2023 was 2,311,842 shares = 33.9%.

SUPERVISORY BOARD

The following persons were members of the Supervisory Board of FRoSTA AG in the financial year 2023:

- Volker Kuhn, businessman, Geneva, Chairman of the Supervisory Board, President Hygiene, Reckitt Benckiser
- Dirk Ahlers, businessman, Hamburg, Vice Chairman of the Supervisory Board, former Chairman of the Executive Board, as at 31 December 2023: 681,159 FRoSTA shares = 10.0%.
- Torsten Richter, Lommatzsch, employee of FRoSTA AG, Lommatzsch

The total number of FRoSTA AG shares owned by the Supervisory Board as at 31 December 2023 was 681,659 shares = 10.0%.

REMUNERATION PURSUANT TO SECTION 285 NO. 9 HGB

The members of the Executive Board receive remuneration made up of the following components:

- a fixed basic annual salary
- a variable remuneration component for the purchase of FRoSTA shares
- a variable remuneration component dependent on consolidated pre-tax profit
- a long-term bonus component oriented towards the 3-year average return on investment (ROI) of FRoSTA AG.

The paid out total remuneration of the Executive Board of FRoSTA AG in the 2023 financial year amounted to kEUR 3,361 (2022: kEUR 2,555). Of this, the fixed remuneration came to kEUR 937 (2022: kEUR 807) and variable remuneration to kEUR 2,424 (2022: kEUR 1,748).

The members of the Supervisory Board receive remuneration made up of the following components:

- a fixed basic annual salary paid once a year
- a performance bonus related to earnings per share, which is also paid once a year

The remuneration of the Supervisory Board amounted to kEUR 192 (2022: kEUR 144), of which kEUR 83 (2022: kEUR 54) was variable remuneration and kEUR 109 (2022: kEUR 90) was fixed remuneration.

REPORT ON POST-BALANCE SHEET EVENTS

No significant events having a material effect on the financial position, financial performance and cash flows as at 31 December 2023 occurred after the balance sheet date.

OTHER

On 22 December 2015, Mr Dirk Ahlers notified the Company that his shareholding had fallen below 25%.

On 22 December 2015, Ms Friederike Ahlers notified the Company that her shareholding had exceeded 25%.

On 22 December 2015, Mr Felix Ahlers notified the Company that his shareholding had exceeded 25%.

APPROPRIATION OF NET PROFIT

Based on 6,812,598 no-par value bearer shares less 5,899 no-par value bearer shares held as treasury shares, which under Section 71b of the German Stock Corporation Act (AktG) are not entitled to any rights, the number of no-par bearer shares entitled to a dividend came to 6,806,699. At the Annual General Meeting, we will be proposing a dividend payment of EUR 2.00 per share corresponding to a total dividend payment of EUR 13,613,398.00. This payment will be taken from the net income for the year as at 31 December 2023 of EUR 26,323,405.83. The remaining EUR 12,710,007.83 will be allocated to other capital reserves.

Bremerhaven, 14 February 2024

The Executive Board



Felix Ahlers



Maik Busse



Hinnerk Ehlers

INDEPENDENT AUDITORS' REPORT

TO FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

AUDIT OPINIONS

We have audited the annual financial statements of FRoSTA Aktiengesellschaft, Bremerhaven — comprising the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January to 31 December 2023, and the notes to the annual financial statements, including the recognition and measurement policies presented therein.

In addition, we have audited the management report of FRoSTA Aktiengesellschaft for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the elements of the management report included in the OTHER INFORMATION section of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the elements in the OTHER INFORMATION section of the management report referred to above.

Pursuant to Section 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR OUR OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT section of our auditors' report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

OTHER INFORMATION

The executive directors and/or the Supervisory Board are responsible for the other information.

The other information comprises

- the disclosures in the management report that do not constitute part of the management report. These comprise the corporate governance statement in accordance with Section 289f (4) HGB (disclosures on the quota of women on executive boards) and disclosures relating to the sections "FRoSTA IS FOR EVERYONE", "HEALTH MANAGEMENT AT FRoSTA", "TOGETHER AT FRoSTA" as well as "SUSTAINABILITY, ENVIRONMENT & CORPORATE SOCIAL RESPONSIBILITY".
- the remaining parts of the annual report with the exception of the audited annual financial statements and management report and our auditors' report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and we therefore do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the provisions of German commercial law applicable to business corporations, and that give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting manipulation or asset misappropriation) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered

necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditors' report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement

Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting 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 the auditors' report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
 - Evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the Company's position it provides.
 - Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
- 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.
- Bremen, 14 February 2024
- BDO AG
Wirtschaftsprüfungsgesellschaft
- signed Zypress
Auditor
- signed Kunze
Auditor

TEN-YEAR OVERVIEW FOR THE FRoSTA GROUP

Ten-year overview for the FRoSTA Group

		2023	2022	2021
Employees (average)	number	1.665	1.712	1.757
Revenue	mEUR	639	579	527
EBITDA	mEUR	68.6	54.8	57.0
Consolidated profit/loss	mEUR	34.1	24.3	28.6
Capital expenditure	mEUR	19.4	21.0	15.0
Shares	Anzahl	6.812.598	6.812.598	6.812.598
Total dividend	kEUR	13.600 ²	10.900	10.900
Dividend per share	EUR	2.00 ²	1.60	1.60
Earnings per share	EUR	5.00	3.57	4.20
Non-current assets	mEUR	122.6	121.9	121.3
Current assets	mEUR	309.7	258.8	202.6
Equity	mEUR	232.2	205.3	193.0
Equity ratio		53.6%	53.6%	59.3%
Liabilities to banks	mEUR	20.8	42.5	14.0
Return on Investment (ROI)		17.0%	12.8%	15.8%

¹ In 2018, the employees of the small sales offices in Eastern Europe were included in the calculation for the first time and the allocation of administration – previously partly included in the plant in Bydgoszcz – was adjusted, so that the comparative figure for 2017 was also adjusted accordingly.

² subject to approval by the General Meeting

HGB ←	→ IFRS					
2020	2019	2018	2017	2016	2015	2014
1.778	1.852	1.778 ¹	1.709	1.665	1.631	1.559
552	523	509	501	466	440	408
55.8	28.8	46.6	49.3	43.8	38.3	36.2
25.1	12.4	20.0	23.4	21.6	18.2	17.3
15.2	19.7	37.3	31.6	26.0	14.1	16.3
6.812.598	6.812.598	6.812.598	6.812.598	6.812.598	6.812.598	6.812.598
10.900	10.900	10.900	10.900	10.203	9.265	9.265
1.60	1.60	1.60	1.60	1.50	1.36	1.36
3.68	1.82	2.93	3.43	3.17	2.67	2.53
125.5	130.9	135.1	115.3	89.7	76.5	75.4
181.6	189.7	193.5	194.8	181.8	168.2	159.7
175.9	165.1	169.5	161.9	145.7	134.7	125.7
57.7%	51.4%	51.6%	52.2%	53.7%	55.1%	53.5%
28.8	55.7	42.2	44.6	27.6	33.2	29.4
14.7%	6.9%	11.2%	15.2%	14.1%	12.7%	12.7%

REPORT OF THE SUPERVISORY BOARD FOR THE 2023 FINANCIAL YEAR

Dear Shareholders,

In the 2023 financial year, the Supervisory Board carried out the duties incumbent upon it under the law and the Company's Articles of Association and its own Rules of Procedure. The Supervisory Board advised the Executive Board on the running of the Company and continually supported and monitored all executive business activities. In doing so, the Supervisory Board also satisfied itself of the legality and appropriateness of the measures taken. Within the scope of this close collaboration, the members of the Supervisory Board were briefed by the Executive Board in a regular, timely and comprehensive manner in writing, by telephone and in personal conversations on the situation of the Company and the Group, the principles of the business policy, the Company's profitability, as well as on important business transactions. Furthermore, between official meetings the Supervisory Board Chairman held regular personal meetings with the Executive Board and informed himself about the development of business. The Supervisory Board was informed and consulted in a direct and timely manner on all decisions of consequence for the Company or for which its approval is required in accordance with the law and the Company's Articles of Association or its own Rules of Procedure. Thanks to the regular, timely and detailed information received from the Executive Board, the Supervisory Board was able to completely fulfil its monitoring and consulting duties.

MEETINGS AND FOCUS OF CONSULTATIONS

The 2023 financial year was clearly marked by the economic consequences of the energy crisis and inflation as well as the associated changes in consumer behaviour.

Against this background, the Supervisory Board intensively advised the Executive Board regarding the future design of the FRoSTA Group. The most important focus was once again the further expansion of the brand business (46 % in 2023 vs. 43 % in 2022).

The Supervisory Board convened four ordinary meetings in 2023: on 15/02/2023, 27/04/2023, 19/09/2023 and 20/12/2023, which were attended by all members. At these ordinary meetings, the Supervisory Board received reports from the Executive Board.

In addition to the areas mentioned above, the Supervisory Board also dealt in particular with the following topics at its individual meetings:

On 15 February 2023 with the review and approval of the 2022 annual financial statements and a detailed discussion on the supply situation and price development of key material groups as well as the development of selling prices.

On 27 April 2023 with preparations for the virtual Annual General Meeting being held the same day and afterwards a discussion in particular on the development of brand business as well as current IT topics such as cyber security.

On 19 September 2023, innovation management and the strategic organisation of the brand business were discussed.

On 20 December 2023 with the presentation, discussion and approval of the annual planning for the 2024 financial year. Torsten Richter, employee representative on the Supervisory Board, also reported on developments at the production plants.

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS

The 2023 single-entity and consolidated financial statements and the management report for FRoSTA AG for the Group prepared by the Executive Board were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Bremen, as mandated by the Annual General Meeting. BDO AG Wirtschaftsprüfungsgesellschaft, Bremen, examined both the single-entity and the consolidated financial statements and issued both with unqualified auditors' reports.

The management reports of FRoSTA AG and of the Group were also issued unqualified auditors' reports.

The audit reports were submitted to the members of the Supervisory Board in good time. They were duly reviewed and discussed in detail by the Supervisory Board at its meeting on 14 February 2024. For its part, the Supervisory Board thoroughly reviewed the single-entity financial statements, the consolidated financial statements, the management reports of FRoSTA AG and of the Group as well as the proposal on the appropriation of net retained profits.

The Supervisory Board determined that, having completed its review, it had no objections either to the single-entity financial statements as at 31 December 2023 or to the consolidated financial statements as at 31 December 2023, nor to the management reports of FRoSTA AG and of the Group as at 31 December 2023. The Supervisory Board therefore unanimously approved the single-entity and consolidated financial statements prepared by the Executive Board. The annual financial statements were thereby adopted.

The Supervisory Board also approved the proposal of the Executive Board on the appropriation of net retained profits.

COMPOSITION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

In the reporting period, the composition of the Executive Board remained unchanged with Felix Ahlers (Chairman), Maik Busse and Hinnerk Ehlers.

The members of the Supervisory Board in 2023 were, unchanged, Volker Kuhn (Chairman), Dirk Ahlers (Vice Chairman) and Torsten Richter as employee representative.

COMMITTEES

The Finance and Personnel Committee, composed of Volker Kuhn and Dirk Ahlers, met prior to each Supervisory Board meeting and discussed in advance by phone the submitted detailed monthly earnings figures. The Supervisory Board has not formed any other committees on account of its size.

WORD OF THANKS

The Supervisory Board would like to express its thanks to all employees and to the Executive Board for the good work done and for their unswerving commitment. FRoSTA AG mastered the numerous challenges in 2023 and developed positively, and, at EUR 34.1m, reported a satisfactory net profit for the financial year.

Bremerhaven, 14 February 2024

For the Supervisory Board
Volker Kuhn

MANAGEMENT BODIES

SUPERVISORY BOARD

Volker Kuhn
Geneva/Switzerland, Businessman, Chairman

Dirk Ahlers
Hamburg, Businessman, Vice Chairman

Torsten Richter
Lommatzsch, Master electrical engineer

BOARD

Felix Ahlers
Hamburg, Chairman

Maik Busse
Bremerhaven

Hinnerk Ehlers
Hamburg

GROUP STRUCTURE AND ADDRESSES

V

Sales

P

Production

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