Lallemand Denmark A/S

Bredstrupvej 33
DK-8500 Grenaa

CVR no. 26 01 49 80

Annual report 2022/23

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

3 May 2023

Nicolai Francis Jensen
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lallemand Denmark A/S for the financial year 1 February 2022 – 31 January 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 January 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 February 2022 – 31 January 2023.

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

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

Grenaa 3 May 2023
Executive Board:

Nicolai Francis Jensen
director

Board of Directors:

William John Nankervis chairman	Johannes Gerhardus Steenkamp	Lars Overvad Asferg
Antoine Chagnon	Francisco Pereira Da Conceicoa	

Independent auditor's report

To the shareholders of Lallemand Denmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Lallemand Denmark A/S for the financial year 1 February 2022 – 31 January 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 January 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 February 2022 – 31 January 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report.

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

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

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 3 May 2023
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

Katrine Gybel
State Authorised
Public Accountant
mne45848

Management's review

Company details

Lallemand Denmark A/S
Bredstrupvej 33
DK-8500 Grenaa

Telephone:	+45 87 58 24 00
CVR no.:	26 01 49 80
Established:	1 May 2001
Registered office:	Grenaa
Financial year:	1 February – 31 January

Board of Directors

William John Nankervis, chairman
Johannes Gerhardus Steenkamp
Lars Overvad Asferg
Antoine Chagnon
Francisco Pereira Da Conceicoa

Executive Board

Nicolai Francis Jensen, director

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Financial highlights for the Group

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Revenue	542,197	436,218	319,639	319,639	318,542
Gross profit	158,222	147,454	146,003	118,324	112,772
Operating profit	29,125	25,759	26,507	21,229	18,665
Profit from financial income and expenses	-3,562	-3,353	-2,595	-3,072	-4,913
Profit for the year	20,670	17,725	14,187	10,736	11,423
Total assets	529,644	481,592	470,649	443,266	341,091
Equity	129,997	109,324	33,956	113,408	36,504
Investment in property, plant and equipment	63,709	52,507	33,956	113,408	36,504
Ratios					
Current ratio	88.6%	70.1%	84.0%	70.1%	128.8%
Return on equity	18.5%	17.6%	24.8%	21.5%	20.1%
Solvency ratio	24.5%	22.6%	19.5%	16.5%	17.3%
Other key figures					
Average number of full-time employees	167	163	157	141	139

The financial ratios have been calculated as follows:

Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

The Company's principal activities

The Company is primarily engaged in packaging and distribution as well as in holding of investments in subsidiaries.

Development in activities and financial position

Profit for the year

The Company's income statement for 2022/23 shows a profit of DKK 1,625 thousand as against DKK 516 thousand in 2021/22. Equity in the Company's balance sheet at 31 January 2023 stood at DKK 58,364 thousand as against DKK 56,739 thousand at 31 January 2022.

The development in operating profit is considered satisfactory and in line with the expectations communicated in last year's annual report.
For the year under review, the Group's income statement showed a profit of DKK 20,670 thousand, and equity stood at DKK 129,997 thousand at 31 January 2023.

Investments

Capital expenditure focuses on products and application areas expected to foster growth in the coming years. Investments in production equipment are expected to be on the same levels in 2022/23.

Outlook

The Group is expected to continuously improve profitability and to focus on its teams, customers and services.

A profit in the range of DKK 19-22 million is expected for 2023/24.

Intellectual capital

The companies maneuver on markets dominated by knowledge-driven companies. Management will increasingly focus on securing, maintaining and developing the human, structural and relational capital of the companies.

Environmental matters

The Company focuses on maintaining high environmental standards, adhering to or exceeding national regulations. This includes updating environmental approvals whilst keeping in close contact with local authorities on the local effects of our presence and production.

Research and development activities

The Company's research and development activities are primarily conducting in the subsidiary, Aktieselskabet Dansk Gærings-Industri. These activities focus on new, processed and specialised products.

The research costs are to some extend rechanged to compries benefiting from the research projects.

Management's review

Operating review

Financial instruments

The Company's goals and policies for management of financial risks

Strict customer opening procedures and a stringent collection policy are applied for controlling credit risk.

The company has no external debt so there is only a minimum interst rate risk exposure.

Currency risks are considered minimal since the Company is doing business in EUR and DKK only.

The Company's risk exposure

No particular risks have been identified.

The company does not foresee any significant operating risks for 2023/24.

Corporate social responsibility according to the Danish Financial Statement Act section 99a

The Company is primarily engaged in producing of yeast for bakering, specialties, wine and yeast extract.

The ambition of the Company is to demonstrate social responsibility in line with its basic values on the areas of environment and climate considerations, social and employee conditions, respect for human rights and anti-corruption and bribery. Furthermore, the Company is determined to ensure a safe and healthy working environment and has consideration for environmental and climate conditions throughout its processes. Our Management is key part of all significant decisions on all above-mentioned areas, which is demonstrated in internal as well as external initiatives..

For the time being the company has not yet developed any policies for environmental and climate, social and employees, human rights, and anticorruption and bribery, because they have not identified any material risk within the four areas. The management have until now assessed that policies and actions were not necessary in order to manage the potential risk. However it is the company's goal to implement formal policies and they are currently working on implementing and harmonizing policies across the many production facilities of Lallemand Group.

Management's review

Operating review

Goals and policies for the underrepresented gender according to the Danish Financial Statement Act section 99b

It is the company policy that regardless of gender, race, and religion, all employees are treated equally, in order to ensure that everyone has equal opportunities for employment. The Company encourages and supports female employees that desire to advance into managerial positions.

To increase the number of the underrepresented gender on the Board of Directors, the Company has set the target that in 2024 the Board should have at least one woman. Currently, the Board consists of five persons of which all are males.

To support our target for the Board, we also focus on attracting females to our management positions throughout our organisation. Currently, female representation accounts for 60%. To attract and retain women in our organisation, we focus on the following initiatives:

- Inclusive environment
- Flexible working hours incl. the possibility of jobsharing, reduced hours etc.
- Maternity (and paternity) programs, ramp-up/down programs
- HR ensuring that both genders are considered in recruitment
- Gender neutral language in job postings
- Promote our field of work to a broader audience (e.g. educational institutions and career fairs).
- Diversity is assed during recruiment (throughout the process from job profile to employment).
- The only change in the composition of the board in the current year has been succession driven.
- Conduct internal training and education of staff to reduce turnover and ensure progression of female as well as male employees.

The Company hopes that we will see the results of these efforts in the coming years.

Statutory statement regarding data ethics in accordance with the section99d of the Danish Financial Statements Act

Data ethics is an ethical dimension of the relationship between technology and the citizen as to fundamental rights, legal certainty, and fundamental social values that technological development gives rise to. The group has not implemented a policy for data ethics due to the limited to no usage of data toward citizens. Data in the group is of a public nature and manipulated towards thriving a more efficient operating, commercial and financial business which is in accordance with the Group's Ethical business conduct and compliance programs (see section above Ethical business conduct).

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

Income statement

DKK'000	Note	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
Revenue	2	542,197	436,218	43,561	39,460
Changes in inventories of finished goods and work in progress		-4,824	203,086	-4,824	-4,968
Costs of raw materials and consumables		-296,449	-419,700	0	0
Other operating income		401	1,105	0	0
Other external costs		-83,103	-73,255	-9,660	-8,418
Gross profit		158,222	147,454	29,077	26,074
Staff costs	3	-92,185	-85,987	-24,045	-22,403
Depreciation, amortisation and impairment losses		-36,912	-35,708	-1,067	-1,066
Profit before financial income and expenses		29,125	25,759	3,965	2,605
Other financial income		22	114	19	0
Other financial expenses	4	-3,584	-3,468	-1,901	-1,916
Profit before tax		25,563	22,405	2,083	689
Tax on profit/loss for the year		-4,893	-4,680	-458	-173
Share of profit for the year	5	20,670	17,725	1,625	516

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/1 2023	31/1 2022	31/1 2023	31/1 2022
ASSETS					
Fixed assets					
Intangible assets	6				
Trademark		5,000	6,000	0	0
Property, plant and equipment	7				
Land and buildings		35,626	36,564	0	0
Property, plant and equipment under construction		33,440	47,432	123	317
Plant and machinery		276,821	256,201	0	0
Fixtures and fittings, tools and equipment		9,646	-47	3,689	2,829
Leasehold improvements		624	746	624	943
		356,157	340,896	4,436	4,089
Investments	8				
Equity investments in group entities		0	0	219,592	219,592
Total fixed assets		361,157	346,896	224,028	223,681
DKK'000					
Inventories					
Raw materials and consumables		65,491	39,152	0	0
Work in progress		10,147	4,813	0	0
Finished goods and goods for resale		50,436	34,939	2,556	1,092
		126,074	78,904	2,556	1,092
Receivables					
Trade receivables		18,175	14,695	1,327	1,185
Receivables from group entities		5,980	29,630	29	4,493
Other receivables		1,844	1,209	15	52
Deferred tax asset	11	0	94	0	0
Corporation tax		606	2	3,510	3,696
Prepayments	9	3,352	2,524	758	702
		29,957	48,154	5,639	10,128
Cash at bank and in hand		12,456	7,638	7,343	1,074
Total current assets		168,487	134,696	15,538	12,294
TOTAL ASSETS		529,644	481,592	239,566	235,975

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/1 2023	31/1 2022	31/1 2023	31/1 2022
EQUITY AND LIABILITIES					
Equity					
Contributed capital	10	2,100	2,100	2,100	2,100
Reserve for development costs		0	260	0	0
Retained earnings		127,897	106,964	56,264	54,639
Total equity		129,997	109,324	58,364	56,739
Provisions	11				
Provisions for deferred tax		38,660	37,239	419	439
Total provisions		38,660	37,239	419	439
Liabilities other than provisions					
Non-current liabilities other than provisions	12				
Payables to group entities		169,623	169,642	169,623	169,642
Other payables		7,683	19,974	1,545	1,545
		177,306	189,616	171,168	171,187
Current liabilities other than provisions					
Trade payables		49,244	26,806	2,915	1,129
Payables to group entities		110,337	109,705	2,446	1,185
Corporation tax		0	555	0	0
Other payables		24,100	8,347	4,254	5,296
		183,681	145,413	9,615	7,610
Total liabilities other than provisions		360,987	335,029	180,783	178,797
TOTAL EQUITY AND LIABILITIES		529,644	481,592	239,566	235,975

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

Statement of changes in equity

	Group		
DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 February 2022	2,100	107,227	109,327
Transferred over the profit appropriation	0	20,670	20,670
Equity at 31 January 2023	2,100	127,897	129,997

	Parent Company		
DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 February 2022	2,100	54,639	56,739
Transferred over the profit appropriation	0	1,625	1,625
Equity at 31 January 2023	2,100	56,264	58,364

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

Cash flow statement

DKK'000	Note	Group 2022/23	Group 2021/22
Profit for the year		25,563	17,727
Other adjustments of non-cash operating items		0	4,833
Depreciation, amortisation and impairment losses		36,912	35,708
Cash generated from operations before changes in working capital		62,475	58,268
Changes in working capital	15	-2,032	11,195
Cash generated from operations		60,443	69,463
Corporation tax paid		-4,225	-6,499
Interest expense		0	0
Cash flows from operating activities		56,218	62,964
Acquisition of property, plant and equipment		-51,176	-52,505
Cash flows from investing activities		-51,176	-52,505
Repayment of long-term debt (Group entities)		-17	-3,592
Cash flows from financing activities		-17	-3,592
Cash flows for the year		5,025	6,867
Cash and cash equivalents at the beginning of the year		7,638	771
Cash and cash equivalents at year-end		12,663	7,638

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

Notes

1 Accounting policies

The annual report of Lallemand Denmark A/S for 2022/23 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Adjustments of comparative figures have been made as a result of reclassifications without impact in income statement or equity.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Lallemand Denmark A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in some other way exercises control over.

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

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

Business combinations

When new entities are acquired, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

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

Notes

1 Accounting policies (continued)

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the time of merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Foreign currency translation

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

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

Income statement

Revenue

Revenue includes invoiced sales from repacking and storage of goods primarily for group entities, and income from sale of goods for resale and finished goods, comprising the sale of yeast, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

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

Cost of sales

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

Other operating income

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

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

Notes

1 Accounting policies (continued)

Other external costs

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Financial income and expenses

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

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

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

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

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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

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

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Trademarks

Trademarks are measured at cost less accumulated amortisation and impairment losses. Trademarks are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 20 years when related to the core business of the group.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

Buildings	10-30 years
Plant and machinery	10-20 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

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

Land is not depreciated.

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

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

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

Notes

1 Accounting policies (continued)

Leases

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

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

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

Investments

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Impairment of fixed assets

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

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

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

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1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the average method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

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

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received.

Prepayments

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

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Cash flow statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

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1 Accounting policies (continued)

Cash flows from financing activities

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

Cash and cash equivalents

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

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

2 Segment information

	Group	
DKK'000	2022/23	2021/22
Revenue, Scandinavia	299,713	264,268
Revenue, rest of Europe	222,158	150,635
Revenue, rest of world	20,326	21,315
	542,197	436,218

The only business segment is yeast.

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3 Staff costs

	Group		Parent Company	
DKK'000	2022/23	2021/22	2022/23	2021/22
Wages and salaries	86,395	79,938	21,202	19,797
Pensions	6,957	7,294	1,720	1,632
Other social security costs	905	848	424	389
Other staff costs	2,628	2,307	699	585
Recharge	-4,700	-4,400	0	0
	92,185	85,987	24,045	22,403
Average number of full-time employees	167	163	45	43

Remuneration of the Executive Board of Lallemand Denmark A/S is not disclosed separately referring to section 98b (3) of the Danish Financial Statements Act. No remuneration was paid to the Board of Directors.

4 Other financial expenses

Interest expense to group entities	2,351	2,192	1,813	1,710
Other financial costs	1,233	1,276	88	206
	3,584	3,468	1,901	1,916

5 Proposed profit appropriation

Retained earnings	20,670	17,727	1,625	516

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6 Intangible assets

DKK'000	Group Trademark
Cost at 1 February 2022	8,000
Cost at 31 January 2023	8,000
Amortisation and impairment losses at 1 February 2022	-2,000
Amortisation for the year	-1,000
Amortisation and impairment losses at 31 January 2023	-3,000
Carrying amount at 31 January 2023	5,000

7 Property, plant and equipment

	Group					
DKK'000	Land and buildings	Property, plant and equipment under construction	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 February 2022	85,912	47,582	525,714	22,718	2,967	684,893
Additions for the year	0	49,762	0	2,414	0	52,176
Transfers for the year	1,350	-63,904	59,711	2,842	0	-1
Cost at 31 January 2023	87,262	33,440	585,425	27,974	2,967	737,068
Depreciation and impairment losses at 1 February 2022	-49,348	0	-276,567	-16,044	-2,039	-343,998
Adjustments to prior period	0	0	0	0	0	0
Depreciation for the year	-2,288	0	-32,037	-2,284	-304	-36,913
Depreciation and impairment losses at 31 January 2023	-51,636	0	-308,604	-18,328	-2,343	-380,911
Carrying amount at 31 January 2023	35,626	33,440	276,821	9,646	624	356,157

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	Parent Company			
DKK'000	Property, plant and equipment in progress	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 February 2022	315	13,802	2,964	17,081
Transfers for the year	-192	1,606	0	1,414
Cost at 31 January 2023	123	15,408	2,964	18,495
Depreciation and impairment losses at 1 February 2022	0	-10,971	-2,021	-12,992
Depreciation for the year	0	-748	-319	-1,067
Depreciation and impairment losses at 31 January 2023	0	-11,719	-2,340	-14,059
Carrying amount at 31 January 2023	123	3,689	624	4,436

8 Investments

DKK'000	Parent Company Equity investments in group entities
Cost at 1 February 2022	219,592
Cost at 31 January 2023	219,592
Carrying amount at 31 January 2023	219,592

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
DE DANSKE GÆRFABRIKKER A/S	Grenaa	100%	260,586	23,820
AKTIESELSKABET DANSK GÆRINGS-INDUSTRI	Grenaa	100%	2,332	91
			262,918	23,911

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9 Prepayments

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

	Group		Parent Company	
DKK'000	31/1 2023	31/1 2022	31/1 2023	31/1 2022
Insurance	245	239	245	235
Other prepayments	3,042	2,220	448	402
Deposits	65	65	65	65
	3,352	2,524	758	702

10 Equity

The contributed capital consists of 2,100 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

11 Deferred tax assets

	Group		Parent Company	
DKK'000	31/1 2023	31/1 2022	31/1 2023	31/1 2022
Deferred tax at 1 February	37,145	37,034	439	502
Deferred tax adjustment for the year in the income statement	1,515	111	-20	-63
	38,660	37,145	419	439

12 Non-current liabilities other than provisions

Payables to group entities				
< 1 year	110,337	111,384	2,446	1,185
> 5 years	169,623	169,642	169,623	169,642
	279,960	281,026	172,069	170,827
Other payables				
< 1 year	24,100	20,584	4,253	5,254
1 - 5 years	7,683	7,732	1,545	1,587
	31,783	28,316	5,798	6,841

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13 Contractual obligations, contingencies, etc.

Contingent liabilities

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

Operating lease obligations

The Group has entered into lease agreements regarding premises, operating equipment and a service agreement. The total liability makes up DKK 5,087 thousand, of which DKK 1,841 thousand falls due for payment within one year. The residual part of the liability falls due for payment within five years.

The Parent Company has entered into lease agreements for premises and operating equipment. The total liability makes up DKK 785 thousand, of which DKK 474 thousand falls due for payment within one year. The residual part of the liability falls due for payment within five years.

14 Related party disclosures

Lallemand Denmark A/S' related parties comprise the following:

Control

The Company's Parent Company and ultimate parent company exercise control.

The Company's related parties with significant influence comprise the Company's Board of Directors, Executive Board and executive staff. In addition, related parties comprise group entities in the Lallemand Group.

Lallemand BIO S.L., Calle - c/ Tomas Edison 4 Bl.2 2º - oficina 2.226, Rivas Vacia-Madrid 28521, Madrid, Spain, is the principal shareholder.

The Company's ultimate parent company is Lallemand Inc, 151 Skyway Ave., Toronto, Canada M9M 4Z5.

The consolidated financial statements of Lallemand Inc. can be obtained by contacting the company at the address above.

Related party transactions

	Group	Parent Company
DKK'000	2022/23	2022/23
Sales to related parties	462,221	37,527
Purchase from related parties	72,624	4,405

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15 Change in working capital

	Group	
DKK'000	2022/23	2021/22
Change in inventories	-47,144	10,221
Change in receivables	20,386	-2,650
Change in trade and other payables	24,726	3,624
	-2,032	11,195

16 Fees to auditor appointed at the general meeting

	Group	
DKK'000	2022/23	2021/22
Statutory audit	275	245
Tax assistance	74	66
Other assistance	69	60
	418	371