

Upfield Danmark A/S

Frederiksborggade 15, 2., 1360 København K

CVR no. 36 89 16 96

Annual report 2021

Approved at the Company's annual general meeting on 4 July 2022

Chair of the meeting:

Anneli Forsman

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Anneli Sofia Elisabet Forsman

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Upfield Danmark A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 4 July 2022
Executive Board:

Nelli Leskinen

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Nelli Neilimo-Leskinen
Director

Board of Directors:

Anneli Forsman

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Anneli Sofia Elisabet
Forsman
Chair

Karoliina Andersen

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Karoliina Sofia Andersen

Nelli Leskinen

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Nelli Neilimo-Leskinen

Independent auditor's report

To the shareholder of Upfield Danmark A/S

Opinion

We have audited the financial statements of Upfield Danmark A/S for the financial year 1 January - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 4 July 2022

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Jon Beck

State Authorised Public Accountant

mne32169

Management's review

Company details

Name	Upfield Danmark A/S
Address, Postal code, City	Frederiksborggade 15, 2., 1360 København K
CVR no.	36 89 16 96
Established	11 May 2015
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Anneli Sofia Elisabet Forsman, Chair Karoliina Sofia Andersen Nelli Neilimo-Leskinen
Executive Board	Nelli Neilimo-Leskinen, Director
Auditors	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	143,016	151,186	156,718	140,712	147,469
Gross profit	15,821	16,051	12,979	8,515	4,047
Operating profit/loss	4,221	5,292	3,917	1,811	1,199
Net financials	2,941	1,292	-2,295	270	-2
Profit before tax	7,162	6,584	1,622	2,081	1,197
Profit for the year	5,753	5,130	1,263	1,656	901
Balance sheet					
Total assets	55,429	70,699	99,611	98,953	31,240
Investments in property, plant and equipment	0	0	0	0	0
Equity	39,338	33,585	28,455	27,192	25,536
Financial ratios					
Operating margin	3.0%	3.5%	2.5%	1.3 %	0.8 %
Gross margin	11.1%	10.6%	8.3%	6.1%	2.7%
EBITDA-margin	4.5%	5.0%	3.9%	2.9%	0.0%
Return on assets	6.7%	6.2%	3.9%	2.8%	3.5%
Current ratio	327.6%	169.8%	125.3%	119.4%	0.0%
Equity ratio	71.0%	47.5%	28.6%	27.5%	81.7%
Return on equity	15.8%	16.5%	4.5%	6.3%	3.6%
Average number of full-time employees					
	11	12	7	5	1

For terms and definitions, please see the accounting policies.

Management's review

Business review

Upfield is a global world leader in plant-based foods within margarine and other baking and cooking products and is available in 95 countries. Upfield Denmark A/S is based in Copenhagen, and it sells margarine and spreads to the Danish market.

Financial review

The income statement for 2021 shows a profit of DKK 5,753 thousand against a profit of DKK 5,130 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 39,338 thousand.

The revenue trend shows a decrease of 5,4% versus prior year, while the cost of sales decreased with 6,8%. Cost of staff has increased by 9.8% due to the impact of the Danish Wage Compensation scheme lowering costs in 2020. Other external expenses have increased 1.6%, driven by an increase in advertising spend, compared to last year.

Products are produced in factories and markets are invoiced the cost plus mark up. TPs are adjusted quarterly by the Group and invoiced monthly to the market entities.

Financial risks and use of financial instruments

Credit risks

Credit risks related to trade receivables, which come from spread out customers mainly in Denmark, are managed effectively. The company has traditionally only incurred limited losses from bad debt and has significantly reduced outstanding receivables over the last five years.

Foreign exchange risks

Upfield Danmark A/S operates in Denmark and receives supporting services from other European countries, primarily from the United Kingdom and Netherlands. Due to these activities the Company is exposed to changes in the exchange rates in GBP and EUR. For the time being it has been decided not to hedge the Company's foreign currency exposures.

Impact on the external environment

The Company focuses on the sale of plant-based products in Denmark by the production firm in Helsingborg in Sweden which goes through a mandatory environmental control every three years. The Company's direct and indirect environmental impact is through the development of consumers' use of plant-based food products as well as implementing environmentally friendly logistics process (transport and travel), energy use for warehousing of products, managing the waste from discarded products, and other measures that are approved and controlled by the environmental protocol suggested by the government. No deviations from these measures have been identified in 2021.

Upfield is working towards using completely plastic-free packaging.

Research and development activities

Research and development work is conducted centrally within the Upfield Group and costs from these operations are distributed to the Group companies through a cost-sharing system.

Events after the balance sheet date

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

Management's review

Outlook

The Company drives strategy and vision in line with the global group and cooperates closely with other Nordic countries. The focus remains on simplifying operations and plant-based products while maintaining a strong focus on local customers and consumers. Expectation for Denmark is to have a modest growth on revenue and profit next year.

Changes in the market, such as increased digitalisation, changing consumer habits and new sales channels, sets requirements on Upfield's way of working. In order to better and faster meet these changes, Upfield is focusing on implementing new ways of identifying and utilise the possibilities created.

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

Note	DKK'000	2021	2020
	Revenue	143,016	151,186
	Cost of sales	-111,382	-119,571
	Other external expenses	-15,813	-15,564
	Gross profit	15,821	16,051
2	Staff costs	-9,390	-8,549
	Amortisation of intangible assets	-2,210	-2,210
	Profit before net financials	4,221	5,292
3	Financial income	3,060	1,611
4	Financial expenses	-119	-319
	Profit before tax	7,162	6,584
5	Tax for the year	-1,409	-1,454
	Profit for the year	5,753	5,130

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2021</u>	<u>2020</u>
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Goodwill	7,735	9,945
		<u>7,735</u>	<u>9,945</u>
	Total fixed assets	<u>7,735</u>	<u>9,945</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	10,905	24,339
	Receivables from group enterprises	36,608	36,415
		<u>47,513</u>	<u>60,754</u>
	Cash	181	0
	Total non-fixed assets	<u>47,694</u>	<u>60,754</u>
	TOTAL ASSETS	<u><u>55,429</u></u>	<u><u>70,699</u></u>

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK'000	<u>2021</u>	<u>2020</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	8,000	8,000
	Retained earnings	31,338	25,585
	Total equity	<u>39,338</u>	<u>33,585</u>
	Provisions		
8	Deferred tax	1,532	1,324
	Total provisions	<u>1,532</u>	<u>1,324</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	8,578	20,469
	Corporation tax payable	1,260	1,245
	Other payables	4,721	14,076
		<u>14,559</u>	<u>35,790</u>
	Total liabilities other than provisions	<u>14,559</u>	<u>35,790</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>55,429</u></u>	<u><u>70,699</u></u>

- 1 Accounting policies
- 9 Collateral
- 10 Related parties
- 11 Appropriation of profit

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

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	8,000	20,455	28,455
11	Transfer, see "Appropriation of profit"	0	5,130	5,130
	Equity at 1 January 2021	8,000	25,585	33,585
11	Transfer, see "Appropriation of profit"	0	5,753	5,753
	Equity at 31 December 2021	8,000	31,338	39,338

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Upfield Danmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

The classification of accounts relating to Trade receivables, Receivables from group enterprises and Trade payables has been adjusted resulting in a change in comparative figures, where Trade receivables has been adjusted from DKK 30,668 thousand to DKK 24,339 thousand, Receivables from group enterprises has been adjusted from DKK 20,618 thousand to 36,415 thousand and Trade payables has been adjusted from DKK 11,000 thousand to DKK 20,468 thousand. The change of classification has not had any impact on equity or income Statement.

Apart from the above adjustments in the presentation of figures, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

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

Reporting currency

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

Foreign currency translation

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

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

Income statement

Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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

Cost of sales

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

Other external expenses

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation

The item comprises amortisation of intangible assets.

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

Goodwill	10 years
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Financial income and expenses

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

Tax

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

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

Impairment of fixed assets

The carrying amount of intangible assets is assessed for impairment on an annual basis.

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

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Cash

Cash is comprised of cash at bank.

Income taxes and deferred taxes

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

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

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

Liabilities

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

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****Financial ratios**

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

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

DKK'000	<u>2021</u>	<u>2020</u>
2 Staff costs		
Wages/salaries	8,424	7,856
Pensions	695	668
Other social security costs	<u>271</u>	<u>25</u>
	<u>9,390</u>	<u>8,549</u>
Average number of full-time employees	<u>11</u>	<u>12</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
There is no remuneration to the Board of Directors.		
3 Financial income		
Interest receivable, group entities	3,051	1,595
Exchange gain	<u>9</u>	<u>16</u>
	<u>3,060</u>	<u>1,611</u>
4 Financial expenses		
Other interest expenses	118	67
Exchange losses	<u>1</u>	<u>252</u>
	<u>119</u>	<u>319</u>
5 Tax for the year		
Estimated tax charge for the year	1,394	1,246
Deferred tax adjustments in the year	208	208
Tax adjustments, prior years	<u>-193</u>	<u>0</u>
	<u>1,409</u>	<u>1,454</u>
6 Intangible assets		
DKK'000		<u>Goodwill</u>
Cost at 1 January 2021		<u>22,099</u>
Cost at 31 December 2021		<u>22,099</u>
Impairment losses and amortisation at 1 January 2021		12,154
Amortisation for the year		<u>2,210</u>
Impairment losses and amortisation at 31 December 2021		<u>14,364</u>
Carrying amount at 31 December 2021		<u>7,735</u>

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

DKK'000	<u>2021</u>	<u>2020</u>
7 Share capital		
Analysis of the share capital:		
1,000 shares of DKK 8,000.00 nominal value each	<u>8,000</u>	<u>8,000</u>
	<u>8,000</u>	<u>8,000</u>

Each share carries one voting right.

The Company's share capital has remained DKK 8,000,000 over the past 5 years

DKK'000	<u>2021</u>	<u>2020</u>
8 Deferred tax		
Deferred tax at 1 January	1,324	1,115
Deferred tax adjustments in the year	<u>208</u>	<u>209</u>
Deferred tax at 31 December	<u>1,532</u>	<u>1,324</u>
Deferred tax relates to:		
Intangible assets	<u>1,532</u>	<u>1,324</u>
	<u>1,532</u>	<u>1,324</u>

9 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

Financial statements 1 January - 31 December**Notes to the financial statements****10 Related parties**

Upfield Danmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Upfield Spreads UK Limited	Floor 2, The Caxton, 1 Brewers Green, London, United Kingdom	Direct owner
Upfield Group B.V.	Overschiestraat 61, 1062 XD, Amsterdam, Netherlands	Parent company
Sigma Holdco B.V.	Overschiestraat 61, 1062 XD, Amsterdam, Netherlands	Parent company

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Upfield Spreads UK Limited	Floor 2, The Caxton, 1 Brewers Green, London, United Kingdom	Consolidated financial statements can be requisitioned at Thomas House, 84 Ecclestone Square, London, United Kingdom
Sigma Holdco B.V.	Overschiestraat 61, 1062 XD, Amsterdam, Netherlands	Consolidated financial statements can be requisitioned at Overschiestraat 61 1062 XD, Amsterdam, Netherlands

Related party transactions

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

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

DKK'000	<u>2021</u>	<u>2020</u>
11 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	5,753	5,130
	<u>5,753</u>	<u>5,130</u>