

# Lantmännen Unibake Holding A/S

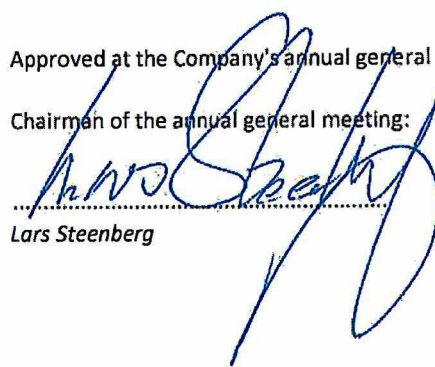
Oensvej 28-30 8700 Horsens

CVR no. 37 24 92 11

## Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chairman of the annual general meeting:



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Lars Steenberg

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## Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lantmännene Unibake Holding A/S for the financial year 1 January – 31 December 2021.

The annual report has been 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 its 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, the results for the year and the Company's financial position.

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

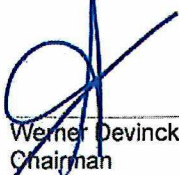
Horsens, 30 June 2022

Executive Board:

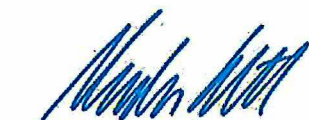


Erik Flemming Nielsen  
CEO

Board of Directors:



Werner Devinck  
Chairman



Morten Leth



Erik Flemming Nielsen

## Independent auditor's report.

To the shareholder of Lantmännen Unibake Holding A/S

### Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 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 conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Management's responsibility 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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

### Independent auditor's report

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

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 30 June 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Karsten Bøgel  
State Authorised  
Public Accountant  
Mne27849

## Management's review

### Financial highlights

In DKK millions	2021	2020	2019	2018	2017
<b>Key figures</b>					
Other operating income	314	245	303	251	319
Gross profit	211	132	146	102	152
EBIT	87	27	32	-5	33
Financial items	117	40	81	-17	-15
Profit/Loss for the year	185	56	94	-15	17
<b>Balance sheet</b>					
Equity	2,431	2,386	2,319	2,225	1,140
Total assets	3,399	3,615	3,566	3,468	2,305
Investments in non-current assets	6	223	30	1,224	21
- of this in tangible assets	0	3	1	1	1
<b>Financial ratios</b>					
Operating margin	27.7 %	11.0 %	10.6 %	-2.0 %	10.3 %
Gross margin	67.2 %	53.9 %	48.2 %	40.6 %	47.7 %
Current ratio	239 %	525 %	311 %	187 %	273 %
Equity ratio	71.5 %	65.7 %	65.0 %	64.2 %	49.5 %
Return on equity	7.70 %	2.39 %	4.14 %	-0.89 %	1.50 %
<b>Personnel</b>					
Average number of full-time employees	94	78	78	71	64

### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin

Operating profit (EBIT) x 100 / Revenue

Gross margin

Gross profit x 100 / Revenue

Current ratio

Current assets x 100 / Current liabilities

Equity ratio

Equity, year-end x 100 / Total equity and liabilities, year-end

Return on equity

Profit or loss for the year x 100 / Average equity



## Management's review

### Management commentary

#### Business/Financial review

Lantmännen Unibake Holding A/S provides headquarter services to the business units in the Lantmännen Unibake Group as well as Lantmännen Unibake Holding A/S is parent to the majority of the subsidiaries in the Lantmännen Unibake Group.

The Lantmännen Unibake Group is a leading international bakery group with expertise in frozen and fresh bakery products. The group has subsidiaries in Europe, Australia, and US. The group's mission is to make bread a profitable business for its customers through high quality products and superior solutions – always based on a sustainable mindset and behaviour as well as excellent food safety standards.

The income statement for Lantmännen Unibake Holding A/S for the year 2021 shows a net profit of MDKK 185 and an equity end of the year of MDKK 2,431. Gross profit shows a gain of MDKK 212 and the profit before net financials and tax (EBIT) a gain of MDKK 87. Dividends from subsidiaries totals 128 MDKK and net of financial income and expenses -11 MDKK resulting in a profit before tax of 204 MDKK.

The result for 2021 is exceeding the outlook for 2021 with some 130 MDKK. An increase in trademark fees, and dividend payments exceeding the anticipated level, are explaining the positive deviation. Management considers the result for 2021 very satisfactory.

#### Other events in 2021

In March 2020 restrictions related to the Covid-19 pandemic entered into force in most of the countries where the company's subsidiaries are located. The pandemic and the consequential restrictions continued into 2021 and significantly reduced the economic development of the company and the group. Mitigating cost reductions and profit protection plans did however moderate the negative impact of the pandemic on the company's and the group's financial results.

#### Financial risks

Financing of the company is primarily done with medium-long credit agreements with the Lantmännen Group. The terms of interest rate are primarily variable, and the earning is therefore exposed to changes in the interest rates in the short run. Buildings are to a small extent financed via loans in the Danish mortgage provider institutions. Such loans have fixed interest rates.

#### Currency risks

The reporting and functional currency of Lantmännen Unibake Holding A/S is Danish Kroner, which is very closely correlated with Euro.

#### Knowledge resources

The employees are a crucial asset for Lantmännen Unibake Holding A/S. It is the policy of the company to educate its employees to maintain a high competence level in order to support the group's subsidiaries providing high quality products and services to the customers of the group.

#### Research and development activities

In order to secure future earnings and growth, the necessary funds needed to develop products and trademarks are used. Product development and innovation takes place in the local production units in cooperation with the innovation team in Lantmännen Unibake Holding A/S.

#### Data ethics

The company complies with already implemented data protection policies rooted in the entire Lantmännen Group, which is based on the protection of personal integrity so that personal data is handled in a responsible, transparent and secure manner. The company is also preparing a separate policy on data ethics but has not completed this work yet.

### Corporate Social Responsibility

Lantmännen Unibake Holding A/S refers to the consolidated annual report of the ultimate parent company, Lantmännen ek för, for its statutory reporting on Corporate Social Responsibility according to §99a in the Danish financial statements act. The Corporate Social Responsibility reporting of the ultimate parent is named "Sustainability Report" and can be found in the 2021 consolidated annual report, page 137-162:

<https://www.lantmannen.com/siteassets/documents/01-om-lantmannen/press-och-nyheter/publikationer/arsredovisningar/annual-report-with-sustainability-report-2021.pdf>

Lantmännen Unibake Holding A/S has implemented Lantmännen's 'Code of Conduct' which contains guidelines for implementation of internal routines and execution of social responsibility. The Code of Conduct is published on the Lantmännen website:

<https://www.lantmannen.com/sustainable-development/sustainability-strategy/governance-and-responsibility/>

Lantmännen's Code of Conduct is integrated in the company's quality control system and all employees are educated in the Code of Conduct.

Follow-up is carried out through quality systems, employee surveys, yearly appraisal dialogues and customer surveys.

### Environmental aspects and Climate impact

Lantmännen Unibake Holding A/S is continuously working on sustainability improvements, including initiatives that reduce the company's effect on the environment. The company carries out work environment audits on an ongoing basis in order to improve the work environment for the employees.

Lantmännen Unibake has in 2021 committed to Science Based Target, which currently are being developed for submission to the SBTi official validation.

Furthermore, is the company part of the Lantmännen Sustainable Development referred to via above links.

### Goals and policies for the underrepresented gender

The Board has set a target figure for the underrepresented gender in the Board of Directors of 33%, corresponding to 1 out of 3 members. The board aims to meet this target no later than 2025. At present all 3 board members are male, why the company has not yet fulfilled the target figure.

The company's policy is to maintain and develop a high level of competence of the employees, including a focus on female employees being able to hold managerial positions. The ambition of Lantmännen Unibake Holding A/S is to have a balanced representation of men and women in senior positions within the Group. In order to increase the level of women in senior positions, the company has among others implemented recruitments procedures assuring candidate short lists representing both genders.

At the company's other management levels there are 29% female managers (26% in 2020).

### Post balance sheet events

Lantmännen Unibake Holding A/S is via its subsidiary Lantmännen Unibake R ApS, Denmark owning all shares in Lantmännen Unibake OOO, Russia. This investment represents a book value end of December 2021 of MDKK 50,6 and is included in the Lantmännen Unibake Holding A/S's total Investments in subsidiaries of MDKK 3.097,2. The book value of the net assets in Lantmännen Unibake OOO, Russia, as well as the calculated value in use, is exceeding the book value of the investment significantly.

As a consequence of the Russian invasion of Ukraine Lantmännen Group Management decided to isolate all its operations in Russia from the rest of the Group as a first step in a potential divestment of the operations. Management of Lantmännen Unibake Holding A/S is confident that the value of the company's investment in Lantmännen Unibake OOO, Russia of MDKK 50,6 will be covered in case of a divestment – and in case of continued operation as well.

On a general level is the crisis expected to influence several of the company's subsidiaries in terms of increasing energy and raw material prices and availability.

### Outlook

The company is in 2022 expecting other income to total approximately 320 – 340 mDKK and a positive result of approximately 180 – 220 MDKK.



## Financial statements

### Income statement 1 January – 31 December

Note	DKK '000	2021	2020
2	Other operating income	314,134	244,967
	Other external expenses	-102,599	-112,625
	<b>Gross profit</b>	211,535	132,342
3	Staff costs	-103,836	-85,269
4	Amortisation, depreciation and impairment losses	-21,132	-19,805
	<b>EBIT</b>	86,567	27,268
16	Result from investments in group enterprises	128,215	48,378
5	Financial income	3,298	8,574
6	Financial expenses	-14,364	-17,327
	<b>Profit/loss before tax</b>	203,716	66,893
7	Tax for the year	-18,986	-10,514
	<b>Profit/loss for the year</b>	184,730	56,379

## Financial statements

### Balance sheet 31 December

Note	DKK'000	2021	2020
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	Software	31,731	38,951
8	<b>Intangible assets</b>	31,731	38,951
	Land and buildings	80,903	89,408
	Other fixtures and fittings, tools & equipment	2,638	3,128
9	<b>Property, plant and equipment</b>	83,541	92,536
10	Investments in subsidiaries	3,097,221	3,097,221
	Other receivables	2,156	2,875
	<b>Financial assets</b>	3,099,377	3,100,096
	<b>Total non-current assets</b>	3,214,649	3,231,583
	<b>Current assets</b>		
	Receivables from related parties	174,048	373,155
	Other receivables	10,778	10,321
	<b>Receivables</b>	184,826	383,476
	<b>Total current assets</b>	184,826	383,476
	<b>TOTAL ASSETS</b>	3,399,475	3,615,059

## Financial statements

### Balance sheet 31 December

Note	DKK'000	2021	2020
<b>EQUITY AND LIABILITIES</b>			
11	Share capital	300,000	300,000
	Retained earnings	1,930,722	1,945,933
	Proposed dividend	200,000	130,000
	<b>Total equity</b>	<b>2,430,722</b>	<b>2,375,933</b>
<b>Long-term liabilities</b>			
12	Provision for deferred tax	19,098	18,554
13	Debt to mortgage credit institutions	931	2,665
13	Payables to related parties	871,194	1,144,560
	Other payables	31	92
	<b>Total long-term liabilities</b>	<b>891,254</b>	<b>1,165,871</b>
<b>Short-term liabilities</b>			
13	Debt to mortgage credit institutions	965	1,377
	Trade payables	13,992	7,603
	Payables to related parties	9,402	19,757
	Income taxes	29,374	14,827
	Other payables	23,766	29,691
	<b>Total short-term liabilities</b>	<b>77,499</b>	<b>73,255</b>
	<b>Total liabilities</b>	<b>968,753</b>	<b>1,239,126</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,399,475</b>	<b>3,615,059</b>

- 1 Accounting policies
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- 15 Mortgages and collateral
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- 18 Interest rate risks and use of derivative financial instruments

## Financial statements

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2020	300,000	2,019,428	0	2,319,428
	Distributed dividend	0	0	0	0
	Value adjustment, hedging of future cash flows	0	126	0	126
17	Transferred; see distribution of profit/loss	0	-73,621	130,000	56,379
	<b>Equity at 1 January 2021</b>	<b>300,000</b>	<b>1,945,933</b>	<b>130,000</b>	<b>2,375,933</b>
17	Distributed dividend	0	0	-130,000	-130,000
	Value adjustment, hedging of future cash flows	0	59	0	59
17	Transferred, see distribution of profit/loss	0	-15,270	200,000	184,730
	<b>Equity at 31 December 2021</b>	<b>300,000</b>	<b>1,930,722</b>	<b>200,000</b>	<b>2,430,722</b>

## Financial statements

### Notes

#### 1 Accounting policies

The annual report of Lantmännen Unibake Holding A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. An inaccurate mapping of accounts has led to a minor reclassification of the comparative numbers for staff costs and other external expenses. The reclassification is neutral on profit for the year, equity and balance sheet.

#### Consolidated financial statements

According to §112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statement of Lantmännen Unibake Holding A/S and subsidiaries are included in the consolidated financial statements for Lantmännen ek för.

#### Cash flow statement

According to §86(4) of the Danish Financial Statements Act, no cash flow statement is included in the annual report for Lantmännen Unibake Holding A/S. The cash flow statement for Lantmännen Unibake Holding A/S is included in the cash flow statement in the consolidated financial statements for Lantmännen ek för.

#### Fee to auditor

According to §96(3) of the Danish Financial Statements Act, the fee to the appointed auditor is not disclosed. The auditor's fee is included in the consolidated financial statements for Lantmännen ek för.

#### 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 rate at the transaction date and the rate at 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 closing rates. 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.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. The fair value of derivative financial instruments is based on listed prices in an active market for similar assets or liabilities or other valuation methods, with all significant inputs being based on observable market data (level 2). Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

## Financial statements

### 1 Accounting policies (continued)

#### Income statement

##### Other operating income

Income from supply of services is recognised as other operating income with reference to the stage of completion. Licence, royalty income and rent are recognised when the underlying transaction is carried through.

##### Other external costs

Other external costs comprise costs for sale, advertising, administration, premises, bad debt losses, operating leases, etc.

##### Amortisation/depreciation and write-downs

The item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment.

Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the assessments of the useful life.

##### Result from investments in group enterprises

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Distributions of dividend where the dividend exceeds the profit for the year or where the carrying amount of the Company's investments in the subsidiary exceeds the carrying amount of the subsidiary's net asset value will be evidence of impairment, meaning that an impairment test must be conducted.

Group contributions are accounted for as dividends and is recognised in the income statement as a result from investments in group enterprises. This also for group contributions between subsidiaries.

##### Financial income and expenses

Financial income and expenses comprise interest income and expenses, 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.

##### Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. 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.

Tax expenses from partnerships applying to tax transparency rules are recognised in "Current tax for the year for foreign partnerships" as a part of the 'Tax for the year' in the income statement.



## Financial statements

### 1 Accounting policies (continued)

#### Balance sheet

##### Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities.

Software is measured at cost less accumulated amortisation and impairment losses. Licences are amortised over the term of the licence, however not exceeding 7 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

##### Property, plant and equipment

Land and buildings, plant and equipment and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Interest expenses on loans to finance the construction of items of property, plant and equipment, and which relate to the construction period, are recognised in cost of the asset. All other borrowing costs are recognised in the income statement.

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

Buildings	20-33 years
Fixtures and fittings, tools and equipment	3-15 years

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

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

## Financial statements

### 1 Accounting policies (continued)

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

#### Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of indication of impairment, an impairment test is conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

#### Impairment of non-current assets

The carrying amount of intangible assets, Investments in subsidiaries and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Assets are written down to the lower of the carrying amount and the 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 net 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.

#### Receivables

Receivables are measured at amortised cost.

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 assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit 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 net 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.

#### Equity

##### *Dividend*

Dividend proposed for the year is recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

## Financial statements

### 1 Accounting policies (continued)

#### Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and 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 base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Lantmännen Unibake Holding A/S acts as a management company for all the companies encompassed by the joint taxation arrangement meaning that the company is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Tax in foreign partnerships applying to tax transparency rules, are recognized in the balance sheet as current tax payables.

#### 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 payables are measured at net realizable value which typically equals nominal value.

## Financial statements 1 January – 31 December

DKK'000	2021	2020
<b>2 Other operating income</b>		
Income from royalty, license- and management fee from related parties	280,844	220,666
Rental income from related parties	9,951	12,227
Other operating income	23,339	12,074
	<u>314,134</u>	<u>244,967</u>
<b>3 Staff costs</b>		
Wages and salaries	94,767	77,570
Pensions	8,397	7,049
Other social security costs	672	650
	<u>103,836</u>	<u>85,269</u>
Average number of full-time employees	<u>94</u>	<u>78</u>
<p>According to section 98 (3 no. 2) of the Danish Financial Statements Act, no information is disclosed on wages and salaries to the Executive Board and Board of Directors.</p>		
<b>4 Amortisation/depreciation and impairment losses</b>		
Software	13,114	11,112
Land and buildings	7,489	8,083
Other fixtures and fittings, tools & equipment	529	610
	<u>21,132</u>	<u>19,805</u>

DKK'000	2021	2020
<b>5 Financial income</b>		
Interest income from related parties	3,249	8,574
Other financial income	49	0
	<u>3,298</u>	<u>8,574</u>
<b>6 Financial expenses</b>		
Interest expense to related parties	13,219	16,020
Other financial expenses	1,145	1,307
	<u>14,364</u>	<u>17,327</u>
<b>7 Tax for the year</b>		
Current tax for the year	14,980	4,478
Current tax for the year for foreign partnerships	4,200	5,000
Change in deferred tax	527	1,496
Prior year adjustments	-721	-460
	<u>18,986</u>	<u>10,514</u>
Analysed as follows:		
Tax for the year	19,233	10,974
Prior year adjustments	-247	-460
	<u>18,986</u>	<u>10,514</u>

**8 Intangible assets**

DKK'000	Software
Cost at 1 January 2021	262,720
Additions	5,894
Disposals	0
Cost at 31 December 2021	<u>268,614</u>
Amortisation and impairment losses at 1 January 2021	223,769
Amortisation	13,114
Disposals	0
Amortisation and impairment losses at 31 December 2021	<u>236,883</u>
<b>Carrying amount at 31 December 2021</b>	<u>31,731</u>
Amortised over	<u>7 years</u>

**9 Property, plant and equipment**

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	363,577	5,294	368,871
Additions	0	39	39
Disposals	-8,913	0	-8,913
Transferred	0	0	0
Cost at 31 December 2021	<u>354,664</u>	<u>5,333</u>	<u>359,997</u>
Depreciation and impairment losses at 1 January 2021	274,169	2,166	276,335
Depreciation	7,489	529	8,018
Disposals	-7,897	0	-7,897
Depreciation and impairment losses at 31 December 2021	<u>273,761</u>	<u>2,695</u>	<u>276,456</u>
<b>Carrying amount at 31 December 2021</b>	<u>80,903</u>	<u>2,638</u>	<u>83,541</u>
Depreciated over	<u>20-33 years</u>	<u>3-15 years</u>	



## Financial statements 1 January – 31 December

DKK'000	2021	2020
<b>10 Investments in subsidiaries</b>		
Cost at 1 January	3,097,221	2,880,514
Additions	0	216,707
Cost at 31 December	3,097,221	3,097,221

Name and registered office	Year	Currency	Voting rights and ownership	Profit/loss '000	Equity '000
Lantmännen Unibake Denmark A/S, Denmark	2020	DKK	100%	5,177	133,331
Lantmännen Unibake Germany GmbH, Germany	2020	EUR	100%	15	2,047
Lantmännen Unibake GmbH & Co, Germany	2020	EUR	100%	7,392	11,700
Lantmännen Unibake Geshäftschft. GmbH, Germany	2020	EUR	100%	-4	53
Oy Lantmännen Unibake AB Finland, Finland	2020	EUR	100%	-693	11,138
Lantmännen Unibake Benelux NV, Belgium	2020	EUR	100%	97	14,759
Lantmännen Unibake UK Holding Ltd., England	2020	GBP	100%	1,154	141,683
Lantmännen Unibake USA Ltd., USA	2020	USD	100%	-1,255	55,334
Lantmännen Unibake Hungary Zrt, Hungary	2020	HUF	100%	102,906	760,252
Lantmännen Unibake S.L., Spain	2019	EUR	100%	-274	328
Lantmannen Unibake R ApS, Denmark	2020	DKK	99,995%	-4	50,708
Lantmännen Unibake Poland S.P.z.o.o, Poland	2020	PLN	51,61%	18,700	424,116

All subsidiaries are considered separate entities.

### Recognition and measurement

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of indication of impairment, an impairment test is conducted. An impairment test is applying management expectations to future cash flows and with that some level of uncertainty.

Please refer to the *Post balance sheet event* section of the *Management's review* for management's discussion and position to the the specific uncertainties related to the company's indirect investment in Russia.

## Financial statements 1 January – 31 December

### 11 Share capital

The share capital comprises 3 million shares of DKK 100 nominal value each. All shares rank equally. The share capital has remained unchanged for the last 5 years.

DKK'000	2021	2020
<b>12 Deferred tax</b>		
Deferred tax at 1 January	18,554	15,359
Prior-year adjustments	473	1,726
Adjustment of the deferred tax charge for the year	54	1,496
Adjustment of the deferred tax related to hedging of future cash flows	17	-27
<b>Deferred tax at 31 December</b>	<b>19,098</b>	<b>18,554</b>

The deferred tax charge relates to:

Intangible assets	6,981	8,569
Property, plant and equipment	11,532	12,149
Current assets	599	-273
Provisions	-14	-1,891
	<b>19,098</b>	<b>18,554</b>

### 13 Non-current liabilities and other provisions

DKK'000	Total debt at 31 Dec. 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred Tax	19,098	0	19,098	0
Mortgage debt	1,864	933	931	0
Debt to related parties	871,194	0	871,194	0
Hedging instrument	62	31	31	0
	<b>892,218</b>	<b>964</b>	<b>891,254</b>	<b>0</b>

### 14 Contractual obligations and contingencies, etc.

#### Operating lease liabilities

Lease liabilities (operating leases), which fall due within 4 years, total MDKK 3.2 (2020: MDKK 2.9).

#### Other financial obligations

Rent payments concerning rent contract, which fall due within 9 years, total MDKK 40 (2020: MDKK 43).

#### Joint taxation

Lantmännen Unibake Holding A/S is the administration company of the joint taxation arrangement with the Danish subsidiaries in the Lantmännen ek för Group and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interests and royalties from the jointly taxed entities.

### 15 Mortgages and collateral

Land and buildings totalling MDKK 45.3 at 31 December 2021 have been provided as collateral for debt to mortgage credit institutions, MDKK 1.8 at 31 December 2021.

## 16 Related party disclosures

Lantmännen Unibake Holding A/S' related parties comprise the following:

### Parties exercising control

Lantmännen Unibake Holding AB, S:t Göransgatan 160 A, Stockholm, Sweden, has direct ownership of the Company through share holdings.

Lantmännen ek för, S:t Göransgatan 160 A, Stockholm, Sweden, which has indirect control of the Company. The Company is included in the consolidated financial statements for Lantmännen ek för. The Consolidated financial statements can be found at;

<https://www.lantmannen.com/siteassets/documents/01-om-lantmannen/press-och-nyheter/publikationer/arsredovisningar/annual-report-with-sustainability-report-2021.pdf>

During 2021 the Company has had the following transactions with related parties

Income from royalty, license- and management fee from related parties	280,844
Rental income from related parties	9,951
Invoicing of personnel costs and travel cost to related parties	12,486
IT costs and other costs to related parties	3,100
Financial income from related parties	3,249
Financial costs to related parties	13,219
Dividens from subsidiaries	128,215
Joint taxation, net	-14,838
Receivables from related parties	174,048
Payables to related parties	880,596

DKK'000

## 17 Distribution of profit/loss

### Proposed distribution of profit/loss

	2021	2020
Proposed dividend	200,000	130,000
Transferred to reserves under equity	-15,270	-73,621
	<u>184,730</u>	<u>56,379</u>

## 18 Interest rate risks and use of derivative financial instruments

### Forecast transactions

The Company uses interest swap contracts to hedge interest rate risks relating payables to credit institutions. The fair value of the interest swaps is calculated applying level 2 in the fair value hierarchy.

DKK'000	Period	Contractual value		Gains and losses recognised in equity and expected to be realised after the balance sheet date	
		2021	2020	2021	2020
Interest swap contracts	0-36 months	-62	-137	-48	-108

