



## Jacobsens Bakery Ltd. A/S

Nilanvej 1, 8722 Hedensted

CVR no. 70 38 67 12

### Annual report 2021

Approved at the Company's annual general meeting on 18 Maj 2022

Chair of the meeting:

A handwritten signature in blue ink, appearing to be 'M. M.', is written over a dotted line.

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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 Jacobsens Bakery Ltd. 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 and cash flows 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.

Hedensted, 16 March 2022  
Executive Board:



Jan Enghelm Jacobsen

Board of Directors:




Morten Rudevald  
Chair



Kenneth Skov Eskildsen



Jørn Ankær Thomsen



Torben Lennart Sørensen



Mogens Søndergaard  
Nielsen



Jan Klærke Hansen



## Independent auditor's report

To the shareholders of Jacobsens Bakery Ltd. A/S

### Opinion

We have audited the financial statements of Jacobsens Bakery Ltd. A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 as well as the cash flows 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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



## Independent auditor's report

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

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Vejle, 16 March 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Henrik S. Meldahl  
State Authorised Public Accountant  
mne28654



## Management's review

### Company details

Name	Jacobsens Bakery Ltd. A/S
Address, Postal code, City	Nilanvej 1, 8722 Hedensted
CVR no.	70 38 67 12
Established	22 December 1982
Registered office	Hedensted
Financial year	1 January - 31 December
Telephone	+45 76 75 27 30
Telefax	+45 75 89 05 87
Board of Directors	Morten Rødevald, Chair Kenneth Skov Eskildsen Jørn Ankær Thomsen Torben Lennart Sørensen Mogens Søndergaard Nielsen Jan Klærke Hansen
Executive Board	Jan Engholm Jacobsen
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark



## Management's review

### Financial highlights

DKK'000	2021	2020	2019	2018	2017
<b>Key figures</b>					
Gross profit	72,767	73,646	73,899	61,512	59,596
Operating profit/loss	14,043	21,565	21,059	14,055	15,043
Net financials	-1,873	-1,410	-2,330	-2,918	-3,130
Profit for the year	9,503	15,711	14,602	8,680	9,175
<b>Balance sheet</b>					
Total assets	150,146	159,986	153,960	176,915	182,182
Equity	76,260	77,807	74,470	79,162	79,218
<b>Investments</b>					
Amount relating to investments in property, plant and equipment	-8,017	-2,206	-1,999	-3,135	-2,683
<b>Financial ratios</b>					
Return on assets	9.1%	13.7%	12.7%	7.8%	7.8%
Current ratio	186.0%	190.5%	200.5%	160.4%	198.2%
Equity ratio	50.8%	48.6%	48.4%	44.7%	43.5%
Return on equity	12.3%	20.6%	19.0%	11.0%	10.9%
<b>Employees</b>					
Average number of full-time employees	98	92	97	92	92



## Management's review

### Business review

The principal activities of the Company comprise the manufacturing and sale of Danish butter cookies and related products. Sale primarily relates to export markets.

### Financial review

The income statement for 2021 shows a profit of DKK 9,503 thousand against a profit of DKK 15,711 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 76,260 thousand. Management considers the Company's financial performance in the year satisfactory taking the uncertainties at the beginning of the year into consideration.

The result is negatively affected by 4 mill. DKK due to a change in the expected useful life of a fixed asset. Despite this, the result is in line with the management's expectation.

### Financial risks and use of financial instruments

#### *Foreign currency risks*

It is the Company's policy to minimise currency risks to the extent possible by hedging positions in foreign currencies by means of financial instruments, including derivative financial instruments such as forward contracts.

#### *Credit risks*

Major orders are hedged by means of export credit insurance via an export credit insurance company.

### Impact on the external environment

New production robots have been purchased that will reduce energy consumption and output of Co2 in 2023.

### Events after the balance sheet date

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

### Outlook

The forecast for 2022 might be more gloomy and unsecure due to Covid and the war in Ukrain with all its related effects and unsecurity in the supply chain. Furthermore the Company will be challenged by especially increasing raw materials and transportation costs and freights, increasing electricity, gas and oil pricing and unsecurity in supplies of especially oil and gas. Despite this, the management expects a positive result before tax for 2022 between 8 - 12 mill. DKK





## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2021	2020
	<b>Gross profit</b>	72,767	73,646
2	Staff costs	-47,336	-44,675
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-11,370	-7,266
	<b>Profit before net financials</b>	14,061	21,705
	Financial income	0	2
3	Financial expenses	-1,873	-1,412
	<b>Profit before tax</b>	12,188	20,295
4	Tax for the year	-2,685	-4,584
	<b>Profit for the year</b>	9,503	15,711



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Intangible assets</b>		
	Acquired intangible assets	0	0
		0	0
6	<b>Property, plant and equipment</b>		
	Land and buildings	20,568	21,167
	Plant and machinery	33,817	41,637
	Other fixtures and fittings, tools and equipment	1,966	1,373
	Prepayments for property, plant and equipment	5,792	1,319
		62,143	65,496
7	<b>Investments</b>		
	Investments in group entities, net asset value	1,449	1,338
		1,449	1,338
	<b>Total fixed assets</b>	63,592	66,834
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	9,127	8,763
	Work in progress	552	754
	Finished goods and goods for resale	8,403	4,432
		18,082	13,949
	<b>Receivables</b>		
	Trade receivables	46,973	42,892
	Other receivables	2,789	4,348
8	Prepayments	2,187	1,702
		51,949	48,942
	<b>Cash</b>	16,523	30,261
	<b>Total non-fixed assets</b>	86,554	93,152
	<b>TOTAL ASSETS</b>	150,146	159,986



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	12,500	12,500
	Exchange reserve	-26	-137
	Hedging reserve	-832	329
	Retained earnings	62,618	55,115
	Dividend proposed for the year	2,000	10,000
	<b>Total equity</b>	<b>76,260</b>	<b>77,807</b>
	<b>Provisions</b>		
10	Deferred tax	4,604	5,414
	<b>Total provisions</b>	<b>4,604</b>	<b>5,414</b>
	<b>Liabilities other than provisions</b>		
11	<b>Non-current liabilities other than provisions</b>		
	Mortgage debt	11,700	13,863
	Lease liabilities	11,056	13,993
		<b>22,756</b>	<b>27,856</b>
	<b>Current liabilities other than provisions</b>		
11	Current portion of long-term liabilities	5,048	4,979
	Bank debt	8,353	12,880
	Prepayments received from customers	1,771	1,074
	Trade payables	21,550	10,869
	Payables to group entities	1,361	5,625
	Income taxes payable	125	1,702
	Other payables	8,318	11,780
		<b>46,526</b>	<b>48,909</b>
	<b>Total liabilities other than provisions</b>	<b>69,282</b>	<b>76,765</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150,146</b>	<b>159,986</b>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit



## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Exchange reserve	Hedging reserve	Retained earnings	Dividend proposed for the year	Total
		12,500	0	-1,434	49,404	14,000	74,470
16	Transfer, see "Appropriation of profit"	0	0	0	5,711	10,000	15,711
	Exchange adjustment	0	-137	0	0	0	-137
	Adjustment of hedging instruments at fair value	0	0	1,763	0	0	1,763
	Dividend distributed	0	0	0	0	-14,000	-14,000
	<b>Equity at 1 January 2021</b>	<b>12,500</b>	<b>-137</b>	<b>329</b>	<b>55,115</b>	<b>10,000</b>	<b>77,807</b>
16	Transfer, see "Appropriation of profit"	0	0	0	7,503	2,000	9,503
	Exchange adjustment	0	111	0	0	0	111
	Adjustment of hedging instruments at fair value	0	0	-1,161	0	0	-1,161
	Dividend distributed	0	0	0	0	-10,000	-10,000
	<b>Equity at 31 December 2021</b>	<b>12,500</b>	<b>-26</b>	<b>-832</b>	<b>62,618</b>	<b>2,000</b>	<b>76,260</b>



## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2021	2020
	Profit for the year	9,503	15,711
17	Adjustments	17,107	12,646
	Cash generated from operations (operating activities)	26,610	28,357
18	Changes in working capital	-6,173	-6,204
	Cash generated from operations (operating activities)	20,437	22,153
	Interest received, etc.	0	2
	Interest paid, etc.	-1,873	-1,412
	Income taxes paid	-4,746	-3,874
	<b>Cash flows from operating activities</b>	<b>13,818</b>	<b>16,869</b>
	Additions of property, plant and equipment	-8,017	-2,206
	Sale of property, plant and equipment	19	140
	<b>Cash flows to investing activities</b>	<b>-7,998</b>	<b>-2,066</b>
	Dividends paid	-10,000	-14,000
	Change in bank debt	-4,527	11,232
	Repayments, long-term liabilities	-5,031	-5,082
	<b>Cash flows from financing activities</b>	<b>-19,558</b>	<b>-7,850</b>
	<b>Net cash flow</b>	<b>-13,738</b>	<b>6,953</b>
	Cash and cash equivalents at 1 January	30,261	23,308
19	<b>Cash and cash equivalents at 31 December</b>	<b>16,523</b>	<b>30,261</b>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Jacobsens Bakery Ltd. 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.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Jacobsens Bakery Ltd. A/S and its group entities are part of the consolidated financial statements for New Intergoods Ltd. A/S.

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

Changes have been made in the financial statement regarding the presentation and classification of 'Income taxes payable' and 'Payables to group entities'. Comparatives have been restated so as to reflect the presentation and classification. The change have not affected the results of operations, equity or balance sheet total.

#### 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.

Assets purchased in foreign currency is measured at the exchange rate at the date of transaction.

#### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

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

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the 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 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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured 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.

###### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

###### Other operating income

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

###### 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, payments under operating leases, etc.

###### 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.

###### Depreciation

The item comprises depreciation of property, plant and equipment.

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:

Acquired intangible assets	5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

Buildings	15-50 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-5 years

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

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

Land is not depreciated.

Assets with a cost of less than DKK 25 thousand are expensed in the income statements as minor acquisitions.

#### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

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

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Other intangible assets include distribution rights.

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

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Dividend received is deduced from the carrying amount.

#### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

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

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

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

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads comprise the indirect cost of material and labour as well as maintenance and amortisation/depreciation of intangible assets and property, plant and equipment used in the production process.

#### 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.

#### Prepayments

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash

Cash comprise cash.

##### Equity

###### *Exchange reserve*

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

###### *Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

###### *Proposed dividends*

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

##### Income taxes

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

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

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

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

Other liabilities are measured at net realisable value.

##### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

##### Prepayments received from customers

Prepayments received from customers recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash.



## 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
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	2021	2020
<b>2 Staff costs</b>		
Wages/salaries	41,098	38,992
Pensions	5,510	5,065
Other social security costs	728	618
	47,336	44,675
 Average number of full-time employees	 98	 92

Total remuneration to the Executive Board and the Board of Directors: DKK 2,139 thousand (2020: DKK 2,354 thousand).

DKK'000	2021	2020
<b>3 Financial expenses</b>		
Interest expenses, group entities	37	65
Other financial expenses	1,836	1,347
	1,873	1,412
 <b>4 Tax for the year</b>		
Estimated tax charge for the year	3,168	4,723
Deferred tax adjustments in the year	-483	-139
	2,685	4,584

DKK'000	Acquired intangible assets
Cost at 1 January 2021	721
Disposals in the year	-721
Cost at 31 December 2021	0
Impairment losses and amortisation at 1 January 2021	721
Reversal of amortisation/depreciation and impairment of disposals	-721
Impairment losses and amortisation at 31 December 2021	0
<b>Carrying amount at 31 December 2021</b>	<b>0</b>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment	Total
Cost at 1 January 2021	41,258	130,602	22,685	1,319	195,864
Additions in the year	0	1,156	1,069	5,792	8,017
Disposals in the year	0	0	-710	0	-710
Transfer from other accounts	0	1,319	0	-1,319	0
Cost at 31 December 2021	41,258	133,077	23,044	5,792	203,171
Impairment losses and depreciation at 1 January 2021	20,091	88,965	21,312	0	130,368
Amortisation/depreciation in the year	599	10,295	477	0	11,371
Amortisation/depreciation and impairment of disposals in the year	0	0	-711	0	-711
Impairment losses and depreciation at 31 December 2021	20,690	99,260	21,078	0	141,028
<b>Carrying amount at 31 December 2021</b>	<b>20,568</b>	<b>33,817</b>	<b>1,966</b>	<b>5,792</b>	<b>62,143</b>
Property, plant and equipment include finance leases with a carrying amount totalling	0	16,598	0	0	16,598
Recognised interest for the year	0	377	0	0	

#### 7 Investments

DKK'000	Investments in group entities, net asset value
Cost at 1 January 2021	1,591
Cost at 31 December 2021	1,591
Value adjustments at 1 January 2021	-253
Exchange adjustment	111
Value adjustments at 31 December 2021	-142
<b>Carrying amount at 31 December 2021</b>	<b>1,449</b>

Name	Legal form	Domicile	Interest
<b>Subsidiaries</b>			
Danco Import Inc.	Inc.	New Jersey, USA	100.00%



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including lease interest, insurance policies etc.

DKK'000	2021	2020
<b>9 Share capital</b>		
Analysis of the share capital:		
25,000 shares of DKK 500.00 nominal value each	12,500	12,500
	<u>12,500</u>	<u>12,500</u>

#### 10 Deferred tax

Deferred tax at 1 January	5,414	5,056
Deferred tax of adjustment of hedging instruments	-327	497
Other deferred tax	-483	-139
<b>Deferred tax at 31 December</b>	<u>4,604</u>	<u>5,414</u>

#### 11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	13,851	2,151	11,700	4,795
Lease liabilities	13,953	2,897	11,056	0
	<u>27,804</u>	<u>5,048</u>	<u>22,756</u>	<u>4,795</u>

#### 12 Derivative financial instruments

##### Forecast transactions

The Company uses forward exchange contracts to hedge expected currency risks relating to sale of goods in the coming year.

##### Interest rate risks

The Company uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

DKK'000	2020		2021		Time to maturity	
	Notional principal amount	Fair value	Notional principal amount	Value adjustment recognised in equity		Fair value
Interest rate swaps	21,464	-1,757	17,807	-538	-1,067	months 24-72
Exchange swaps	44,319	2,178	36,477	2,259	-718	1
	<u>65,783</u>	<u>421</u>	<u>54,284</u>	<u>1,721</u>	<u>-1,785</u>	





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Contractual obligations and contingencies, etc.

##### Contingent liabilities

The Company is jointly taxed with the other Danish consolidated enterprises. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed enterprises' total known net liabilities to SKAT are stated in the financial statements of the administrative company, New Intergoods Ltd. A/S, CVR No. 38 11 63 98. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

#### 14 Collateral

Land and buildings with a carrying amount of DKK 20,568 thousand at 31 December 2021 have been provided as collateral for mortgages of DKK 13,851 thousand.

The Company has issued mortgages registered to the owner of DKK 16,865 thousand, secured on land and buildings with a carrying amount of DKK 20,568 thousand at 31 December 2021 have been provided as collateral for bank loans with a carrying amount of DKK 8,353 thousand at 31 December 2021.

Plant and machinery with a carrying amount of DKK 16,598 thousand at 31 December 2021; see note 6, are held under finance leases. The finance lease obligation amounted to DKK 13,953 thousand at 31 December 2021.

#### 15 Related parties

Jacobsens Bakery Ltd. A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
New Intergoods Ltd. A/S	Nilanvej 1, 8722 Hedensted	Participating interest

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
New Intergoods Ltd. A/S	Nilanvej 1, 8722 Hedensted

##### Related party transactions

Jacobsens Bakery Ltd. A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2021</u>
Revenue related parties	4,393
Interest expenses, group entities	37
Receivables from related parties	1,361
Payables to relatd parties	1,485



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2021	2020
<b>16 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	2,000	10,000
Retained earnings	7,503	5,711
	9,503	15,711
<b>17 Adjustments</b>		
Amortisation/depreciation and impairment losses	11,370	7,272
Gain/loss on the sale of non-current assets	-19	-140
Financial income	0	-2
Financial expenses	1,873	1,412
Tax for the year	2,685	4,584
Adjustment of hedging instruments	1,198	-480
	17,107	12,646
<b>18 Changes in working capital</b>		
Change in inventories	-4,133	3,316
Change in receivables	-4,969	-5,672
Change in trade and other payables	2,929	-3,848
	-6,173	-6,204
<b>19 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	16,523	30,261
	16,523	30,261