



**ANNUAL REPORT**

**2021**



***“UIE is a holding company investing in the agro-industrial sector as well as industrial and technology businesses”***



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# LETTER FROM THE CHAIRMANSHIP

Despite most challenging market conditions, UIE Plc.'s ("UIE") investments performed well in 2021, and our net profit amounted to USD 108 million. Even though the reported net profit is 5% lower than in the previous year, the result is considered satisfactory. This is primarily due to a strong operating performance and record-high result from UP of USD 125 million (of which UIE's contribution is USD 60 million), as well as the fair value of our investment in Schörling increasing by USD 43 million.

On behalf of the Board, we are pleased to report that, despite tough market conditions, our investments have shown strong resilience in 2021 and the ability to adapt to the changing market conditions. This has been possible through the continued focus within our portfolio companies to develop and implement innovations and increase efficiency and productivity.

## UP

UIE's largest investment, UP, reported a record-high net profit of MYR 522 million (USD 125.4 million) in 2021, an increase of 30% compared to 2020, primarily due to higher selling prices of crude palm oil ("CPO") and palm kernel ("PK"), as well as higher production volumes.

The average selling prices achieved by UP Malaysia increased by 27% in 2021. The sharp increase seen in palm oil prices was mainly triggered by severe labour shortages resulting in lower CPO production in Malaysia and the Indonesian Government's commitment to increase their domestic palm oil consumption via their biodiesel programme. Furthermore, supply-side disruptions coincided with a strong recovery in global demand in 2021.

UP's palm oil production increased by 3.6% due to favourable climatic conditions on the estates in Malaysia (more even rainfall distribution during the year) and yield improvements from the significant areas replanted over the last ten years using in-house developed planting materials.

Nevertheless, 2021 was generally a challenging year from an operational point of view. The Malaysian borders continued to be closed due to the Covid-19 pandemic, impeding the recruitment of workers from neighbouring countries (which make up around 80% of the total labour force in the Malaysian plantation sector). As a result, there were acute labour shortages within the Malaysian palm oil industry, which severely hampered operations and led to high crop losses in the Malaysian plantation sector in 2021. The labour shortages remain a serious challenge.

However, despite UP also being affected by the acute labour shortages, we are pleased to report that we managed to minimise crop losses in the fields during 2021. This was mainly due to management making a commendable effort to avert crop losses by focusing and enforcing a higher degree of mechanisation and other innovations, thereby reducing labour dependency.

In the field operations, UP achieved more than 8% labour savings during 2021 (and by 20% from 1 January 2020). On this basis, we will continue our efforts to increase productivity and reduce our labour dependency even further. However, it will be impossible to avoid significant crop losses in 2022 if the Malaysian Government does not provide an urgent, yet safe, avenue to recruit guest workers.

In 2021, UP continued to replant sizeable areas on the estates in Malaysia with superior planting material developed by our research department to ensure that production and yields continue to develop favourably.

***"Even though 2021 was a most challenging year from an operational point of view, commendable efforts throughout the UP operations, as well as higher commodity prices, secured a record-high net profit in UP"***

## Schörling

All the portfolio companies in Schörling have, to various degrees, been affected by the global logistic constraints as well as shortages and surging prices of raw materials and components during 2021. Regardless, they all performed well during the year, reporting an increase in turnover and operating profit. Some of the companies even reported record sales, record operating profit and operating margins in 2021.

In 2021, almost all the portfolio companies made several add-on or strategic acquisitions. In addition, with the easing of various pandemic restrictions in many parts of the world, the portfolio companies focused more on growth-initiating activities during the year.

The companies are amongst the global leaders in their respective markets and business segments. With strong financial positions and a high focus on product development, as well as ambitious growth plans, we are confident that they



are, despite an unpredictable overall outlook, well-positioned to accelerate growth in the coming years.

In June 2021, Schörling entered an agreement to increase its ownership in Anticimex (a leading global specialist in pest control) from 9.6% to slightly above 20% for a consideration of approximately SEK 5.4 billion. The transaction was completed in November 2021; in the process, Schörling became the second-largest shareholder in Anticimex.

In 2021, the fair value of our investment in Schörling increased by USD 42.7 million or 19% as the share price of the portfolio companies, except for Securitas, increased considerably. At the end of 2021, Hexagon, HEXPOL, ASSA ABLOY and AAK traded relatively close to all-time highs. Measured in SEK, which is the functional currency of Schörling, the increase in the net asset value of Schörling was even more impressive, increasing almost 32% during 2021.

### Greenbridge

Greenbridge is an active shareholder in four companies (Neo4j, NStech, NEXT Biometrics and Rus-Savitar) and more-over the largest individual shareholder in all four companies. Despite challenging circumstances in 2021, product and strategic development have continued at full speed.

In 2021, Neo4j, the world's leading graph data platform, completed a USD 390 million funding round (including primary and secondary investments). The investment proceeds will be used to accelerate product development and market reach. Greenbridge participated in the funding round and continue to be the largest investor. In 2021, Neo4j's annual recurring revenue exceeded USD 100 million.

On 30 June 2021, Praxio merged with NStech and created the largest logistics technology platform for mobility, transport, and logistics in Latin America. During the second half of 2021, Greenbridge participated in a funding round, where the proceeds were used to fund some add-on and strategic acquisitions.

The fair value of UIE's investment in Greenbridge increased by USD 7.4 million in 2021. We have confidence that this

investment will create additional value for our shareholders in the years to come.

### Overall Strategy of UIE

Our strategy is to invest in the agro-industrial sector as well as industrial and technology businesses that have the potential to uphold or gain leading positions in their respective markets.

We will continue to nurture our well-established investment in UP, whilst building new diversified platforms for creating value through investments with trusted partners.

As our association with the Schörling Group and the investments made within selected industrial and technology businesses have proven to be sound, we are determined to continue building upon this segment of our portfolio.

### Global Operating Environment

2021 was another year influenced by the pandemic. However, it was also a year where many restrictions were finetuned and in some instances phased out enabling societies and businesses to move towards an improved level of activity. The global economic growth rebounded substantially in 2021, and the IMF and the World Bank estimated global GDP growth of 5.5-5.9%.

However, the global economic growth is currently losing momentum due to new variants of Covid-19 continuing to emerge worldwide, and monetary and fiscal stimuli being reduced significantly. Furthermore, the rising energy, food and raw material prices as well as supply disruptions have resulted in higher and more broad-based inflation than anticipated just a few months ago. As a result, global growth now is estimated to deaccelerate to a GDP growth of just above 4% in 2022.

There are still some uncertainties and downside risks that could derail, not least the broader implica-

tions of Russia's invasion of the Ukraine, the projected global growth; thus, it is very difficult to project how our investments will be impacted in the short to medium term.

### Dividend

In addition to the interim dividend of USD 2.15 per share, which was paid in December 2021, the Board of Directors has resolved to recommend a final dividend of USD 6.35 per share for the financial year 2021, which will be paid to shareholders in May 2022.

In closing, we would like to thank all stakeholders for their support and continued confidence in UIE during the year.



**Carl Bek-Nielsen**  
Chairman



**Martin Bek-Nielsen**  
Deputy Chairman









# UIE IN BRIEF

UIE is a holding company investing in the agro-industrial sector as well as industrial and technology businesses.

UIE exercises long-term and active ownership through direct board representation or close collaboration with the respective management of our portfolio companies.

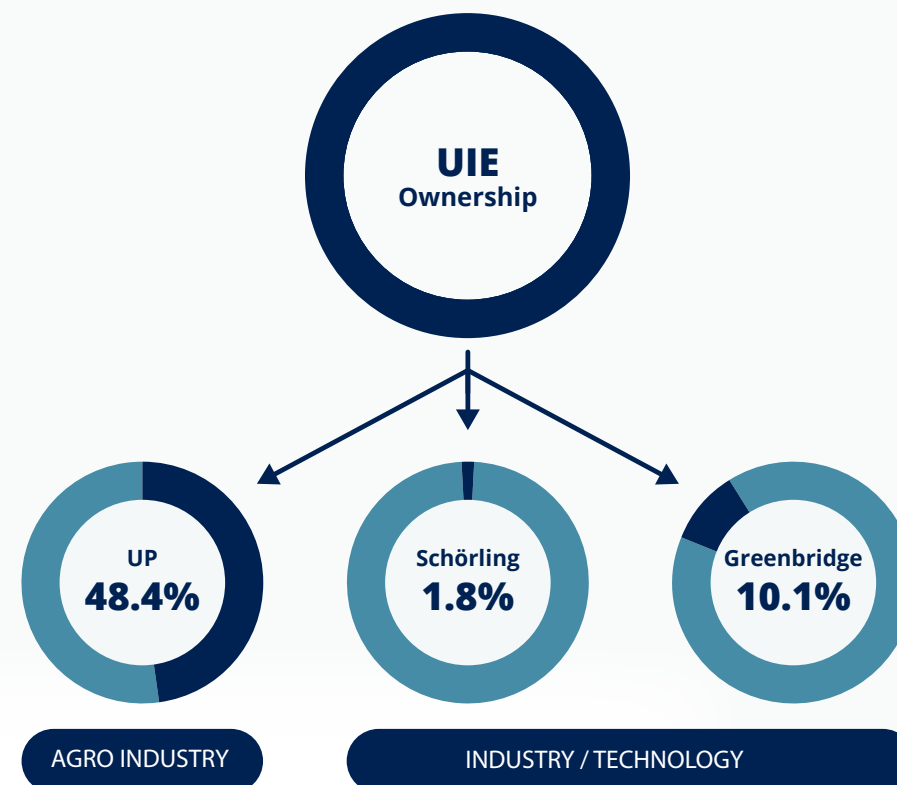
We are committed to investing in companies that value sustainability as one of their key guiding principles, thereby exerting a positive impact on society and the environment at large.

We invest in the agro-industrial sector and in other industries where we can use our experience and network to obtain synergies and long-term growth. By investing in a portfolio of entities with a long-term perspective, we believe the most value is created for our shareholders.

UIE was founded in 1982 and is listed on Nasdaq Copenhagen.

Our investment portfolio currently consists of:

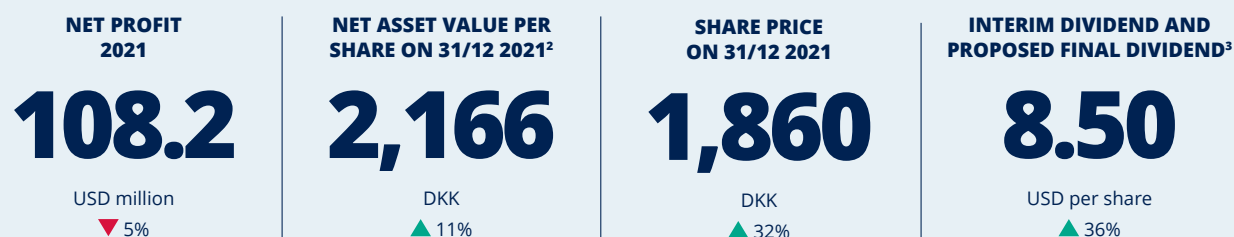
- **United Plantations Berhad ("UP")** – a leading plantation company with agricultural investments in Malaysia and Indonesia where it is involved in the certified sustainable cultivation of oil palms and coconuts and processing of high quality palm oil into value-added palm fractions for the speciality fats and chocolate industry
- **Schörling AB ("Schörling")** – an active holding company working for long-term industrial development with ownership in six companies of which five are publicly listed
- **Greenbridge Investment Limited Partnership ("Greenbridge")** – an investment company focusing on technology businesses with ownership in four companies



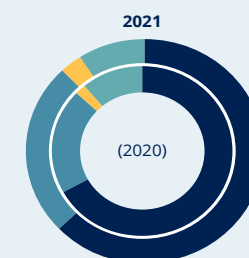


# UIE KEY FIGURES - BUSINESS REPORTING<sup>1</sup>

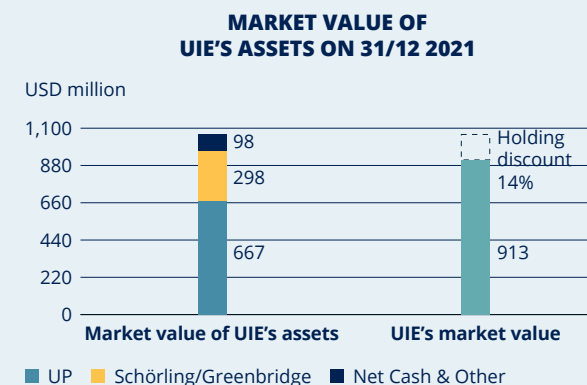
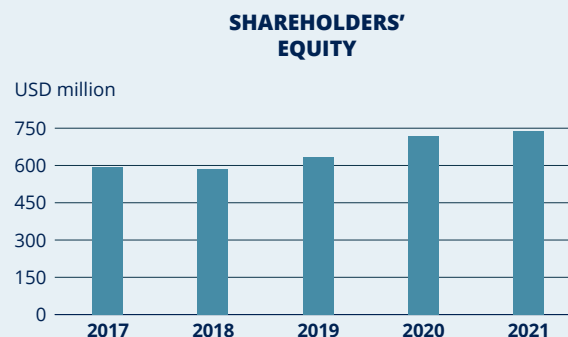
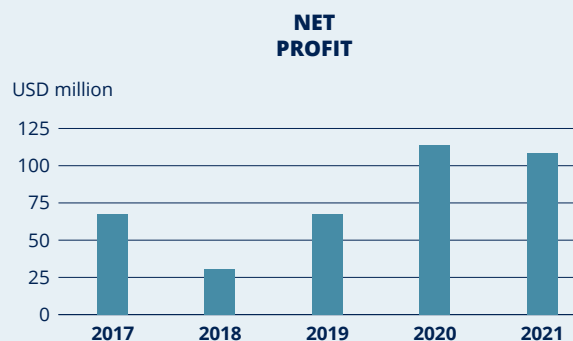
## KEY FIGURES



## MARKET VALUE OF UIE'S ASSETS ON 31/12 2021



## PERFORMANCE HIGHLIGHTS



1) See page 11 for further explanation of Business Reporting and Accounting Policies.

2) Calculated as total market value of UIE's underlying net assets divided with number of outstanding shares at year-end.

3) On 15 December 2021, an interim dividend of USD 2.15 per share was paid to shareholders in UIE. The Board of Directors proposes a final dividend of USD 6.35 per share for the financial year 2021.

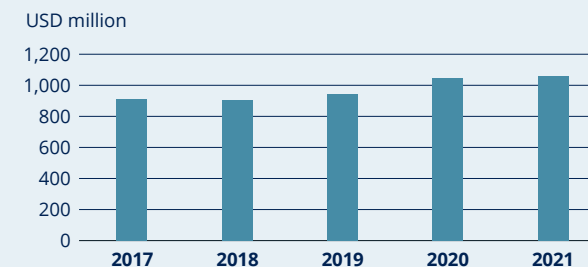
# CONSOLIDATED KEY FIGURES

## FOR THE YEAR ENDED 31 DECEMBER

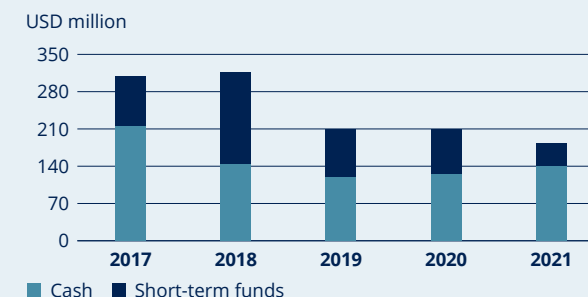
USD '000	2017	2018	2019	2020	2021
<b>INCOME STATEMENT</b>					
Revenue	343,517	323,526	283,624	321,088	488,610
Profit before income tax	141,488	107,519	121,070	189,780	211,776
Net profit	116,068	78,834	103,266	163,834	173,295
Net profit attributable to owners of the Company	67,630	30,440	67,498	114,065	108,126
<b>BALANCE SHEET</b>					
Current assets	429,147	441,725	331,305	363,727	374,242
Cash and bank balances	215,355	144,106	119,231	125,191	140,040
Short-term funds	93,373	171,789	89,557	83,297	42,654
Non-current assets	572,752	548,935	697,571	776,593	813,763
Total assets	1,001,899	990,660	1,028,876	1,140,320	1,188,005
Total liabilities	89,028	89,002	83,321	95,659	127,033
Equity attributable to owners of the Company	574,252	564,442	612,649	696,017	717,393
Non-controlling interests	338,619	337,216	332,906	348,644	343,579
Total equity	912,871	901,658	945,555	1,044,661	1,060,972
<b>FINANCIAL RATIOS</b>					
Earnings per share attributable to owners of the company (USD) <sup>1</sup>	19.56	8.96	20.01	33.82	33.08
Share price, end of period (USD)	209.29	203.95	202.22	231.94	283.29
Share price, end of period (DKK)	1,299.00	1,330.00	1,350.00	1,405.00	1,860.00
Return on equity (%) <sup>1</sup>	12.47	5.35	11.47	17.43	15.30
Solvency ratio (%) <sup>1</sup>	91.11	91.02	91.90	91.61	89.31
Total shares issued end of year	3,555,575	3,555,575	3,372,769	3,372,769	3,372,769
Average outstanding shares	3,456,837	3,395,580	3,372,769	3,372,769	3,268,698

1) For definitions, refer to page 107.

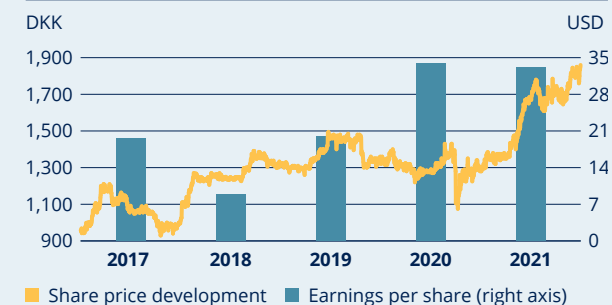
## TOTAL EQUITY



## CASH & SHORT-TERM FUNDS



## SHARE PRICE DEVELOPMENT & EARNINGS PER SHARE





# DIRECTORS' REPORT



# FINANCIAL REVIEW

## – BUSINESS REPORTING

UIE's net result was USD 108 million in 2021 compared to USD 114 million in 2020, reflecting another strong operating performance and record-high result from UP as well as a significant fair value increase of the Schörling investment, even though the SEK weakened against the USD.

### Business Reporting Highlights 2021

#### UP

- UIE's share of UP's result amounted to USD 60.2 million; an increase of 30% due to higher selling prices and production of CPO and PK

#### Schörling

- The fair value of UIE's investment in Schörling increased by USD 42.7 million or 19%
- The fair value increase was primarily due to a 34% share price increase in Hexagon, which is Schörling's largest investment

#### Greenbridge

- The fair value of UIE's investment in Greenbridge increased by USD 7.4 million or 31%
- With an additional investment of USD 3.1 million, the fair value of the investment in Greenbridge amounted to USD 34.5 million at year-end

#### Other

- Other items generated an income of USD 1.9 million, primarily representing a gain from approximately USD 52 million of free reserves invested in a diversified and liquid portfolio of equities and bonds

### Business Reporting Versus Consolidated Figures

In the reporting on the following pages, we do not comment on the consolidated figures but on the figures in the Business Reporting.

According to International Financial Reporting Standards as adopted by the EU ("IFRS"), UIE is deemed to have de facto control of UP even though UIE holds less than 50% of UP's voting rights. Hence, UP's result is fully consolidated in UIE's consolidated financial statements.

However, as UIE is a non-operating holding company, the Board is of the view that the most appropriate measurement of the performance of the investment in UP is to equity account (measuring UIE's share of UP's net profit in a single line item in UIE's operating profit).

Fully-owned subsidiaries are fully consolidated, whereas other investments (primarily Schörling and Greenbridge) are measured at fair value. Accordingly, this measurement is used in the Business Reporting as well as consolidated figures.

The net profit reported under Business Reporting is basically identical to the net profit attributable to owners of the Company reported in the consolidated financial statements.

For further information on the difference between the Business Reporting in the Directors' Report and the consolidated financial statements, refer to note 1.1 on page 70.

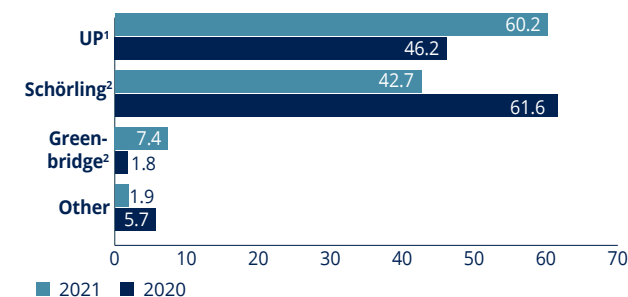
### Business Performance Review

UIE's operating income amounted to USD 112.3 million in 2021, which is a slight decrease of USD 3.0 million or 3% compared to the USD 115.3 million reported in 2020, as illustrated in the graph below.

Even though UIE's share of UP's result increased by USD 14.0 million and the fair value increase of the investment in Greenbridge was USD 5.6 million higher compared to 2020, UIE's total operating income decreased by 3%. This decrease is due to a lower increase in the fair value change of the investment in Schörling in 2021 compared to 2020 as a result of a weakening SEK. (In 2021, the fair value increase of Schörling was USD 42.7 million in comparison with 61.6 million in 2020).

### TOTAL OPERATING INCOME IN UIE

USD million



1) Share of net profit.

2) Change in fair value.



In 2021, UIE generated a net profit of USD 108.2 million, which is USD 5.9 million or 5% lower than the net profit of USD 114.1 million reported in 2020.

## UP

2021 was yet another challenging year from an operational point of view, as UP, like all other plantation companies in Malaysia, faced its worst-ever labour shortage that emerged in 2020 following the global Covid-19 outbreak. However, UP

only suffered minimal crop losses through higher productivity in the fields. This effort, combined with improved yields, resulted in a 6% increase in CPO production on UP's Malaysian estates, relative to the national production in Malaysia decreasing by 5% compared to 2020.

While the operations were challenged, commodity prices surged during 2021, including CPO prices, and reached all-time high levels of more than MYR 5,000 per tonne in Malaysia.

Through effective cost control and productivity improvements, UP managed to maintain its competitive production cost level in 2021, regardless of the inflationary pressure on utilities, consumables, agrochemicals, labour costs, and energy prices.

With the larger volumes and higher selling prices of CPO and PK, UP achieved a record-high net profit of MYR 522.2 million, which was 30% higher than in 2020. Converted to USD, which is UIE's functional currency, UP's net profit amounted to USD 125.4 million, an increase of 31%, due to a slightly stronger average exchange rate of the MYR against the USD in 2021 compared to 2020.

UIE's share of UP's result (excluding minorities) amounted to USD 60.2 million in 2021, which is an increase of 30% or USD 14.0 million compared to USD 46.2 million reported in 2020.

In 2021, UIE received USD 46.1 million in dividends from UP compared to USD 34.4 million in 2020.

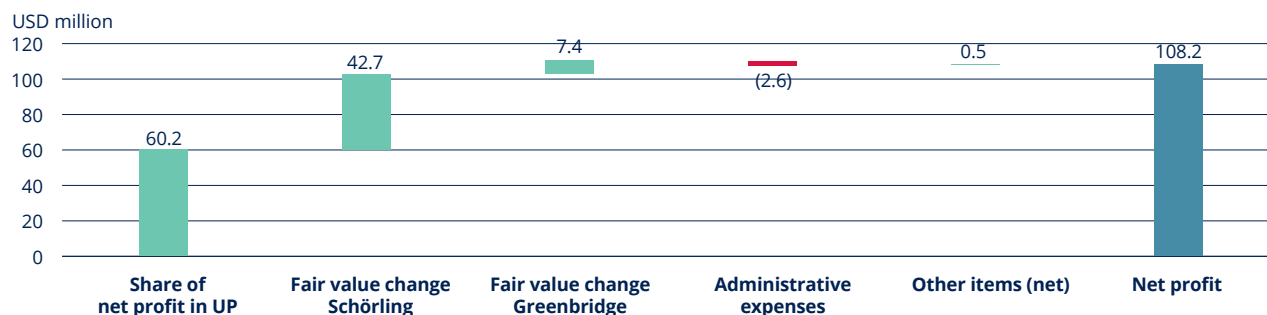
UP's results are reported in the section "UP" on pages 18-26.

For further information about UP, download UP's Annual Report 2021 or visit the website [www.unitedplantations.com](http://www.unitedplantations.com).



**Download UP's Annual Report 2021**

## NET PROFIT 2021



USD '000	2017	2018	2019	2020	2021
UP, share of net profit	43,350	44,113	32,835	46,239	60,225
Schörling, change in fair value	21,606	(12,480)	33,630	61,561	42,749
Greenbridge, change in fair value	(1,515)	946	1,608	1,838	7,364
Schörling, dividend income	824	-	-	-	-
Other	2,426	(222)	1,156	5,695	1,941
Total operating income	66,691	32,357	69,229	115,333	112,279
Administrative expenses	(3,055)	(2,607)	(2,827)	(2,694)	(2,600)
Net interest income	948	1,286	1,961	548	(74)
Foreign exchange gain/(loss)	3,497	(323)	(485)	2,379	(1,412)
Profit before tax	68,081	30,713	67,878	115,566	108,193
Income tax	(273)	(93)	(282)	(1,438)	(29)
Profit after tax	67,808	30,620	67,596	114,128	108,164

## Schörling

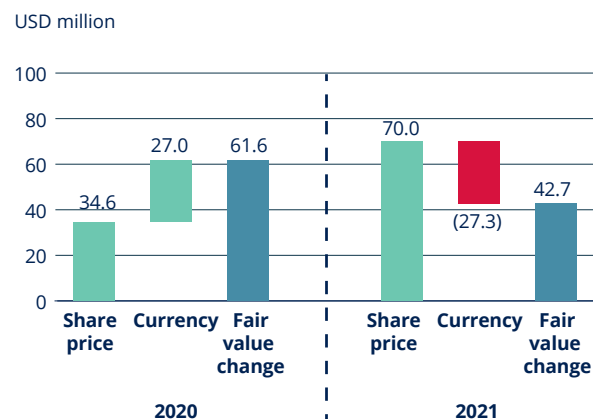
UIE's investment in Schörling is accounted for at fair value, with movements being recognised in the Income Statement.

In 2021, the individual share price development of Schörling's listed portfolio companies ranged from a decrease of 6% (Securitas) to an increase of 38% (HEXPOL). The largest investment, Hexagon, accounting for more than 60% of the investments in Schörling, increased by 34%.

At year-end 2021, the net asset value per share in Schörling was SEK 1,211, and the value of UIE's interest in Schörling was SEK 2,384 million, representing an increase of 32% compared to SEK 1,811 million recognised at the end of 2020, corresponding to a gain of SEK 573 million.

Measured in USD, UIE's functional currency, the value of UIE's investment in Schörling did not increase to the same extent as the SEK weakened 10% against the USD in 2021. The value, measured in USD, increased by 19%, corresponding to USD 42.7 million (from USD 221.1 million to USD 263.8 million). In 2020, the fair value of UIE's investment in Schörling increased by USD 61.6 million, partly due to a strengthening of the SEK towards the USD.

### SCHÖRLING FAIR VALUE ADJUSTMENT



For further information about Schörling, refer to "Schörling in brief" on pages 27-31, visit Schörling's website [www.schorlingab.se](http://www.schorlingab.se), or visit the portfolio companies' websites:

- Hexagon: [www.hexagon.com](http://www.hexagon.com)
- ASSA ABLOY: [www.assaabloy.com](http://www.assaabloy.com)
- AAK: [www.aak.com](http://www.aak.com)
- HEXPOL: [www.hexpol.com](http://www.hexpol.com)
- Securitas: [www.securitas.com](http://www.securitas.com)
- Anticimex: [www.anticimex.com](http://www.anticimex.com)

### Greenbridge

UIE's investment in Greenbridge is accounted for at fair value, with movements being recognised in the Income Statement.

In 2021, the fair value of UIE's investment in Greenbridge increased by USD 7.4 million compared to an increase of USD 1.8 million in 2020.

The purpose of Greenbridge is to invest in and maintain an industrial focus on high-tech and/or software-related companies. Greenbridge has made investments in four companies; Neo4j, Rus-Savitar SRL, NStech and NEXT Biometrics.

In 2021, UIE invested an additional USD 3.1 million in Greenbridge, which was primarily utilised for an add-on investment in the graph database company, Neo4j, and the Brazilian tech company within transportation, NStech.

UIE has, thus far, invested SEK 198 million (USD 22.2 million) and the remaining commitment to invest in Greenbridge is SEK 2 million (USD 0.2 million).

On 31 December 2021, the value of UIE's ownership in Greenbridge was USD 34.5 million, which is an increase of USD 10.4 million in 2021.

For further information about Greenbridge, refer to "Greenbridge in brief" on pages 32-33 or visit the individual companies' websites:

- Neo4j: [www.neo4j.com](http://www.neo4j.com)
- Rus-Savitar SRL: [www.mobilacasarusu.ro](http://www.mobilacasarusu.ro)
- NStech: [www.nstech.com.br](http://www.nstech.com.br)
- NEXT Biometrics: [www.nextbiometrics.com](http://www.nextbiometrics.com)

### VALUE OF UIE'S INVESTMENTS

USD '000	UP	Schörling	Greenbridge	Total
Balance on 1 January 2021	354,431	221,091	24,064	599,586
Change in fair value	-	42,749	7,364	50,113
Investments during the year	-	-	3,085	3,085
UIE share of results	60,225	-	-	60,225
Dividends received	(46,104)	-	-	(46,104)
Foreign currency translation adjusted in equity	(11,561)	-	-	(11,561)
UIE share of other equity movements	(8,031)	-	-	(8,031)
Total balance on 31 December 2021	348,960	263,840	34,513	647,313

### Other Income and Administration Costs

Approximately USD 32 million, representing roughly 32% of UIE's cash reserves, is invested in a liquid and diversified portfolio of equities and fixed income products. The result of these investments, included in other income, was a gain of USD 1.8 million in 2021 compared to a gain of USD 5.6 million in 2020.

General and administrative expenses totalled USD 2.6 million compared to USD 2.7 million in 2020.

### Financial Position

Shareholders' equity in the UIE segment increased by USD 20.4 million, from USD 719.2 million on 31 December 2020 to USD 739.6 million on 31 December 2021. The net profit of USD 108.2 million was partly offset by the dividend payment of USD 27.5 million as well as acquisition of treasury shares of USD 40.7 million. In addition, the equity was negatively affected by USD 19.6 million being the net effect of foreign currency translations of net investments in subsidiaries as well as adjustment of hedge accounting reserves related to UP.

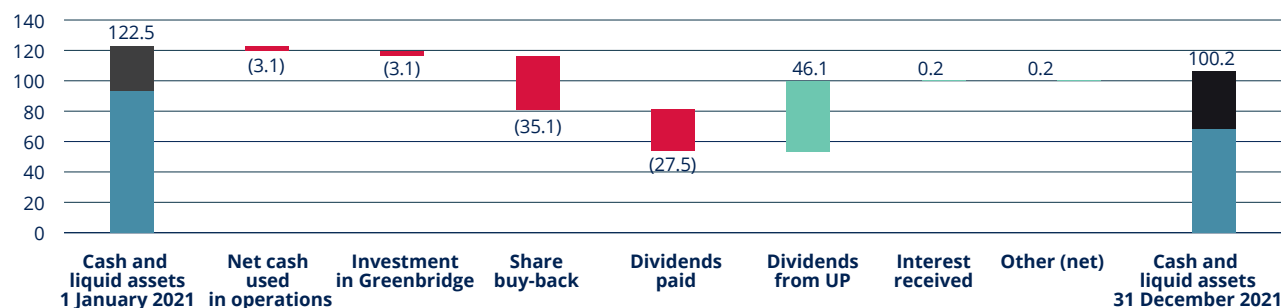
### Value of UIE's investments

The value of UIE's investments in UP, Schörling, and Greenbridge is shown in the table below. The total value of the investments on 31 December 2021 amounted to USD 647.3 million, corresponding to an increase of USD 47.7 million, mainly attributed to the fair value adjustment of Schörling.



**CASH FLOWS IN 2021**

USD million

**Cash Flows**

Total net cash reserves and liquid assets in UIE decreased from USD 122.5 million (hereof liquid assets; USD 29.1 million) on 31 December 2020 to USD 100.2 million (hereof liquid assets; USD 31.9 million) on 31 December 2021, corresponding to a decrease of USD 22.3 million.

As shown in the graph above, UIE received USD 46.1 million in dividend income from UP in 2021. UIE paid out dividends of USD 27.5 million in total, of which USD 20.6 million was paid out in May 2021 (for the financial year 2020) and an interim dividend for 2021 of USD 6.9 million was paid out in December 2021.

**Holders of Physical UIE Share Certificates**

In January 2021, as authorised at the Extraordinary General Meeting on 10 December 2019, UIE took over 23,132 UIE shares (as treasury shares) from holders of physical UIE share certificates who had not arranged for electronic registration of their shares with VP Securities A/S within the stipulated period.

As UIE already held the shares on behalf of these shareholders whose identity has been unknown to UIE for more than 30 years, the take-over had no cash flow effect. However, a provision of DKK 33.5 million (USD 5.6 million) was recognised in January 2021 (equivalent to the market price of the shares on 13 January 2021). To the extent that

the previous owners of the physical share certificates do not claim the proceeds of the take-over before 13 January 2024, the provision will be reversed.

**Share Buy-back Programme in 2021**

In March 2021, UIE initiated a new share buy-back programme with the intention of acquiring up to 4% (maximum 130,000 shares) of its share capital so long as the shares continue to be traded at a material holding discount.

The share buy-back programme was completed on 15 June 2021, as the maximum of 130,000 shares, corresponding to 3.85% of the share capital, had been acquired under the programme for a total consideration of DKK 215.2 million (USD 35.1 million) or an average of DKK 1,656 per share.

On 31 December 2021, UIE owned a total of 152,679 treasury shares with a nominal value of USD 10.00 each, corresponding to 4.53% of the issued share capital.

**Cancellation of Treasury shares**

At the Annual General Meeting in May 2021, UIE was given the authorisation to reduce the Company's issued share capital from 33,727,690 to 33,527,690 via the cancellation of 20,000 shares of USD 10.00 each. This reduction of the share capital was completed on 16 February 2022, after which UIE owned 132,679 treasury shares, corresponding to 3.96% of the share capital.

Conditional upon an authorisation granted at the Annual General Meeting ("AGM") on 19 May 2022, 130,000 of UIE's treasury shares will be cancelled, reducing UIE's issued share capital to USD 32,227,690, consisting of 3,222,769 shares of USD 10.00 each.

**Share Split**

Conditional upon an authorisation being granted at the AGM on 19 May 2022, UIE will carry out a share split at a ratio of 1:10. The split will result in each existing share of USD 10.00 being split into ten new shares of USD 1.00. If approved, the share split is expected to take effect in June 2022.

**Proposed Dividend**

In addition to the interim dividend of USD 2.15 per share, which was paid in December 2021, the Board of Directors has resolved to recommend a final dividend of USD 6.35 per share (equivalent to DKK 42.19 per share) for the financial year 2021. The dividends are expected to be paid to shareholders on 24 May 2022.

For the financial year 2022, the dividend policy will continue to be to distribute 50% of dividends received from its investments to shareholders. It will be distributed as an interim dividend in December 2022 and a final dividend in May 2023, thus following the dividend payment structure as applied in UP.

# STRATEGY

UIE is a holding company focusing on long term value creation through active engagement with our portfolio companies and investments in evolving and leading businesses.

Our strategy is to invest in the agro-industrial sector as well as industrial and technology businesses that have the potential to uphold or gain leading positions in their respective markets.

We will continue to nurture our well-established investment in the agro-industrial sector through UP, whilst building new diversified platforms for creating value through investments with trusted partners.

Our association with the Schörling Group, since 2004, and the investments made within selected industrial and technology businesses have proven to be sound and is a growing segment of our portfolio, which we will continue to build upon.

We have a tradition of being active owners either through direct board representation or close collaboration with the respective management of our portfolio companies and firmly believe that cultivating sustainable business practices is an essential prerequisite for creating long-term value.

***"We invest in companies, partnerships, and people who view dedication, trust, and loyalty as key ingredients for success"***

Many industries and sectors are undergoing profound transformation and we therefore prioritise and promote an agile mindset within our portfolio companies. Our ability to adapt to changing environments within attractive and growing business areas is a vital pillar towards the sustained and positive financial performance of UIE.

***"We believe that a stable ownership base with a long-term view provides the best environment for companies and their managements to create value"***

UP and our other investments are amongst the leaders within their respective fields, and we will endeavour to sustain this. In this connection, it is our clear view that the oil palm, when cultivated responsibly, will remain an important crop to feed a growing world population due to its unparalleled productivity and versatile application range. Therefore, we will continue to commit ourselves towards a twin strategy of sustainability and innovation-driven initiatives within the plantation sector.

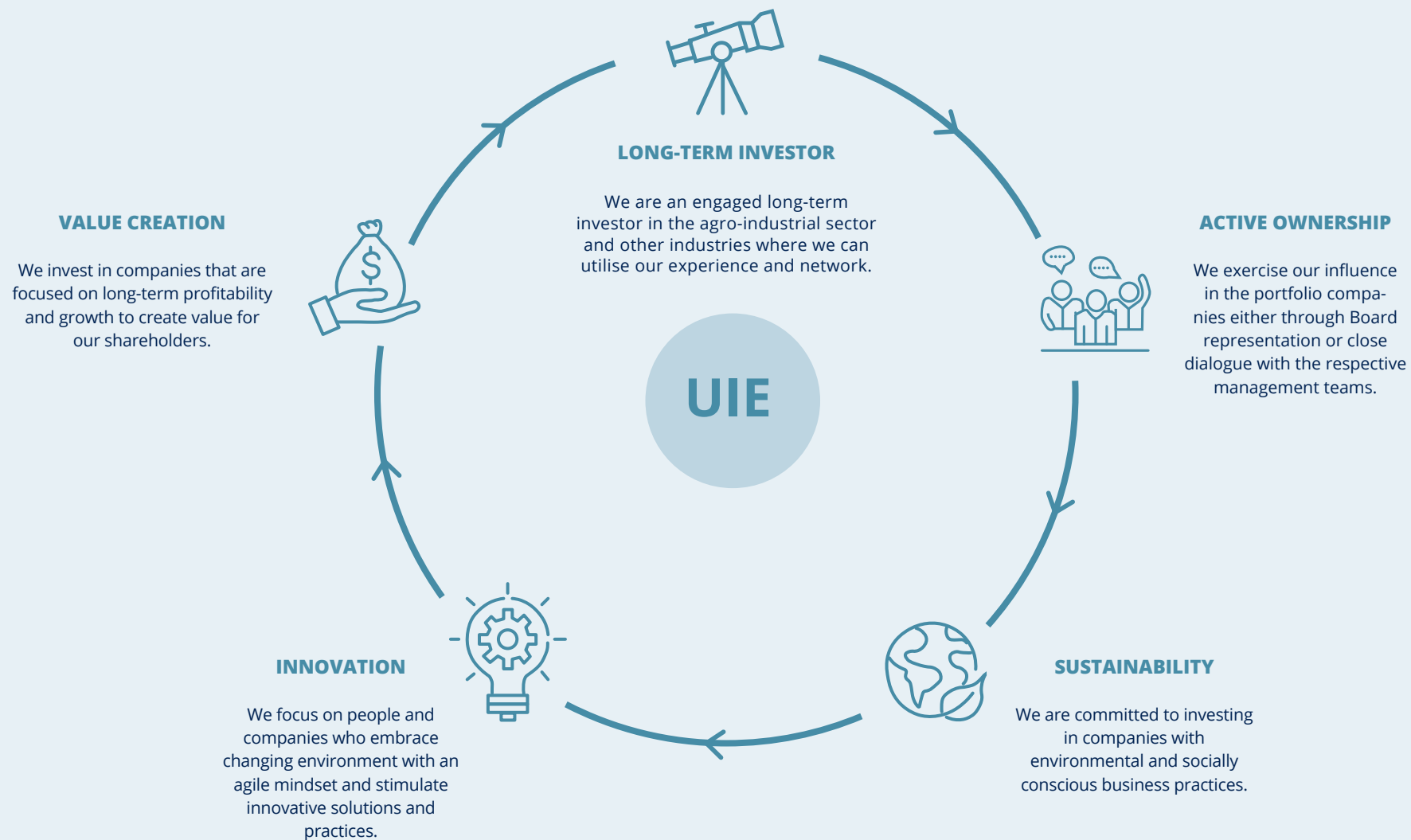
We are committed to maintaining a conservative capital structure that enables us to pursue potential investments without undue dependence on debt financing. It is important to re-emphasise that UIE is a long-term investor with an unwavering commitment towards upholding the highest levels of integrity in our business dealings.





## OUR BUSINESS MODEL

Our business model is based on five principles; a long-term investment approach, active ownership, sustainability, innovation and value creation for the portfolio companies, our shareholders and society at large.



# PORTFOLIO COMPANIES



# UP IN BRIEF

UP is amongst the most efficiently managed, sustainable and innovative plantation companies in the world.

It was founded in 1906 and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of MYR 5,757 million<sup>1</sup> (corresponding to approximately USD 1,383 million) at the end of 2021.

UP's business activities focus on the cultivation of oil palm and coconuts and processing of palm oil in Malaysia and Indonesia through sustainable practices superior to the Principles & Criteria of the Roundtable on Sustainable Palm Oil ("RSPO").

UP possesses considerable know-how in plant breeding, agronomy, and tissue culture through its R&D facilities for the development of new and improved planting materials as well as improved crop husbandry practices. Through its sound managerial and technical expertise, UP is recognised as one of the highest yielding, cost-competitive, and innovative plantation companies in Malaysia.

NET PROFIT 2021

**522**

MYR million

▲ 30%

CASH<sup>2</sup> ON 31/12 2021

**478**

MYR million

▲ 3%

SHARE PRICE ON 31/12 2021

**13.88**

MYR

▼ 4%

UIE OWNERSHIP ON 31/12 2021

**48.4 %**

▶ 0%

1) Excluding treasury shares.

2) Cash including short-term funds.



# UP'S ACTIVITIES

## R&D DEPARTMENT

### Tissue culture



### Seed Production



## CULTIVATION

### Nursery



### Oil Palms



91% of planted area

An oil palm is mature to harvest after approximately 3 years

### Fresh Fruit Bunches ("FFB")



Each palm tree is harvested approximately every 2 weeks all year round

## Coconut Palms



9% of planted area

### Coconuts



### Transport



### Third Party



## CIRCULAR ECONOMY

### Biogas Plant



Palm Oil Mill Effluent is sent to the biogas plant for methane capture and bio-gas production, used to produce electricity



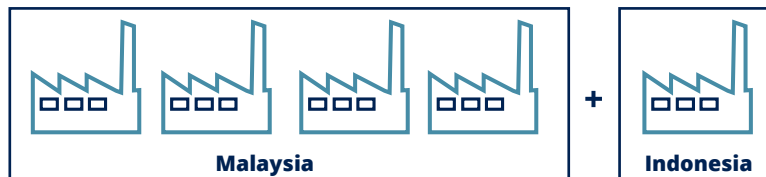
### Bio-mass Boiler



Production of green steam and electricity, which is used at the oil mills and refineries

## EXTRACTION

### Palm Oil Mills



Each palm tree generates approximately 1,000 litres of edible oil in its economic lifetime, which is approximately 22 years

## RENEWABLE ENERGY

## MANUFACTURING

### UniFuji Refinery



### Unitata Refinery



### Speciality Fats & Vegetable Oil Fractions

All CPO and PK produced on UP's estates are value-added in-house



### PK Crushing Plant<sup>1</sup>

### Crude Palm Kernel Oil

### PK Cake

### Animal Feed

Speciality fats and vegetable oil fractions for the snacks and chocolate manufacturing industries, speciality fats industry, and oleochemical industry

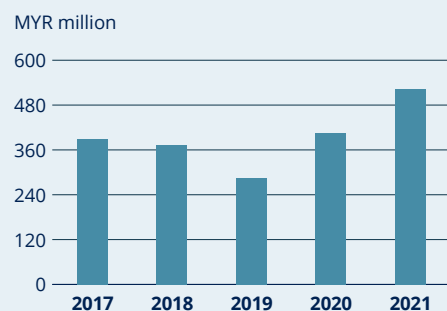
1) Third party.



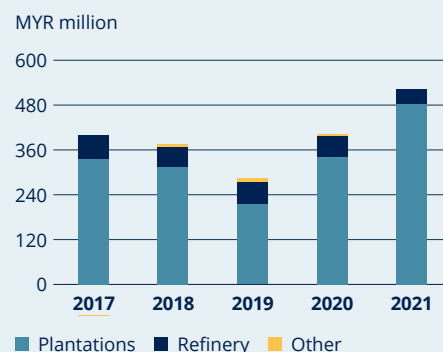
# UP KEY FIGURES

## FIVE-YEAR FINANCIAL PERFORMANCE

### NET PROFIT



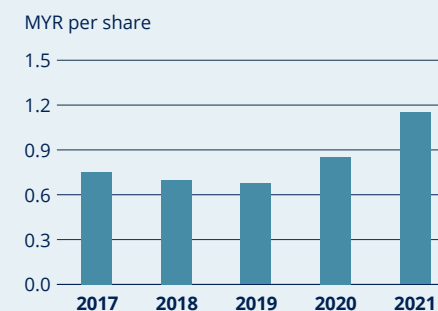
### NET PROFIT BY SEGMENT



### SHAREHOLDERS' EQUITY



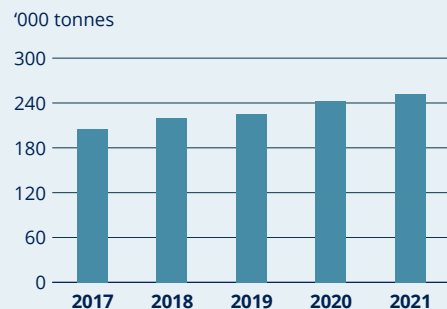
### DIVIDENDS PAID<sup>1</sup>



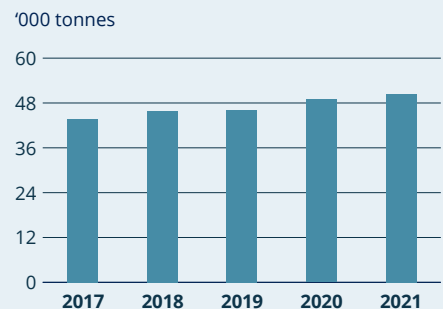
1) Comparative figures adjusted for share split in UP.

## FIVE-YEAR PRODUCTION FIGURES

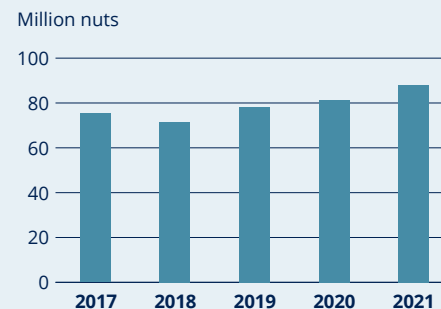
### CPO PRODUCTION



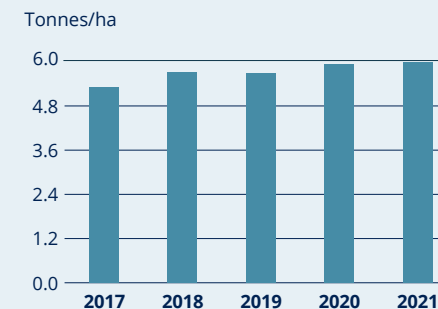
### PK PRODUCTION



### COCONUT PRODUCTION



### CPO YIELD



# UP

UP achieved a record-high net profit of MYR 522 million in 2021 - an improvement of 30%, mainly due to higher selling prices for CPO and PK as well as higher production volumes compared to 2020.

The following is a summary of the performance and development in UP in 2021. For a full description, refer to UP's Annual Report 2021 or visit the website [www.unitedplantations.com](http://www.unitedplantations.com).



**Download UP's Annual Report 2021**

## Business Reporting – UP

In the following section, the description of the developments within UP is based on figures reported by UP in MYR, which is UP's functional currency.

Also refer to note 1.1. on page 70.

## Business Performance Review

In 2021, UP reported a record-high net profit of MYR 522.2 million (USD 125.4 million), which was 30% higher than the net profit of MYR 401.6 million (USD 96.1 million) reported in 2020. The increase is mainly due to higher selling prices for CPO and PK and slightly higher production volumes despite significant operational challenges caused by the Covid-19 pandemic.

## Covid-19 Pandemic

Despite some Covid-19 outbreaks on the plantations, UP was able to continue its operations in Malaysia and Indonesia in 2021 as various steps were taken to minimise the impact of the outbreaks. More than 95% of the workforce has had two

vaccine doses during 2021. However, as the Malaysian Government continues to prevent the recruitment of new guest workers (Covid-19 travel restrictions), the Malaysia plantation sector, including UP, has faced its worst-ever labour shortage during 2020 and 2021, which continues to create enormous operational challenges.

Consequently, the total CPO production in Malaysia decreased from 19.15 million tonnes in 2020 to 18.10 million tonnes in 2021, the lowest level since 2016. However, despite this, UP managed to minimise crop losses due to higher field productivity as management operationalised innovations, embracing a higher degree of in-field mechanisation.

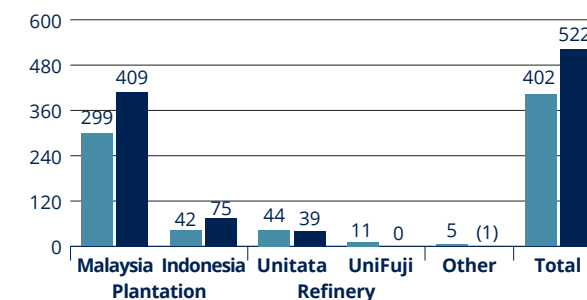
## KEY FINANCIAL FIGURES

### UP BUSINESS PERFORMANCE IN MYR

MYR million	2020	2021
Revenue	1,340.0	2,033.5
Other income	31.4	22.1
Operating expenses	(892.9)	(1,379.3)
Operating income	478.5	676.3
Share of result of joint venture	11.0	0.3
Net finance income	16.1	6.8
Profit before tax	505.6	683.4
Tax	(104.0)	(161.2)
<b>Net profit</b>	<b>401.6</b>	<b>522.2</b>

### UP NET PROFIT BY SEGMENT

MYR million



■ 2020 ■ 2021

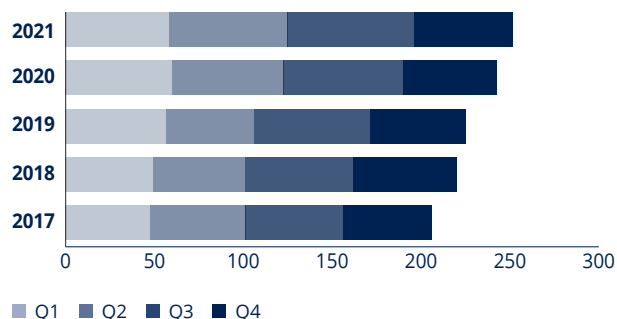
### UP BUSINESS PERFORMANCE IN USD

USD million	2020	2021
Revenue	321.1	488.6
Other income	7.5	5.3
Operating expenses	(214.3)	(331.5)
Operating income	114.3	162.4
Share of result of joint venture	2.7	0.1
Net finance income	3.8	1.6
Profit before tax	120.8	164.1
Tax	(24.7)	(38.7)
<b>Net profit</b>	<b>96.1</b>	<b>125.4</b>

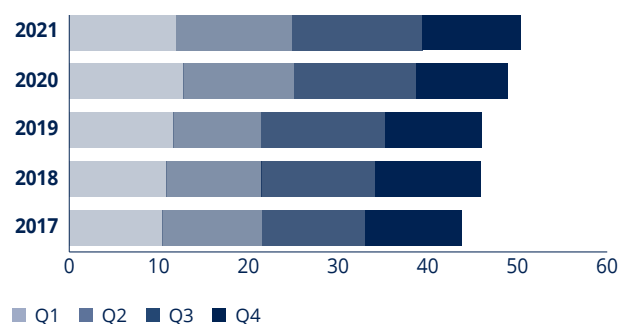


**CPO PRODUCTION**

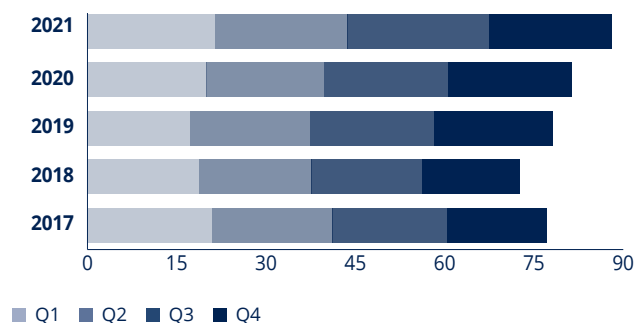
'000 tonnes

**PK PRODUCTION**

'000 tonnes

**COCONUT PRODUCTION**

Million nuts

**Plantation Operations**

UP's main activity, its plantation operations, recorded a record-high operating profit of MYR 624.3 million in 2021, reflecting an increase of 45% compared to the MYR 430.7 million reported in 2020. The increase is mainly due to higher sales prices for CPO and PK and higher production volumes in the Malaysian Plantations.

**Production**

UP's profitability is highly dependent on production volumes and the selling prices of CPO and PK.

In 2021, UP's production of CPO and PK increased by 4% and 3%, respectively, being equivalent to 8,743 tonnes of CPO and 1,471 tonnes of PK, despite the previously mentioned operational challenges.

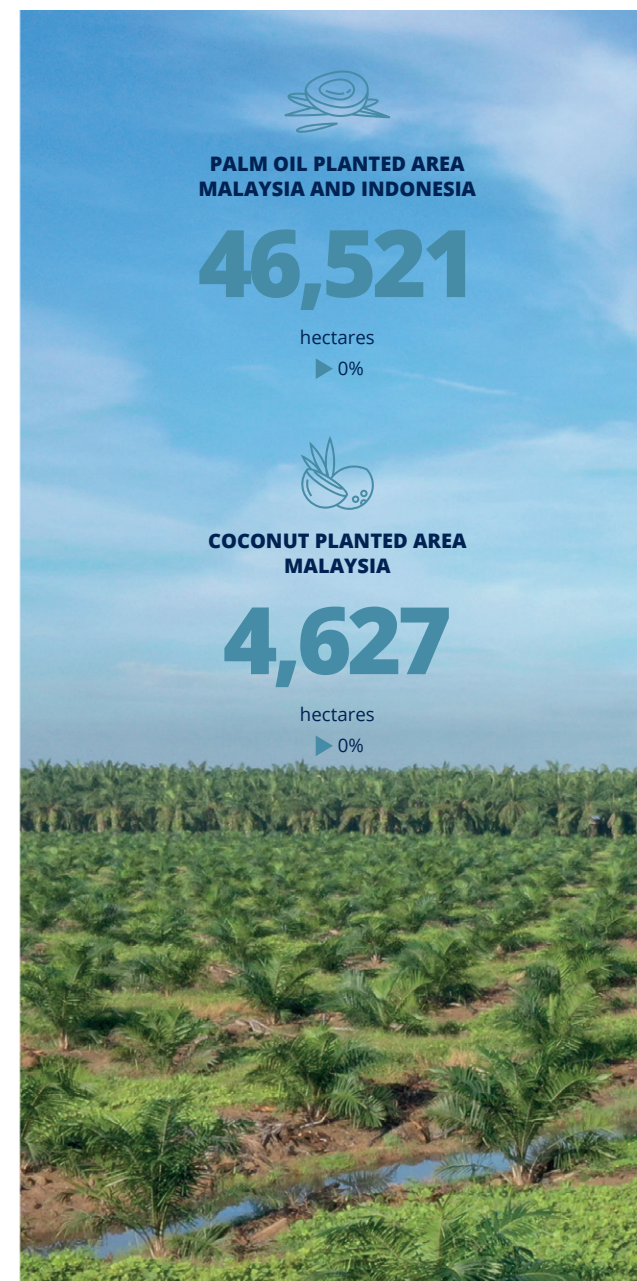
Favourable climatic conditions on the Malaysian estates and yield improvement from the substantially replanted areas in Malaysia over the last ten years (with planting materials developed in-house) resulted in a CPO production in Malaysia of 207,504 tonnes, which was 6% higher than 2020.

On the Indonesian estates, the CPO production amounted to 44,096 tonnes, corresponding to a decrease of 7% compared to 2020. The decrease was due to the palms entering a biological resting period in the second half of 2021.

UP Indonesia's production accounted for 18% of UP's total CPO production in 2021 compared to 19% in 2020.

The total area planted with oil palms in Malaysia and Indonesia was 46,521 hectares on 31 December 2021, which was marginally below the 46,645 hectares in 2020.

In 2021, the immature areas accounted for 8% of the total planted area compared to 9% in 2020. The total immature area in Malaysia accounted for 10% (3,732 hectares) in 2021 in comparison with 11% in 2020. In Indonesia, all UP's planted areas are mature.



**CPO AND PK PRODUCTION IN UP**

Tonnes	2020	2021	Change
<b>CPO Production</b>			
Malaysia	195,542	207,504	6%
Indonesia	47,315	44,096	(7%)
<b>Total UP Group</b>	<b>242,857</b>	<b>251,600</b>	<b>4%</b>
<b>PK Production</b>			
Malaysia	39,233	41,535	6%
Indonesia	9,678	8,847	(9%)
<b>Total UP Group</b>	<b>48,911</b>	<b>50,382</b>	<b>3%</b>

In 2021, UP's coconut production was 88.0 million nuts compared to 81.4 million nuts in 2020, which is an increase of 8%. Nevertheless, the average yield declined from 22,827 nuts per hectare in 2020 to 22,247 in 2021 due to younger areas coming into production, which inherently have a lower yield profile during the ascending phase.

**Developments in Market & Selling Prices**

Along with production volume, UP's profitability is highly dependent on palm oil prices, which can fluctuate significantly.

In 2021, UP achieved an average selling price of MYR 3,269 per tonne of CPO, corresponding to an increase of 28%, while the average selling price of PK increased by 43% compared to 2020.

**UP'S YIELD VERSUS MALAYSIAN NATIONAL YIELD**

	2017	2018	2019	2020	2021	2020-2021 Change	2017-2021 Change
Malaysian national yield in tonnes CPO/ha	3.52	3.42	3.47	3.33	3.10	(7%)	(12%)
UP Malaysian avg. yield in tonnes CPO/ha <sup>1</sup>	5.34	5.73	5.88	6.13	6.29	3%	18%
UP Indonesian avg. yield in tonnes CPO/ha	5.25	5.66	5.11	5.21	4.87	(7%)	(7%)
UP Group avg. yield in tonnes CPO/ha <sup>1</sup>	5.32	5.71	5.70	5.93	5.99	1%	13%
UP Group avg. yield in tonnes FFB/ha <sup>1</sup>	24.78	26.20	25.88	26.65	27.48	3%	11%
UP Group avg. oil extraction rates ("OER"), % <sup>1</sup>	21.46	21.80	22.02	22.24	21.78	(2%)	1%
UP Group avg. kernel extraction rates ("KER"), % <sup>1</sup>	4.57	4.55	4.50	4.48	4.36	(3%)	(5%)

1) Excluding crop from Tanarata Estate.

In 2021, prices for almost all commodities increased, including CPO, as demand exceeded supplies. At the beginning of 2021, the market price for CPO was MYR 3,300 per tonne, but at the end of the year, it was MYR 4,700 for the 3rd-month position. The market price for CPO has continued to increase in the first part of 2022 and is currently MYR 6,500 per tonne for the 3rd-month position.

Several factors have contributed to the global vegetable oil price increase, including supply chain disruptions, development in mineral oil prices, biodiesel consumption, lower supply of some of the main vegetable oils due to weather-related issues, and the acute and prolonged labour shortages resulting in lower production in Malaysia. With the lowest national yield since 1998 (El-Niño droughts) of 3.10 tonnes CPO/ha, national production in Malaysia declined by 5% to 18.10 million tonnes.

UP has a policy of forward selling certain quantities of Malaysian produced CPO. In 2021, UP achieved an average selling price of MYR 3,309 per tonne for the CPO produced in Malaysia, 27% higher than in 2020 but lower than the average Malaysian Palm Oil Board ("MPOB") prices for the period. The reason for forward sales is to secure certain margins and not in anticipation of being able to predict market prices consistently.

The average selling price obtained from CPO sales made in UP Indonesia was MYR 3,079 per tonne, 35% higher than the MYR 2,284 per tonne achieved in 2020. Due to different duty

structures, Malaysian and Indonesian CPO and PK prices are not fully comparable.

As the market price for CPO was significantly above the windfall tax threshold of MYR 2,500 per tonne in 2021 (increased to MYR 3,000 from 2022), UP's plantation operations in Malaysia incurred MYR 54.9 million in windfall tax (reported in "Other expenses"), relative to MYR 8.2 million incurred in 2020.

**CPO Yield**

Favourable weather conditions in Malaysia and the effect of UP's improved planting material steadily coming into maturity resulted in improved CPO yields. Consequently, the average yield for UP reached 5.99 tonnes CPO/ha in 2021 compared to 5.93 CPO/ha in 2020.

With a focus on timely manuring, harvesting and fruit evacuation as well as intensified focus on mechanisation and other innovations to increase productivity, UP managed, despite the challenging conditions, to increase its yields in 2021 with minimal field losses. Accordingly, the average yield for UP's Malaysian estates reached 6.29 tonnes CPO/ha in 2021, which is 3% higher than the level in 2020 and more than twice the Malaysian national average.

**AVERAGE SELLING PRICES OF CPO AND PK**

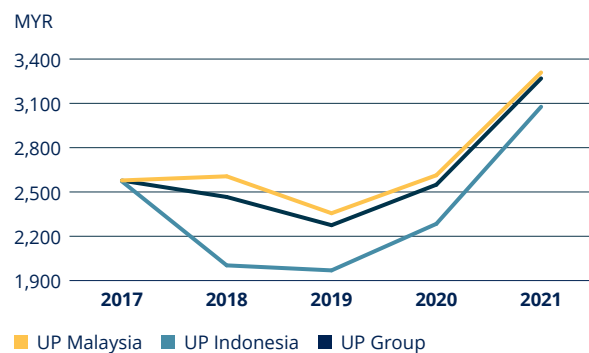
MYR per tonne	2020	2021	Change
<b>CPO</b>			
UP Malaysia	2,613	3,309	27%
UP Indonesia	2,284	3,079	35%
UP average	2,549	3,269	28%
MPOB average	2,686	4,407	64%
<b>PK</b>			
UP Malaysia	1,594	2,168	36%
UP Indonesia	1,204	2,144	78%
UP average	1,517	2,164	43%
MPOB average	1,532	2,773	81%



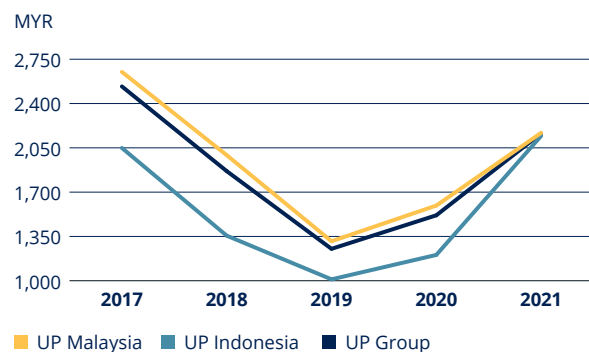
UP's Indonesian production yield was lower than expected, with a decrease of 7% from 5.21 tonnes CPO/ha in 2020 to 4.87 tonnes CPO/ha in 2021. The decrease was due to a sudden and prolonged decline in production experienced during the second half of 2021, where the palms entered into a resting phase. This is, however, expected to reverse in 2022, where yields are anticipated to recover.

In 2021, 11% of UP's mature area in Malaysia had an age profile of between 2.5 to 5 years compared to 14% in 2020. These have inherently a lower yield profile than the yield profile for 6-18-year-old palms.

#### AVERAGE SELLING PRICE CPO



#### AVERAGE SELLING PRICE PK



## FFB PER HECTARE

X



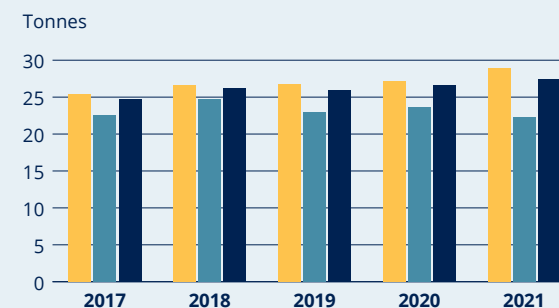
## CPO EXTRACTION RATE

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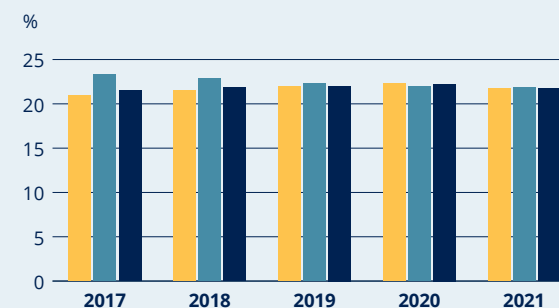


## CPO YIELD PER HECTARE

#### FFB PER HECTARE



#### CPO EXTRACTION RATE



#### CPO YIELD PER HECTARE



### Development of Planting Material and Replanting Policy

A vital part of UP's success is the continuous effort made at the R&D Centre further to improve planting material and agronomic practices. This remains of prime importance in UP's ability to enhance its agronomic productivity further to reach its target of 28.0 tonnes of FFB/ha and an OER of 23%, equivalent to a yield of 6.5 tonnes CPO/ha in Malaysia.

For the Indonesian operations, the target is 25.5 tonnes of FFB/ha and an OER of 25.5%, equivalent to a CPO oil yield of approximately 6.5 tonnes CPO/ha.

The difference in yield of FFB/ha and the OER between the countries is due to the differences in planting materials, soils, climatic conditions, and labour availability.

A total of 1,535 hectares of oil palms were replanted on UP's Malaysian properties in 2021 compared to 1,169 ha in 2020.

During the last ten years (2012-2021), UP's Malaysian estates have replanted a total of 21,255 ha of oil palms, equivalent to 57% of the total area planted with oil palms.

UP expects, in due course, that yields on the Tanarata Estate will reach 28-30 FFB/ha relative to the 14-16 FFB/ha at the time of acquisition. Harvesting of the initial UP plantings, amounting to 434 hectares, commenced in the fourth quarter of 2021.

UP's long-term replanting policy continues to be a high priority in times of high vegetable oil prices. Furthermore, it is essential to improve further the age profile and average yields, which are critical in maintaining a favourable cost base. All planting material used for this extensive replanting programme has been produced in-house by UP, using exclusively proven germplasm with more than 60 years of sterling plant breeding techniques for securing high yields.

### Production Costs

Direct production costs (before depreciation and amortisation) per tonne of CPO produced on the Malaysian estates increased slightly by 1% from MYR 870 per tonne in 2020 to MYR 882 per tonne in 2021. As a result, the total cost of CPO production in Malaysia was MYR 1,247 per tonne in 2021 (including depreciation and additional remuneration/bonuses) compared

to MYR 1,225 per tonne in 2020. The costs were negatively affected by inflation on utilities, consumables, agrochemicals, and energy prices. On the contrary, productivity improvements through innovations and mechanisation of all possible field tasks led to labour savings of around 8-9%, bringing the total labour savings to approximately 20% compared to the beginning of 2020. Furthermore, the higher CPO production, which increased by 8,742 tonnes or 4% compared to 2020, served as a dampening factor of the industry-wide upward pressure on production costs.

### Labour Shortages

Labour shortages continued severely to affect the operations within the Malaysian plantation sector. Due to the travel restrictions, recruitment of new workers from the neighbouring countries (which make up 80% of the total labour force in the Malaysian plantation sector) continues to be virtually impossible. The labour shortage is currently estimated to exceed 80,000 employees within the Malaysian plantation sector alone, which has severely hampered operations such as harvesting and led to unusually high field losses.

## SEGMENTAL INFORMATION FOR 2021

MYR '000

	Plantations						Refining		Other and not allocated items and eliminations		Total	
	2020			2021			2020	2021	2020	2021	2020	2021
	Malaysia	Indonesia	Total Plantation	Malaysia	Indonesia	Total Plantation	Malaysia	Malaysia				
External segment sales	338,029	150,513	488,542	428,225	196,807	625,032	850,210	1,407,191	1,306	1,259	1,340,058	2,033,482
Inter-segment sales	325,546	-	325,546	464,849	-	464,849	-	-	(325,546)	(464,849)	-	-
Total	663,575	150,513	814,088	893,074	196,807	1,089,881	850,210	1,407,191	(324,240)	(463,590)	1,340,058	2,033,482
Operating profit (EBIT)	376,193	54,529	430,722	529,763	94,509	624,272	48,969	53,427	(1,146)	(1,391)	478,545	676,308
Share of joint venture	-	-	-	-	-	-	11,008	325	-	-	11,008	325
Interests, net	5,980	1,019	6,999	5,118	1,911	7,029	2,877	(789)	6,213	547	16,089	6,787
Results before taxes	382,173	55,548	437,721	534,881	96,420	631,301	62,854	52,963	5,067	(844)	505,642	683,420
Income taxes	(83,159)	(13,096)	(96,255)	(129,559)	(21,338)	(150,897)	(7,754)	(10,264)	(56)	(16)	(104,065)	(161,177)
<b>Net profit</b>	<b>299,014</b>	<b>42,452</b>	<b>341,466</b>	<b>405,322</b>	<b>75,082</b>	<b>480,404</b>	<b>55,100</b>	<b>42,699</b>	<b>5,011</b>	<b>(860)</b>	<b>401,577</b>	<b>522,243</b>



During the year, UP managed to bring back several stranded workers (workers who had been on leave but were prevented from returning due to Covid-19 and Malaysian re-entry restrictions) in tandem with the Malaysian Government opening the borders for this category of guest workers.

However, a re-introduction of the possibility to recruit new guest workers is urgently required. Despite numerous engagements between the Malaysian palm oil industry and the Government, a permission to commence a recruitment process has not yet been given by the Malaysian Government.

### UP Indonesia

UP's operations in Central Kalimantan in Indonesia generated a record-high operating profit of MYR 94.5 million in 2021, which is 73% higher than the operating profit of MYR 54.5 million achieved in 2020. The improvements were primarily a function of the higher market prices for CPO and PK combined with various improvements in efficiency and cost controls implemented during 2020 and 2021. However, in 2021, yields fell below the targets set and well below the agricultural benchmark in UP. As explained earlier, this was mainly due to the sudden and prolonged decline in production experienced in the second half of 2021 when the palms entered into a biological resting phase. In 2022, a rebound in production is expected.

The operations in Indonesia now employ 1,227 people, including 9,002 hectares of oil palms (net of 1,364 hectares converted to Plasma - an Indonesian participation programme to establish additional plantation areas for the benefit of the local communities) and more than 8,000 hectares of permanent conservation areas.

UP's collaboration with Copenhagen Zoo, established in 2007, continues to develop very positively. The purpose of this cooperation is to support UP's commitment to producing sustainable palm oil and conserving the natural environment through initiatives and activities undertaken by the Biodiversity Department ("BioD"), thus encouraging sustainable agricultural practices, biodiversity and wildlife on the estates.

### Refinery Operations (Unitata & UniFuji)

In the refinery division, UP's wholly-owned refinery, Unitata, achieved an operating profit of MYR 53.4 million in 2021 compared to MYR 49.0 million in 2020. The result is regardless of price volatility, high raw material prices, and the very steep inverse in prices between the spot and future month contracts, putting pressure on contribution during the year.

The interest in certified sustainable palm oil remains strong, and Unitata is committed to providing high-quality tailor-made solutions to clients who demand palm fractions exceeding the sustainability criteria of the RSPO.

To prepare for future opportunities, UP continues to invest in technology and capable people to bring Unitata forward with success. In 2021, a new deodoriser was fully commissioned, and a new fractionation plant is scheduled for commissioning in the second quarter of 2022, slightly delayed due to Covid-19 related logistical bottlenecks.

The refinery and solvent fractionation plant, UniFuji, a 50:50 joint venture between UP and Fuji Oil, faced commercial challenges due to high raw material prices and the steep inverse in prices between the spot and future month contracts pressuring contribution during the year. As a result, UP's share of net result in the UniFuji joint venture amounted to a gain of MYR 0.3 million in 2021 compared to MYR 11.0 million in 2020. However, operationally, the plant continued its positive progress, and as the underlying business operations and customer commitment remain strong, the financial contribution is expected to recover in 2022.

UniFuji is a state-of-the-art refinery running without fossil fuels, which includes solvent fractionation to produce value-added palm fractions for the speciality fats and chocolate industry. The joint venture takes advantage of UP's high-quality certified sustainable and traceable CPO and Fuji's expertise in innovation, technical capabilities, and high-quality food standards.

Since 2019, all CPO and PK produced on UP's estates in Malaysia are value-added in-house through either Unitata or UniFuji.

### Interest Income

Total net interest income across all UP segments amounted to MYR 6.8 million, which is significantly lower than the MYR 16.1 million reported in 2020. The decrease is mainly due to lower interest rates.

### Financial Position and Cash Flows

On 31 December 2021, UP's total current assets amounted to MYR 1,143 million (31 December 2020: MYR 972 million), of which cash at bank and short-term funds amounted to MYR 478 million (31 December 2020: MYR 465 million).

Total non-current assets amounted to MYR 2,010 million (31 December 2020: MYR 2,002 million), of which right-of-use assets and property, plant and equipment amounted to MYR 1,605 million (31 December 2020: MYR 1,592 million), and goodwill amounted to MYR 357 million (31 December 2020: MYR 357 million).

Total equity increased from MYR 2,631 million on 31 December 2020 to MYR 2,685 million at the end of December 2021. The net profit of MYR 522 million was partly offset by the dividend payments of MYR 398 million and negative fair value adjustments of cash flows hedges of MYR 69 million.

Positive cash flows from operating activities amounted to MYR 530 million (2020: MYR 386 million).

Capital expenditures in relation to property, plant and equipment, including pre-cropping expenditures, amounted to MYR 94 million, which was MYR 17 million lower than the MYR 111 million in 2020.



# SCHÖRLING IN BRIEF

Schörling is a holding company focusing on long-term industrial development.

Schörling is an active holding company with shares in primarily six companies, of which five are publicly listed; Hexagon, ASSA ABLOY, AAK, HEXPOL, Securitas, and one privately held; Anticimex. It was founded in 1999.

Schörling has, within the last two decades, successfully contributed to developing its portfolio companies into global market leaders.

By being a long-term and active owner, Schörling aims to support its investment holdings and to add value to the company's shareholders. Schörling is open to making new investments in listed as well as non-listed companies with significant development potential and great focus on sustainability.

NET ASSET VALUE  
ON 31/12 2021

## 133,656

SEK million

▲ 32% ON YEAR-END 2020

UIE OWNERSHIP  
ON 31/12 2021

## 1.8%

► UNCHANGED ON YEAR-END 2020

UIE'S SHARE OF NET ASSET VALUE  
ON 31/12 2021 (SEK)

## 2,384

SEK million

▲ 32% ON YEAR-END 2020

UIE'S SHARE OF NET ASSET VALUE  
ON 31/12 2021 (USD)

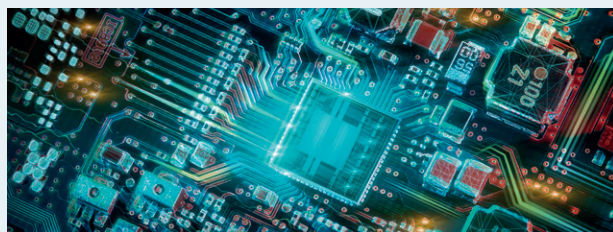
## 264

USD million

▲ 19% ON YEAR-END 2020



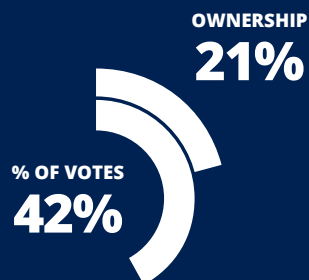
# SCHÖRLING'S INVESTMENT PORTFOLIO



## HEXAGON

HEXAGON is a leading global supplier of design, measurement, and visualisation technologies. The company's customers can design, measure, and position objects as well as process and present data to stay one step ahead of a changing world.

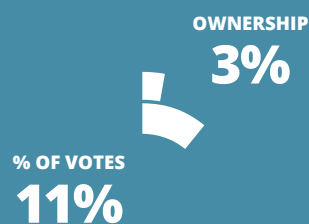
REVENUE (EUR MILLION)		
2021	<div></div>	4,347
2020	<div></div>	3,771
EBIT (EUR MILLION) <sup>1</sup>		
2021	<div></div>	1,270
2020	<div></div>	1,010



## ASSA ABLOY

ASSA ABLOY is the world's leading lock manufacturer and offers a complete product range for lock and door solutions than any other company on the market, including access control, identification technology, entrance automation, hotel security.

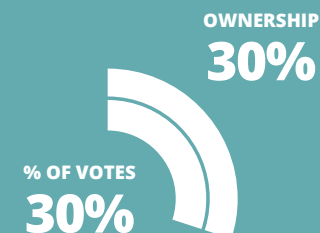
REVENUE (SEK MILLION)		
2021	<div></div>	95,007
2020	<div></div>	87,649
EBIT (SEK MILLION) <sup>1</sup>		
2021	<div></div>	14,181
2020	<div></div>	11,916



## AAK

AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterised by a high level of technological content and innovation.

REVENUE (SEK MILLION)		
2021	<div></div>	35,452
2020	<div></div>	27,934
EBIT (SEK MILLION) <sup>1</sup>		
2021	<div></div>	2,393
2020	<div></div>	2,165



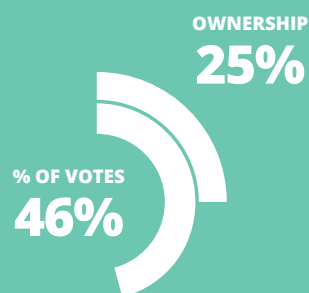
1) Adjusted for non-recurring items.

# SCHÖRLING'S INVESTMENT PORTFOLIO



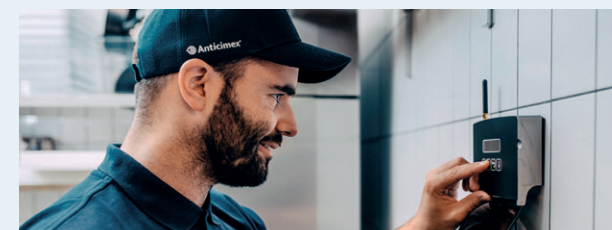
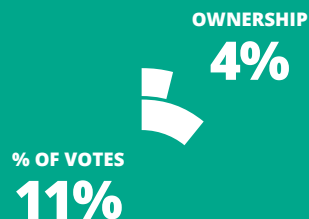
## HEXPOL

HEXPOL is a world-leading polymer group with strong global positions in advanced polymer compounds, gaskets for plate heat exchangers, and wheels made of plastic and rubber materials for truck and castor wheel applications.



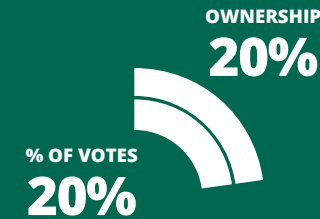
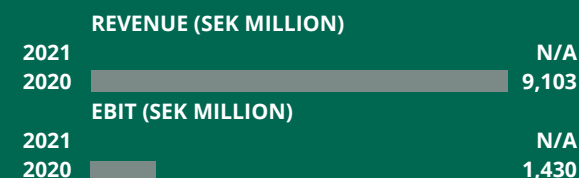
## SECURITAS

SECURITAS is a global knowledge leader in security. They provide a broad range of services of specialised guarding, technology solutions as well as consulting and investigations that are suited to the individual customer's needs.



## ANTICIMEX

ANTICIMEX is a leading global specialist within modern pest control, including bird deterrent and abatement, mosquito control, and bed bug control. Anticimex aims at creating a healthy environment through prevention, technology, and sustainable solutions.



1) Adjusted for non-recurring items.

## Financial Highlights

Net asset value is Schörling's key indicator. It reflects the value of Schörling's assets, which consist of the underlying share portfolio at fair value and the company's net cash surplus.

In June 2021, Schörling increased its investment and ownership in Anticimex alongside other long-term investors. The transaction was completed in the fourth quarter of 2021, after which Schörling increased its ownership from 10% to slightly above 20%, thus becoming the second-largest shareholder of Anticimex (EQT partners, a global investment organisation, is the largest shareholder). The consideration amounted to approximately SEK 5.4 billion, financed from Schörling's cash reserve and the divestment of 15 million Hexagon shares at the beginning of December 2021. The Hexagon shares were sold at an average share price of approximately SEK 130 for a total consideration of almost SEK 2 billion, thus reducing Schörling's ownership in Hexagon from 23% to 21%.

On 31 December 2021, the market value of Schörling's main investments was SEK 129,632 million (USD 14,344 million) compared to SEK 95,332 million (USD 11,641 million) on 31 December 2020, an increase of SEK 34.3 billion. Hereof, SEK

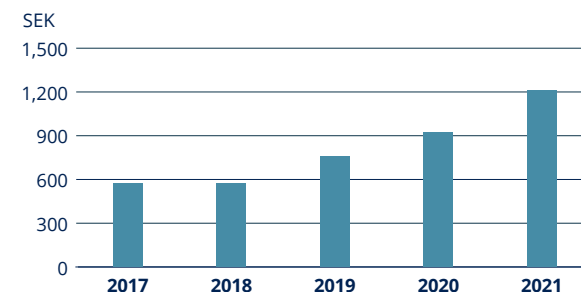
30.7 billion is a positive fair value increase and SEK 3.6 billion is mainly due to the net effect of additional investment in Anticimex and reducing the ownership in Hexagon.

Cash and other net assets decreased by SEK 2.1 billion in 2021. The decrease relates mainly due to the additional investment in Anticimex of approximately SEK 5.4 billion, partly offset by dividends received during 2021 of SEK 1.1 billion from the five listed investments as well as the divestment of 15 million Hexagon shares in December 2021. In the fourth quarter of 2021, Schörling acquired a minor additional stake in ASSA ABLOY.

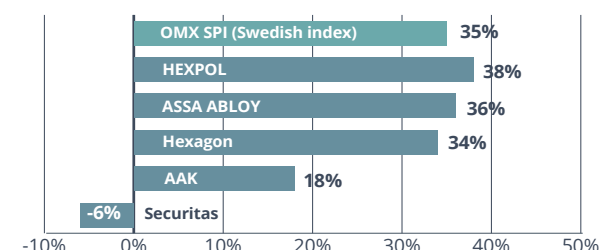
Consequently, on 31 December 2021, the estimated net cash and other investments amounted to SEK 4,024 million (USD 445 million) compared to SEK 6,156 million (USD 752 million) on 31 December 2020.

The total net asset value was SEK 133,656 million (USD 14,789 million) on 31 December 2021, compared to SEK 101,488 million (USD 12,393 million) at the end of 2020, which is an increase of 32%. During the same period, the Nasdaq Stockholm All-Share PI index increased by 35%.

## NET ASSET VALUE PER SHARE



## SHARE PRICE DEVELOPMENT IN SCHÖRLING'S PORTFOLIO COMPANIES IN 2021



## SCHÖRLING CONSOLIDATED NET ASSET VALUE

31 December 2020

	No. of shares '000	Share price SEK per share	Net asset value SEK million	UIE's share of Schörling SEK million	USD million
Hexagon <sup>1</sup>	84,501	749.80	63,359	1,130	138.0
AAK	78,774	166.00	13,077	233	28.5
HEXPOL	85,549	88.00	7,528	134	16.4
ASSA ABLOY	33,958	202.50	6,876	123	15.0
Securitas	16,307	132.75	2,165	39	4.7
Anticimex		-	2,327	42	5.1
<b>Total</b>			<b>95,332</b>	<b>1,701</b>	<b>207.7</b>
Net cash and other investments			6,156	110	13.4
<b>Total Net Asset Value</b>			<b>101,488</b>	<b>1,811</b>	<b>221.1</b>
No. of shares outstanding			110,352,321		
Per share			920		

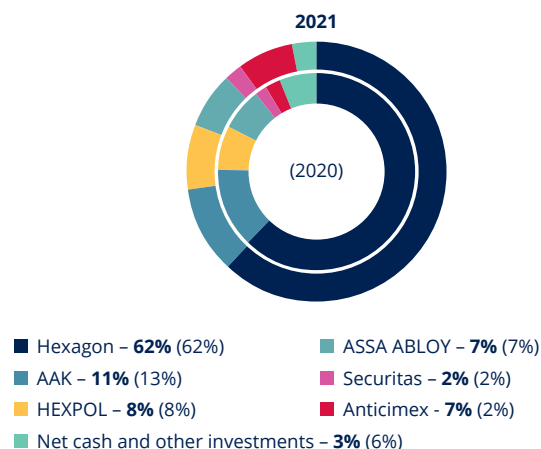
31 December 2021

	No. of shares '000	Share price SEK per share	Net asset value SEK million	UIE's share of Schörling SEK million	USD million
Hexagon <sup>1</sup>	576,506	143.65	82,815	1,477	163.4
AAK	78,774	195.30	15,385	274	30.4
HEXPOL	85,549	121.30	10,377	185	20.5
ASSA ABLOY	34,051	276.20	9,405	168	18.6
Securitas	16,307	124.65	2,033	36	4.0
Anticimex		-	9,617	172	19.0
<b>Total</b>			<b>129,632</b>	<b>2,312</b>	<b>255.9</b>
Net cash and other investments			4,024	72	7.9
<b>Total Net Asset Value</b>			<b>133,656</b>	<b>2,384</b>	<b>263.8</b>
No. of shares outstanding			110,352,321		
Per share			1,211		

1) In May 2021, Hexagon completed a share split of 7:1 whereby every one share was divided into seven shares.



## SHARE OF TOTAL ASSETS ON 31 DECEMBER



## Underlying Performance in Schörling's Portfolio Companies

All the portfolio companies in Schörling have, in various degrees, been affected by the global logistic constraints as well as shortages and surging prices of raw materials and

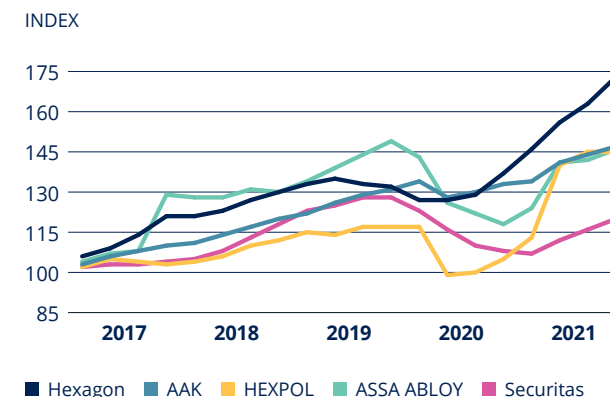
components during 2021. Regardless, they all performed well during the year, reporting an increase in turnover and operating profit. Some of the companies even reported record sales, record operating profit and operating margins in 2021.

In 2021, almost all the portfolio companies made several add-on or strategic acquisitions. In addition, with the easing of various pandemic restrictions in many parts of the world, the portfolio companies focused more on growth-initiating activities during the year.

The normalised operating profit (EBIT trailing 12 months) in the five listed portfolio companies, as shown in the graph to the right, improved during the year. In 2021, the operating profit development in the five listed investments ranged from an increase of 10% to 38%.

The companies are amongst the global leaders in their respective markets and business segments. With strong financial positions and a high focus on product development as well as ambitious growth plans, they are, despite an unpredictable overall outlook, well-positioned to accelerate growth in the coming years.

## SCHÖRLING'S FIVE LISTED INVESTMENTS: DEVELOPMENT IN EBIT (NORMALISED)<sup>1</sup>



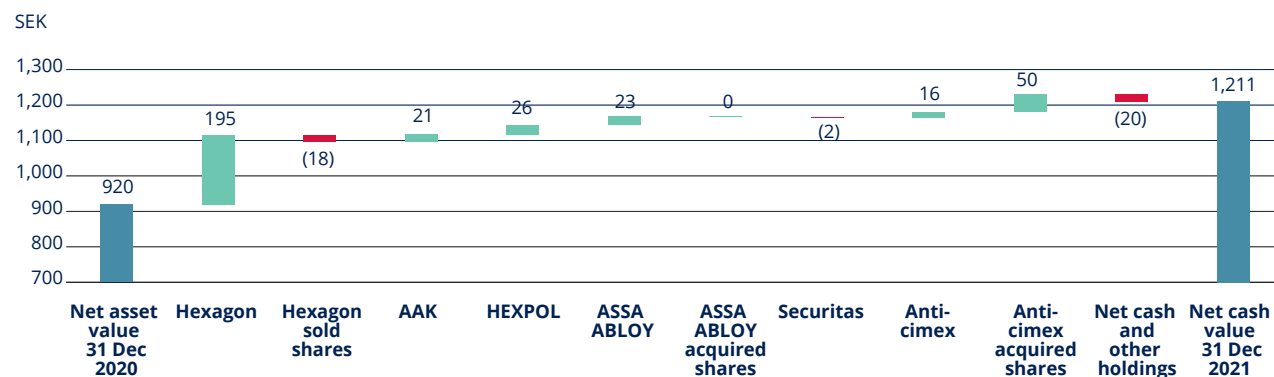
1) Five year development trailing 12 months (2016 = Index 100).

Schörling's largest investment (accounting for 62% of its net asset value) is in Hexagon, which is a global leader in sensor, software, and autonomous solutions, putting data to work to boost efficiency, productivity, and quality across industrial, manufacturing, infrastructure, safety, and mobility applications. These technologies shape urban and production ecosystems to become increasingly connected and autonomous, ensuring a scalable and sustainable future. Breaking into new markets globally, Hexagon's growth is being achieved through a combination of organic and acquisition strategies whilst maintaining strong margin growth.

During 2021, Hexagon announced new ambitious five year financial targets:

- An annual average sales growth of 8-12% by the end of 2026. The targeted sales growth is driven by a combination of 5-7% organic growth p.a. and 3-5% acquisitive growth p.a.
- To reach an operating margin of more than 30% by the end of 2026

## CHANGE IN NET ASSET VALUE PER SCHÖRLING SHARE PER INVESTMENT 2021



# GREENBRIDGE IN BRIEF

Greenbridge is a privately-held investment firm with a strong focus on technology businesses in mature and emerging markets.

Greenbridge's strategy is to make long-term investments in the high-tech and/or software sector in a limited number of companies to enhance the value as an active shareholder. It was founded in 2015.

Greenbridge has, thus far, made investments in four companies; Neo4j, Rus-Savitar SRL, NStech, and NEXT Biometrics, where the investment in Neo4j is the single most significant. Greenbridge is the largest individual shareholder in all four companies.

The team behind Greenbridge has extensive experience and know-how within technology, strategy, and M&A/business expansion.

Greenbridge works closely with and supports its portfolio companies' management to transform the businesses into global or regional leaders.

For further information about the individual companies, refer to the following websites:

- Neo4j: [www.neo4j.com](http://www.neo4j.com)
- Rus-Savitar SRL: [www.mobilacasarusu.ro](http://www.mobilacasarusu.ro)
- NStech: [www.nstech.com.br](http://www.nstech.com.br)
- NEXT Biometrics: [www.nextbiometrics.com](http://www.nextbiometrics.com)

UIE OWNERSHIP  
ON 31/12 2021

**10.1%**

▶ UNCHANGED ON YEAR-END 2020

FAIR VALUE OF UIE'S INVESTMENT  
ON 31/12 2021

**34.5**

USD million

ADDITIONAL INVESTMENTS  
MADE BY UIE IN 2021

**3.1**

USD million

FAIR VALUE INCREASE OF  
UIE'S INVESTMENT IN 2021

**7.4**

USD million



# HIGHLIGHTS IN 2021

Despite the challenging market conditions in 2021, product and strategic development have continued at full speed within the portfolio companies of Greenbridge.

Greenbridge did not acquire any new companies during 2021. However, the company increased its investments in Neo4j and NStech.

## NEO4J

In 2021, Neo4j, the world's leading graph data platform, completed a USD 390 million funding round (including primary and secondary investments). The investment proceeds will be used to accelerate product development and market reach. Greenbridge participated in the funding round and continues to be the largest investor.

In 2021, Neo4j's annual recurring revenue exceeded USD 100 million.

## NSTECH

On 30 June 2021, Praxio merged with NStech and created the largest tech platform for mobility, transport and logistics in Latin America. NStech serves six main types of customers: cargo carriers, shippers, drivers, insurers, insurance brokers specialised in transportation, and companies dedicated to the transport of passengers. The goal is to offer a simple and complete solution that contributes to the growth of customers, supporting them in the pursuit of enhanced operational efficiency in cargo and passenger road transport solutions.

In the second half of 2021, Greenbridge participated in a funding round, where the proceeds were used to fund some add-on and strategic acquisitions.



## NEO4J

Neo4j is the leading graph database platform specifically optimised to map, store, and traverse networks of connected data to help find relationships between data and extract their true value. Their vision is to help the world make sense of data.

## RUS-SAVITAR SRL

Rus-Savitar SRL is a leading furniture manufacturer in Romania. The Company includes the well established furniture retail chain, the Casa Rusu brand.



## NEXT BIOMETRICS

NEXT Biometrics provides advanced fingerprint sensor technology for the smart card, government ID, access control, and notebook markets.



## NSTECH

NStech operates in the technology segment for road transport and logistics, providing specialised technological solutions for road transport businesses in South America.



# OUTLOOK FOR UIE

As the current fair value change of the investment in Schörling is negative, compared to the increase of USD 43 million in 2021, UIE currently anticipates a significantly lower net profit in 2022.

The outlook for UIE remains substantially dependent on the performance of UP, which does not release a formal profit outlook, as well as the fair value adjustment of the investment in Schörling and Greenbridge, expressed in USD. Given these factors, it is not possible to provide shareholders with any more than a very general outlook statement for UIE.

## UP

Despite the current favourable market prices for CPO and PK, UP is still facing operational challenges in 2022, especially amidst the uncertainties of the Covid-19 pandemic. Nevertheless, with the limited but encouraging evidence of the seemingly milder health effects of the Omicron variant and new medical breakthroughs, there is hope that the pandemic will go into an endemic phase in 2022.

While labour shortages have reached a critical level, it is positive to note that the Malaysian Government is now pro-actively engaging with neighbouring countries to facilitate the re-opening of borders and recruitment avenues for migrant workers, without which crop losses will increase materially throughout Malaysia, including at UP.

### Replanting at UP

UP will continue to replant a large proportion of its old and less productive oil palm areas in Malaysia during 2022, especially on the Tanarata Estate, which will be completely replanted by mid-2022. Replanting is undertaken with UP's latest in-house developed planting material, which has proven a higher yield potential.

Subject to weather conditions, the large areas replanted in Malaysia over the last ten years will likely result in increasing CPO production.

### Global Palm Oil Production and Commodity Prices

Many commodity prices have been very bullish in 2021 due to the global economic recovery. Also, palm oil prices have increased significantly due to demand outstripping supply, and this trend has continued for CPO in the first two months of 2022.

The current historic high of CPO prices at MYR 6,500 per tonne has driven the market into uncharted territory. The outlook for the price development in 2022 will be impacted by many uncertainties and a generally fragile structure:

- The palm oil supply and export availability will be impacted by the ongoing labour shortage in the Malaysian plantation sector as well as the government interventions in Indonesia to ensure sufficient domestic supply ("Domestic Market Obligation").
- The demand development will be uncertain in view of a fragile global economic outlook for the food sector and biodiesel. In addition, demand rationing may also impact markets as a result of the extremely high vegetable oil prices.
- Moreover, the strong geopolitical uncertainties may impact the general economic situation. A more aggressive course from central banks to combat inflation and ongoing supply chain disruptions partly due to the

pandemic but also impacted by the high price premiums for nearby deliveries ("price inverse") will continue to create price volatility.

- We will also face continuous weather uncertainties from the present La Nina conditions in the Pacific, resulting in more dry weather in parts of South America, which will have a negative impact on the soybean crop, and higher than average rainfall for South-East Asia, but also from more extreme weather events resulting from climate change.

***"As global palm oil supply/demand remain tight, prices are currently historically high. The acute labour shortage continues to be a serious source of concern for 2022"***

### Biodiesel Production

The impact of world biodiesel production continues to be a key factor affecting the overall demand for vegetable oils. In 2021, almost 48 million tonnes of oils and fats, equal to 20% of the world's 17 Oils and Fats, were used for biofuel/ biodiesel products, emphasising this segment's significant impact on demand and thereby on prices.



Even with record-high vegetable oil prices, biodiesel production is expected to increase to 49 million tonnes in 2022, mainly driven by fiscal incentives in the US and rising decarbonisation targets in the EU transport sector as well as the Indonesian Government's desire to increase their domestic palm oil consumption via its biodiesel programme (30% admixture).

## SCHÖRLING & GREENBRIDGE

Concerns over inflation, increasing interest rates, and geopolitical uncertainties in the first two months of 2022 have caused increased volatility and have impacted negatively on equity markets (including in Sweden), most significantly within growth shares. Moreover, the continuing tensions in relation to the Russian-Ukraine conflict, inflationary pressure, and the central bank's measures to control the inflation are likely to lead to further volatility in equity markets.

If the fair value of Schörling in SEK and the SEK/USD exchange rate at the end of February 2022 remain unchanged up to the year-end, the fair value adjustment to be recognised in UIE's Income Statement 2022, attributable to Schörling, will be negative by roughly USD 38 million compared to the positive contribution of USD 42.7 million recorded in 2021.

The value of the Company's investment in Greenbridge continued to develop positively in 2021 and further progress is anticipated in 2022.

***“Concerns of surging inflation, geopolitical uncertainties, and global logistic constraints are currently affecting share markets considerably”***

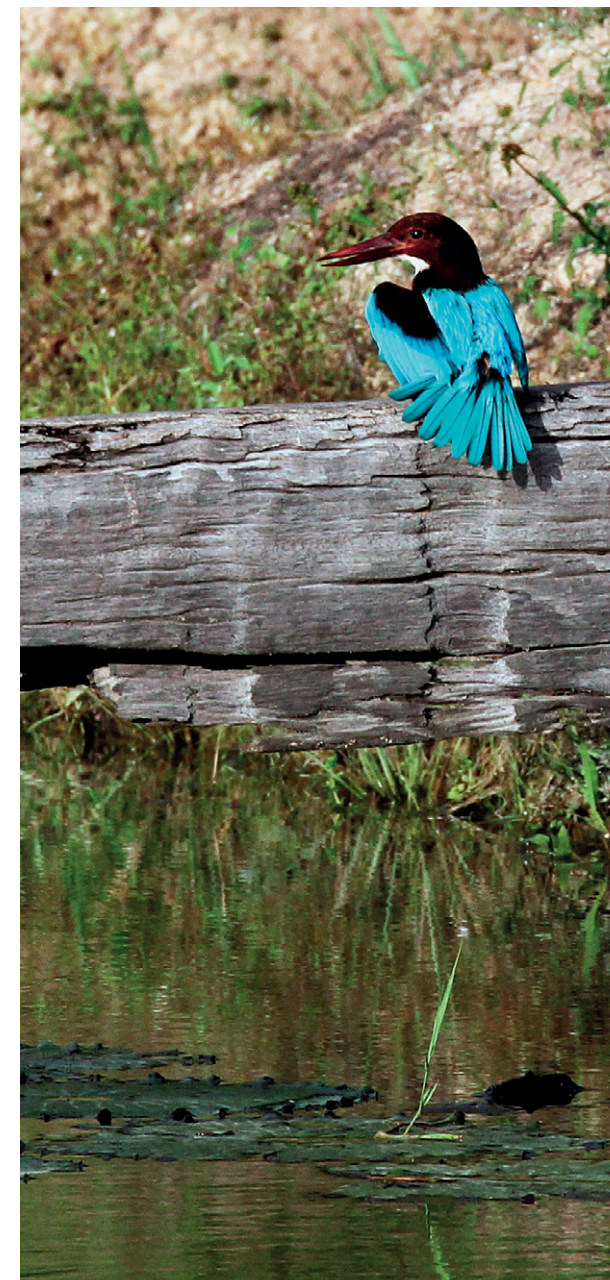
## CONCLUSION

While the Covid-19 outbreak has greatly impacted the global economy and business sentiment during the last two years, there are hopes that the pandemic will go into an endemic phase in 2022.

However, global economic growth is currently losing momentum due to new variants of Covid-19 continuing to emerge worldwide and monetary and fiscal stimuli being reduced significantly. Furthermore, rising energy, food and raw material prices, as well as supply disruptions, have resulted in higher and more broad-based inflation than anticipated just a few months ago. As a result, global growth is estimated to decelerate to just above 4% of GDP in 2022.

All things considered, especially the negative year-to-date 2022 fair value adjustment of the investment in Schörling, the Board is anticipating that UIE's net profit attributable to shareholders in 2022 will be significantly lower than in 2021.

Nevertheless, the Board anticipates that the operational performance within UIE's investments will continue the positive trend seen in 2021. Therefore, the Board is confident that UIE, through its investments, will continue to generate long-term value for its shareholders.





# CORPORATE MATTERS



# RISK FACTORS

During 2021, the Covid-19 pandemic continued affecting significant risk areas identified in the Group, such as volatility in commodity prices and share prices as well as the availability of labour for the plantations. These risks will likely continue into 2022, and with rising geopolitical tensions as well as inflationary pressure, risk monitoring and management remain a top priority for UIE.

Risk management is an inherent part of the decision-making process in UIE. UIE has a structured approach to identifying any risk that could potentially affect the UIE Group's result, balance sheet and future profitability.

UIE seeks at all times to improve the understanding of the nature of the risk profile by classifying the risks in a risk map on the basis of the potential impact of each risk and the likelihood of the risk to occur as illustrated in the risk matrix on page 38.

The Board of Directors is responsible for identifying and controlling risks as well as establishing risk policies.

On a quarterly basis, the Audit Committee reviews and discusses the risk map as well as the actions implemented to mitigate the identified risks.

As a holding company, UIE is also indirectly exposed to the commercial and financial risks within UIE's portfolio companies; UP, Schörling and Greenbridge. The management of these companies are, however, accountable for identifying and controlling their risks.

## Risks in UP

Accounting for approximately 64% of UIE's total consolidated assets of USD 1,188 million, UP is the largest investment in UIE; hence, the risks related to UP constitute the major proportion of the overall risks in the UIE group. UP's main activity is within the palm oil industry with plantations in Malaysia and Indonesia as well as refineries in Malaysia. The general risks arising from these activities include weather conditions for growing the palms, market conditions for selling the oil, as well as risks related to the operation of the plantations and refineries.

In 2020 and 2021, the Covid-19 pandemic had a significant impact on the above-mentioned risks, affecting the labour supply and increasing volatility in palm oil prices, but also introducing an operational risk for UP, as the operations at the estates could be temporarily interrupted for weeks and delivery to customers could be delayed.

UP is a separately listed company in Malaysia and its Board of Directors is responsible for identifying and controlling risks as well as establishing risk policies for the UP group.

The UIE management works closely together with UP in relation to UP's risk management, and UIE's Board regularly reviews UP's risk management reporting.

For further information about the risk factors in UP, refer to UP's Annual Report 2021.



**Download UP's Annual Report 2021**

## Risks in UIE

In the UIE segment, the main investment is the 1.8% ownership in Schörling, which is a holding company primarily investing in the industrial sector. Schörling's main portfolio currently consists of investments in five publicly listed companies as well as one privately held company.

On 31 December 2021, UIE's investment in Schörling amounted to USD 263.8 million and accounts for approximately 22% of UIE's total consolidated assets. UIE's risk in relation to Schörling relates primarily to the share price development of Schörling's portfolio companies.

UIE considers the investment in Schörling as a strategic investment and, therefore, volatility in share prices is an inherent part of UIE's business model.

UIE has the right to appoint one Director of the Board in Schörling and thereby has a more active role in developing the Schörling portfolio for a long-term value appreciation.

Despite a turbulent year in many respects, the risks identified and risk policies in UIE are virtually unchanged compared to last year.

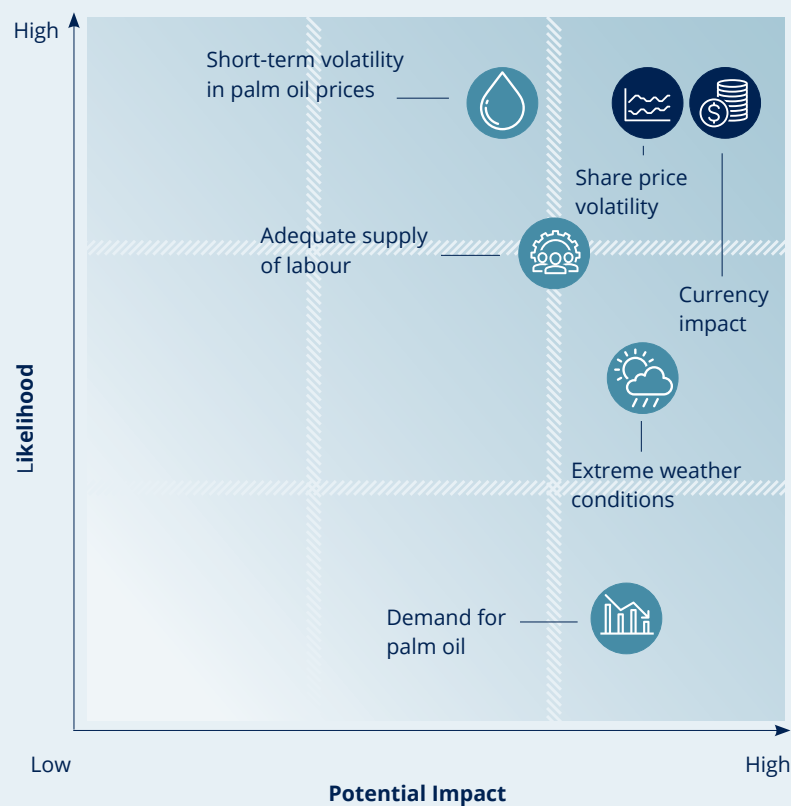
The most significant risks in UIE are listed on the following pages.

## RISK MATRIX



### RISK MATRIX

The key risks for UIE identified in 2021 are placed in the risk matrix below based on their potential impact and likelihood to occur. Each risk, its impact, and the current mitigation actions are described in the following.



## MAIN FINANCIAL RISKS IN UIE SEGMENT



### SHARE PRICE VOLATILITY

#### Impact

The vast majority of Schörling's assets consists of listed shares that are marked-to-market at each reporting day, directly affecting the UIE Income Statement.

#### Mitigation

The share price risk in Schörling is an inherent part of UIE's business model and UIE does not attempt to take action to mitigate short-term fluctuations.

The UIE management closely monitors the development in the underlying investments and, through board level presence at Schörling, UIE is active in developing the Schörling portfolio.



### CURRENCY IMPACT

UIE's functional currency is USD and a weakening in other currencies against USD can reduce the values of UIE's assets denominated in non-USD currencies.

#### Impact

The investment in UP is denominated in MYR and as UP is a fully consolidated entity, any currency adjustments of the net investment will flow through Other Comprehensive Income to Equity and thus have no effect on the Income Statement.

The underlying investments in Schörling are denominated in SEK and any currency adjustment will affect the income statement, whereas the majority of underlying investments in Greenbridge are denominated in USD.

#### Mitigation

As UP and Schörling are long-term strategic investments, UIE has decided not to mitigate the potential currency effect by currency hedging. In a long-term perspective, there is an inherent natural hedge for part of the currency exposure as the underlying investments have significant cash inflows in USD. Approximately 75% of the cash reserves in UIE and short-term investments are denominated in USD and hence not subject to currency risk.

## COMMERCIAL RISKS IN UP SEGMENT



### EXTREME WEATHER CONDITIONS, E.G. FLOODS, DROUGHT OR FIRE

In recent years, climate change has become more evident with more extreme weather events around the globe.

#### Impact

Weather conditions affect the production, which was evident in 2016, where the output dropped due to the severe effects of El Niño. However, when weather conditions cause a general drop in production, commodity prices tend to increase and thereby reduce the negative impact of reduced production.

#### Mitigation

Water management is in place to mitigate the effects of drought and flooding to a certain extent.

Fire safety plans are in place, and fire hotspots are monitored via satellite through Global Forest Watch.



### SHORT-TERM VOLATILITY IN PALM OIL PRICES

Palm oil prices are determined by the global supply and demand for vegetable oils and fats, and are to some extent, affected by the general commodity price development. The Covid-19 outbreak has affected both the supply and demand of palm oil, resulting in high volatility.

#### Impact

CPO is a basic commodity where plantation companies, like other market participants, are price takers. Therefore, volatility in CPO prices has a direct impact on revenue and earnings of UP.

#### Mitigation

UP uses a Board-regulated forward sales policy to hedge a proportion of future production revenues to mitigate the impact of spot price volatility and to lock in forward prices to secure margins.



### DEMAND FOR PALM OIL

Negative sentiment towards palm oil derived from western NGO anti-palm oil campaigns can affect the demand for palm oil.

#### Impact

Reduced demand will affect the supply and demand balance and have a dampening effect on the palm oil prices and hence the UP revenue and earnings.

#### Mitigation

UP is strongly committed to the RSPO, and has strict policies of No Deforestations, Preserving areas of High Conservation Values and High Carbon Stock ("HCS"), including No New Development on Peat soils.

UP produces 100% sustainable, traceable, segregated palm oil of a high quality. In addition, there is 100% circular economy at all the oil mills and UniFuji.

UP closely monitors political developments to be able to respond quickly to any adverse developments.



### ADEQUATE SUPPLY OF LABOUR FOR THE PLANTATIONS

Palm oil plantations are labour intensive and are dependent on sufficient labour. Recruitment of guest workers into Malaysia has been necessary for sufficient supply. The Covid-19 has intensified the labour issue and caused an acute labour shortage in Malaysia - a challenge that remains in 2022 until travel restrictions are lifted.

#### Impact

Insufficient access to labour negatively affects the operations, such as the timely harvest of the fruits, crop losses and hence the production yields.

#### Mitigation

Besides UP management's increased focus on mechanisation and other initiatives to reduce the dependency on guest workers for the operations, UP's Human Resource is proactively cooperating with government agencies to facilitate the recruitment of guest workers.



# SHAREHOLDER INFORMATION

In 2021, the UIE share price increased by 32% amidst a tumultuous year due to the Covid-19 pandemic and the emergence of new variants of the virus.

On 31 December 2021, UIE's issued share capital amounted to USD 33,727,690, consisting of 3,372,769 issued shares of USD 10.00 each.

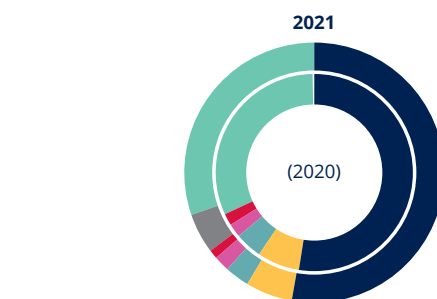
UIE has only one share class, all shareholders have the same rights, and the Articles of Association do not contain any restrictions on ownership. Each share listed by name in UIE's share register is entitled to one vote at the AGM.

## Ownership

According to UIE's share register, we had 2,141 registered shareholders on 31 December 2021, compared to 1,757 registered shareholders at the end of 2020. On 31 December 2021, the registered shareholders owned 94.4% of the share capital. The remaining 5.6% of shareholders have not yet been registered by name.

At the end of 2021, the major shareholder was Brothers Holding Limited (via the 100% owned subsidiary C&M Holding Limited) with a shareholding of 50.2%, which is owned jointly by Carl Bek-Nielsen and Martin Bek-Nielsen. Including the shareholdings owned individually by Carl Bek-Nielsen and Martin Bek-Nielsen, the Bek-Nielsen family's equity interest amounted to 52.6% at the end of 2021 (excluding UIE's treasury shares, the Bek-Nielsen family's voting rights in UIE amounted to 55.1%).

## CLASSIFICATION OF SHAREHOLDERS ON 31 DECEMBER



- Brothers Holding Limited<sup>1</sup> – **53%** (53%)
- Kapitalforeningen BLS Invest – **6%** (7%)
- BNY Mellon – **3%** (4%)
- Pension Danmark – **2%** (2%)
- PERSI – **1%** (2%)
- Treasury shares – **5%** (0%)
- Other – **30%** (32%)

1) Including shares owned by C&M Holding, Carl Bek-Nielsen and Martin Bek-Nielsen.

## Share Price Development, Market Value and Turnover

The market value of UIE's issued share capital on 31 December 2021 was DKK 6,273 million compared to DKK 4,739 million at the end of 2020.

In 2021, the UIE share traded in a price range from DKK 1,395 to DKK 1,885 per share.

At the end of 2020, UIE's closing share price was DKK 1,405, and at the last trading date in 2021, it had increased to DKK 1,860, which is equivalent to an increase of 32.4%. By comparison, the Nasdaq Copenhagen Mid Cap Index increased by 28.5% in 2021.

In 2021, the total turnover in the UIE share was DKK 697 million (including treasury shares of DKK 215 million), which corresponds to a daily average trading turnover of DKK 2.8 million or approximately 1,660 shares (excluding treasury shares, the daily trading turnover was DKK 1.9 million or approximately 1,140 shares), which was higher than the daily average number of 1,002 shares traded in 2020.

## SHARE INFORMATION ON 31 DECEMBER

	2020	2021
Share price end of year (DKK) <sup>1</sup>	1,405	1,860
Total shares issued	3,372,769	3,372,769
Holding of treasury shares	-	152,679
Nominal value per share (USD)	10	10
Share capital (USD)	33,727,690	33,727,690
Equity (USD '000)	719,192	739,593
Market value (USD '000) <sup>2</sup>	782,280	912,781
Market value (DKK '000) <sup>2</sup>	4,738,740	5,989,367

1) Closing price.

2) Excl. treasury shares.

**HOLDING OF TREASURY SHARES**

	2020	2021
Holding at the beginning of the year	-	-
Acquired from shareholders not registered in VP	-	23,210
Acquired in the share buy-back programme	-	130,000
Shares used for share based payment	-	(531)
Cancellation of treasury shares	-	-
Holding at the end of the year	-	152,679

**Investor Relations**

UIE aims at ensuring open and timely information to its shareholders and other stakeholders.

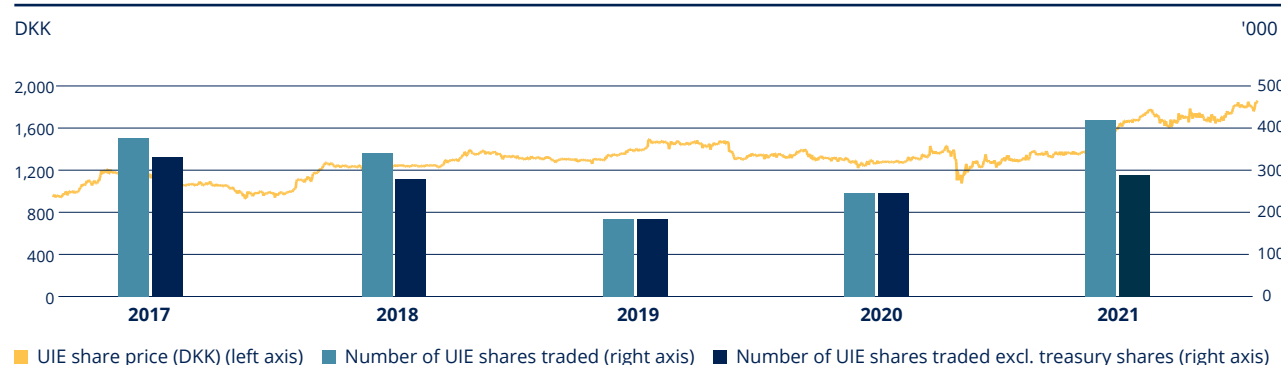
A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. Furthermore, UIE holds analyst and investor meetings in Denmark and abroad.



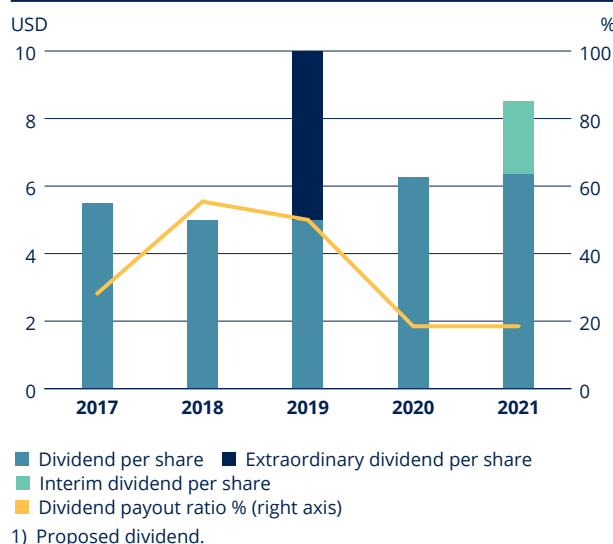
For more information on our Investor Relations Policy, visit UIE's website:  
<https://uie.dk/investor-relations/ir-policy/>



See all company announcements published in 2021 at UIE's website:  
[www.uie.dk/all\\_announcements/](http://www.uie.dk/all_announcements/)

**SHARE TURNOVER AND SHARE PRICE DEVELOPMENT****Dividend**

In addition to the interim dividend of USD 2.15 per share, which was paid in December 2021, the Board of Directors has resolved to propose a final dividend of USD 6.35 per share (equivalent to DKK 42.19 per share) for the financial year 2021. The dividends are expected to be paid to shareholders on 24 May 2022.

**DIVIDEND KEY FIGURES****Financial Information**

UIE publishes interim and annual reports, which are available on the Company's website and can be subscribed to via the website [www.uie.dk/investor-relations/subscribe](http://www.uie.dk/investor-relations/subscribe) or the shareholder portal at [www.uie.dk/investor-relations/shareholder-portal/](http://www.uie.dk/investor-relations/shareholder-portal/).

**Financial Calendar 2022**

AGM 2022  
in Malta



First Quarter Report  
2022



Half Year Report  
2022



Third Quarter Report  
2022

**Annual General Meeting**

For shareholders unable to attend the AGM, we would appreciate receiving a proxy or a postal vote in order to know shareholders' view on the respective items on the agenda.

**Informal Shareholder Meeting**

A physical informal shareholder meeting will be held on:



at 10.00 a.m.  
Børssalen  
Børsbygningen  
1217 Copenhagen K  
Denmark

# BOARD OF DIRECTORS & MANAGEMENT



Non-independent

Born: 1973  
Nationality: Danish  
First elected: 1998  
Term expires: 2022  
No. of shares: 907,467<sup>1</sup>

## CARL BEK-NIELSEN, CHAIRMAN

Chief Executive Director of UP

Chairman of the Remuneration Committee and the Nomination Committee

### Board positions

- UP (Deputy Chairman)
- Schörling
- Unitata (Chairman)
- The Malaysian Palm Oil Association ("MPOA")
- The Co-Chairman of the RSPO

### Other Commercial Duties

- Director-in-Charge of Unitata

### Competencies

- Experience and knowledge of culture as well as business environment in South East Asia
- International management and operational experience with the palm oil and refining industries
- Experience as board member in international and listed companies
- More than two decades of experience within agriculture and sustainability



Non-independent

Born: 1975  
Nationality: Danish  
First elected: 2003  
Term expires: 2022  
No. of shares: 866,445<sup>2</sup>

## MARTIN BEK-NIELSEN, DEPUTY CHAIRMAN

Executive Director (Finance and Marketing) of UP

Deputy Chairman of the Remuneration Committee and the Nomination Committee

### Board positions

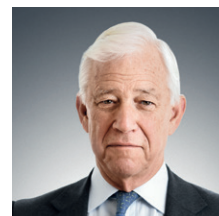
- UP
- Unitata
- Member of the MPOA Working Committee - Marketing and Promotion

### Other Commercial Duties

- Commercial Director of Unitata and UniFuji

### Competencies

- Experience and knowledge of culture as well as business environment in South East Asia
- Experience as board member in international and listed companies
- Experience in commercial aspects within the edible oil industry



Non-independent

Born: 1944  
Nationality: British  
First elected: 1983  
Term expires: 2022  
No. of shares: -

## JOHN A. GOODWIN, BOARD DIRECTOR

Former Managing Director of UIE

Chairman of the Audit Committee

### Board positions

- Durisol UK Ltd.

### Competencies

- International management and investment banking experience
- Experience as board member in international and listed companies
- Experience in commercial aspects within the edible oil industry



Independent

Born: 1960  
Nationality: Danish  
First elected: 2011  
Term expires: 2022  
No. of shares: 11

## BENT MAHLER, BOARD DIRECTOR

Managing Director, Citoforte Asia Pacific Pte Ltd.

Member of the Nomination Committee

### Competencies

- Hands-on oil palm plantation development and management experience
- International business development and general management experience in agricultural business-to-business supply enterprises, in Asia Pacific and Middle East markets in particular
- Agricultural equipment manufacturer Board member experience

1) Carl Bek-Nielsen holds 61,196 shares directly and 846,271 shares indirectly via joint ownership (50:50) of Brothers Holding (Brothers Holding owns 1,692,543 shares in UIE).  
2) Martin Bek-Nielsen holds 20,174 shares directly and 846,271 shares indirectly via joint ownership (50:50) of Brothers Holding (Brothers Holding owns 1,692,543 shares in UIE).



# BOARD OF DIRECTORS & MANAGEMENT



Independent

Born: 1964  
Nationality: Danish  
First elected: 2013  
Term expires: 2022  
No. of shares: 100

## JØRGEN BALLE, BOARD DIRECTOR

Director of J. Balle Management ApS

Member of the Audit Committee and the Remuneration Committee

### Board member

- UP
- Bach Salicath Danmark A/S
- CRF K/S
- Frey P/S (Chairman)
- Frey GP ApS (Chairman)
- Dry-Bag A/S (Chairman)
- UIE Services A/S
- MJ2018 Holding ApS

### Competencies

- Professional expertise in the global vegetable oil industry, in finance and in FMCG markets, processes and logistics
- Organisational leadership and change management
- Strategic analyses and strategy implementation



Independent

Born: 1971  
Nationality: Danish  
First elected: 2015  
Term expires: 2022  
No. of shares: 330

## FREDERIK STEEN WESTENHOLZ, BOARD DIRECTOR

Chief Sales Officer of Environment Solutions ApS

### Board member

- Environment Solution ApS
- FW ApS
- Bellamy International ApS
- Keytrade ApS
- Mermaid Asset Management Fondsmæglerselskab A/S
- Keytrade Scandinavia ApS
- APH Holding ApS
- Go2partners ApS
- Private Equity ApS
- UIE Services A/S
- K/S Obton Solenergi Lowen

### Competencies

- International sales, marketing and finance experience
- Experience as board member and chairman in international public listed companies
- International management experience



Independent

Born: 1955  
Nationality: German  
First elected: 2017  
Term expires: 2022  
No. of shares: -

## HARALD SAUTHOFF, BOARD DIRECTOR

### Competencies

- Business management, organisational leadership, and change management experience in the chemical industry
- Commercial experience in the global vegetable oil industry
- Sustainability strategy development and stakeholder management with focus on the palm oil industry



Born: 1971  
Nationality: Danish  
Employed: 2006  
No. of shares: 556

## ULRIK JUUL ØSTERGAARD, MANAGING DIRECTOR

Managing Director of UIE

### Board member:

- Durisol UK Ltd.
- UIE Services A/S
- Hans A/S (Chairman)

### Competencies

- International business management and investment banking experience
- Expertise in strategy, accounting and finance as well as M&A

# **ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)**

# CORPORATE SUSTAINABILITY

UIE continually strives to institute and maintain high corporate responsibility standards, as we have a firm belief that sustainable business practice is essential for achieving long-term value creation.

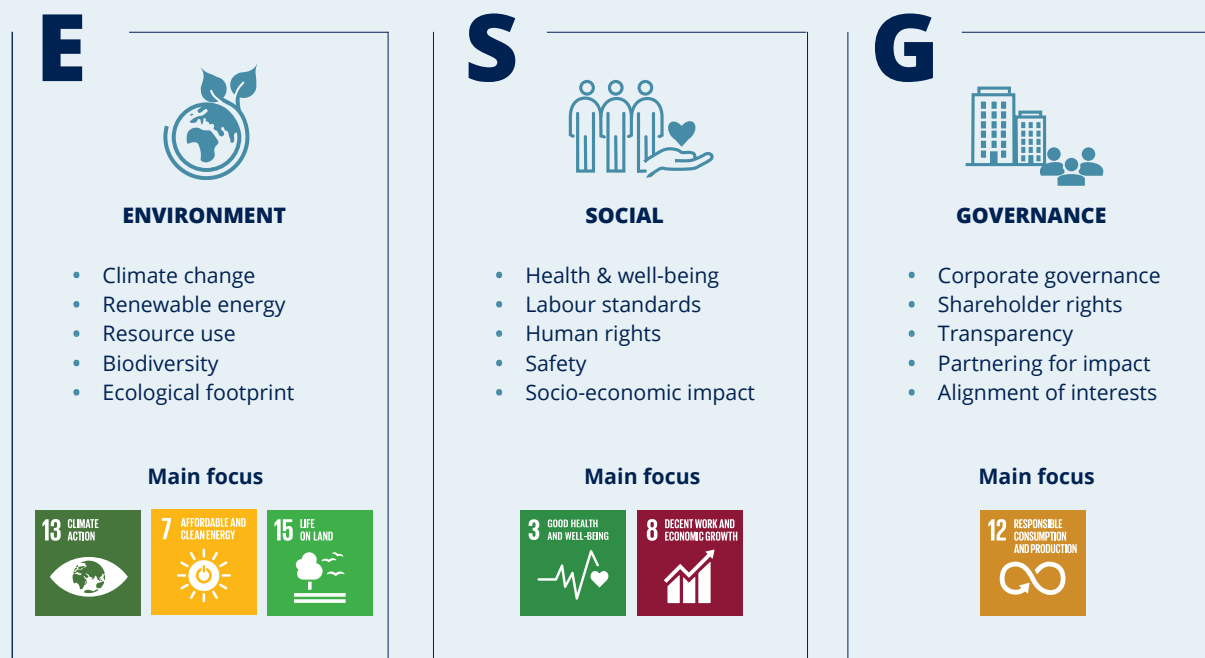
UIE has a strong focus on ESG related matters, and we consistently encourage and support the companies we invest in to act responsibly and with high integrity. We find it essential that our portfolio companies operate ethically and professionally, thus considering their long-term economic, social, and environmental impact.

Our portfolio companies UP, Schörfling, and Greenbridge operate within different industries and are accountable for establishing their own strategies and ESG agenda based on an in-depth assessment of relevant ESG issues for their respective businesses. We are committed to using our influence where appropriate and will always seek to actively engage with our portfolio companies to embed ESG issues in their strategies and operations, protect and create sustainable growth, and ensure the implementation of projects to achieve the goals and demands set by industries, governments, organisations, customers, investors, etc. Sustainability and responsibility in environmental, social and governance aspects are by all means deeply rooted in our dna and long-term vision.

On this basis, UIE will naturally strive to include sustainability as an evaluation criterion when identifying and analysing new investment opportunities. Hence, we have structured our investment process to integrate ESG factors alongside financial factors in the due diligence process. However, we acknowledge that a number of challenges related to ESG do not necessarily apply to all of the companies or apply to the same degree. Certain ESG issues are more likely to arise and have a material effect in specific industries or sectors (e.g., agro-industrial and technology sectors) than in others, which we intend to address in our ESG reporting.

## STRATEGIC SUSTAINABILITY FOCUS/GOALS FOR OUR PORTFOLIO COMPANIES

We believe we have a responsibility to ensure that our actions benefit not only our main stakeholders but also society as a whole. Thus, being socially responsible is fundamental to the way our portfolio companies operate.





### Sustainability Targets

UIE continuously encourages UP, Schörling, and Greenbridge to act responsibly by:

- Protecting the environment and natural resources by applying environmentally responsible production methods
- Securing the well-being of employees by providing good and safe working conditions
- Upholding human rights and being responsible members of surrounding communities
- Promoting and maintaining high standards of business ethics, and working against all forms of corruption, including extortion and bribery

UIE has a considerable ownership in UP, which allows us to have a high degree of influence on how the business is run. Therefore, we are naturally very engaged in the operations of UP and have contributed to putting in place relevant measures to ensure sustainable development and growth.

UIE also focuses on active ownership to promote the long-term and sustainable value creation of our investments. As part of exercising the rights as a shareholder, UIE is, when possible, represented on the boards of the portfolio companies and thus, we have actual influence in decision-making processes.

### UN's Sustainable Development Goals

UIE aims to invest in companies that integrate sustainability initiatives in their core businesses, contributing to the achievement of the UN Sustainable Development Goals ("SDGs"), which have been developed and agreed upon globally in 2015.

Through our investment in UP and Schörling, UIE's main focus is on the goals of Good Health & Well-being (SDG 3), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13) and Life on Land (SDG 15).

## SUSTAINABILITY IN UP

In a business context, sustainability is about a company's business model, i.e., how its products and services contribute to sustainable development and how it manages its operations to minimise negative impact. Therefore, it is also important to look at the industry or sector in which it operates and assess what ESG factors the sector, and hereunder the company, is exposed to.

### Palm oil industry

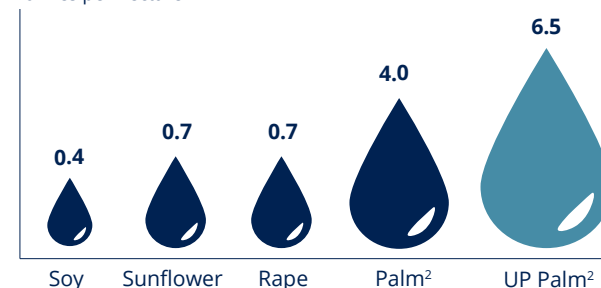
UP's core business activity is the cultivation of oil palm and coconuts. Palm oil is the most consumed edible oil globally, partly due to its unique characteristics. The oil palm require, for a fact, less land per tonne of vegetable oil produced than other oil crops, and the oil is highly versatile. Thus, it can be used for a great variety of products, which fits well with the current challenges of an increasing population and consequently growing demand for global food. However, the production of palm oil is also contested, as it is often associated with negative effects on the environment, primarily deforestation and biodiversity loss. Therefore, it is important to raise awareness about the complexity of these issues and put data into context to provide the bigger picture of palm oil and sustainable agriculture.

Globally, the oil palm is the most efficient oil crop, producing more oil per land area than any other equivalent vegetable oil crop. Palm oil accounts for 37% of the global oils and fats production, yet the palm oil industry accounts for less than 0.5% of the world's total agricultural area. Hence, to produce the same amount of alternative oils (such as soybean, rapeseed, or sunflower oil) as palm oil, 4-10 times more land is required. Replacing palm oil with other types of vegetable oils would therefore lead to further environmental costs, including pressures on different natural ecosystems, habitats, species, and communities in other parts of the world.

The palm oil industry is complex. Far too often, it is subject to being painted with one brush without recognising the efforts undertaken by many different stakeholders, including producers, to promote responsible production and consumption of sustainable palm oil.

### THE OIL PALM; A HIGHLY EFFICIENT CROP<sup>1</sup>

Tonnes per hectare



Palm oil production has often been linked with deforestation. It is true that an estimated 420 million hectares of forest have been lost globally through deforestation since 1990. However, there is some good news as the rate of forest loss has been declining substantially. From 2015 to 2020, for example, the annual rate of deforestation was estimated at 10 million hectares, compared with 12 million hectares between 2010 and 2015<sup>3</sup>. Moreover, when zooming into the role of palm oil in forest loss, FAO data shows that oil palm cultivation has contributed to 2.3% of global deforestation (5% of tropical deforestation)<sup>4</sup>. In comparison, soybean cultivation contributed to 5.5%, while an estimated 24% of forests were cleared for pastures to raise livestock.

### DRIVERS OF TROPICAL DEFORESTATION



### 5% due to oil palm cultivation

**Between 1990-2015, 150 million hectares of tropical forest have been lost, of which an estimated 5% is directly due to oil palm expansion.**

UP has introduced several policies to break this link between palm oil and deforestation. Since 2010, the company has adhered to the RSPO and its policies on No Deforestation,

1) Source: Calculated by Our World in Data based on data from the UN Food and Agriculture Organization (FAO) and UP.

2) Includes crude palm oil and palm kernel oil.

3) Source: UN Food and Agriculture Organisation (FAO) and UNEP, 2020. *The State of the World's Forests 2020. Forests, biodiversity and People*. Rome.

4) Source: The European Commission (<https://ec.europa.eu/environment/forests/pdf/1.%20Report%20analysis%20of%20impact.pdf>).

No New Planting on Peat soils, regardless of its depth, and No Exploitation of People and Local Communities ("NDPE").

UP intends to raise the bar within the sphere of sustainability for the global palm oil industry by, for example, committing itself to a NDPE policy, operationalising this, and thus setting a good example for other plantation companies in the agricultural sector to protect species and reduce the impact on the environment. It is important for UP to take an active role in transforming the palm oil industry for the better and creating awareness of the importance of sustainable palm oil production.

#### Environment & Climate (SDG 7, 13 & 15)

UP has a strong focus on environmental issues, aiming to resolve the climate and energy challenges addressed in SDGs 7, 13 and 15:

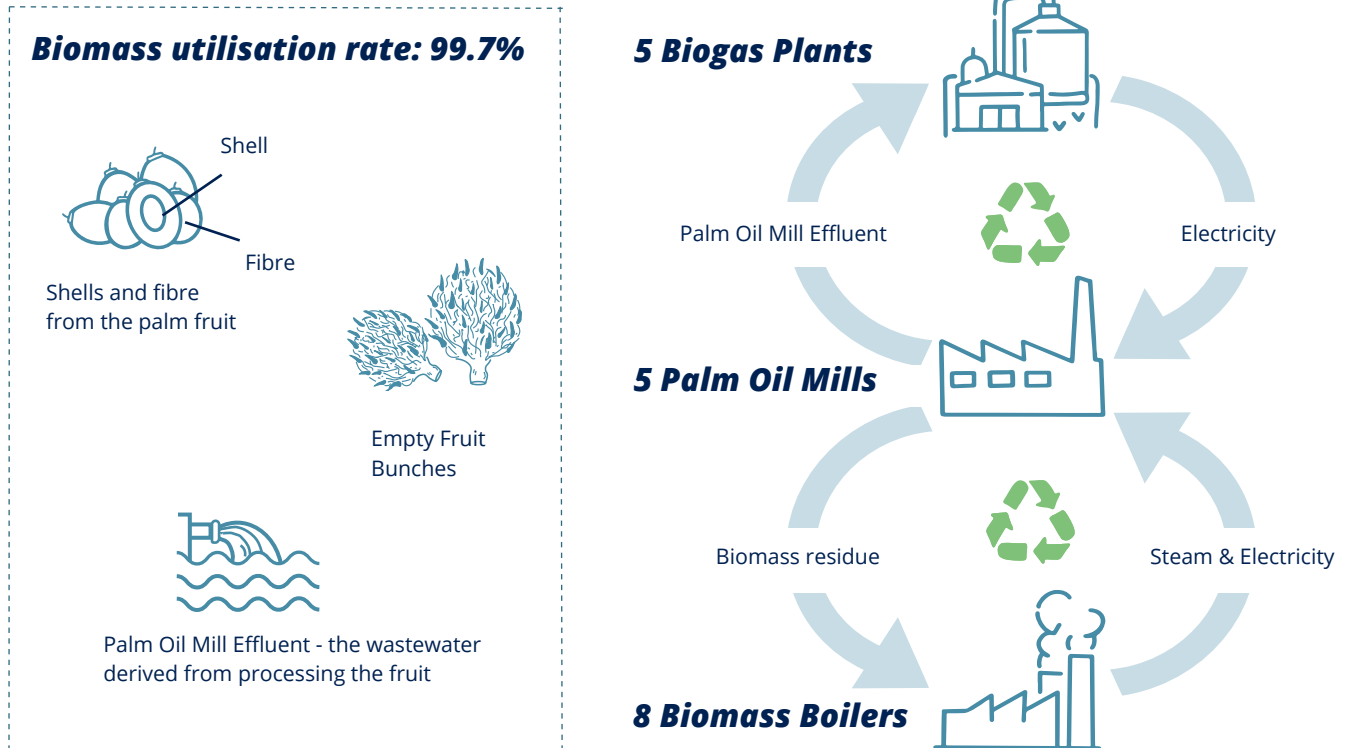
#### Renewable Energy

Since 2005, UP has made significant investments in promoting green energy, starting with the Biomass Reciprocating Boiler cum Power Plant and the Biogas Plants. These projects combined have contributed significantly to reducing the company's carbon emissions by 70% and methane by 80% at the respective operating units and helped pave the way for additional green investments.

Today, all the oil mills at UP are equipped with Biogas Plants, which capture the methane gas produced when palm oil effluents are bacterially biodegraded, in the process of producing clean energy. All mills are 100% energy self-sufficient. Furthermore, the Electrification Project in one of the mills converts biogas into electricity, which is sold into the national grid, thereby displacing energy derived from fossil fuel. In 2021, a total of 6,678 MWh of electricity was generated from the biogas plants and sold to the grid; a 7% increase from 2020.

A pilot project was initiated in 2020 to evaluate the use of solar photovoltaic ("PV") cells to produce green electricity to offset electricity consumption from the grid. The solar PV cells are expected to generate 525 kW/day with the option of selling electricity unutilised by the laboratory to the grid. In 2021, the solar PV cells generated a total of 200 MWh of renewable electricity.

### INCREASING THE SHARE OF RENEWABLE ENERGY IN THE GLOBAL ENERGY MIX

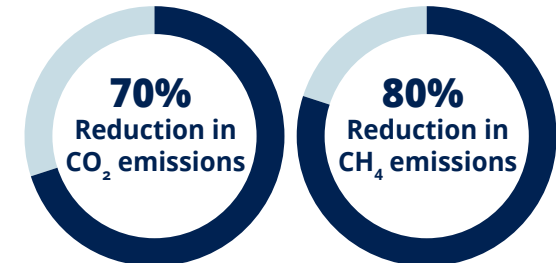


#### Clean Energy at the Mills



*The electricity produced at UP is consumed internally as well as sold to the national grid.*

#### Emissions Reductions at Operating Units<sup>1</sup>



1) From 2006-2021.



### GHG emissions

UP is committed to mitigating its "carbon footprint" and thereby its greenhouse gas ("GHG") emissions. The company has reduced its GHG emissions, per kg of refined oil, by 61% from 2004 to 2021, meeting its target of a 60% reduction four years ahead of schedule. Consequently, UP has set a new target of reaching a 66% reduction before 2030 compared to 2004 levels.

During 2021, new investments were made to expand further the light railway network, which is an efficient way of transporting FFB and uses ten times fewer fossil fuels per tonne of FFB transported than tractor/lorry transport. The total length of the light railway network at UP has expanded from 479 km in 2015 to 597 km at the end of 2021, which corresponds to a net increase of 118 km in six years.

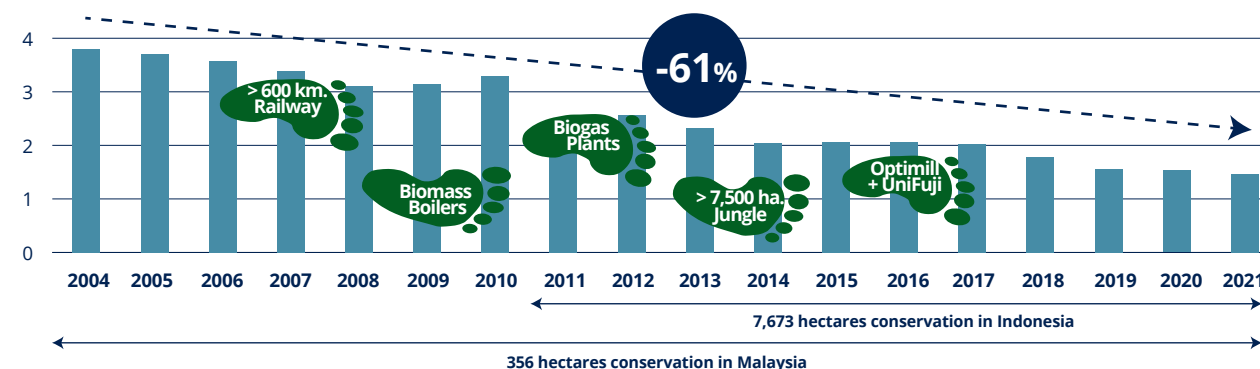
The top graph to the right shows the development in GHG emissions from NBD (neutralised, bleached, and deodorised) palm oil at UP, including Indirect Land Use Change ("iLUC") and nature conservation. More than 8,029 hectares of land have been set aside for conservation purposes (jungle reserves, wildlife sanctuaries and green corridors), representing approximately 17% of UP's total planted area. It is important to note that almost all other palm oil producers use the RSPO Palm GHG Calculator to measure and report emissions from their operations. However, it is not possible to compare the results from this method with the results obtained from a detailed Life Cycle Assessment ("LCA") study, such as UP's, due to key methodological differences between the two models, particularly concerning the approach used to deal with land-use changes, peat emissions and nature conservation, the modelling of by-products, and the refinery stage. The RSPO GHG Calculator, for example, ignores the refinery stage, which accounts for approximately 30% of the total emission reported in UP's LCA.

### Certified palm oil reduces GHG emissions compared to non-certified and other oils

Based on a detailed LCA study on the production of 1 kg RBD (refined, bleached, and deodorised) palm oil, carried out by 2.0-LCA Consultants Dr. Jannick Schmidt and Michele De Rosa, shows that RSPO certified palm oil reduces GHG emission by 35% compared to non-certified i.e., 3.41 (2.61-4.48) kg CO<sub>2</sub> eq./kg for certified vs. 5.34 (3.34-8.16) kg CO<sub>2</sub> eq./kg for non-certified. Certified production achieves the

### GHG EMISSIONS (INCL. ILUC AND NATURE CONSERVATION)

Kg CO<sub>2</sub>-eq./kg NBD oil

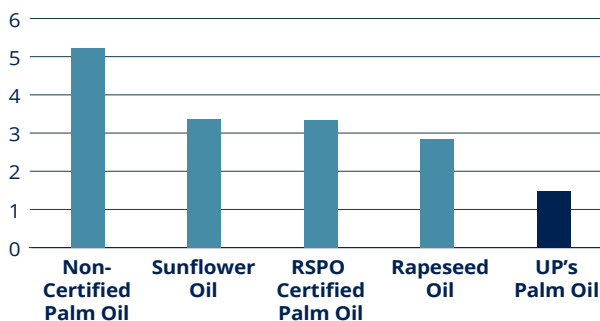


largest GHG emissions reduction because of higher yields, i.e., less land use per unit of product, less oil palm cultivated on peat soil and higher share of palm oil mill effluents treated with biogas capture technologies.

The GHG emissions from UP's palm oil production have also been compared with industry averages of RSPO certified palm oil (Malaysia/Indonesia), as well as rapeseed and sunflower oil produced in Europe, as illustrated in the graph below. The results clearly show that UP's palm oil has significantly lower GHG emissions than RSPO certified palm oil and other oil types.

### COMPARISON OF PALM OIL PRODUCED IN UP AGAINST AVERAGE RSPO CERTIFIED PALM OIL AND OTHER OILS<sup>1</sup>

Kg CO<sub>2</sub>-eq./kg oil



1) Source: Schmidt and De Rosa (2020) and Schmidt (2015).

**61% lower GHG emissions per kg. refined palm oil since 2004**

**Annual savings of ~625,000 tonnes CO<sub>2</sub>-eq, equal to the yearly commissions of 85,000 people.**





### Water Footprint

The volume of water used in the production of crops varies greatly and can be a significant driver of water scarcity. Globally, palm oil uses the least quantity of freshwater (6 litres of water per kg of oil production) compared to other vegetable oils, such as rapeseed (238 litres), soy (415 litres), and sunflower (1,008 litres), as seen in the graph below.

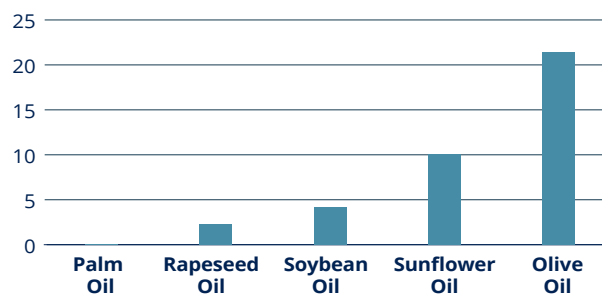
The water requirements for oil palm plantations depend primarily on rainfall (i.e., green water) and thus have the lowest water footprint of the different vegetable oils, particularly, blue water footprint<sup>1</sup>. In comparison, rapeseed, soy, and sunflower leave a much higher water footprint, and a cause of concern is their blue and grey water footprint<sup>2</sup>, which for refined rapeseed oil is significantly high.

To maximise the available water resources at the plantations, UP has constructed an extensive system of water gates, bunds weirs, canals, and drains, enabling harvesting and optimising rainwater usage. In addition, leguminous cover crops are established in all immature plantings to conserve moisture. None of the planted areas (oil palms and coconuts) are irrigated, but all depend on rainwater, except for the nursery areas.

UP continues to mitigate its water footprint related to mill waste, maintaining buffers along natural waterways, harvesting rainwater, frugal domestic water usage, and judicious use of pesticides.

### WATER USE PER OIL TYPE<sup>3</sup>

Litres per litre oil (1 unit = 100 litres)



### Integrated Pest Management

UP has a strong commitment to minimising the use of pesticides via an Integrated Pest Management ("IPM") Programme.

UP has, for example, planted a total of 288,868 broadleaf flowering plants in the fields, thus encouraging parasite and predator activities against bagworm. This is a vital part of the IPM programme.

The key to minimising the economic impact of pests and environmental impacts from pesticide usage is by regular surveillance and monitoring. Several census gangs are deployed on each estate at UP to survey the extent of pest infestation. They take random frond samples in a pre-determined pattern and subsequently count insects and make damage assessments. Furthermore, UP carries out regular aerial surveillance to detect and mitigate potential outbreaks.

First-line treatment against leaf pests, i.e. Nettle Caterpillar and Bagworm, is by biological treatment in the form of *Bacillus thuringiensis* (a species of bacteria). The use of pheromone traps to catch Rhinoceros Beetles has been adopted on all UP estates, thus reducing the dependency on chemical pesticides. Besides trapping out the beetles, pheromone traps also provide UP with statistical information on the severity of the beetle problem and what spraying methods are needed to minimise the damage.

Overpopulation of rats, beetles, and various weeds can negatively impact production yield. UP attempts to minimise the usage of chemical control agents and instead focus on biological control agents, where possible.

UP uses barn owls, leopard cats, cobras and monitor lizards as predators of rats in the plantations (a pair of breeding barn owls consume about 800-1,000 rats per annum). The results are very positive; UP's pesticide use is 4-6 times lower per tonne of oil produced than rapeseed and soybean farmers' and approximately 30-40 times lower than sunflower growers', delivering substantial benefits for society in general.

1) Water that has been sourced from surface or groundwater resources and is either evaporated, incorporated into a product, or taken from one body of water and returned to another, or returned at a different time.

2) Grey water footprint is the amount of freshwater required to assimilate pollutants to meet specific water quality standards.

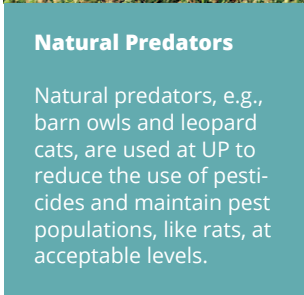
3) Source: Poore J, Nemecek T, Science 360, 987-992 (2018).

***"Integrated Pest Management is the way to grow a healthy crop with the least possible disruption to agro-ecosystems and encourage natural pest control mechanisms"***



**Pheromone Traps**

Pheromone traps have been adopted on all estates at UP to trap Rhinoceros Beetles and reduce the dependency on chemical pesticides.



**Natural Predators**

Natural predators, e.g., barn owls and leopard cats, are used at UP to reduce the use of pesticides and maintain pest populations, like rats, at acceptable levels.



**Beneficial Plants**

In Malaysia and Indonesia, beneficial flowering plants have been planted to shelter and serve as food source for beneficial insects that prey on pests.

**Biodiversity**

SDG no. 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss. UP is fully committed to its No Deforestation Policy and contributes to the protection of biodiversity and wildlife as well as the avoidance of clearing land in High Carbon Stock ("HCS") areas. Since 2014, UP has introduced an HCS Policy for all its future developments.

UP has also set aside more than 8,029 hectares of land for conservation purposes, and in the interest of developing effective conservation strategies, a series of collaborations and partnerships have been established. One such partnership is with Copenhagen Zoo, which was initiated in 2007 and officially established on 1 October 2010. The partnership has been an important milestone for UP's target of producing certified sustainable palm oil as well as documenting and reducing the environmental impact of its operations.

To better manage the large conservation areas, UP has a Biodiversity Department ("BioD"), which is responsible for developing standard operating procedures for mainstreaming environmental sustainability (focusing on activities primarily within biodiversity, habitat and ecosystem, forestry and rehabilitation, etc.). The BioD has, for example, worked with leopard cats as a predator of rats to replace the environmentally detrimental chemical control.

Furthermore, the BioD has, amongst other initiatives, undertaken numerous camera trap surveys as well as bird and tree surveys to document the biodiversity within the company's conservation areas, recording many of Borneo's endangered species to date, among them Asia's only great ape, the orangutan.

As shown to the right, the BioD has recorded several species in the conservation areas in Indonesia. These recordings are expected to increase significantly in the future as many more surveys are completed.



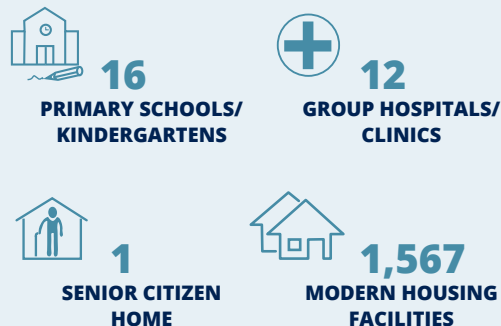
**Number of Animal Species**



***"Conservation of jungle reserves and promoting biodiversity remain of vital importance to the UP group"***



## Caring for the Employees



### Safety, Labour & Human Rights (SDG 3)

Employees are UP's key asset. Therefore, it is also critical for the company to provide the highest possible welfare standards for its employees and a safe and healthy workplace.

UP values the safety and health of all its employees as well as contractors, visitors and local communities throughout its operations. Thus, UP is determined to mitigate all safety risks through robust safety programmes and preventive intervention. Unfortunately, in 2021, there were some accidents at UP, primarily related to harvesting operations. UP has therefore established a dedicated Safety Division with four Safety Officers under the Human Resources, Sustainability and Safety Department to strengthen its commitment and try to prevent these accidents from happening in the future.

### LOST TIME INJURY FREQUENCY RATE ("LTIFR") IN UP

LTIFR/million hours worked	2019	2020	2021
Malaysian operations	8.3	8.3	5.0
Indonesian operations <sup>1</sup>	146.6	117.2	87.4

1) The difference in LTIFR between Malaysian and Indonesian operations is due to eight working hours per day for Malaysia and seven working hours per day for Indonesia.



UP is committed to protecting and advancing human rights, including prohibiting the use of child or forced labour in its operations. Furthermore, UP protects guest workers from exploitation by conducting assessments, interviews at the source countries, and spot checks to identify shortcomings and potential risks at the operational level.

In 2021, UP continued to provide several social welfare initiatives to its employees and their families as well as to the local communities. Besides free housing, electricity, and medical care, UP provides child care, education for more than 500 children via primary schools, well-equipped hospitals and health clinics, places of worship, bus subsidies for school children, a bakery, and a nursing home. In addition, in 2021, UP invested MYR 260,000 in a new X-Ray system at the company's hospital, improving the performance, productivity, and functionality significantly.

### Responsible Supply Chain Management (SDG 12)

UP became the first producer of certified sustainable palm oil and continues to play a leading role in the development

of sustainable agricultural practices in the palm oil industry. Furthermore, UP is a founding member of the RSPO, which promotes the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders.

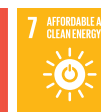
UP recognises the importance placed by the Company's customers and consumers on food safety, product quality, and traceability within the supply chain. Since 2017, UP has established a total overview of its supply chain, ensuring that finished goods can be traced back to origin, namely the palm oil mills and onward to the individual plantations. 100% of UP's production of CPO is traceable back to the plantations.

For further information about UP's commitment to ESG, reference is made to UP's Sustainability Report enclosed in the Annual Report (pages 33-101) or the Company's website [www.unitedplantations.com/reports/#Sustainability-Reports](http://www.unitedplantations.com/reports/#Sustainability-Reports).



Download UP's Annual Report 2021





## SUSTAINABILITY IN SCHÖRLING

As for UIE, active and responsible ownership is an integral part of Schörling's investment strategy. Schörling believes that through engagement with the portfolio companies and an appropriate board representation, it is able to maintain a strong position of influence in its portfolio companies. In this way, Schörling can ensure that the people leading the portfolio companies have the right competencies and experience and that relevant policies on sustainability issues are established, implemented and complied with.

According to Schörling, sustainability must be well integrated into the portfolio companies' operations and business models, as it has a positive impact on both long-term investment results and society at large. Schörling continuously reviews and evaluates investee companies' development internally, with sustainability being one of the key areas of focus. It is important for Schörling that the companies in which it has invested operate in ways that meet fundamental responsibilities in the areas of environment, climate, biodiversity, labour and human rights, as well as gender equality.

***"The overall goal for Schörling is that the long-term value development is the best by building on and operating sustainable business models"***

All of the portfolio companies have identified relevant ESG risks and suitable adaptation measures to address these. However, as the portfolio companies operate within different sectors and industries, they have different approaches to ESG and, as a result, apply different ESG metrics.

For the manufacturing companies like Hexagon, AAK, HEXPOL and ASSA ABLOY, there is an increased focus on sustainable and efficient procurement of raw materials, reduction of GHG emissions, emissions of toxic chemicals and

other pollutants, energy and water consumption, and control of suppliers.

On the other hand, Securitas is a service company in the security industry, which is staff intensive. Therefore, it exerts a greater focus on social aspects, such as the working environment, gender equality (better gender balance in a traditionally male-dominated sector), and employment conditions.

### **Environment, Climate & Biodiversity (SDG 7, 13 & 15)**

Schörling encourages its portfolio companies to reduce their impact on the environment. The use of energy and the reduction of GHG emissions are indeed crucial environmental aspects for many of the businesses.

Various energy projects and initiatives are implemented every year to enhance energy efficiency. At ASSA ABLOY, for example, measures to reduce total energy consumption by 25% before 2025 include control systems or technologies for heating, ventilation and pressure systems. Furthermore, many of ASSA ABLOY's factories and sales companies have introduced modern LED lighting with occupancy sensors. At the same time, initiatives that require minimal investment include encouraging employees to switch off machines, equipment, and PCs when not in use. In relation to the production of certain products, ASSA ABLOY aims to increase efficiency in connection with the utilisation of machines, equipment and floor space and allocation of competence.

For an industrial company such as HEXPOL, a key part of its sustainability strategy is developing and offering low-carbon products to its customers. The company has introduced and increased the use of both recycled and bio-based raw materials, among other climate positive measures.

AAK has improved its environmental efficiency and continues to increase focus on GHG reduction. The company has shown progress in its GHG intensity emissions through technology and process changes (implementing new cleaner technologies and renewable energy sources), as well as sharing best practices and engagement on its sites. Another important part of AAK's sustainability work is aimed at pro-

tecting biodiversity and ecosystems. AAK is committed to sustainable sourcing all across its supply chains by engaging with its suppliers to verify that raw materials are produced responsibly and implementing sustainability programs.

Hexagon operates on the basis of a more direct approach, with its business model helping companies to use resources more smartly and efficiently by analysing and using the data available. Hexagon's smart solutions portfolio drives sustainable value creation by putting data to work and empowering increasingly autonomous connected ecosystems. The solutions include precision measurement systems with features that help customers optimise the use of raw materials and components, improve energy efficiency, extend product life cycles, improve work environments through ergonomic features and safety measures, and reduce hazardous materials in product design.

Anticimex also offers an intelligent, environmentally-friendly pest control system, SMART, which uses high-tech digital traps, sensors and cameras to help control rodent activity, thereby reducing the use of pesticides and decreasing the environmental impact.

### **Safety, Labour & Human Rights (SDG 3 & 8)**

Schörling is convinced that employees are the key to maintaining a strong and competitive business. Therefore, personnel safety and gender equality in the workplace is a top priority for all of its portfolio companies.

All six companies aim to ensure that employees work in a safe and healthy environment, keeping the lost-time injury rate to a minimum. At HEXPOL, for example, the management of health and safety issues focuses continually on preventive measures and includes risk analyses, training programs, registration of incidents, and technical improvements.

Another focus area for all the portfolio companies is gender diversity. ASSA ABLOY, for instance, promotes diversity and inclusion. The company's ambition is to increase gender balance throughout the organisation; thus, it has set gender

diversity objectives and outlined the necessary actions to achieve them. One key target is for 30% of management positions to be held by women, with progress continuously being measured.

AAK is also dedicated to ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. In particular, there is an increasing number of female leaders in traditionally male dominated contexts, such as West Africa.

In addition to the above, Schörling also believes that by supporting and developing companies to grow from local players to world leaders in their respective markets, this should naturally lead to job creation and economic development, whilst curbing income inequality and increasing economic opportunity and well-being over time. By following this business approach, Schörling contributes to sustainable development, thus creating a positive impact on society.

For further information about the issues relevant for the individual companies, refer to the investee companies' annual reports, sustainability reports and websites:

Hexagon:  **Download** Sustainability Report  
[www.hexagon.com](http://www.hexagon.com)

ASSA ABLOY:  **Download** Sustainability Report  
[www.assaabloy.com/group/en](http://www.assaabloy.com/group/en)

AAK:  **Download** Sustainability Report  
[www.aak.com](http://www.aak.com)

HEXPOL:  **Download** Sustainability Report  
[www.hexpol.com](http://www.hexpol.com)

Anticimex:  **Download** Sustainability Report  
[www.anticimex.com](http://www.anticimex.com)

Securitas:  **Download** Sustainability Report  
[www.securitas.com/en/](http://www.securitas.com/en/)

## COMMITMENTS AND AMBITIONS FOR SCHÖRLING'S PORTFOLIO COMPANIES

Some of the key sustainability commitments and ambitions for Schörling's portfolio companies are presented below.

Company	Commitments	Ambitions
 <b>HEXAGON</b>	Operating sustainably to improve its own environmental footprint	<b>Reducing GHG emissions in its operations and supply chain</b> 2030: Become carbon neutral in its scope 1 and 2 emissions 2050: Become carbon neutral in its whole value chain (scope 1,2 and 3)
<b>ASSA ABLOY</b>	Promoting water efficiency in water intensive facilities	<b>Minimising water footprint, promoting water awareness and conservation across all sites, and implementing water recycling systems and closed loop systems</b> 2025: 25% water reduction
 <b>AAK</b>	Protecting biodiversity and ecosystems. Reducing environmental impact	<b>Verified deforestation- and conversion-free</b> 2025: 100% verified deforestation-free for palm and soy  <b>Reforestation</b> 2025: 100,000 trees
 <b>HEXPOL</b> <small>A Material Difference</small>	Combating climate change. Reducing carbon dioxide emissions	<b>Energy-efficiency measures, phasing out of fossil fuels, further installations of photovoltaics, and purchase of fossil-free electricity where possible</b> 2025: 75% reduction of energy-related emissions
 <b>Anticimex</b>	Promoting a safe and healthy workplace and reducing the risk of injuries and diseases caused by chemicals	<b>Preventative training of employees + increase use of its SMART solutions to reduce employees' exposure to biocides</b> Goal: zero incidents
 <b>SECURITAS</b>	Promoting a safe and healthy workplace	<b>Preventing injury rates</b> Goal: 5% annual decrease in the company's injury rate

# CORPORATE GOVERNANCE

UIE's Board of Directors and Management continuously strive to maintain an appropriate corporate governance framework and aim to provide shareholders as well as other stakeholders with relevant information about our business operations, business environment, financial results and future expectations.

The Board of Directors is of the view that developing corporate governance practices is an ongoing process influenced by current laws, regulations and recommendations. Therefore, it regularly reviews and assesses UIE's corporate governance framework to ensure clear and open decision-making processes as well as a high level of transparency.

The shareholders of UIE have ultimate authority over the company and exercise their right to make decisions at the AGM, for example in relation to approving the annual report, electing Board members and auditors, and deciding on amendments to the Articles of Association.

The general meeting exercises its powers pursuant to the provisions of UIE's Articles of Association, which are available on [www.uie.dk](http://www.uie.dk). In 2021, the AGM was held on 20 May. To control the risk of infection with Covid-19, UIE recommended that no shareholders attended the AGM but encouraged them to submit questions and to vote by letter or proxy. For the same reason, the yearly informal shareholder meeting was webcast live instead of being held as a physical meeting in 2021.

## Reporting on Corporate Governance

UIE is incorporated and registered in Malta but listed on Nasdaq Copenhagen and thus apply the principles of the Danish Corporate Governance Code. For that reason, the Board of Directors is also committed to following the recommendations issued by the Danish Committee on Corporate Governance. The recommendations were last updated on 2 December 2020.

UIE follows the vast majority of the recommendations. However, there are three specific areas where UIE's corporate governance practice differs slightly from the recommendations;

- It is not possible to attend the AGM via a webcast
- A majority of the members of the Nomination and Remuneration Committee are not independent
- External assistance is currently not used in the evaluation of the Board of Directors

For more information on the status of compliance with the recommendations, reference is made to the statutory report on Corporate Governance 2021.



**Download UIE's Statutory Report on Corporate Governance 2021**

## Board of Directors

UIE is managed by the Board of Directors, which is elected by the AGM.

The Board of Directors currently consists of seven qualified directors with specialized knowledge and experience within the sectors where UIE has its investments, and with sound financial insight and M&A experience as well as experience from involvement in other listed companies, thus contributing positively to the UIE's business operations and development.

Board members are elected at the AGM for a period of one year and must seek re-election at the ensuing AGM. For

further information about the Board members, see pages 42-43.

## Self-evaluation

The Board of Directors has defined a formal procedure for annual evaluation. The Board of Directors undertakes an evaluation of the work of the Board, as well as the interaction between the Board of Directors and the Chairmanship, generally in connection with the annual strategy meeting. This includes an evaluation of the Chairman's leadership of the Board's work and responsibilities. The evaluation is based on a number of questions and prepares the ground for discussing relevant matters.

In 2021, the annual evaluation revealed an overall good performance by the Board of Directors and good collaboration and communication between the Board of Directors and the Management as well as the Board of Directors and the Board Committees. The recommendations from the self-evaluation included keeping a high focus on ESG and corporate governance matters as ESG reporting and regulatory requirements continue to evolve. Furthermore, the Board evaluation confirmed the alignment on the top strategic issues and a continued focus on diversity, including searching for a new female candidate to the Board of Directors.

Overall, the result of the self-evaluation conducted in 2021 did not give rise to any significant considerations and supported the current composition and responsibility of the Board.



## Diversity

The Board of Directors regularly reviews the structure, size and composition of the Board, including assessing whether the competencies required are adequately represented. In addition, the Board strives to enhance diversity, including representation of both genders at the Board level, which is of high priority when considering profiles of potential board candidates. For the same reason, UIE has adopted a diversity policy available on the Company's website.



### Download UIE's Diversity Policy

There are currently no women on the Board of Directors in UIE. The Nomination Committee is determined to increase the share of the underrepresented gender and during the past years, the Committee has been working to identify a female candidate to promote the necessary diversity of the Board.

A structured recruitment process for identifying a female board representative has been initiated and it is highly prioritised to appoint a woman to the Board of Directors as and when Board vacancies or transitions arise. The goal is to have at least one woman on the Board of Directors by 2023.

## Directors' Responsibilities

The Board of Directors sets the general business principles and deals with the overall and strategic management of UIE, including:

- Assessing, in cooperation with the Managing Director, the financial and operational management of UIE
- Reviewing and determining the strategy for UIE's activities
- Ensuring that UIE is properly managed and in compliance with the Company's Articles of Association, policies and guidelines as well as laws and regulations (including Nasdaq Copenhagen's Rules for Issuers of Shares)
- Defining tasks in relation to financial and managerial control of UIE
- Evaluating the UIE's capital and share structures to ensure that they are in the best interest of UIE and its shareholders

As UIE is a holding company with no independent operations, the day-to-day management is primarily overseeing the current investments and implementation of strategic/investment decisions, which are made in close dialogue with the Chairmanship.

## Board Meetings

The Board of Directors in UIE held five ordinary board meetings ("BM") in 2021, one extraordinary board meeting ("EBM") and one strategy meeting with all directors attending, except one Board member, who was excused for the extraordinary board meeting.

Due to the Covid-19 outbreak, four out of five board meetings in 2021 were held via video conference.

## ATTENDANCE AT BOARD MEETINGS AND THE ANNUAL STRATEGY MEETING

Board member	BM	EBM	Strategy
Carl Bek-Nielsen	● ● ● ● ●	●	●
Martin Bek-Nielsen	● ● ● ● ●	●	●
John A. Goodwin	● ● ● ● ●	●	●
Bent Mahler	● ● ● ● ●	●	●
Jørgen Balle	● ● ● ● ●	●	●
Frederik Westenholz	● ● ● ● ●	●	●
Harald Sauthoff	● ● ● ● ●	●	●

Apart from contemporary business issues, the most important issues dealt with in 2021 were the socio-economic impacts of the Covid-19 pandemic and the risks associated with that, strategy, acquisition possibilities, IT security and sustainability.

UIE seeks to ensure high standards for data ethics as described in our Data Ethics Policy.



### Download UIE's Data Ethics Policy

## Financial Reporting

The financial reporting process refers to activities that generate financial information used in managing UIE and the financial information published in accordance with the requirements of legislation, standards, and other regulations covering UIE's operations. Financial reporting is governed by a set of common principles. The Group fully complies with the IFRS accounting standards approved by the EU.

The Board of Directors has the overall responsibility for UIE's risk management and internal control procedures in connection with the financial reporting process, including ensuring compliance with relevant legislation and other regulations relating to financial reporting.

A reporting process has been established under which monthly reports are prepared to the Board of Directors, explaining deviations from the expected results and key figures for the underlying activities in UIE's portfolio companies. Estimates for the full year are updated on a quarterly basis.

## Risk Management

The overall objective of risk management is to identify, evaluate, and manage risks that may threaten the achievement of UIE's business goals. The operating risks of the companies in which UIE invests are managed by the entities' own management. The Audit Committee reviews and discusses the risk map every quarter and the actions implemented to mitigate the identified risks. Furthermore, the Audit Committee performs an annual assessment of UIE's internal procedures. On a regular basis, the UIE Management and the Audit Committee report to the Board of Directors on developments within the most important risk areas and compliance with adopted policies.

The most important strategic and business-related risks are described in the Annual Report on pages 37-39.

## Auditors

In 2019, Ernst & Young Malta Limited were appointed as auditors to the Company. They have indicated their willingness to continue in office, and a resolution for their reappointment will be proposed at the AGM in 2022.

## BOARD COMMITTEES

The purpose of UIE's Board committees is to prepare decisions and recommendations for consideration and approval by the Board of Directors. Accordingly, the Board of Directors has established the following four committees:



### Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities related to the oversight of the internal and external audit functions, supervising the quality and integrity of all external financial reporting, as well as in relation to risk management and governance.

Four meetings were held in the Audit Committee during 2021, with all members attending each meeting. Three of the four meetings were held via video conference, and one meeting was held at the registered office in Malta. However, Mr. Appalanaidu Ganapathy attended all four meetings via video conference due to the Covid-19 situation in Malaysia.

#### ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Committee member	Meetings attended
John A. Goodwin	● ● ● ●
Jørgen Balle	● ● ● ●
Appalanaidu Ganapathy	● ● ● ●

In addition to discussing the fixed agenda items in relation to risk management, financial reporting, and governance, the Audit Committee directed its attention to ESEF reporting in 2021 to comply with the new reporting requirement for European listed companies. Furthermore, the Audit Committee has discussed the valuation of non-listed investments as well as UIE's insurance policies and the tax policy.

All three members of the Audit Committee are non-executives, and two are independent. Mr. Appalanaidu Ganapathy is not part of the UIE Board, but he is the former Company Secretary of UP (UIE's largest investment) and served as Finance Manager for many years. Therefore, he has a lot of know-how and experience, which is of great value to UIE.



### Nomination and Remuneration Committee

The Nomination Committee as well as the Remuneration Committee assist the Board in identifying and assessing potential candidates for appointment of the Board of Directors, Board Committees and Management as well as in monitoring and adjusting the Company's remuneration policy, including assessment of remuneration and incentive schemes.

The Nomination Committee held two meetings in 2021, whereas the Remuneration Committee held one. All three members attended all meetings. The Nomination Committee focused its attention in the year on diversity, in particular gender diversity. The Nomination Committee is in the process of finding a female candidate for the Board of Directors who fulfils the profile and the criteria that it has set forth regarding the new board member's qualifications.

As for the Remuneration Committee, the focus has been on reviewing and defining benchmarks for the Board of Directors' remuneration, preparation of the remuneration report, and the employee share programme, which was initiated on 1 January 2021.

#### ATTENDANCE AT NOMINATION ("NC") AND REMUNERATION ("RC") COMMITTEE MEETINGS

Committee member	NC Meeting	RC Meeting
Carl Bek-Nielsen, Chairman	● ●	●
Martin Bek-Nielsen	● ●	●
Bent Mahler	● ●	
Jørgen Balle		●

The Remuneration and Nomination Committee each consists of three members; two qualified as non-independent and one qualified as independent.



### Investment Committee

The Board of Directors formally established the Investment Committee in 2020 to oversee UIE's short-term investment portfolios and foreign currency exposure. The Investment Committee routinely assesses and, where necessary, recommends mitigatory actions it deems appropriate concerning UIE's market exposure to the Board of Directors.

The Investment Committee held six meetings in 2021, focusing on UIE's investment strategy and policy, currency issues, and liquid reserves invested in equities and fixed income products.

The Investment Committee consists of three non-independent members; Mr. Martin Bek-Nielsen, Deputy Chairman of the Board, Mr. John Goodwin (who served the Board for more than 12 years) and Mr. Ulrik Juul Østergaard (Managing Director of UIE).

#### ATTENDANCE AT INVESTMENT COMMITTEE MEETINGS

Committee member	Meetings attended
Martin Bek-Nielsen, Chairman	● ● ● ● ● ●
John A. Goodwin	● ● ● ● ● ●
Ulrik Juul Østergaard	● ● ● ● ● ●



See Terms of Reference as well as the composition, tasks and responsibilities of the Committees at UIE's website:

[www.uie.dk/the-committees-of-the-board/](http://www.uie.dk/the-committees-of-the-board/)

# REMUNERATION

At UIE, we work to align the remuneration of the Board of Directors and Management with the long-term interests of our shareholders. The remuneration for the Board of Directors and Management in 2021 is fully in line with our remuneration policy.

The remuneration of the Board of Directors and Management for 2021 was provided in accordance with the remuneration policy of UIE, which was presented and approved by the Annual General Meeting ("AGM") on 20 May 2021.

## Remuneration Policy at a Glance

UIE's remuneration policy for the Board of Directors and the Management is designed to attract, motivate and retain qualified members to the Board of Directors and the Management, as well as to support the strategic goals of UIE and the long-term sustainable value creation for the benefit of UIE's shareholders.

UIE aims to ensure that the remuneration is at a reasonable level relative to the achieved results and the Company's particular situation. The remuneration policy intends to provide the Board of Directors and Management with a competitive financial package, which is regularly reviewed against external benchmarks.



[Download UIE's Remuneration Policy](#)

## Remuneration of the Board of Directors

The remuneration of the Board of Directors is approved every year at the AGM and is in accordance with UIE's remuneration policy. As a matter of principle, the Board of Directors is remunerated with a fixed annual fee and not included in any incentive scheme or other programmes.

The Board of Directors assesses the fixed fees paid to the Board annually, according to the recommendations made by the Remuneration Committee. In 2021, the ordinary fixed annual Board fee constituted USD 47,500, which is the same remuneration level as in 2020. The Chairman and

Deputy Chairman, however, received a higher remuneration for their extended board duties (USD 75,000 and USD 60,000, respectively).

## Committee Remuneration

In addition to the remuneration mentioned above, a separate fixed annual fee is paid to the Audit Committee. The basic remuneration for the Audit Committee members constituted USD 10,500 for the financial year 2021. The Chairman of the Audit Committee received an additional remuneration of USD 4,500 of the basic remuneration.

A fixed fee is also paid to members of the Investment Committee. The Investment Committee members receive a basic remuneration of USD 1,000 per annum, while the Chairman receives a remuneration of USD 2,000 per annum for his extended duties and responsibility.

Members of the Nomination Committee and Remuneration Committee are not paid any fees in addition to the ordinary Board fee.

## FIVE-YEAR OVERVIEW OF REMUNERATION (USD)

	2017	2018	2019	2020	2021
Total remuneration of the Board of Directors	302,500	302,500	302,500	372,500	372,500
Development of remuneration (index 2017 = 100)	100	100	100	123	123
Total remuneration of Committee members <sup>1</sup>	27,000	27,000	27,000	40,000	40,000
Development of remuneration (index 2017 = 100)	100	100	100	148	148
Total remuneration of the Management	854,000	503,000	700,000	741,000	664,000
Development of remuneration (index 2017 = 100)	100	59	82	87	78

1) The Investment Committee did not receive remuneration before 2020, when it was formally established.

## Remuneration of Management

The Managing Director is remunerated with a fixed payment and an annual cash bonus, which is adjusted once a year based on a careful review of market levels for similar companies, UIE's financial position and results, as well as the competencies and performance of the Managing Director. The Managing Director does not participate in any share, option, nor warrant schemes. However, in accordance with section 7P of the Danish Tax Assessment Act ("Ligningsloven §7P"), the Managing Director had part (18%) of his fixed salary paid in UIE shares in 2021.

## Total Remuneration 2021

The below table shows an overview of the remuneration received by the Board of Directors, Committee members and the Management during 2021 with comparative figures for the past four years. For further information, reference is made to the remuneration report.



[Download UIE's Remuneration Report](#)



## STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT

### Statement of Directors' Responsibilities for the Year Ended 31 December 2021

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Going Concern

After making due enquiries, the Directors have a reasonable expectation, at the time of approving the financial statements, that the Company has adequate resources to continue in

operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the consolidated financial statements.

### Statement by the Board of Directors and the Management

The Board of Directors and the Management have today discussed and approved the Annual Report of the Company for the period 1 January - 31 December 2021.

The Annual Financial Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the Companies Act, Cap. 386 of the Laws of Malta and the Commission Delegated Regulation on the European Single Electronic Format ("ESEF").

The Directors declare that the Audit Report on the ESEF Annual Financial Report is an exact copy of the original signed by the auditor and no alterations have been made to the audited elements of the Annual Financial Report including the annual financial statements.

In our opinion, the consolidated financial statements and the parent financial statements, identified as UIE-2021-31-12, give a true and fair view of the Group's and the Company's assets, liabilities and financial position on 31 December 2021, and of the results of the Group's and the Company's operations and cash flows for the period 1 January - 31 December 2021.

In our opinion, the Directors' Report gives a true and fair account of the developments in the operations and financial circumstances of the Group and the Company, of the results for the period and of the financial position of the Group and the Company. It also gives a fair account of the significant risks and uncertainty factors that may affect the Group and the parent company.

The Annual Report is recommended for approval by the Annual General Meeting.

2 March 2022.

### BOARD OF DIRECTORS



**Carl Bek-Nielsen**  
Chairman



**Martin Bek-Nielsen**  
Deputy Chairman



**John A. Goodwin**



**Bent Mahler**



**Jørgen Balle**



**Frederik Steen Westenholz**



**Harald Sauthoff**

### MANAGEMENT



**Ulrik Juul Østergaard**  
Managing Director

# CONSOLIDATED FINANCIAL STATEMENTS

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# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2021	2020
Revenue	1.1	488,610	321,088
Costs of goods sold		(203,112)	(110,928)
Gross profit		285,498	210,160
Other income		5,414	7,602
Amortisation, depreciation and impairment loss	2.3	(24,533)	(23,233)
Staff costs	1.2	(49,359)	(49,093)
Other expenses		(57,398)	(34,100)
<b>Profit from operations before financial items</b>		<b>159,622</b>	<b>111,336</b>
Changes in fair value of Schörling	3.1	42,749	61,561
Changes in fair value of Greenbridge	3.1	7,364	1,838
Results from investing activities - portfolio investments		1,821	5,583
Interest income		1,681	4,511
Interest expense		(126)	(121)
Net foreign exchange gain/(loss)		(1,412)	2,379
Share of results in joint venture	3.2	77	2,693
Profit before income tax		211,776	189,780
Income tax	4.1	(38,481)	(25,946)
<b>Profit for the year</b>		<b>173,295</b>	<b>163,834</b>
<b>Profits attributable to</b>			
Owners of the Company		108,126	114,065
Non-controlling interest		65,169	49,769
		<b>173,295</b>	<b>163,834</b>
Earnings per share attributable to owners of the Company (USD)		33.08	33.82

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2021	2020
Profit for the year		173,295	163,834
<b>Items that will not be reclassified to the Income Statement</b>			
Actuarial changes to defined retirement plans	4.5	1,271	90
<b>Items that are or may be reclassified to the Income Statement</b>			
Cash flows hedges, fair value adjustment	4.7	(71,505)	(18,167)
Cash flows hedges, realisation of previously deferred gains/(losses)	4.7	49,660	12,097
Foreign currency translation		(23,137)	10,216
Tax on other comprehensive income	4.1	4,963	1,427
Other comprehensive income		(38,748)	5,663
<b>Total comprehensive income</b>		<b>134,547</b>	<b>169,497</b>
<b>Total comprehensive income attributable to</b>			
Owners of the Company		89,387	117,096
Non-controlling interests		45,160	52,401
		<b>134,547</b>	<b>169,497</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000	Note	31 Dec. 2021	31 Dec. 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Inventories	1.3	33,341	33,304
Cash and cash equivalents	3.3	131,222	116,089
Short-term deposits	3.3	8,818	9,102
Short-term funds	3.3	42,654	83,297
Trade and other receivables	1.4	106,964	71,393
Derivatives	4.7	2,594	7,129
Portfolio investments	3.1	31,883	29,125
Biological assets	2.1	11,502	9,603
Current tax receivable		5,264	4,685
Total current assets		374,242	363,727
<b>Non-current assets:</b>			
Goodwill	2.3a	92,527	95,489
Property, plant and equipment	2.3b	360,422	373,327
Right-of-use assets	2.3c	50,933	49,288
Deferred tax assets	4.1	648	949
Strategic investments	3.1	298,353	245,155
Joint venture	3.2	9,624	9,877
Other receivables	1.4	1,256	2,508
Total non-current assets		813,763	776,593
<b>Total assets</b>		<b>1,188,005</b>	<b>1,140,320</b>

The official middle rate of exchange issued by the European Central Bank between the US Dollar and the Euro on 31 December 2021 stood at 1.326.

USD '000	Note	31 Dec. 2021	31 Dec. 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current tax liability		11,679	7,066
Trade and other payables		36,364	25,489
Derivatives	4.7	29,164	13,182
Bank overdrafts		-	25
Retirement benefit obligation	4.5	560	545
Total current liabilities		77,767	46,307
<b>Non-current liabilities:</b>			
Deferred tax liability	4.1	40,454	45,108
Derivatives	4.7	5,482	14
Retirement benefit obligation	4.5	3,330	4,230
Total non-current liabilities		49,266	49,352
<b>Total liabilities</b>		<b>127,033</b>	<b>95,659</b>
<b>Equity:</b>			
Share capital	4.3	33,728	33,728
Treasury shares		(40,526)	-
Other reserves		724,191	662,289
Equity attributable to owners of the Company		717,393	696,017
Non-controlling interests		343,579	348,644
Total equity		1,060,972	1,044,661
<b>Total liabilities and shareholders' equity</b>		<b>1,188,005</b>	<b>1,140,320</b>

The financial statements on pages 61 to 102 were approved and authorised for issue by the Board of Directors on 2 March 2022. The financial statements were signed on behalf of the Company's Board of Directors by Carl Bek-Nielsen (Chairman) and Martin Bek-Nielsen (Deputy Chairman) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Report and Accounts 2021.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Share capital	Share premium	Treasury shares	Translation reserves	Hedging reserves	Retained profits	Total	Non-controlling interests	Total equity
<b>On 1 January 2021</b>	<b>33,728</b>	<b>8,688</b>	<b>-</b>	<b>(42,408)</b>	<b>(4,850)</b>	<b>700,859</b>	<b>696,017</b>	<b>348,644</b>	<b>1,044,661</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	108,126	108,126	65,169	173,295
Other comprehensive income	-	-	-	(11,188)	(8,031)	480	(18,739)	(20,009)	(38,748)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,188)</b>	<b>(8,031)</b>	<b>108,606</b>	<b>89,387</b>	<b>45,160</b>	<b>134,547</b>
<b>Transactions with owners</b>									
Treasury shares purchased	-	-	(40,671)	-	-	-	(40,671)	-	(40,671)
Share-based payments	-	-	145	-	-	-	145	-	145
Dividends paid	-	-	-	-	-	(27,485)	(27,485)	(50,225)	(77,710)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(40,526)</b>	<b>-</b>	<b>-</b>	<b>(27,485)</b>	<b>(68,011)</b>	<b>(50,225)</b>	<b>(118,236)</b>
<b>On 31 December 2021</b>	<b>33,728</b>	<b>8,688</b>	<b>(40,526)</b>	<b>(53,596)</b>	<b>(12,881)</b>	<b>781,980</b>	<b>717,393</b>	<b>343,579</b>	<b>1,060,972</b>
<b>On 1 January 2020</b>	<b>33,728</b>	<b>8,688</b>	<b>-</b>	<b>(47,671)</b>	<b>(2,574)</b>	<b>620,478</b>	<b>612,649</b>	<b>332,906</b>	<b>945,555</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	114,065	114,065	49,769	163,834
Other comprehensive income	-	-	-	5,263	(2,276)	44	3,031	2,632	5,663
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,263</b>	<b>(2,276)</b>	<b>114,109</b>	<b>117,096</b>	<b>52,401</b>	<b>169,497</b>
<b>Transactions with owners</b>									
Dividends paid	-	-	-	-	-	(33,728)	(33,728)	(36,663)	(70,391)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,728)</b>	<b>(33,728)</b>	<b>(36,663)</b>	<b>(70,391)</b>
<b>On 31 December 2020</b>	<b>33,728</b>	<b>8,688</b>	<b>-</b>	<b>(42,408)</b>	<b>(4,850)</b>	<b>700,859</b>	<b>696,017</b>	<b>348,644</b>	<b>1,044,661</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	2021	2020
<b>Cash flows from operating activities</b>		
Receipts from customers	480,218	307,107
Payment of operating expenses	(328,304)	(202,842)
Payment of taxes	(32,372)	(22,079)
Other receipts	5,059	6,173
Net cash generated from operating activities	124,601	88,359
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	263	254
Proceeds from sale of business	361	-
Interest received	1,919	4,864
Investment in Greenbridge	(3,084)	(2,743)
Dividend received	339	63
Proceeds from sale of portfolio investment	8,997	21,360
Purchase of portfolio investments	(10,314)	(24,136)
Purchase of property, plant and equipment	(22,481)	(26,319)
Payments on right-of-use assets	(4,908)	(38)
Net change in deposits with a tenure of more than 3 months	(22)	(1,360)
Net change in short-term funds	38,047	7,458
Net cash from/(used in) investing activities	9,117	(20,597)

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	2021	2020
<b>Cash flows from financing activities</b>		
Interest paid	(126)	(120)
Dividends paid	(77,710)	(70,391)
Purchase of treasury shares	(35,123)	-
Change in joint venture balances	(3,402)	3,384
Net cash used in financing activities	(116,361)	(67,127)
Net change in cash and cash equivalents	17,357	635
Cash and cash equivalents at the beginning of year	116,064	111,657
Foreign exchange adjustment	(2,199)	3,772
Cash and cash equivalents at the end of year	131,222	116,064

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Summary of Significant Accounting Policies covering the Consolidated Financial Statements

### General Information

The Parent Company of the Group, UIE Plc, is registered and domiciled in Malta since 30 December 2019 as a public limited liability company. The Company's shares are publicly traded on Nasdaq Copenhagen.

UIE is a holding company which invests in the agro-industrial sector as well as industrial and technology businesses. UIE exercises long-term and active ownership through direct board representation or close collaboration with the respective management of the portfolio companies.

The following is a summary of the significant accounting policies adopted by UIE and its subsidiaries, collectively referred to in these consolidated financial statements as the "Group". The general accounting policies applied to the consolidated financial statements are described below, while significant accounting policies covering specific accounts are placed in the notes to which they relate.

### Basis of Preparation

The consolidated financial statements are prepared in accordance with IFRS as adopted by the EU, applicable interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and the Maltese Companies Act (Cap 386).

These consolidated financial statements are expressed in USD, as this is UIE's functional and presentation currency. All values are rounded to the nearest thousand USD '000 where indicated.

UIE's consolidated financial statements are prepared on the historical cost basis, except as noted in the various accounting policies.

The Group generates strong cash flows, has a solid financial position with strong liquidity and no interest-bearing debt. Despite certain negative effects, caused by Covid-19 pandemic, the Group has reported satisfactory financial results

in both 2020 and 2021 and continues to apply conservative and frugal financial management. On this background, the Consolidated Financial Statements have been prepared on a going concern basis.

### Change in Accounting Policies

The Group has implemented, with effect from 1 January 2021, the standards and interpretations that became effective in the EU from 2021.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

None of these standards and interpretations has had an impact on profit or loss, assets, liabilities or equity for 2021 and is not anticipated to have a significant impact on future periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Defining Materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or the notes.

### Basis of Consolidation

Subsidiaries are enterprises controlled by UIE. Control exists when UIE has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements for the

subsidiaries are prepared for the same accounting period as UIE, using consistent accounting policies. Non-controlling interests' ("NCI") share of subsidiaries' profit/loss for the year and of equity are included in the Group's profit/loss and equity but are presented separately.

On acquisition of NCI, the difference between the consideration paid and the amount by which the NCI are adjusted is recognised directly in owners share of equity. Gain or loss on disposal of NCI is recognised directly in owners share of equity.

On consolidation, intragroup balances and intragroup transactions are eliminated in full.

These consolidated financial statements include the accounts of UIE and its subsidiary companies, as listed on the following page.

## Foreign Exchange Translation

### Transactions and Balances

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognised in the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

### Group Companies

The assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date, and their Income Statements are translated at average exchange rates prevailing for the period. The exchange differences arising from the translation are recognised in other comprehensive income. On disposal of a foreign



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

	Country of incorporation	Equity interest	
		2021	2020
<b>Parent company:</b>			
UIE Plc	Malta	N/A	N/A
<b>Subsidiaries:</b>			
MVSB	Malaysia	100%	100%
UIE Malta Holding Limited (liquidated in 2020)	Malta	-	100%
UIE Services A/S	Denmark	100%	100%
UP	Malaysia	48%	48%
<b>Subsidiaries of UP:</b>			
Unitata	Malaysia	100%	100%
Butterworth Bulking Installation Sdn. Bhd. <sup>1</sup>	Malaysia	-	100%
Bernam Advisory Servies Sdn. Bhd.	Malaysia	100%	100%
Berta Services Sdn. Bhd.	Malaysia	100%	100%
PT. Surya Sawit Sejati	Indonesia	95%	95%
PT. Sawit Seberang Seberang <sup>2</sup>	Indonesia	93%	93%
Bernam Agencies Sdn. Bhd.	Malaysia	100%	100%
United International Enterprises (M) Sdn. Bhd. <sup>2</sup>	Malaysia	100%	100%
<b>Associates/Joint ventures of UP:</b>			
Bernam Bakery Sdn. Bhd. <sup>2</sup>	Malaysia	30%	30%
UniFuji <sup>3</sup>	Malaysia	50%	50%

1) Butterworth Bulking Installation Sdn. Bhd. was disposed in October 2021 for a consideration of MYR 1.5 million.

2) Dormant. 3) Joint venture.

operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Consolidated Income Statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as

assets and liabilities of the foreign operation and translated based on the exchange rate at the reporting date.

UIE has assessed that although it holds less than 50% of UP's voting shares, de facto control exists as defined under IFRS 10.

The main factor contributing to UP being considered a subsidiary of UIE is that the shares held by non-UIE related shareholders in UP are widely dispersed. Therefore, UIE related shareholders have a greater ability to control votes at shareholder meetings.

Information regarding NCI in UP is specified in the following:

## NON-CONTROLLING INTEREST

USD '000	2021	2020
Principal place of business	Malaysia	Malaysia
Proportion of ownership	51.6%	51.6%
Profit attributable to NCI	65,169	49,769
Accumulated NCI of the subsidiary on 31 December	343,579	348,644
NCI share of non-current assets	255,309	259,730
NCI share of current assets	141,235	124,341
Dividends paid to NCI	50,225	36,663

## Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of those assets having suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit ("CGU") to which the asset belongs and prorated to the costs of the asset by reference to the cost of the CGU.

An impairment loss is charged to the Income Statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset (that would have been determined, net of amortisation and depreciation) had no impairment loss been recognised. The reversal is immediately recognised in the Income Statement.

Please refer to note 2.3a for impairment of goodwill.

## Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Government Grants

Grants that compensate the Group for replanting expenses incurred are credited against pre-cropping expenditure and are amortised over the economic life of the crop.

Grants received as incentives by the Group are recognised as income in the periods when the incentives are receivable or/and when there is reasonable assurance that the grant will be received.

## Current versus Non-Current Classification

The Group present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realized within twelve months after the reporting period; or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Other Accounting Policies

The descriptions of accounting policies in the notes form part of the overall description of accounting policies. Description of financial accounting policies are included in the following notes:

- Revenue (section 1)
- Staff costs (section 1)
- Inventories (section 1)
- Impairment (section 2)
- Biological assets (section 2)
- Research and development costs (section 2)
- Intangible assets (section 2)
- Property, plant, and equipment (section 2)
- Right-of-use assets (section 2)
- Strategic and portfolio investments (section 3)
- Cash and short-term deposits (section 3)
- Investment in joint ventures (section 3)
- Taxation (section 4)
- Derivative financial instruments (section 4)
- Financial instruments (section 4)

## Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these Consolidated Financial Statements and the accompanying notes. These estimates are based on historical experience, other relevant information available at the reporting date and expectation of future events that are believed to be reasonable under the circumstances, and as such, actual results could differ from those estimates.

In the process of applying the Group's accounting policies, management has made estimates and assumptions related to the following:

- Biological assets (section 2.1)
- Intangible assets (section 2.3a)
- Property, plant, and equipment (section 2.3b)
- Right-of-use assets (section 2.3c)
- Unquoted shares (section 4.8)

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Standards Issued, but not yet Effective

The standards and interpretations that are issued, but not effective, up to the date of issuance of the Group's financial statements are as follows:

Effective 1 January 2022:

Amendments to

- IFRS 3 Business Combinations "Reference to the Conceptual Framework";
- IAS 16 Property, Plant and Equipment "Proceeds before intended use";
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets "Onerous Contracts - Cost of Fulfilling a Contract";
- Annual Improvements 2018-2020 (IFRS 1, IFRS 9 and IAS 41)

Effective 1 January 2023:

Amendments to

- IFRS 17 Insurance Contracts "Amendments to IFRS 17"

Not yet adopted by the EU effective later years:

- Amendment to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Current or Non-current – Deferral of Effective Date"
- Amendment to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: "Disclosure of Accounting policies"
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: "Definition of Accounting Estimates"
- Amendments to IAS 12 Income Taxes: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- IFRS 17 Insurance Contracts and amendments to IFRS 17: "Initial Applications of IFRS 17" and IFRS 9 Comparative Information"

The Group will implement the new and amended standard when they become effective, subject to their endorsement by the EU. In the opinion of the management, none of the new standards and interpretations will materially affect UIE's recognition and measurement of assets and liabilities in annual reports in the coming financial years. The Group will adopt the amendments when they become mandatory.

## Reporting under the ESEF Regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU-regulated markets.

The combination of XHTML format and iXBRL tags enables the annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and has been developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The annual report consists of the XHTML document together with the technical files, all of which are included in the ZIP file UIE-2021-12-31.zip.



# SECTION 1: OPERATING ACTIVITIES

Section 1 covers note disclosures that provide insight and specifications related to the Group's operating activities, including segment information, revenue and revenue split. Operating income contains a share of results in equity-accounted investments, changes in fair value of investments in equities, interest income and dividend income.

The following notes are presented in section 1; "Operating activities":

- Segmental information and revenue
- Staff costs and key management personnel compensation
- Inventory
- Trade and other receivables

## 1.1 SEGMENTAL INFORMATION AND REVENUE

The segment reporting includes the following two segments:

- UIE
- UP

**UIE:** UIE is a holding company which invests in the agro-industrial sector as well as industrial and technology businesses. UIE exercises long-term and active ownership through direct board representation or close collaboration with the respective management of the portfolio companies.

In the UIE segment, the investment in UP is measured by UIE's share of UP's net profit (equity accounting), and the other investments are measured by changes in the fair value of the investments.

**UP:** a company incorporated in Malaysia and its shares are publicly traded on Bursa Malaysia. Its primary business activity is the cultivation of oil palms and coconuts and the processing of palm oil in Malaysia and Indonesia.

In the UP segment, the results, assets, and liabilities are based on translation of UP's reported figures from MYR to USD.

### Recognition and Measurement in the Segment Reporting

The recognition and measurement in segment reporting generally follow accounting policies according to IFRS, except for areas described to the right.

In the UIE segment, the following areas deviate from the Consolidated Financial Statements:

- The investment in UP is recognised using the equity method. The measurement of the net assets and the result from UP excludes the impact of acquisition accounting in UP in 2003 according to IFRS 3.

In the UP segment, the following areas deviate from the Consolidated Financial Statements:

- The figures exclude the impact of the purchase price allocation performed according to IFRS 3.

Further information on the recognition and measurement principles is provided in the Group's accounting policies.

### Difference between Business Reporting and Consolidated Financial Statements

Both segments exclude the fair value adjustments of UP's assets, related to the acquisition accounting of UP in 2003.

## BUSINESS REPORTING – ACCOUNTING POLICIES

According to IFRS, UIE is deemed to have de facto control of UP (even though UIE holds less than 50% of UP's voting rights). Hence, UP's result is fully consolidated in UIE's financial statements.

However, as UIE is a non-operating holding company, the Board of UIE is of the view that the most appropriate measurement of the performance of the investment in UP is to equity account (measuring UIE's share of the net profit in one line item). Accordingly, this measurement is

used in the internal reporting as well as in the reporting to shareholders, referred to as "Business Reporting" in the Directors' Report. Fully-owned subsidiaries are fully consolidated and other investments (primarily Schörling and Greenbridge) are measured at fair value in the Business Reporting as well as consolidated figures.

The difference between the Business Reporting in the Directors' Report and the consolidated financial statements is shown below and further described in note 1.1.

### BUSINESS PERFORMANCE VS. IFRS CONSOLIDATED

USD '000	2021	2020
Net profit - Business reporting	108,164	114,128
Adjustment of UP assets, related to the retrospective acquisition		
Accounting of UP in 2003	(38)	(63)
Owner's share of net profit - IFRS consolidated	108,126	114,065

# SECTION 1: OPERATING ACTIVITIES

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	2021						2020					
	UIE	UP	Total	Adjust- ments to IFRS 3	Elimi- nations	UIE con- solidated	UIE	UP	Total	Adjust- ments to IFRS 3	Elimi- nations	UIE con- solidated
<b>INCOME STATEMENT</b>												
Revenue	-	488,610	488,610	-	-	488,610	-	321,088	321,088	-	-	321,088
Other income	120	5,314	5,434	-	(20)	5,414	112	7,510	7,622	-	(20)	7,602
Changes in fair value of Schörling	42,749	-	42,749	-	-	42,749	61,561	-	61,561	-	-	61,561
Changes in fair value of Greenbridge	7,364	-	7,364	-	-	7,364	1,838	-	1,838	-	-	1,838
Results from investing activities - portfolio	1,821	-	1,821	-	-	1,821	5,583	-	5,583	-	-	5,583
Share of results of equity-accounted investments	60,225	77	60,302	-	(60,225)	77	46,239	2,693	48,932	-	(46,239)	2,693
Total operating income <sup>1</sup>	112,279	494,001	606,280	-	(60,245)	546,037	115,333	331,291	446,624	-	(46,259)	400,365
Operating expenses	(2,600)	(331,497)	(334,097)	(325)	20	(334,402)	(2,694)	(214,281)	(216,975)	(399)	20	(217,354)
Interest income	46	1,635	1,681	-	-	1,681	663	3,848	4,511	-	-	4,511
Interest expense	(120)	(6)	(126)	-	-	(126)	(115)	(6)	(121)	-	-	(121)
Foreign exchange adjustment	(1,412)	-	(1,412)	-	-	(1,412)	2,379	-	2,379	-	-	2,379
Profit before tax	108,193	164,133	272,326	(325)	(60,225)	211,776	115,566	120,852	236,418	(399)	(46,239)	189,780
Income tax	(29)	(38,696)	(38,725)	244	-	(38,481)	(1,438)	(24,769)	(26,207)	261	-	(25,946)
Net profit	108,164	125,437	233,601	(81)	(60,225)	173,295	114,128	96,083	210,211	(138)	(46,239)	163,834
<b>Profits attributable to</b>												
Owners of the Company	108,164	124,496	232,660	(38)	(124,496)	108,126	114,128	95,593	209,721	(63)	(95,593)	114,065
Non-controlling interests	-	941	941	(43)	64,271	65,169	-	490	490	(75)	49,354	49,769

1) Operating income, as presented in the Operating Activities, includes the fair value change of UIE's investment activities in line with how the operating results are reviewed by the Management of the Group.

# SECTION 1: OPERATING ACTIVITIES

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	2021						2020					
	UIE	UP	Total	Adjust- ments to IFRS 3	Elimi- nations	UIE con- solidated	UIE	UP	Total	Adjust- ments to IFRS 3	Elimi- nations	UIE con- solidated
<b>STATEMENT OF FINANCIAL POSITION</b>												
<b>Assets</b>												
Cash & short-term funds	68,301	114,393	182,694	-	-	182,694	93,353	115,135	208,488	-	-	208,488
Other current assets	32,361	159,187	191,548	-	-	191,548	29,519	125,720	155,239	-	-	155,239
Strategic investments	647,313	-	647,313	-	(348,960)	298,353	599,586	-	599,586	-	(354,431)	245,155
Other non-current assets	23	481,283	481,306	27,008	7,096	515,410	48	496,015	496,063	28,279	7,096	531,438
Total assets	747,998	754,863	1,502,861	27,008	(341,864)	1,188,005	722,506	736,870	1,459,376	28,279	(347,335)	1,140,320
<b>Liabilities and shareholders' equity</b>												
Total liabilities	8,405	111,961	120,366	6,667	-	127,033	3,314	85,196	88,510	7,149	-	95,659
Shareholders' equity												
Equity attributable to owners	739,593	640,464	1,380,057	9,840	(672,504)	717,393	719,192	648,968	1,368,160	10,222	(682,365)	696,017
Non-controlling interest	-	2,438	2,438	10,501	330,640	343,579	-	2,706	2,706	10,908	335,030	348,644
Total shareholders' equity	739,593	642,902	1,382,495	20,341	(341,864)	1,060,972	719,192	651,674	1,370,866	21,130	(347,335)	1,044,661
Total liabilities and shareholders' equity	747,998	754,863	1,502,861	27,008	(341,864)	1,188,005	722,506	736,870	1,459,376	28,279	(347,335)	1,140,320
<b>STATEMENT OF CASH FLOWS</b>												
Operating activities	(3,050)	127,654	124,604	-	-	124,604	(2,991)	91,350	88,359	-	-	88,359
Investing activities	42,296	12,925	55,221	-	(46,104)	9,117	29,925	(16,129)	13,796	-	(34,355)	(20,559)
Financing activities	(62,729)	(99,736)	(162,465)	-	46,104	(116,361)	(33,842)	(67,678)	(101,520)	-	34,355	(67,165)



## SECTION 1: OPERATING ACTIVITIES

### DISAGGREGATION OF REVENUE FROM CONTRACTS FROM CUSTOMERS

USD '000	2021	2020
<b>Sales proceeds of produce stocks</b>		
<i>Upstream (Plantations):</i>		
Malaysia	106,895	76,970
Indonesia	47,289	34,273
<b>Sales proceeds of finished goods</b>		
<i>Downstream (Refinery):</i>		
Malaysia	334,127	209,523
Rendering of services	299	322
<b>Total</b>	<b>488,610</b>	<b>321,088</b>
Timing of revenue:		
Goods transferred at point in time	488,311	320,766
Services transferred over time	299	322
<b>Total</b>	<b>488,610</b>	<b>321,088</b>

### SALES PROCEEDS ON 31 DECEMBER



### Geographical Locations

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets:

USD '000	Malaysia	Indonesia	United States	Europe	Other	Total
<b>2021</b>						
Revenue	253,711	47,289	37	99,360	88,213	488,610
Total assets	729,817	62,822	-	382,068	13,298	1,188,005
Capital expenditures	26,262	1,127	-	-	-	27,389

USD '000	Malaysia	Indonesia	United States	Europe	Other	Total
<b>2020</b>						
Revenue	166,770	36,064	149	70,545	47,560	321,088
Total assets	707,764	60,958	39	356,421	15,138	1,140,320
Capital expenditures	24,849	1,124	-	-	-	25,973

### Major Customers

Revenue from one major customer amounted to USD 243 million (2020: USD 157 million), arising from sales by the palm oil refining segment.

### Accounting Policy

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with a customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the

performance obligation is satisfied, which may be at a point in time or over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out in IFRS 15. The following describes the performance obligation in contracts with customers:

### Sale of Goods

Revenue from the sale of produce stocks and finished goods is recognised at a point in time when control of the assets is transferred to the customer, normally at the delivery of the goods. The payment is generally due within 10 to 75 days from delivery. The contracts do generally not contain other performance obligations, including return obligations.

## SECTION 1: OPERATING ACTIVITIES

### Revenue from Services

Revenue from services is recognised over time as the services are rendered.

Income from other sources are recognised as follows:

### Dividend Income

Dividend income is recognised when the right to receive payment has been established.

### Interest Income

Interest income is determined based on the effective interest rate method.

## 1.2 STAFF COSTS AND KEY MANAGEMENT PERSONNEL COMPENSATION

### STAFF COSTS

USD '000	2021	2020
Wages and salaries	40,772	41,414
Pension costs		
- defined contribution plans	2,457	1,978
- defined benefit plans	715	726
Other social security costs	712	753
Other staff costs	4,703	4,222
Total staff costs	49,359	49,093
Number of employees ('000)	5,740	6,103

### REMUNERATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

Remuneration of UIE's key management personnel is as follows:

USD '000	2021	2020
Remuneration, excl. pension	1,607	1,584
Pension	186	167
Total	1,793	1,751

UIE's Managing Director receives total remuneration of USD 664,000 (2020: USD 741,000), which includes pension of USD 41,000 and other related benefits of USD 21,000 (2020: USD 36,000 and USD 20,000, respectively).

His contract does not have any unusual employment or contractual terms.

The Managing Director's ordinary bonus is based on UIE's results as well as achieving specific targets and is limited to a maximum of 50% of his annual remuneration.

In the event of dismissal, UIE's Managing Director has nine months' notice.

The UIE Board of Directors' remuneration was USD 372,500 (2020: USD 372,500) for the year, which was allocated between the Directors as follows: USD 75,000 to the Chairman, USD 60,000 to the Deputy Chairman and USD 47,500 to each of the other Directors of the Board.

The UIE Audit Committee fees were USD 36,000 (2020: USD 36,000) for the year, which were allocated between the Audit Committee members as follows: USD 15,000 to the Chairman and USD 10,500 to each of the other members of the Audit Committee.

The UIE Investment Committee fees were USD 4,000 (2020: USD 4,000) for the year, which were allocated between the Committee members as follows: USD 2,000 to the Chairman and USD 1,000 to each of the other members of the Investment Committee.

### Accounting Policy

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which employees of the Group render the associated services.

## 1.3 INVENTORY

The Group's inventory relates to the operating segment UP.

USD '000	2021	2020
Agricultural produce stocks	3,655	4,899
Estate stores	8,686	6,396
Raw materials	3,937	2,995
Finished goods	15,669	17,736
Consumables	1,394	1,278
Total	33,341	33,304

In 2021, writedown of inventories recognised in the Income Statement amounted to nil (2020: 0.1 million).

### Accounting Policy

Agricultural produce stocks are stated at net realisable value at the reporting date.

All other inventories are valued at the lower of cost and estimated net realisable value. Cost includes the actual cost of materials, labour and appropriate production overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

## SECTION 1: OPERATING ACTIVITIES

### 1.4 TRADE AND OTHER RECEIVABLES

USD '000	Note	2021	2020
<b>Non-current</b>			
Other receivables	(d)	1,256	2,508
<b>Current</b>			
<i>Trade receivables:</i>			
From third parties		52,000	44,021
From joint ventures	(b)	5,668	2,262
	(a)	57,668	46,283
<i>Other receivables:</i>			
Non-trade receivables			
from joint ventures	(b)	238	349
Deposits	(c)	40,194	13,045
Other receivables	(d)	8,864	11,716
		49,296	25,110
<b>Total current trade and other receivables</b>		<b>106,964</b>	<b>71,393</b>

The normal credit terms granted to the Group's customers are 10 to 75 days (2020: 10 to 75 days).

#### (a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

USD '000	2021	2020
Neither past due nor impaired	55,559	45,647
1 to 30 days past due not impaired	1,753	529
31 to 60 days past due not impaired	343	89
61 to 90 days past due not impaired	-	-
91 to 120 days past due not impaired	13	18
	2,109	636
<b>Total trade receivables</b>	<b>57,668</b>	<b>46,283</b>

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 99% (2020: 99%) of the Group trade receivables arise from customers with more than three years of business relationships with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to USD 2.1 million (2020: USD 0.6 million) that are past due at the reporting date but not impaired. These receivables are unsecured, however, the vast majority have been collected at the date of this report.

#### (b) Due from joint venture (trade and non-trade)

The amount due from joint venture is unsecured. The trade debt due from joint venture has a repayment term of 30 days and the overdue trade and non-trade debt bears an average interest of approximately 2.36% (2020: 2.78%) per annum. The non-trade debt is repayable on demand.

#### (c) Deposits

Included in deposits is USD 39.8 million (2020: USD 13.0 million) being deposits placed with a broker for Bursa Malaysia Derivatives Bhd. for CPO futures.

#### (d) Other receivables

Included in other receivables is USD 2.4 million (2020: USD 2.9 million) being receivables related to the Indonesian Plasma Scheme.



## SECTION 2: CAPITAL EMPLOYED

The Group's main operating activities are performed through UP, which has significant biological assets, land and buildings, as its primary activity is cultivation of oil palms and coconuts as well as processing of palm oil.

This section describes the Group's employment of capital, which includes, inter alia, the Group's biological assets, land use rights and property plant and equipment.

The following notes are presented in section 2; "Capital employed":

- Biological assets
- Capital expenditure
- Intangible assets
- Property, plant and equipment
- Right-of-use assets

### 2.1 BIOLOGICAL ASSETS

#### RECONCILIATION OF CARRYING AMOUNT OF FFB AND COCONUTS

USD '000	2021	2020
Carrying amount at 1 January	9,603	7,957
Fair value change	2,193	1,547
Exchange differences	(294)	99
Net book value on 31 December	11,502	9,603
Hereof:		
Oil palms	9,077	7,628
Coconut palms	2,425	1,975

The biological assets comprise oil palm FFBs and coconuts prior to harvest. The fair value represents the estimated net

cash flows from the unripe FFB and coconuts less costs to sell.

#### Accounting Policies

Biological assets are measured at fair value less cost to sell. Any gains or losses arising from changes in the fair value less cost to sell are recognised in profit or loss.

#### Estimates

The biological assets of the Group comprise of FFB and coconut prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB and coconut. The fair value assessments have been completed consistently using the same valuation techniques within Level 3 of the fair value hierarchy.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and came to the assumption that the net cash flows generated from FFB more than four weeks to harvest were negligible. Therefore, the quantity of unripe FFB on bearer plants of up to four weeks prior to harvest was used for valuation purposes. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3-4 weeks prior to harvest and 83% for FFB that are 1-2 weeks prior to harvest, based on actual OER and KER of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flows to be generated.

To arrive at the fair value of coconuts, the management came to the assumption that the net cash flows generated from coconuts more than four weeks to harvest were negligible. Therefore, the number of unripe coconuts on bearer plants of up to four weeks prior to harvest was used for valuation purposes.

#### Sensitivity Analysis of Biological Assets

A change of 10% in price would impact profit or loss (before tax) by USD 1.1 million in 2021 (2020: USD 0.9 million).

The change in the fair value of the biological assets in each accounting period is recognised in the income statements.

The key assumptions used to determine the fair value are as follows:

	December 2021	December 2020
<b>Oil palms</b>		
Area (hectares)	42,485	42,512
FFB production in tonnes	76,303	83,958
Average FFB selling price (USD/tonnes)	197	152
<b>Coconut palms</b>		
Area (hectares)	3,954	3,567
Coconut production (nuts '000)	8,165	7,020
Average coconut selling price (USD/nut)	0.30	0.28

### 2.2 CAPITAL EXPENDITURE

USD '000	2021	2020
Capital expenditure approved by the Directors but not contracted	27,035	30,688
Capital expenditure contracted, but not provided for	9,549	2,294
	36,584	32,982

#### Accounting Policy

Capital expenditure is accounted for when the asset or service is transferred to the Group. If the contract becomes onerous, a provision is recognised.

## SECTION 2: CAPITAL EMPLOYED

### 2.3a INTANGIBLE ASSETS

#### Estimates

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of value in use of the assets or CGU to which the goodwill is allocated. Estimating the value in use requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

#### Accounting Policies

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. Furthermore, the Group reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the

carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

#### Impairment Testing

Goodwill in the Group relates to plantations acquired through business combinations, which is allocated to single CGUs, being specific estates or UP as a whole.

In 2019, goodwill amounting to MYR 356.9 million (USD 86.5 million) was recognised in the Group. The goodwill represented the excess of the purchase consideration over the fair value of the identifiable assets recognised upon the Group's acquisition of the plantation business and assets of Pinehill Pacific Berhad's group of companies. This goodwill was allocated to the Group's CGU identified according to the estate, namely Jendarata-Tanarata Estates, which are principally involved in plantation activities, as the Group believes that Jendarata-Tanarata Estate's operation will benefit from both the enlarged planted/plantable area and other synergies arising from the acquisition.

The Group carries out its annual impairment assessment on the goodwill arising from the acquisition. The recoverable amount of the CGU is based on the value-in-use calculation, which is derived at using cash flow projection in which the following key assumptions are used:

- Projection period: A 99-year (2020: 75 years) cash flows projection, based on the maximum lease period of the leasehold lands. In 2021, the lease term was extended from 74 years to 99 years
- FFB yields per hectare: 15 - 28 MT (2020: 15 - 28 MT)
- Selling prices per tonne: CPO MYR 3,309 and PK MYR 2,168 (2020: MYR 2,556 and MYR 1,607, respectively)
- Discount rate (pre-tax): 11.8% (2020: 11.7%)

The Group's impairment assessment of the CGU, as outlined previously, included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis,

no reasonable change in the key assumptions used would result in an impairment charge for the current financial year. Management believes that no impairment charge is required on the goodwill as the recoverable amount calculated based on value-in-use exceeded the carrying value of the goodwill.

### 2.3b PROPERTY, PLANT AND EQUIPMENT

#### Estimates

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment, which could trigger an impairment review, include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and the significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance, and revenue-generating capacity of the assets and cash operating units as well as future market conditions. Changes in circumstances may lead to changes in estimates and assumptions and result in changes to the recoverable amounts of assets and impairment losses needed.

#### Accounting Policy

Property, plant and equipment ("PPE") are measured at cost less depreciation and any impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

In general, construction of major investments is self-financed, and thus, no material borrowing costs are capitalised.

## SECTION 2: CAPITAL EMPLOYED

If significant parts of one item of PPE have different useful lives, they are accounted for as separate items of PPE.

Bearer plants comprise palm and coconut trees, which are measured at cost less depreciation and impairment. The cost comprises pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and amortised at maturity of the palm at the rates, which are deemed as the useful economic lives of the crop.

### 2.3c RIGHT-OF-USE ASSETS

Right-of-use assets comprise leasehold land, which relate to land in Malaysia, and land use rights, which relate to land in Indonesia.

#### Estimates

Estimates and impairment testing of Right-of-use assets are similar to those for PPE.

#### Accounting Policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of PPE as follows:

Leasehold land and Land use rights - over the lease period ranging from 12 to 99 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



## SECTION 2: CAPITAL EMPLOYED

2021	2.3a	2.3b						2.3c		
	Intangible assets	Property, plant and equipment						Right-of-use assets		
USD '000	Goodwill	Freehold land	Bearer plants	Buildings	Plant and machinery	Capital work-in-progress	Total	Leasehold land	Land-use rights	Total
<b>Costs</b>										
On 1 January 2021	95,489	122,537	261,648	88,790	242,383	4,098	719,456	61,052	9,549	70,601
Additions	-	-	7,134	4,022	6,303	5,022	22,481	4,708	200	4,908
Disposals	-	-	(317)	-	(1,739)	-	(2,056)	-	-	-
Disposal re. to sale of business	-	-	-	(1,751)	-	-	(1,751)	-	-	-
Reclassification	-	-	-	-	783	(783)	-	-	-	-
Exchange differences	(2,962)	(4,106)	(8,031)	(2,646)	(7,671)	(136)	(22,590)	(2,046)	(191)	(2,237)
<b>On 31 December 2021</b>	<b>92,527</b>	<b>118,431</b>	<b>260,434</b>	<b>88,415</b>	<b>240,059</b>	<b>8,201</b>	<b>715,540</b>	<b>63,714</b>	<b>9,558</b>	<b>73,272</b>
<b>Accumulated depreciation</b>										
On 1 January 2021	-	-	148,800	49,790	147,539	-	346,129	20,762	551	21,313
Depreciation/amortisation	-	-	8,687	2,847	11,255	-	22,789	1,460	284	1,744
Disposals	-	-	(50)	-	(1,230)	-	(1,280)	-	-	-
Disposal re. to sale of business	-	-	-	(1,692)	-	-	(1,692)	-	-	-
Exchange differences	-	-	(4,590)	(1,515)	(4,723)	-	(10,828)	(681)	(37)	(718)
<b>On 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>152,847</b>	<b>49,430</b>	<b>152,841</b>	<b>-</b>	<b>355,118</b>	<b>21,541</b>	<b>798</b>	<b>22,339</b>
<b>Net book value on 31 December 2021</b>	<b>92,527</b>	<b>118,431</b>	<b>107,587</b>	<b>38,985</b>	<b>87,218</b>	<b>8,201</b>	<b>360,422</b>	<b>42,173</b>	<b>8,760</b>	<b>50,933</b>

Depreciation is provided under the straight line method to residual value over the estimated useful life as follows:

Buildings	2.0%-5.0% p.a.	Furniture and office equipment	10.0%-20.0% p.a.
Bulking installations	5.0% p.a.	Motor vehicles, tractors	
Railways	4.0% p.a.	and implements	12.5%-25.0% p.a.
Rolling stock	7.1% p.a.	Aircrafts	5.0% p.a.
Plant and machinery	5.0%-20.0% p.a.	Leasehold land and land-use rights <sup>1</sup>	12-99 years

Freehold land and capital work-in-progress are stated at cost less any accumulated impairment losses.

The residual value of useful life and depreciation method are reviewed each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates.

1) Since the Group has prepaid the Leasehold land and land-use rights, there are no lease obligation related to the Right-of-use assets.

### AMORTISATION OF PRE-CROPPING EXPENDITURES AS FROM MATURITY OF THE PALMS



OIL PALM

**20 YEARS**



COCONUT PALM

**30 YEARS**

### Research and Development Costs

All general research and development costs are expended as incurred.

## SECTION 2: CAPITAL EMPLOYED

2020	2.3a Intangible assets	2.3b Property, plant and equipment						2.3c Right-of-use assets		
USD '000	Goodwill	Freehold land	Bearer plants	Buildings	Plant and machinery	Capital work-in-progress	Total	Leasehold land	Land-use rights	Total
<b>Costs</b>										
On 1 January 2020	93,990	120,460	251,137	82,885	228,325	3,649	686,456	60,017	9,547	69,564
Additions	-	-	7,686	3,589	9,319	6,217	26,811	-	40	40
Disposals	-	-	(386)	(41)	(2,876)	-	(3,303)	-	-	-
Reclassification	-	-	-	1,420	4,386	(5,806)	-	-	-	-
Exchange differences	1,499	2,077	3,211	937	3,229	38	9,492	1,035	(38)	997
<b>On 31 December 2020</b>	<b>95,489</b>	<b>122,537</b>	<b>261,648</b>	<b>88,790</b>	<b>242,383</b>	<b>4,098</b>	<b>719,456</b>	<b>61,052</b>	<b>9,549</b>	<b>70,601</b>
<b>Accumulated depreciation</b>										
On 1 January 2020	-	-	138,193	46,416	138,501	-	323,110	18,910	273	19,183
Depreciation/amortisation	-	-	8,391	2,743	10,361	-	21,495	1,524	214	1,738
Disposals	-	-	(386)	(41)	(2,587)	-	(3,014)	-	-	-
Exchange differences	-	-	2,602	672	1,264	-	4,538	328	64	392
<b>On 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>148,800</b>	<b>49,790</b>	<b>147,539</b>	<b>-</b>	<b>346,129</b>	<b>20,762</b>	<b>551</b>	<b>21,313</b>
<b>Net book value on 31 December 2020</b>	<b>95,489</b>	<b>122,537</b>	<b>112,848</b>	<b>39,000</b>	<b>94,844</b>	<b>4,098</b>	<b>373,327</b>	<b>40,290</b>	<b>8,998</b>	<b>49,288</b>

## SECTION 3: INVESTMENT ACTIVITIES

The following notes are presented in section 3; "Investment activities":

- Strategic and portfolio investments
- Joint venture
- Cash and short-term funds

### 3.1 STRATEGIC AND PORTFOLIO INVESTMENTS

UIE's investment activities comprise strategic investments and a portfolio of investments relating to part of the liquid reserves.

When making strategic investments, UIE has an active ownership policy through direct board representation or close collaboration with the respective management of the portfolio companies about operational and strategic issues. The current strategic investments consist of the following three companies:

Investment fully consolidated:

- UP is a company incorporated in Malaysia and its shares are publicly traded on Bursa Malaysia. Its primary business activity is the cultivation of oil palms on plantations in Malaysia and Indonesia, as well as the cultivation of coconuts in Malaysia. Furthermore, UP is involved in the processing of palm oil into value-added palm fractions for the speciality and chocolate industry. UP is fully consolidated.

Investments at fair value:

- Schörling is a privately held company incorporated in Sweden. Schörling is a holding company focusing on long-term industrial development. Schörling's portfolio in all material aspects consists of investments in six companies, of which five are publicly listed.

- Greenbridge is an investment partnership in which UIE has committed to invest up to SEK 200 million – Remaining commitment as per 31 December 2021: SEK 2 million (USD 0.2 million). The purpose of Greenbridge is to invest in and have an industrial focus on high-tech and/or software-related companies. Greenbridge has established a portfolio of four companies and is actively engaged in supporting the development and expansion of these investments during a 5-10 year period, leading to the initiation of an IPO or a sale.

UIE, primarily through asset managers and funds, invests a small portion of its liquidity reserves in a diversified and liquid portfolio of money market instruments, debt instruments, derivatives and equity instruments. All instruments in the portfolio investments are recognised at fair value through profit or loss.

#### FAIR VALUE ACCOUNTED STRATEGIC AND PORTFOLIO INVESTMENTS

USD '000	2021	2020
<b>Portfolio investments</b>		
Total portfolio investments at fair value	31,883	29,125
<b>Strategic investments</b>		
Schörling	263,840	221,091
Greenbridge	34,513	24,064
Total strategic investments at fair value	298,353	245,155

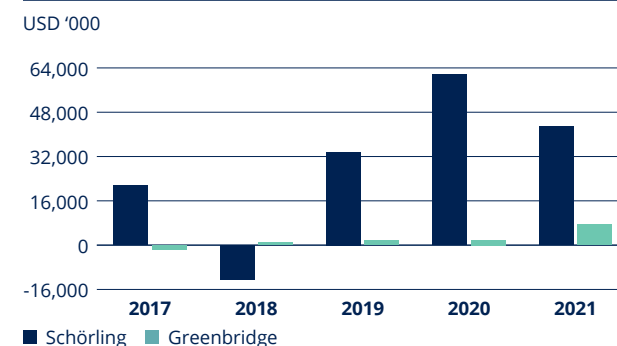
#### FAIR VALUE ACCOUNTED STRATEGIC INVESTMENTS

USD '000	2021	2020
<b>Schörling</b>		
Investment on 1 January	221,091	159,530
Fair value changes during the year	42,749	61,561
Fair value on 31 December	263,840	221,091
<b>Greenbridge</b>		
Investment on 1 January	24,064	19,483
Investment during the year	3,085	2,743
Fair value changes during the year	7,364	1,838
Fair value on 31 December	34,513	24,064

#### CHANGE IN FAIR VALUE OF STRATEGIC INVESTMENTS

USD '000	2021	2020
Schörling	42,749	61,561
Greenbridge	7,364	1,838
Total change in fair value of strategic investment	50,113	63,399

#### CHANGE IN FAIR VALUE





## SECTION 3: INVESTMENT ACTIVITIES

### Accounting Policy

Investments in quoted equities, bonds, foreign currency futures, options and all other investments, other than joint ventures, are classified at fair value through profit or loss. They are measured at fair value with reference to share prices, broker prices, the underlying net assets of the Company or transaction prices between independent parties.

Investments in unquoted equities classified at fair value through profit or loss are measured at fair value using valuation techniques based on market conditions existing at each reporting date. For further information on determination of fair value, refer to explanation in note 4.8.

Investment in quoted equities and bonds is recorded on the trade-date basis. Fair value adjustments on quoted equities and bonds, together with the realised gains and losses on investments, are reflected in the Consolidated Income Statement as net gain or loss on investments.

### 3.2 JOINT VENTURE

In 2017, UP entered into a newly established 50:50 joint venture with Fuji Oil. This joint venture is operating a refinery with a solvent fractionation plant for the production of value-added palm fractions for the speciality fats and chocolate industry.

USD '000	2021	2020
Cost on 1 January	7,431	7,305
Exchange rate adjustments	(249)	126
Cost on 31 December	7,182	7,431
Share of results of equity-accounted investments:		
1 January	2,446	(276)
Share of result	77	2,693
Exchange rate adjustments	(81)	29
31 December	2,442	2,446
Value on 31 December	9,624	9,877

### SHARE OF CAPITAL COMMITMENTS IN A JOINT VENTURE

	Country of incorporation	Equity and voting interest	2021	2020
<b>Joint venture</b>				
UniFuji Sdn. Bhd.	Malaysia	50%	50%	

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment is set out to the right:

USD '000	2021	2020
Statement of comprehensive income:		
Revenue	98,166	82,771
Cost of sales	(89,455)	(70,927)
Administration and depreciation	(7,686)	(5,117)
Finance, net	(1,334)	720
Income tax	463	(2,061)
Net profit	154	5,386
Total comprehensive income	154	5,386
Statement of financial position:		
Current assets	26,238	18,970
Non-current assets	40,314	42,789
Current liabilities	32,709	23,104
Non-current liabilities	14,595	18,900
Equity	19,248	19,755

### Accounting Policies

The Group's investment in joint ventures is accounted for using the equity method. The consolidated Financial Statements include the Group's share of the total comprehensive income on the equity-accounted basis. The equity method of accounting for investments in joint ventures adjusts the original cost of the investment to recognise the Group's proportionate share of the increases or decreases in the underlying comprehensive income of the investee companies subsequent to the date of investment therein less any distributions received. Goodwill relating to joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The share of profit from joint ventures is shown on the face of the Consolidated Income Statement, and other movements in comprehensive income are shown in the Consolidated Statement of Comprehensive Income.

## SECTION 3: INVESTMENT ACTIVITIES

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss for the Group's investment in the investee. An impairment loss is recognised if the carrying value of the investment exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

### 3.3 CASH AND SHORT-TERM FUNDS

Cash and short-term deposits by segment are as follows:

USD '000	2021	2020
UIE	68,301	93,353
UP	71,739	31,813
Total	140,040	125,166

Specified as:

USD '000	2021	2020
Cash and cash equivalents	131,222	116,089
Bank overdrafts	-	(25)
Total cash and cash equivalents	131,222	116,064
Deposits (tenure >3 months)	8,818	9,102
Total	140,040	125,166

Cash at bank held by the Group on 31 December is as follows:

USD '000	2021	2020
<b>Currency</b>		
USD	56,375	37,543
MYR	62,342	36,884
IDR	15,307	35
DKK	4,424	46,350
SEK	503	4,095
Other	1,089	259
Total	140,040	125,166

Short-term funds on 31 December are as follows:

Currency	USD '000	Interest Rate <sup>1</sup>
<b>2021</b>		
MYR	42,654	1.90%
Total	42,654	
<b>2020</b>		
MYR	83,297	3.21%
Total	83,297	

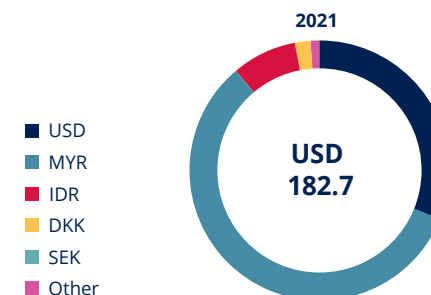
1) Average weighted interest rate

#### Accounting Policy

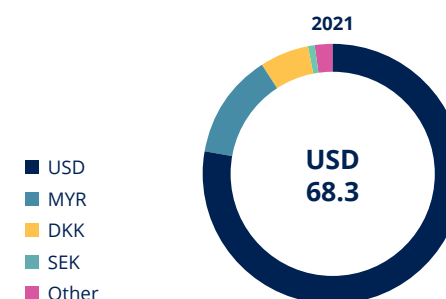
Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or shorter, which qualify as cash equivalents.

Short-term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets that are convertible to cash with insignificant changes in value.

#### TOTAL CASH AND SHORT-TERM FUNDS FOR THE GROUP ON 31 DECEMBER 2021



#### TOTAL CASH AND SHORT-TERM FUNDS FOR THE UIE SEGMENT ON 31 DECEMBER 2021



## SECTION 4: OTHER DISCLOSURES

The notes presented in this section are relevant for the overall understanding of financial statements, but are not relevant for the key themes in the financial statements.

The following notes are presented in section 4; "Other disclosures":

- Taxation
- Auditors' remuneration
- Share capital and other reserves
- Capital management
- Pension – defined benefit plans
- Financial risks
- Derivative financial instruments
- Financial assets and liabilities
- Related parties
- Significant events during the year and subsequent events

### 4.1 TAXATION

#### INCOME TAX

USD '000	2021	2020
Income tax	37,062	24,888
Movements in deferred tax	1,183	3,529
Adjustments to prior years' income tax	(661)	139
Adjustments to prior years' deferred tax	897	(2,610)
Total	38,481	25,946

#### EFFECTIVE TAX RATE

USD '000	2021	2020
Profit before tax	211,776	189,780
Tax rate, Malaysia <sup>1</sup>	24%	24%
Tax at the applicable rate	50,826	45,547
Non-taxable income	(12,914)	(27,743)
Expenses not deductible for tax purposes	1,570	4,313
Adjustments to prior years' deferred tax	897	(2,610)
Adjustments to prior years' income tax	(661)	139
Other	(632)	(1,031)
Effect of different tax rate in other countries	(605)	7,331
Tax expense for the year	38,481	25,946
Effective tax rate	18.2%	13.7%

1) the statutory Malaysian tax rate has been applied for the Group as its main operating activities are located in Malaysia and thus, the vast majority of the Group's tax expense is in Malaysia. The statutory income tax rate in Malta, where UIE Plc. is registered, is 35%.

#### DEFERRED TAX

USD '000	2021	2020
On 1 January	44,159	43,854
Recognised in profit or loss	2,080	916
Recognised in OCI	(4,963)	(1,427)
Exchange differences	(1,470)	816
On 31 December	39,806	44,159

Presented after appropriate offsetting as follows:

USD '000	2021	2020
Deferred tax assets	(648)	(949)
Deferred tax liabilities	40,454	45,108
Total	39,806	44,159

## SECTION 4: OTHER DISCLOSURES

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

USD '000	Liabilities				Assets			
	Biological assets	PPE and Right-of-use assets	Other	Total	Retirement benefit obligations	Cash flows hedges	Others	Total
On 1 January 2021	2,277	47,114	953	50,344	(1,059)	(3,167)	(1,959)	(6,185)
Recognised in profit or loss	516	1,114	181	1,811	(86)	1,225	(870)	269
Recognised in OCI	-	-	-	-	280	(5,243)	-	(4,963)
Exchange differences	(76)	(1,585)	-	(1,661)	30	103	58	191
On 31 December 2021	2,717	46,643	1,134	50,494	(835)	(7,082)	(2,771)	(10,688)
On 1 January 2020	1,906	47,539	-	49,445	(1,054)	(1,710)	(2,827)	(5,591)
Recognised in profit or loss	318	(1,197)	953	74	(1)	-	843	842
Recognised in OCI	-	-	-	-	-	(1,371)	-	(1,371)
Exchange differences	53	772	-	825	(4)	(86)	25	(65)
On 31 December 2020	2,277	47,114	953	50,344	(1,059)	(3,167)	(1,959)	(6,185)

### Accounting Policy

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary taxable differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be

available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The Group recognises a deferred tax liability for all temporary taxable differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that both of the following conditions are satisfied:

- (i) The Group is able to control the timing of the reversal of the temporary differences; and
- (ii) it is probable that the temporary differences will not reverse in the foreseeable future.

### 4.2 AUDITORS' REMUNERATION

USD '000	2021	2020
Audit fees	324	280
Tax compliance	3	2
Other advisory	2	4
Total	329	286

No additional fees for non-audit services were paid to the auditors.

### 4.3 SHARE CAPITAL AND OTHER RESERVES

The authorised share capital on 31 December 2021 and 2020 was USD 100 million divided into 10 million shares of USD 10 each.

### ISSUED AND FULLY PAID CAPITAL

No. of USD 10 shares	2021	2020
<b>Balance</b>		
On 1 January	3,372,769	3,372,769
Cancellation of treasury shares	-	-
Balance on 31 December	3,372,769	3,372,769

USD '000	2021	2020
<b>Balance</b>		
On 1 January	33,728	33,728
Cancellation of treasury shares	-	-
Balance on 31 December	33,728	33,728



## SECTION 4: OTHER DISCLOSURES

### Share Premium

The share premium on 31 December 2021 and 2020 was USD 8.7 million. Share premium comprises the surplus over the par value of the shares arising on the issue of shares in prior years.

### Treasury Shares

UIE holds 152,679 (2020: nil) of its own shares on 31 December 2021.

	No. of USD 10 shares	USD '000
Balance on 1 January 2021	-	-
Shares acquired in 2021		
share buy-back programme	130,000	35,115
Shares acquired in 2021 <sup>1</sup>	23,210	5,556
Shares used for share based payment	(531)	(145)
Shares cancelled in 2021	-	-
Balance on 31 December 2021	152,679	40,526
Balance on 1 January 2020	-	-
Shares acquired in 2020	-	-
Shares cancelled in 2020	-	-
Balance on 31 December 2020	-	-

1) As authorised at the Extraordinary General Meeting on 10 December 2019, 23,210 shares were taken over in January 2021 (as treasury shares) from holders of physical UIE share certificates, who had not arranged for electronic registration of their shares with VP Securities A/S within the stipulated period and whose identity is unknown for UIE.

### Hedging Reserves

The effective portion of the gain or loss on a hedging instrument is recognised in other comprehensive income in the hedging reserve. The cumulative loss, net of tax, on 31 December 2021 was USD (12.9) million (2020: USD (4.9) million).

### Accounting Policy

The purchase price of UIE shares acquired is deducted from equity as treasury shares, and the sales proceeds from the subsequent sale of these shares are credited against the purchase price. No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of UIE's own equity instruments.

On the cancellation of shares, the treasury shares are reduced by the percentage of treasury shares being cancelled and the par value of cancelled shares is offset against share capital.

Share premium is reduced by the percentage of shares being cancelled relative to total shares, with the balance being offset against retained earnings.

### Translation of Foreign Operations Reserve

The change in foreign currency translation represents the differences arising on translation to USD of the Group's investment in and advances to associated and subsidiary companies, which is included in other reserves in the Consolidated Statement of Changes in Equity.

### Dividends

#### Dividend Declared in respect of the Financial Year 2021

At the forthcoming AGM on 19 May 2022, a final dividend of USD 6.35 per share in respect of the financial year 2021 will be proposed for shareholders' approval. The dividend is expected to be paid to shareholders on 24 May 2022.

On 15 December 2021, an interim dividend of USD 2.15 per share was paid to shareholders in UIE.

The total dividend (interim dividend and proposed final dividend) will amount to USD 8.50 million.

#### Dividend Declared and Paid in respect of the Financial Year 2020

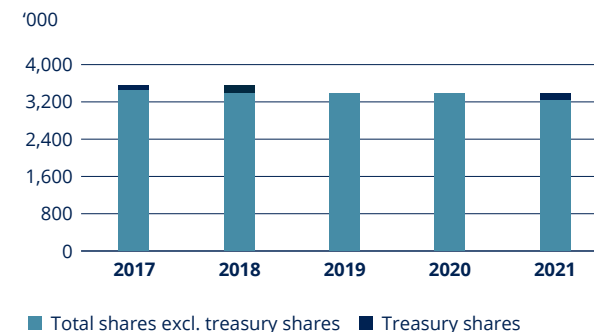
An ordinary dividend of USD 6.25 per share was declared and paid to shareholders in respect of the financial year 2020.

Distribution is not subject to any particular restrictions and is not subject to any tax payments.

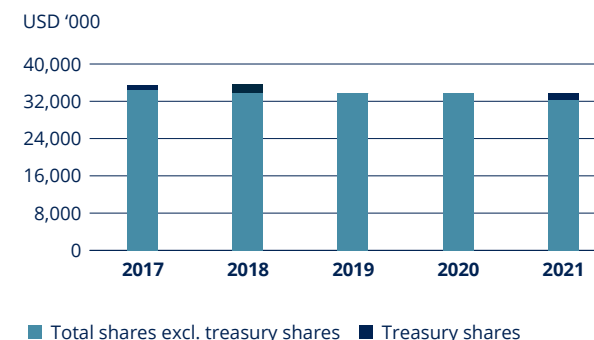
### DIVIDEND DECLARED AND PAID IN RESPECT OF THE PREVIOUS FINANCIAL YEAR EXCL. TREASURY SHARES

USD '000	2021	2020
Ordinary final dividend	27,485	16,864
Special final dividend	-	16,864
Total dividends paid	27,485	33,728

### NO. OF ISSUED USD 10 SHARES



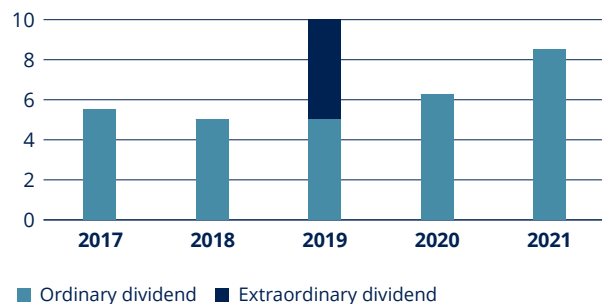
### FULLY PAID CAPITAL



## SECTION 4: OTHER DISCLOSURES

### DIVIDEND PER SHARE

USD '000



### Earnings Per Share

The earnings per share values have been calculated based on the average number of shares outstanding after subtracting the treasury shares, resulting in an average of 3,268,698 (2020: 3,372,769) shares outstanding during the year.

	2021	2020
Net profit to owners (USD '000)	108,126	114,065
Average no. of outstanding shares	3,268,698	3,372,769
Earnings per share (USD)	33.08	33.82

As the Group does not have any outstanding warrants, share options or similar instruments, the diluted earnings per share have not been presented.

### 4.4 CAPITAL MANAGEMENT

The primary objective of UIE's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios so that it can support its business and maximise shareholder value. UIE manages its capital structure and makes adjustments to it in light of changes in economic conditions.

#### Dividend Policy

The objective of UIE's dividend policy is, subject to the requirements of its investment programme, to distribute 50% of dividends received from its investments to shareholders. In the interest of maintaining a stable dividend trend. The actual distribution percentage may fluctuate from one year to the next.

From 2021, dividends are distributed in two payments; an interim dividend in December and a final dividend in May (subject to Shareholders' approval), thus following the dividend payment structure as applied in UP.

No changes were made in the objectives, policies or processes for managing capital in 2021 and 2020, except for the amendment to the dividend policy endorsing to pay out an interim dividend.

### 4.5 PENSION - DEFINED BENEFIT PLANS

Certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type, where benefits are based on employees' years of service and on predetermined rates or average final remuneration. Furthermore, they are unfunded.

From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No. 13. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans, but these are estimated by the Group.

The obligations of the Group are based on the following actuarial assumptions:

%	2021	2020
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

### SENSITIVITY ANALYSIS (GROUP)

USD '000	2021	2020
Discount rate increase by 1%	(331)	(453)
Discount rate decrease by 1%	387	534
The average rate of increase in future earnings increase by 1%	141	288
The average rate of increase in future earnings decrease by 1%	(125)	(249)
Turnover of employee increase by 1%	(20)	(38)
Turnover of employee decrease by 1%	20	39

## SECTION 4: OTHER DISCLOSURES

The amounts recognised in the statements of financial position are determined as follows:

USD '000	2021	2020
Present value of unfunded defined benefit obligations	3,890	4,775
On 1 January	4,775	4,318
Provision during the year	720	704
Paid during the year	(160)	(169)
Actuarial changes during the year	(1,271)	(90)
Disposal rel. to sale of business	(59)	-
Exchange difference	(115)	12
On 31 December	3,890	4,775
Analysed as:		
Current	560	545
Non-current:		
Between 1 and 2 years	186	186
Between 2 and 5 years	467	595
Later than 5 years	2,677	3,449
Total non current	3,330	4,230
Total current and non-current	3,890	4,775

### 4.6 FINANCIAL RISKS

#### Financial Risk Management Objectives and Policies

The Group's financial risk management policy is directed towards managing the financial risks that directly arise from the Group's operations, investments and financing. The Group operates within clearly defined guidelines that are approved by the Board of Directors. There have been

no significant changes to the Group's risk exposure or risk management compared to 2020.

The Board of Directors is responsible for identifying and controlling risks and is assisted by the Audit Committee.

UIE is a non-operating holding company with strategic financial investment activity in the UIE segment and UP as the main operating investment. The financial risk management policy is allocated to managing risks arising from UIE's investing activities and UP's operating activities.

As a separately listed company on the Malaysian stock exchange, UP has its own financial risk management objectives and policies, which are in accordance with UIE's. UP manages its own risks. The risk associated with UP form a significant part of the risk profile in the UIE Group, and the management of UIE is in close ongoing dialogue with the management of UP in relation to identifying, classifying and managing risk in UP.

Management's assessment of financial risks in the Group are as follows:

	UIE Segment	UP Segment	Group
<b>(A) Market risks</b>			
Share price risk	High	Low	High
Commodity price risk	Low	High	High
Foreign currency risk	High	Medium	High
Interest rate risk	Low	Medium	Medium
<b>(B) Credit risk</b>			
Financial institutions	Medium	Medium	Medium
Trade receivables	Low	Medium	Medium
<b>(C) Liquidity risk</b>			
	Low	Low	Low

In the management of financial risks, the Group uses a number of financial instruments within the framework of existing risk management policies. Control and monitoring

procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of a Director. These control procedures are periodically reviewed and enhanced, where necessary, in response to changes in market conditions.

#### (A) Market Risks

In the ordinary course of business, the Group is exposed to a variety of market risks, which include share and commodity price risks and foreign currency risks. The Group has implemented a risk management policy, which stipulates the acceptable exposure thresholds for market risk, and this did not change in 2021.

#### Share Price Risk

Share price risk is the risk that the value of the investments (strategic and portfolio) will fluctuate due to changes in share prices.

It is not part of the risk management objective to hedge the share price risk in the UIE segment, as investing activity is part of the business model, and thus, the exposure towards the equity market is an inherent risk.

The largest financial investment is in Schörling. Schörling has a carrying value of USD 263.8 million (2020: USD 221.1 million). Five of Schörling's major investments, accounting for 90% of the values in Schörling are listed on Nasdaq Stockholm. The foreign currency risk related to this investment is described below.

The management actively monitors all investments with regular oversight by the Board of Directors.

A 10% change in the price of UIE's total equity investments would result in an impact of approximately USD 32.5 million to the Income Statement (2020: USD 26.5 million).

#### Commodity Price Risk

Risks arise from fluctuations in the price of CPO, PK and coconuts, the main commodities produced by UP.

## SECTION 4: OTHER DISCLOSURES

It is the policy of UP to hedge a proportion of future CPO production revenues in Malaysia, to reduce the impact of spot price volatility affecting earnings and cash flows. The Group uses commodity futures contracts to manage this risk. The Group applies hedge accounting to these hedges.

The hedges include minimal risk, as the future contracts match the hedged exposure. Limited ineffectiveness is therefore expected from the hedges.

In addition to the forward sales policy, it is also the objective of UP to reduce the short-term exposure within the refinery business, by hedging commodity prices of stocks and ongoing production for periods consistent with transaction exposure. Hedge accounting is not applied to these contracts.

A 10% increase/decrease in the CPO/PKO prices would, all other being equal, result in a pre-tax change in the fair value of the Group's commodity derivatives under hedge accounting of USD 16.6 million (2020: USD 7.0 million), affecting equity through Other Comprehensive Income.

In relation to the derivative where hedge accounting is not applied, a change in the CPO/PKO prices would all other being equal not have any material effect on the income statement or equity, as the value change of the hedged items, being stocks or firm commitments in the refinery segment, will neutralise the fair value change of the derivatives.

### Foreign Currency Risk

The Group's exposure to foreign currency risk derives when there is a mismatch between the currencies in which sales, purchases and financial investments are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily USD and MYR.

In the UP Segment, the functional currency is MYR. Approximately 52% (2020: 49%) of UP's sales and 47% (2020: 39%) of UP's costs are denominated in foreign currencies, mainly USD. UP's trade receivable and trade payable balances at the reporting date have similar exposures.

In the UP segment, forward currency contracts are used to hedge the cash flows from the sales and purchases denominated in foreign currency. On 31 December 2021, UP had hedged 85% (2020: 82%) and 0% (2020: 0%) of its foreign currency-denominated sales and purchases, respectively, for which firm commitments existed at the reporting date, extending to December 2022 (2020: December 2021). The Group does not apply hedge accounting to these contracts.

In respect of the investment activities in the UIE Segment, the primary risk relates to the investment in Schörling, denominated in SEK. Fluctuations in USD/SEK will not affect the Group's cash flows, but impact the Income Statement and Statement of Financial Position as the investment is measured at fair value through profit or loss. It is not part of the risk management objective to hedge the currency risk related to long-term strategic investments.

In relation to cash reserves and short-term investments in fixed income products, it is the Group's policy to minimise the short-term negative impact of exchange rate fluctuations on earnings and cash flows by either placing the majority in the functional currency of the entities or by implementing stop-loss orders.

The significant exposure to currencies, other than the functional currency of the individual group entities, as on 31 December comprises the following:

USD '000	DKK	2021 SEK	MYR
Cash and bank balances	4,425	503	8,692
Strategic investments	-	263,840	-
Bonds and equities	9,340	373	1,405
	13,765	264,716	10,097

USD '000	DKK	2020 SEK	MYR
Cash and bank balances	46,350	4,095	5,137
Strategic investments	-	221,091	-
Bonds and equities	9,340	373	1,363
	55,690	225,559	6,500

The sensitivity of the Group's net profit and equity to a 10% change in MYR, DKK and SEK foreign exchange rates against the functional currency of the Group (USD), with all other variables held constant, is USD 28.9 million (2020: USD 28.8 million).

### Translation Risk of Foreign Operations

The translation risk relates to the translation of equity and other comprehensive income of the Group's subsidiaries denominated in currencies other than the USD, as this is the currency in which the Group prepares its financial statements.

The primary translation risk relates to fluctuations in USD/MYR, as MYR is the functional currency in UP.

The Group does not hedge the currency exposure from net investments in foreign operations, which are recognised in other comprehensive income.

The sensitivity of the Group's net profit and equity to a 10% change in USD/MYR, with all other variable held constant, is USD 12.4 million (2020: USD 9.5 million) and USD 66.1 million (2020: USD 67.0 million), respectively. Excluding NCI, the impact on net profit and equity would be USD 6.0 million



## SECTION 4: OTHER DISCLOSURES

(2020: USD 4.6 million) and USD 32.0 million (2020: USD 32.4 million), respectively.

### Interest Rate Risk

The Group has exposure to interest rate risk arising from fixed income product, floating-rate cash at bank and short-term deposits. The Group has no interest-bearing debt.

At the reporting date, if interest rates had been 1 percentage point higher/lower, with all other variables held constant, the Group's net profit and equity would have been USD 1.8 million (2020: USD 2.1 million) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

### (B) Credit Risk

The Group has an unavoidable exposure to credit risk arising from trade receivables and deposits as well as derivative receivables from financial institutions. The Group has implemented a risk management policy, which stipulates the acceptable exposure thresholds for credit risk.

### Trade Receivables

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. On 31 December 2021, 8.9% of the Group's trade receivables were past due (2020: 1.4%).

Except for the amount due from a major customer of the palm oil refinery unit, the Group has no other significant concentrations of risk that may arise from exposures to a single debtor or a group of debtors. Trade receivables are monitored on an ongoing basis via management reporting procedures. The credit terms granted to the Group's customers are 10 to 75 days.

At the reporting date, the majority of the Group's trade receivables of USD 57.7 million (2020: USD 46.3 million) were due from the palm oil refining segment, of which approximately 79% (2020: 87%) was due from one major customer.

The impairment provision amounts to USD 0.0 million on 31 December 2021 (2020: USD 0.0 million).

### Banks, Corporate Bonds and Derivatives

The Group is exposed to credit risk on its cash at bank, fixed deposits, corporate bonds as well as financial derivatives. Group manages its credit risk on financial institutions by ensuring that deposits are either placed with SIFI banks (Systemically Important Financial Institution) and/or highly-rated banks. The Group assesses the ratings of the banks routinely. The Group only enters into derivatives with financial institutions, and the credit risk on corporate bonds is limited by investing only in a highly diversified portfolio of highly liquid, short-term bonds with solid credit ratings.

On 31 December 2021, the Group's exposure to three banks with largest deposits totalled USD 99 million, corresponding to 54% (2020: 69%) of the total deposits and the highest exposure to one bank is USD 43 million or 23% (2020: 39%).

On 31 December 2021, the Groups exposures to corporate bonds amount to USD 5.1 million (2020: USD 9.2 million).

### Maximum Exposure to Credit Risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position, including derivatives with positive fair values.

Refer to note 4.8 for details of the Group's total financial assets.

### (C) Liquidity Risk

The Group has a low exposure to liquidity risk (as the cash surplus is significantly higher than the liabilities in the Group). Non-derivative financial liabilities (undiscounted) amounting to USD 36.4 million (2020: USD 25.5 million) all fall due within 1 year. Derivative financial liabilities (undiscounted) amount to USD 34.6 million, of which USD 5.5 million fall due after 1 year (2020: USD 13.2 million of which USD 0.0 million fall due after 1 year).

## 4.7 DERIVATIVE FINANCIAL INSTRUMENTS

### Accounting Policy

The Group uses financial instruments to reduce the impact of foreign exchanges and commodity price fluctuations on financial results. Net investments in foreign subsidiaries are currently not hedged.

### Initial Recognition and Measurement

Derivative financial instruments are initially recognised at fair value and subsequently remeasured at fair value at the end of the reporting period. Gains and losses on derivatives, for which hedge accounting is not applied, are recognised directly in the Income Statement under Other income or Other expenses.

### Hedge Accounting – Cash Flows Hedges

The Group has designated certain commodity futures contracts as cash flows hedges to reduce the volatility attributable to price fluctuations of CPO. Value adjustments of the effective part of cash flows hedges are recognised directly in Other comprehensive income. When the hedged transaction (sale of CPO) is recognised in the Income Statement, the cumulative value adjustment of the hedging instrument is transferred from Other Comprehensive Income to the Income Statement, recognised as part of Revenue.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and forward commodity contracts match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method. It compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

Currently the Group does not apply hedge accounting for its currency hedges.

## SECTION 4: OTHER DISCLOSURES

2021					2020				
USD '000	Notional amount	Assets	Liabilities	Net	Notional amount	Assets	Liabilities	Net	
<b>Hedge accounting applied (cash flows):</b>									
Commodity futures contracts	166,269	-	(34,595)	(34,595)	69,989	-	(13,192)	(13,192)	
<b>Hedge accounting not applied:</b>									
Forward currency contracts	78,355	-	(51)	(51)	148,410	4,482	-	4,482	
Forward rate agreements/options	-	-	-	-	2,500	-	(4)	(4)	
Commodity futures contracts	135,819	2,594	-	2,594	94,402	2,647	-	2,647	
Total derivatives	380,443	2,594	(34,646)	(32,052)	315,301	7,129	(13,196)	(6,067)	
<b>Recognised as:</b>									
Current derivatives (assets/liabilities)	-	2,594	(29,164)	(26,570)	-	7,129	(13,182)	(6,053)	
Non-current derivatives (assets/liabilities)	-	-	(5,482)	(5,482)	-	-	(14)	(14)	

	<1 year	1-5 years	Total	<1 year	1-5 years	Total
<b>Maturity of cash flows hedges under hedge accounting:</b>						
Contractual amount (CPO MT)	137,075	62,900	199,975	92,275	5,675	97,950
Contractual amount (USD '000)	114,051	52,218	166,269	66,065	3,924	69,989
Average hedged rate (in MYR per MT)	3,475	3,468	3,473	2,890	2,792	2,885

### RECOGNITION OF DERIVATIVES UNDER HEDGE ACCOUNTING IN OTHER COMPREHENSIVE INCOME

USD '000	2021	2020
On 1 January	(13,192)	(7,122)
Fair value adjustments	(71,505)	(18,167)
Realisation of deferred gains/(losses)	49,660	12,097
Exchange differences	442	-
On 31 December	(34,595)	(13,192)

## SECTION 4: OTHER DISCLOSURES

### 4.8 FINANCIAL ASSETS AND LIABILITIES

The carrying amount of financial instruments by category is presented below:

USD'000	2021	2020
Financial assets measured at fair value through profit and loss	332,830	281,409
Financial assets measured at amortised cost	290,902	282,377
Financial liabilities measured at fair value through profit/loss	(34,646)	(13,196)
Financial liabilities measured at amortised cost	(36,364)	(25,514)
Total	552,722	525,076

#### FINANCIAL ASSETS/(LIABILITIES) MEASURED AT FAIR VALUE

##### 31 December 2021

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	26,808	26,808	-	-
Unquoted equities*)	298,353	-	263,840	34,513
Quoted corporate bonds	5,075	5,075	-	-
Commodity futures contracts	(32,001)	(32,001)	-	-
Currency derivatives	(51)	-	(51)	-
Total	298,184	(118)	263,789	34,513

##### 31 December 2020

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	19,926	19,926	-	-
Unquoted equities <sup>1</sup>	245,155	-	221,091	24,064
Quoted corporate bonds	9,200	9,200	-	-
Commodity futures contracts	(10,546)	(10,546)	-	-
Currency derivatives	4,478	-	4,478	-
Total	268,213	18,580	225,569	24,064

1) Unquoted equities include the Investment in Schörling and Greenbridge, amounting to a total net asset value of USD 298.4 million (2020: USD 245.2 million). The investment portfolios in Schörling and Greenbridge include quoted investments amounting to USD 237.6 million (2020: USD 202.8 million).

#### Determination of Fair Value

In estimating the fair values of financial instruments, the following assumptions and bases were applied:

- (i) cash, fixed deposits, negotiable papers issued by licensed banks, short-term funds invested in income trust funds, trade receivables, trade and other payables are all measured at amortised cost, which is close to their fair values due to the short-term nature of these instruments.
- (ii) investments in quoted equities and corporate bonds are determined based on quoted prices in active markets.
- (iii) the valuation of unquoted investments is based on an overall assessment of relevant available information. UIE assesses which valuation model and liquidity risk are appropriate for each investment depending on its characteristics and business life cycle. When applying relative valuation models to estimate the fair value of the unquoted investments, the valuation multiples are determined based on several inputs, such as but not limited to: multiples for comparable listed peer-group companies (a rolling weighted estimate reducing the short term volatility in peer companies), transaction in the companies' shares by third parties, M&A transactions for comparable companies and significant events within the company or industry. The earnings or revenues used in the valuation models are based on the companies' latest 12-months realised figures. When investments are made through partnerships, UIE applies the same valuation methods for unquoted investments indirectly owned (the partnerships internal valuation is included as an input for UIE's overall fair value assessment). A 10% increase/decrease in the applied multiples would result in an increase/decrease in the fair value of USD 3.6 million.
- (iv) derivative financial instruments are measured according to generally accepted valuation techniques and are based on observable market data, such as currency and interest rates, as well as commodity prices.

The measurement of fair value is performed regularly.

## SECTION 4: OTHER DISCLOSURES

### Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Other techniques for which all inputs that have a significant effect on the recorded fair value are not based on observable market data.

### 4.9 RELATED PARTIES

UIE has the following shareholder holding more than a five percent interest:

- Brothers Holding Ltd. (via the 100% owned subsidiary C&M Holding Limited)

Brothers Holding Ltd. has received USD 14.2 million (2020: USD 16.9 million) in dividend in 2021.

The Group had a non-trading receivable from the Joint Venture UniFuji of USD 0.2 million on 31 December 2021 (2020: USD 0.3 million). Interest income from Joint Ventures amounted to USD 0.1 million in 2021 (2020: USD 0.2 million).

### Key Management Personnel

Key management personnel comprises the Board of Directors and the Managing Director. The compensation paid to key management personnel is specified in note 1.2.

Related parties also include companies in which these persons have significant interests.

The subsidiary, UIE Services A/S, has during the year provided asset management services to the Chairman, Carl Bek-Nielsen, and Deputy Chairman, Martin Bek-Nielsen, for the amount of USD 112,000 (2020: USD 90,000).

All transactions with related parties are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### 4.10 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

The emergence and spread of the coronavirus (Covid-19) in early 2020 has continued to affect businesses and economic activities globally in 2021 and 2022. The Group has not been adversely affected as at the date of this report. No adjustments are required to the financial position and operating results for the current financial year. The Group shall continue to monitor the developments of the Covid-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group for the financial year ending 31 December 2022. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the governments are complied with to minimise the risk of Covid-19 occurrences and addressing the acute labour shortages in Malaysia, which may impact the operations of the Group negatively.



# PARENT COMPANY FINANCIAL STATEMENTS



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# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2021	2020
Administration costs		(1,898)	(612)
Staff costs and Board remuneration	2	(1,240)	(1,336)
Result before financial items		(3,138)	(1,948)
Share of results in subsidiary companies	4	61,055	34,995
Change in fair value of Schörling	5	42,749	71,490
Change in fair value of Greenbridge	5	7,364	3,134
Results from investing activities - portfolio		1,720	5,467
Interest income		7	204
Interest expense		(105)	(105)
Foreign exchange gain/(loss)		(1,542)	2,252
Profit before income tax		108,110	115,489
Income tax	6	16	(1,424)
<b>Profit for the year</b>		<b>108,126</b>	<b>114,065</b>

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2021	2020
Profit for the year		108,126	114,065
<b>Items that are or may be reclassified to the Income Statement</b>			
Share of equity movement in subsidiaries	4	(7,551)	(2,232)
Equity adjustment on foreign currency translation	4	(12,542)	5,949
Total comprehensive income		88,033	117,782
<b>Total comprehensive income attributable to</b>			
Reserve for net revaluation under the equity method	4	138,128	(185,289)
Retained earnings		(50,095)	303,071
		<b>88,033</b>	<b>117,782</b>

The official middle rate of exchange issued by the European Central Bank between the US Dollar and the Euro on 31 December 2021 stood at 1.326.

# STATEMENT OF FINANCIAL POSITION

USD '000	Note	31 Dec. 2021	31 Dec. 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3	37,734	62,755
Due from subsidiary company		-	918
Trade and other receivables		77	64
Portfolio investments		30,478	27,933
Total current assets		68,289	91,670
<b>Non-current assets:</b>			
Property, plant and equipment		4	6
Investments in subsidiaries	4	391,657	395,880
Strategic investments	5	298,353	245,154
Total non-current assets		690,014	641,040
<b>Total assets</b>		<b>758,303</b>	<b>732,710</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Due to subsidiary company		375	-
Trade and other payables	7	7,237	1,889
Current tax liabilities		122	455
Total current liabilities		7,734	2,344
<b>Non-current liabilities:</b>			
Deferred tax liability		1,134	953
Total non-current liabilities		1,134	953
<b>Total liabilities</b>		<b>8,868</b>	<b>3,297</b>
<b>Equity:</b>			
Share capital		33,728	33,728
Treasury shares		(40,526)	-
Share premium		8,688	8,688
Retained earnings		544,072	621,652
Reserve for revaluation under the equity method		203,473	65,345
Total equity		749,435	729,413
<b>Total liabilities and shareholders' equity</b>		<b>758,303</b>	<b>732,710</b>

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	Share capital	Share premium	Treasury shares	Revaluation to equity method	Retained profits	Total
On 1 January 2021	33,728	8,688	-	65,345	621,652	729,413
Profit for the year	-	-	-	-	108,126	108,126
Transfer to/(from) revaluation reserve	-	-	-	158,221	(158,221)	-
Share of equity movement in subsidiaries	-	-	-	(7,551)	-	(7,551)
Foreign currency translation	-	-	-	(12,542)	-	(12,542)
Total comprehensive income for the year	-	-	-	138,128	(50,095)	88,033
Dividends	-	-	-	-	(27,485)	(27,485)
Acquisition of treasury shares	-	-	(40,671)	-	-	(40,671)
Share-based payments	-	-	145	-	-	145
Total contributions and distributions	-	-	(40,526)	-	(27,485)	(68,011)
<b>On 31 December 2021</b>	<b>33,728</b>	<b>8,688</b>	<b>(40,526)</b>	<b>203,473</b>	<b>544,072</b>	<b>749,435</b>
On 1 January 2020	33,728	8,688	-	250,634	352,309	645,359
Profit for the year	-	-	-	-	114,065	114,065
Transfer to/(from) revaluation reserve	-	-	-	(189,006)	189,006	-
Share of equity movement in subsidiaries	-	-	-	(2,232)	-	(2,232)
Foreign currency translation	-	-	-	5,949	-	5,949
Total comprehensive income for the year	-	-	-	(185,289)	303,071	117,782
Dividends	-	-	-	-	(33,728)	(33,728)
Total contributions and distributions	-	-	-	-	(33,728)	(33,728)
<b>On 31 December 2020</b>	<b>33,728</b>	<b>8,688</b>	<b>-</b>	<b>65,345</b>	<b>621,652</b>	<b>729,413</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER

USD '000	2021	2020
<b>Cash flows from operations</b>		
Payment of operating expenses	(2,330)	(1,948)
Payment of taxes	(136)	(16)
Movement in working capital balances	416	(2,355)
Net cash used in operations	(2,050)	(4,319)
<b>Cash flows from investments</b>		
Interest received	214	570
Acquisition and capital increase in subsidiaries	-	(3,258)
Loans repaid from subsidiaries	-	6,000
Dividends and liquidation proceeds from subsidiaries	45,185	224,085
Dividends from portfolio investments	280	54
Transfer of strategic investments from subsidiary	-	(167,993)
Paid in capital in strategic investments	(3,084)	(2,537)
Purchase and sale of portfolio investments, net	(1,318)	(2,778)
Net cash generated from investments	41,277	54,143
<b>Cash flows from financing</b>		
Dividend paid	(27,485)	(33,728)
Acquisition of treasury shares	(35,115)	-
Interest paid	(105)	(105)
Net cash used in financing	(62,705)	(33,833)
Increase/(decrease) in cash position	(23,478)	15,991
Cash position, beginning of year	62,755	44,512
Foreign exchange adjustment	(1,543)	2,252
<b>Cash position, end of year</b>	<b>37,734</b>	<b>62,755</b>



# NOTES

## 1. AUDITORS' REMUNERATION

USD '000	2021	2020
Audit fees	160	123
Tax compliance	3	2
Other advisory	-	2
Total	163	127

No additional fees for non-audit services were paid to the auditors.

## 2. STAFF COSTS AND KEY MANAGEMENT PERSONNEL COMPENSATION

### Remuneration of Key Management Personnel and Directors

UIE's only employee is the Managing Director, and his total remuneration for 2021 was USD 664,000 (2020: USD 741,000), including pension contribution of USD 41,000 and other related benefits of USD 21,000 (2020: USD 36,000 and USD 20,000). The Managing Director's salary is paid in DKK.

Remuneration to the Board of Directors is described in note 1.2 to the Consolidated Financial Statements.

On 1 January 2021, an employee share programme was initiated in UIE, making it possible for the Managing Director to have part of the fixed salary paid in UIE shares. In accordance with section 7P of the Danish Tax Assessment Act ("Ligningsloven §7P"), the Managing Director had 18% (equivalent to USD 70,000) of his fixed salary paid in UIE shares in 2021.

The total amount of share based payment in 2021 amounted to USD 145,000, of which the USD 75,000 relate to employees in UIE's subsidiary.

## 3. CASH AND CASH EQUIVALENTS

Cash at bank held by UIE on 31 December was as follows:

Currency	2021 USD '000	2020 USD '000
USD	30,294	10,628
SEK	503	4,095
MYR	2,794	4,543
DKK	3,065	43,248
Other	1,078	241
Total	37,734	62,755

## 4. INVESTMENTS IN SUBSIDIARIES

USD '000	2021	2020
Cost on 1 January	330,535	327,361
Additions during the year	-	3,258
Disposals during the year <sup>1</sup>	(142,350)	(84)
Cost on 31 December	188,185	330,535
Share of result on 1 January	65,345	250,634
Share of result during the year	61,055	34,995
Dividends received	(45,185)	(224,001)
Share of equity movements in subsidiaries	(7,551)	(2,232)
Disposal during the year <sup>1</sup>	142,350	-
Exchange rate differences	(12,542)	5,949
Share of result on 31 December	203,472	65,345
Book value	391,657	395,880

1) The disposal in 2021 relates to the subsidiary UIE Malta Holding Ltd. which was voluntarily liquidated in 2020 and finally stricken off the Business Register in 2021. The liquidation proceeds were fully paid to the parent company in 2020.

The revaluation reserve, transferred to retained earnings during the year amounted to USD 158.2 million in 2021 and amounted to USD 203.5 million on 31 December 2021. The change is mainly due to derecognition of the 100% owned subsidiary UIE Malta Holding Ltd. that was put in liquidation in 2020. The gross values disposed in the note was cost of USD 142.4 million less accumulated revaluations of minus USD 142.4 million, net effect nil. The voluntary liquidation has not resulted in any gains or losses for the company.

For further information about subsidiaries, reference is made to the descriptions in section 3.1 to the Consolidated Financial Statements.

## 5. STRATEGIC INVESTMENTS

### FAIR VALUE ACCOUNTED STRATEGIC INVESTMENTS

USD '000	2021	2020
<b>Schörling</b>		
Investment on 1 January	221,091	-
Additions during the year	-	149,601
Fair value changes during the year	42,749	71,490
Fair value on 31 December	263,840	221,091
<b>Greenbridge</b>		
Investment on 1 January	24,064	-
Additions during the year	3,085	20,930
Fair value changes during the year	7,364	3,134
Fair value on 31 December	34,513	24,064

On 31 May 2020, the Company acquired the investments in Schörling and Greenbridge from its 100% owned subsidiary UIE Malta Holding Ltd for a consideration of USD 149.6 million and USD 18.4 million respectively, corresponding to the fair value on the transfer day. In 2020, the Company invested an additional USD 2.5 million into Greenbridge and in 2021, USD 3.1 million was further invested. The Company's remaining commitment to invest in Greenbridge amounted to SEK 2 million (USD 0.2 million) at year-end 2021. Reference is also made to note 3.1 in the Consolidated Financial Statements.

## 6. TAXATION

As of the end of 2019, the Company re-domiciled to Malta and is subject to Maltese company tax from 1 January 2020. However, as a holding company, the Company has participation exemption on income from subsidiaries and strategic investments.

### INCOME TAX

USD '000	2021	2020
Income tax	196	471
Deferred tax	(203)	953
Adjustment for prior years' income tax	(393)	-
Adjustment for prior years' deferred tax	384	-
Total	(16)	1,424

### EFFECTIVE TAX RATE

USD '000	2021	2020
Profit before tax	108,110	115,489
Tax rate (Malta)	35%	35%
Tax at the applicable rate	37,839	40,421
Tax effect of:		
Non-taxable income	(17,540)	(26,118)
Expenses not deductible for tax	1,048	656
Share of profit/loss in equity accounted investments	(21,369)	(12,248)
Effect of flat rate foreign tax credit	15	(1,287)
Adjustment for prior years' income tax	(393)	-
Adjustment for prior years' deferred tax	384	-
Tax (credit)/expense for the year	(16)	1,424
Effective tax rate	0.0%	1.2%

### DEFERRED TAX

USD '000	2021	2020
On 1 January	953	-
Recognised in profit or loss	181	953
On 31 December	1,134	953

The deferred tax relates to unrealised foreign exchange gain and unrealised capital gains on equities and bond.

## 7. TRADE AND OTHER PAYABLES

USD '000	2021	2020
Accrued expenses	839	825
Other payables	91	205
Provision related to unknown shareholders <sup>1</sup>	6,307	859
Total	7,237	1,889

1) In January 2021 a provision of USD 5.6 million was recognised in relation to the 23,132 UIE shares (as treasury shares) taken over from holders of physical UIE share certificates who had not arranged for electronic registration. To the extent that the previous owners of the physical share certificates do not claim the proceeds of the take over before 13 January 2024, the provision will be reversed. In addition, dividends received on these shares within the last five years, amounting to USD 0.7 million (2020: USD 0.9 million) will be reversed no later than 13 January 2024).

## 8. FINANCIAL RISKS

Reference is made to note 4.6 in the Consolidated Financial Statements for a description of Financial Risk Management Objectives and Policies for the parent company is reflected in the UIE Segment.

### Market Risk in UIE

Share price risk is the risk that the value of the investments (strategic and portfolio) will fluctuate due to changes in share prices. In UIE, this risk relates primarily to the strategic investments in Schörling and Greenbridge.

A 10% change in the price of equity investments would result in an impact of approximately USD 32.8 million to the Income Statement (2020: USD 26.4 million).

The Company's exposure to foreign currency risk derives from its investments and bank deposits denominated in other currencies than the functional currency of the Company, USD.

The most significant exposure to currencies as on 31 December comprises the following:

USD '000	2021	
	DKK	SEK
Cash and bank balances	3,065	503
Strategic investments	-	263,840
Bonds and equities	11,067	1,136
Total	14,132	265,479

USD '000	2020	
	DKK	SEK
Cash and bank balances	43,248	4,095
Strategic investments	-	221,091
Bonds and equities	9,340	373
Total	52,588	225,559

The sensitivity of the Group's net profit and equity to a 1cc0% change in DKK and SEK foreign exchange rates against the functional currency, USD, with all other variables held constant, is USD 28.0 million (2020: USD 27.8 million).

In addition, to the currency exposure affecting net profit, the Company has an exposure on its Investments in subsidiaries, accounted for using the equity method, denominated in other currencies than the functional currency of the Company. Most significantly the investment in UP, denominated in MYR, where a 10% change in USD/MYR would affect the equity by USD 35.9 million (2020: USD 36.5 million).

On 31 December 2021, the Company is primarily exposed to two banks with deposits totalling USD 34.9 million, corresponding to 93% (2020: USD 58.0 million corresponding to 92%) of the total deposits and the highest exposure to one bank is USD 25.0 million or 66% (2020: USD 38.7 million corresponding to 61%).

On 31 December 2021, the Company's exposures to corporate bonds amount to USD 4.7 million (2020: USD 9.2 million).

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

#### Liquidity Risk in UIE

The Company has a low exposure to liquidity risk as the cash surplus is significantly higher than the liabilities in the Group.

## 9. FINANCIAL ASSETS AND LIABILITIES

The carrying amount of financial instruments by category is presented below:

USD'000	2021	2020
Financial assets measured at fair value through profit and loss	328,831	273,088
Financial assets measured at amortised cost	37,811	63,737
Financial liabilities measured at fair value through profit/loss	-	-
Financial liabilities measured at amortised cost	(7,612)	(2,344)
Total	359,030	334,481

### FINANCIAL ASSETS/(LIABILITIES) MEASURED AT FAIR VALUE

#### 31 December 2021

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	25,504	25,504	-	-
Unquoted equities	298,353	-	263,840	34,513
Quoted corporate bonds	4,974	4,974	-	-
Total	328,831	30,478	263,840	34,513

#### 31 December 2020

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	18,733	18,733	-	-
Unquoted equities	245,155	-	221,091	24,064
Quoted corporate bonds	9,200	9,200	-	-
Total	273,088	27,933	221,091	24,064

### Determination of Fair Value

In estimating the fair values of financial instruments, the following assumptions and bases were applied:

- (i) cash, fixed deposits, negotiable papers issued by licensed banks, short-term funds invested in income trust funds, trade receivables, trade and other payables are all measured at amortised cost, which is close to their fair values due to the short-term nature of these instruments.
- (ii) investments in quoted equities and corporate bonds are determined based on quoted prices in active markets.
- (iii) the valuation of unquoted investments is based on an overall assessment of relevant available information. UIE assesses which valuation model and liquidity risk are appropriate for each investment depending on its characteristics and business life cycle. When applying relative valuation models to estimate the fair value of the unquoted investments, the valuation multiples are determined based on several inputs, such as but not limited to: multiples for comparable listed peer-group companies (a rolling weighted estimate reducing the short term volatility in peer companies), transaction in the companies' shares by third parties, M&A transactions for comparable companies and significant events within the company or industry. The earnings or revenues used in the valuation models are based on the companies' latest 12-months realised figures. When investments are made through partnerships, UIE applies the same valuation methods for unquoted investments indirectly owned (the partnerships internal valuation is included as an input for UIE's overall fair value assessment). A 10% increase/decrease in the applied multiples would result in an increase/decrease in the fair value of USD 3.6 million.
- (iv) derivative financial instruments are measured according to generally accepted valuation techniques and are based on observable market data, such as currency and interest rates, as well as commodity prices.

The measurement of fair value is performed regularly.



**Fair Value Hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Other techniques for which all inputs that have a significant effect on the recorded fair value are not based on observable market data.

**10. RELATED PARTIES**

Intercompany balances are detailed in the Statement of Financial Position. The Company received administration services from a subsidiary at a value of USD 0.7 million.

Reference is also made to note 4.9 in the Consolidated Financial Statements.

**11. OTHER DISCLOSURES**

For the following notes, reference is made to the Consolidated Financial Statements:

- Strategic and portfolio investments (Note 3.1, page 81)
- Share capital and other reserves (Note 4.3, page 85)
- Capital management (Note 4.4, page 87)
- Financial risks (Note 4.6, page 88)
- Derivative financial instruments (Note 4.7, page 90)
- Related parties (Note 4.9, page 93)

**12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Preparation**

The separate financial statements are prepared in accordance with IFRS, as adopted by the EU, IFRS IC and the Maltese Companies Act (Cap 386).

These separate financial statements are expressed in USD, as this is UIE's functional and presentation currency. All values are rounded to the nearest thousand USD '000 where indicated.

UIE's separate financial statements are prepared under the historical cost basis, except as noted in the various accounting policies.

**Investments in Subsidiaries**

Investments in subsidiaries are measured in UIE's financial statements using the equity method. UIE's financial statements include UIE's share of the total comprehensive income on the equity-accounted basis. The equity method of accounting for investments in subsidiaries adjusts the original cost of the investment to recognise UIE's proportionate share of the increases or decreases in the underlying comprehensive income of the investee companies subsequent to the date of investment therein less any distributions received. Goodwill relating to subsidiaries is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The share of profit from subsidiaries is shown on the face of the income statement, and other movements in comprehensive income are shown in the statement of comprehensive income.

After the application of the equity method, UIE determines whether it is necessary to recognise an additional impairment of loss for the Company's investment in the investee. An impairment loss is recognised if the carrying value of the investment exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and value in use.

# AUDITOR'S REPORT

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF UIE PLC.

## Opinion

We have audited the consolidated and parent company financial statements ("the financial statements") of UIE PLC (the "Company") and the Group of which the Company is the parent, set on pages 61 to 102, which comprise the consolidated and parent company statements of financial position as at 31 December 2021, the consolidated and parent company income statements, the consolidated and parent company statements of comprehensive income, the consolidated and parent company statements of changes in equity and the consolidated and parent company statements of cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Companies Act. Our responsibilities under those standards and under the Companies Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have

fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters Incorporating the Most Significant Risks of Material Misstatements, Including Assessed Risk of Material Misstatements due to Fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Revenue Recognition

The revenue from sale of refined finished goods recognized by the Group during the financial year amounted to USD 334 million. Given the nature of the manufacturing operations of the Group, we identified revenue recognition in respect of the sale of refined finished goods to be an area of audit focus as we considered the high volume of transactions for numerous types of refined finished goods produced by the Group to be a possible cause of higher risk of material misstatements in the timing and amount of revenue

recognized. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition of the sale of refined finished goods included amongst others:

Testing the Group's internal controls over timing and amount of revenue recognized. We inspected, on a sample basis, the terms of significant sales contracts to determine the point of transfer of the goods to the customer.

We have independently obtained third party confirmation of sales for the year from a key customer.

We have also inspected documents, on a sample basis, which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end to establish whether the transactions were recorded in the correct accounting period.

We have also used data analytics on the audit of revenue recognised by establishing the correlation between revenue, receivables and cash.

The Group's disclosures on revenue recognition are included in Note 1.1 to the consolidated financial statements.

## Impairment Review of Goodwill

The Group is required to perform an annual impairment test of the cash generating units ("CGUs") to which the goodwill with an indefinite useful life has been allocated. The Group estimated the recoverable amounts of its CGUs based on the estimated value-in-use ("VIU") of the respective CGUs. Due to the possible variations in the basis and assumptions used by the management in deriving at the VIU of the CGUs, the impairment test was considered an area of judgement and involved significant audit effort. The impairment test for financial year 2021 did not give rise to any impairment loss.

Our audit procedures over the impairment review of goodwill included amongst others:

Assessing the VIU of the CGUs, by obtaining an understanding of the relevant internal controls over the process of estimating the VIU of the CGUs.

Reviewing the appropriateness of the methodology and approach applied, including historical accuracy of management's estimates of profits and the resulting cash flows.

We have assessed the key assumptions applied in determining the VIU which comprise fresh fruit bunches ("FFB") yield per hectare and selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by making comparisons to historical trends, taking into consideration the current and expected outlook for economic growth.

We have also assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset.

The Group's disclosures on the impairment assessment of goodwill are included in Note 2.3a to the consolidated financial statements.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group's and 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 unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Matters on which we are Required to Report by the Companies Act**

#### ***Directors' report***

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

#### ***Other requirements***

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;

- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

#### ***Appointment***

We were appointed as the statutory auditor by the Shareholders of the Company on 26 April 2019. The total uninterrupted engagement period as statutory auditor, including renewals and reappointments amounts to 3 years.

#### ***Consistency with the Additional Report to the Audit Committee***

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which was issued on 28 February 2022.

#### ***Non-audit Services***

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Group and the Company and we remain independent of the Group as described in the Basis for Opinion section of our report.

No other services besides statutory audit services and services disclosed in the annual report and in the financial statements, were provided by us to the Company and its controlled undertakings.

#### ***Report on Compliance with the Requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS")***

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Malta Accountancy Board in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of UIE PLC. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

#### ***Responsibilities of the Directors***

The directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, in accordance with the requirements of the ESEF RTS.

#### ***Our Responsibilities***

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.
- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the annual financial report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

#### ***Opinion***

In our opinion, the annual financial report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.



Christopher Balzan for and on behalf of

Ernst & Young Malta Limited  
Certified Public Accountants

2 March 2022

# ABBREVIATIONS & DEFINITIONS

## Company Name Abbreviation

Greenbridge Investment Limited Partnership	Greenbridge
Maximum Vista Sdn. Bhd.	MVSB
Schörling AB	Schörling
UIE Plc.	UIE or the Company
United Plantations Berhad	UP

## Currency Abbreviation

Danish Kroner	DKK
Malaysian Ringgit	MYR
Swedish Kroner	SEK
United States Dollar	USD

## Others Abbreviation

Annual General Meeting	AGM
Biodiversity Department	BioD
Cash-generating unit	CGU
Crude Palm Oil	CPO
Environment, Social & Governance	ESG
European Single Electronic Format	ESEF
European Single Electronic Format Regulatory Technical Standard	ESEF RTS
Expected credit losses	ECL
Fresh Fruit Bunches	FFB
Greenhouse Gas	GHG
High Carbon Stock	HCS
Indirect Land Use Change	iLUC
Integrated Pest Management	IPM
International Accounting Standards	IAS
International Financial Reporting Standards as adopted by the EU	IFRS
IFRS Interpretations Committee	IFRS IC
Kernel Extraction Rate	KER
Lost time injury frequency rate	LTIFR
Malaysian Palm Oil Association	MPOA
Malaysian Palm Oil Board	MPOB
Metric tonnes	MT
Non-controlling interests	NCI
Oil Extraction Rate	OER
Palm Kernel	PK
Photovoltaic	PV
Property, plant and equipment	PPE
Roundtable on Sustainable Palm Oil	RSPO
UN Sustainable Development Goals	SDG
Value-in-use	VIU

## Definitions

### Earnings per share

Net profit for the period attributable to equity holders of the company/Weighted average number of shares, excluding treasury shares

### Book value per share

Equity at the end of the period, excluding minority interests/Number of shares at the end of the period, excluding treasury shares

### Net asset value per share

Total market value of UIE's underlying net assets divided with number of outstanding shares at the end of the period

### Return on equity

Net profit for the period attributable to equity holders of the company/Average equity, excluding minority interests

### Solvency ratio

Equity at the end of the period/Total assets at the end of the period

### Comparative Figures

The USD comparatives are expressed at the foreign exchange rates that applied at the date on which these were originally reported. All figures are converted at average exchange rates for the period/year except balance sheet figures, which are converted at period/year-end exchange rates.

### **Registered Office**

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### **Publication**

2 March 2022