OSCAR A/S

INDUSTRIVEJ 36, 4683 RØNNEDE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 24 May 2024

Paul David Ronald den Dunnen

CVR NO. 13 23 74 09

CONTENTS

COMPANY DETAILS

Company	Oscar A/S Industrivej 36 4683 Rønnede	
	CVR No.:	13 23 74 09
	Established:	1 June 1989
	Municipality:	Faxe
	Financial Year:	1 January - 31 December
Board of Directors	Adam Jones Maria Elza Van Troys, chairman Paul David Ronald den Dunnen	
Executive Board	Paul David Ronald den Dunnen	
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Oscar A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Rønnede, 24 May 2024

Executive Board

Paul David Ronald den Dunnen

Board of Directors

Adam Jones	Maria Elza Van Troys Chairman	Paul David Ronald den Dunnen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Oscar A/S

Opinion

We have audited the Financial Statements of Oscar A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes *and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.*

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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.*

INDEPENDENT AUDITOR'S REPORT

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

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

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Frederiksberg, 24 May 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Tanggaard Jacobsen State Authorised Public Accountant MNE no. mne23314	Anders Roe Eriksen State Authorised Public Accountant MNE no. mne46667

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Gross profit/loss	55.661	50.668	36.679	21.113	38.831
Operating profit/loss of main activities	7.190	7.305	-1.288	-17.087	-639
Financial income and expenses, net	-2.957	-1.354	-922	-690	-450
Profit/loss for the year	3.293	4.336	-1.682	-10.800	1.812
Balance sheet					
Total assets	104.110	103.855	107.770	103.027	108.454
Equity	4.900	1.606	-2.729	-1.048	9.752
Investment in property, plant and equipment	-2.694	-1.867	-1.725	-1.915	-1.915
Average number of full-time employees	**70**	**65**	**58**	**62**	**66**
Key ratios					
Return on invested capital	4,9	3,0	-5,0	-16,2	-0,6
Equity ratio	4,7	1,5	-2,5	-1,0	9,0
Return on equity	101,2	-772,2	89,1	-248,2	20,5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	*NWC + intangible and tangible assets (ex goodwill) - provisions - other operating liabilities, non-current*
Return on invested capital:	*Operating Profit/loss adjusted for goodwill amortisation x 100* / *Average invested capital*
Equity ratio:	*Equity, at year-end x 100* / *Total assets, at year-end*
Return on equity:	*Profit/loss after tax x 100* / *Average equity*

MANAGEMENT COMMENTARY

Principal activities
OSCAR A/S produces high-quality products within the product lines of bouillon, soup, sauces, and stock.

The products are distributed in retail, Food Service, and the food industries in Denmark and on a wide range of export markets.

In 2023, The Netherlands Premium Culinary intercompany sales are integrated into the Company's sales workforce scope as of 1st December 2023 without any material impact to the income statement and closing balance sheet.

Abnormal conditions
No abnormal conditions.

Recognition and measurement uncertainty
No uncertainty relating to recognition and measurement.

Development in operations and financial position
Unprecedented inflation over the last two years has increased pressure on many consumers and impacted volume demand in out-of-home channels where the 2023 growth mainly came from the pricing.

The profit for the year 2023 is 3.293 DKK thousand compared with 4.336 DKK thousand in 2022.

The company's financial resources and credit lines are sufficient to meet its funding requirement through the period until cash flows generated by its operations are sufficient to cover its expenses. The parent company has also submitted a letter of support so that the company will be able to continue its operation. See also note 13. Therefore, the Management did not consider it necessary to take any additional measures other than to continue with the planned initiatives in the normal course of business.

Profit/loss for the year compared to the expected development
The outlook for 2023 in the 2022 Annual report was the profit before tax between 5.000 DKK thousand to 8.000 DKK thousand. The actual 2023 profit before tax was lower than the 2022 level due to higher royalties and due to lower volume in our export markets driven by macroeconomic circumstances.

Events after the end of the financial year
The company has been included in the strategic review conducted by the parent company regarding the Professional Premium Culinary business in the Nordics to identify the challenges and opportunities in the business and to provide the company with the necessary action plans to remain competitive.

The Company has also bought the trademarks from Group company as of March 2024 which will release the Company from royalties but on the other hand, the Company will incur additional amortization and financing costs. The purchase price of the trademarks was 88.112K DKK.

The strategic review is finalized by 7th February 2024, and the parent company announced an agreement to sell the Company to Solina Group. The transaction was closed on the 2nd of April 2024.

From January 2024, the Germany Premium Culinary intercompany sales were integrated into the Company's sales workforce scope. The purchase prise for this was 5.220K DKK.

MANAGEMENT COMMENTARY

Financial risk
The Company is exposed to risk driven by changes in the interest levels. The interest rate is based on a 1-month CIBOR.

Particular risks
The Company's most significant operational risk is associated with the Company's capability to maintain and expand its position on the focus markets through the development of innovative products and a high degree of service to customers.

Currency risks
The Company has only a limited currency risk.

The Company primarily invoices in DKK or EUR, while a significant part of the purchase of goods is made in EUR. Currently, the Company has no hedging of currency risks relating to the purchase of goods.

Credit risks
The Company has no significant risks associated with specific customers or collaborators.

Environmental issues
The Company is environmentally conscious and is continuously attempting to ensure the smallest possible impact on the environment by the Company's operations and products.
The company is not liable to and does not prepare green accounts.

Intellectual capital
It is essential for the continuous growth of the Company to be able to attract and retain well educated staff. This is pursued through the ongoing training of staff, both in-house and out- of-house.

Outlook
The management is confident about the future of the Company with Solina Group where faster growth in the core out-of-home channels and an expansion of the presence in the Premium Business market across Europe and beyond is expected.

The Company expects growth in revenue for the coming years, with the integration of the Netherlands and Germany Premium Culinary intercompany sales and the synergy expected with the new parent company.

The Company expects growth in revenue for the coming years, with the profit before tax between 7.000 DKK thousand to 10.000 DKK thousand. However, the outlook remains very difficult to predict accurately considering the transfer to Solina Group.

The Company's foreign branches
In October 2023, management established a Swedish branch Nestle Professional Food, filial Sverige. During 2023, and as at 31 December 2023, the Branch had no operations and no employees.

Due to change in the strategic plans, Management expects to close the branch in 2024.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT	1	**55.661.110**	**50.667.669**
Distribution expenses	1	-35.415.893	-31.006.468
Administrative expenses	1	-13.054.729	-12.356.393
OPERATING PROFIT		**7.190.488**	**7.304.808**
Financial expenses	2	-2.957.043	-1.354.336
PROFIT BEFORE TAX		**4.233.445**	**5.950.472**
Tax on profit/loss for the year	3	-940.213	-1.614.892
PROFIT FOR THE YEAR	4	**3.293.232**	**4.335.580**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Intangible fixed assets acquired		116.217	205.520
Intangible assets	5	**116.217**	**205.520**
Land and buildings		11.385.897	12.811.518
Production plant and machinery		12.687.833	13.224.657
Other plant, machinery tools and equipment		3.817.645	1.491.320
Tangible fixed assets in progress and prepayment		864.539	295.104
Property, plant and equipment	6	**28.755.914**	**27.822.599**
NON-CURRENT ASSETS		**28.872.131**	**28.028.119**
Raw materials and consumables		20.376.121	20.455.162
Finished goods and goods for resale		21.570.064	18.555.423
Inventories		**41.946.185**	**39.010.585**
Trade receivables		20.442.300	19.021.668
Receivables from group enterprises		11.764.152	17.368.199
Other receivables		2.000	2.000
Prepayments	7	1.083.717	424.731
Receivables		**33.292.169**	**36.816.598**
CURRENT ASSETS		**75.238.354**	**75.827.183**
ASSETS		**104.110.485**	**103.855.302**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital	8	12.000.000	12.000.000
Retained earnings		-7.100.450	-10.393.681
EQUITY		**4.899.550**	**1.606.319**
Provision for deferred tax	9	965.618	932.632
PROVISIONS		**965.618**	**932.632**
Lease commitments		1.653.567	68.502
Non-current liabilities	10	**1.653.567**	**68.502**
Lease commitments		914.673	233.152
Trade payables		15.821.609	11.363.091
Payables to group enterprises		70.634.041	82.495.998
Corporation tax payable		907.228	1.101.794
Other liabilities		8.314.199	6.053.814
Current liabilities		**96.591.750**	**101.247.849**
LIABILITIES		**98.245.317**	**101.316.351**
EQUITY AND LIABILITIES		**104.110.485**	**103.855.302**

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EQUITY

	Share Capital	Retained earnings	Total
Equity at 1 January 2023	12.000.000	-10.393.682	1.606.318
Proposed profit allocation, see note 4		3.293.232	3.293.232
Equity at 31 December 2023	**12.000.000**	**-7.100.450**	**4.899.550**

The company has lost more than half of the share capital management expect to re-establish the share capital through their own earning.

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	70	65	
Wages and salaries	42.870.654	42.656.701	
Pensions	2.912.212	2.483.957	
Social security costs	1.062.625	999.058	
Other staff costs	1.135.777	826.457	
	47.981.268	**46.966.173**	
Personnel costs are recognized in the accounts as follows:			
Production expenses:	23.610.483	23.924.483	
Distribution expenses:	19.897.123	18.875.918	
Administrative expenses:	4.474.014	4.165.771	

Pursuant to section 98(b) of the Danish Financial Statements Act, remuneration of management is not disclosed for 2023 as the company har only a CEO. No remuneration is paid to the Board of Directors.

	2023 DKK	2022 DKK	Note
Financial expenses			2
Interest expenses, Group enterprises	2.523.529	741.243	
Other financial expenses	433.514	613.093	
	2.957.043	**1.354.336**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	907.228	1.101.793	
Adjustment of deferred tax	32.986	170.235	
Adjustmend of deferred tax prior years	-1	342.864	
	940.213	**1.614.892**	
Proposed distribution of profit			4
Retained earnings	3.293.232	4.335.580	
	3.293.232	**4.335.580**	

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Intangible assets 5

	Intangible fixed assets acquired
Cost at 1 January 2023	1.802.911
Additions	21.510
Cost at 31 December 2023	**1.824.421**
Amortisation at 1 January 2023	1.597.390
Amortisation for the year	110.814
Amortisation at 31 December 2023	**1.708.204**
Carrying amount at 31 December 2023	**116.217**

Intangible assets comprimise ERP system and other software applications in use.

Property, plant and equipment 6

	Land and buildings	Production plant and machinery
Cost at 1 January 2023	42.387.778	52.463.054
Transferred	0	295.104
Additions	0	1.354.595
Disposals	0	-840.167
Cost at 31 December 2023	**42.387.778**	**53.272.586**
Depreciation and impairment losses at 1 January 2023	29.576.262	39.238.395
Disposals for the year	0	-753.004
Depreciation for the year	1.425.619	2.099.362
Depreciation and impairment losses at 31 December 2023	**31.001.881**	**40.584.753**
Carrying amount at 31 December 2023	**11.385.897**	**12.687.833**
Property value according to public land assessment on 1 October 2022 amounts to	24.100.000	

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Tangible fixed assets (continued) 6

	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	8.992.123	295.104
Cost, beginning-of-period Lease assets (IFRS 16)	3.542.252	0
Transferred	0	-295.104
Additions	475.236	864.539
Lease assets (IFRS 16), additions	3.407.489	0
Lease assets (IFRS 16), disposals	-1.312.937	0
Cost at 31 December 2023	**15.104.163**	**864.539**
Depreciation and impairment losses at 1 January 2023	7.802.457	
Depreciation and imp, beginning-of-period IFRS 16	3.233.151	
Reversed depreciation Lease Assets (IFRS 16)	-1.247.500	
Depreciation for the year	415.498	
Depreciation for the year IFRS 16	1.082.912	
Depreciation and impairment losses at 31 December 2023	**11.286.518**	
Carrying amount at 31 December 2023	**3.817.645**	**864.539**

Included in the balance above are leased assets with a balance of DKK 2.568.240 (2022: DKK 301.654).

Impairment losses and depreciation are recognised in the financial statements as follows:

	2023 DKK	2022 DKK
Production costs	3.168.576	3.076.358
Administrative expenses	1.965.629	2.157.600
	5.134.204	**5.233.958**

Prepayments 7

Costs	1.083.717	424.731
	1.083.717	**424.731**

Prepayments relates to the prepaid expenses, primarily insurance and licenses.

Share Capital 8

The contributed capital consists of:

Shares, 24.000 unit of nominal value of 500 DKK each	12.000.000	12.000.000
	12.000.000	**12.000.000**

Provision for deferred tax 9

The provision for deferred tax is related to intangible assets, PPE, current assets and liabilities.

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Note

	2023 DKK	2022 DKK
Deferred tax, beginning of year	932.632	419.533
Deferred tax of the year, income statement	32.986	170.235
Adjustment of deferred tax prior years	0	342.864
Deferred tax at 31 December 2022	**965.618**	**932.632**

Long-term liabilities 10

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Convertible and interest-bearing debt instruments	1.653.567	914.673	594.658	68.502
	1.653.567	**914.673**	**594.658**	**68.502**

Contingencies etc. 11

Joint taxation
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group’s joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group’s joint taxable income is stated in the annual report of NESTLÉ DANMARK A/S, which serves as management Company for the joint taxation.

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Note

Related parties 12
The Company's related parties include:

Controlling interest
1 January 2023 - 2 April 2024: Nestlé Danmark A/S, Kaj Fiskers Plads 10, 2300 København S, was the principal shareholder.
2 april 2024 - : SFK Food A/S, Niels Bohrs Vej 55, 8660 Skanderborg, is the principal shareholder.

See note 14.

Transactions with related parties
During financial year the Company has the following transactions with related parties:

	2023 DKK	2022 DKK
Costs refunded by group entreprise	3.890.584	4.165.591
Sale of goods to group enterprises	70.189.228	69.666.703
Royalties for group entreprises	11.829.007	6.058.066
Purchase of services from group entreprises	31.596.931	29.657.747
Purchase of goods from group entreprices	91.460.495	95.129.137

Other financial expenses is stated under note 2.

Comfort letter 13
Oscar A/S has lost more than half of the share capital of the company.

SFK Food A/S, which is the sole shareholder of Oscar A/S, has declared that it is comitted to make financial resources available to Oscar A/S to an extent that ensures the company's continued operation.

The letter of support is valid up to and including the ordinary general meeting of Oscar A/S in 2025.

Significant events after the end of the financial year 14
The company has been included in the strategic review conducted by the parent company regarding the Professional Premium Culinary business in the Nordics to identify the challenges and opportunities in the business and to provide the company with the necessary action plans to remain competitive.

The Company has also bought the trademarks from Group company as of March 2024 which will release the Company from royalties but on the other hand, the Company will incur additional amortization and financing costs. The purchase price of the trademarks was 88.112K DKK.

The strategic review is finalized by 7th February 2024, and the parent company announced an agreement to sell the Company to Solina Group. The transaction was closed on the 2nd of April 2024.

From January 2024, the Germany Premium Culinary intercompany sales were integrated into the Company’s sales workforce scope. The purchase prise for this was 5.220K DKK.

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Consolidated Financial Statements **15**
Nestlé Professional Foods A/S is part of the consolidated financial statements of Nestlé S.A., Avenue Nestlé 55, 1800 Vevey, Switzerland, which the Company is included as a subsidiary.

The consolidated financial statements of Nestlé S.A. can be requested on following address: http://www.nestle.com/investors/publications

ACCOUNTING POLICIES

The financial statements of Nestlé Professional Foods A/S for 2023 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

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

Pursuant to sections 86 of the Danish Financial Statements Act, the Company has omitted to prepare a cash flow statement. The Company is included in the consolidated financial statements of Nestlé S.A, which can be requested on following address: http://www.nestle.com/investors/publications.

Recognition and measurement
Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any gains, losses, and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are considered.

Income is recognized in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment, and provisions as well as reversals because of changes in accounting estimates of amounts which were previously recognized in the income statement.

INCOME STATEMENT

Revenue
The company has chosen IFRS 15 as interpretation for revenue recognition. Income from the sale of goods for resale and finished goods is recognized in the income statement if delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT, taxes, and discounts in connection with the sale.

Gross profit
The items revenue, production costs have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income
Other operating income comprises items secondary to the Company's activities, including gains on disposal of intangible assets and property, plant and equipment and reinvoicing of costs to Group Enterprises.

ACCOUNTING POLICIES

Production costs
Production costs comprise costs, including depreciation and amortization and salaries, incurred in generating the revenue for the year.

Regarding goods for resale, cost of goods sold is recognized and regarding goods from own production, production costs are recognized corresponding to the year's revenue. Production costs include direct and indirect costs for raw materials and consumables, wages and salaries and depreciation of production plant.

Production costs also comprise development costs.

Distribution expenses
Costs incurred in distributing goods purchased and sold during the year and in conducting sales campaigns etc. during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognized as distribution costs.

Administrative expenses
Administrative cost comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other financial expenses
Financial expenses comprise interest income and expense, gains and losses on receivables, payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year
The Company is covered by the Danish rules on compulsory joint taxation of group enterprises in Denmark. The Company is jointly taxed with Nestlé Danmark A/S, which is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities concurrently with the Company's payment of joint taxation contribution.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

BALANCE SHEET

Intangible assets
Software and licenses are measured at cost less accumulated amortization, or at the recoverable amount, if this is lower. Intangible assets are amortized over the agreement period, however no more than 3 years.

Tangible assets
Tangible assets are measured at cost less accumulated depreciation. The basis for depreciation is cost less the expected residual value at the end of the useful life. Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use. Land is not depreciated.

ACCOUNTING POLICIES

Depreciation is provided on a straight-line basis over the expected useful lives of the assets as follows:

	Useful life
Buildings	*25 years*
Production plant and machinery	*5-25 years*
Other plant, fixtures and equipment	*3-10 years*

Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively. Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortization or depreciation. The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively.

ACCOUNTING POLICIES

Accounting policies for leased assets and lease liabilities
The Company has chosen IFRS 16 as interpretation for classification and recognition of leases. When entering a contract, the company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration. When an assesing whether a contract contains a lease component, it must be considered whether, during the period of use, the leasse has the right to substantially all economic benefits form the use of the identified asset and the right to direct the use of the identified asset.

The company recognizes a right-of-asset and a lease liability at the commencement date.

The company leases cars including a service component in the payments to the lessor. This service is seperated from the lease payment when measuring the lease liability. If the company is unable to reliably seperate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognized as "lease liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that can be readily determinated. If that rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the company is reasonable certain to exercise the option and termination penalties if the lease term reflects the company exercising an option to terminate the lease.

The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on the lease payments are based is changed.
- The exercise of options is changed to extend or terminate the lease due to significant events or a significant change in circumstances within the company's control.
- The lease term is changed if the option is exercised to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognized as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognized in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement og the lease liability plus any initial direct costs and any estimated costs of dismanting and removal of the asset at the end of the lease term which the company is under an obligation to incur and any prepaid ease payments and less any lease incentives received.

The right-of-use asset is epreciated over the shorter of the lease term and the useful life of the right-of-use aset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognized in the balance sheet.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

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

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise costs for insurance, wages, and salaries as well as amortization and depreciation which relate to production but are not direct production costs.

Obsolete and slow-moving goods are written down.

Receivables
The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

ACCOUNTING POLICIES

Prepayments and accrued income
Prepayments and accrued income recognized under assets include incurred costs concerning subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents consist of bank deposits. Deposits in the Group's cash pool scheme are not regarded as cash and cash equivalents but are included in the accounting item "Payable to group companies", due to the nature of the scheme.

Tax payable and deferred tax
In its capacity as the administrative company, Nestlé Danmark A/S is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries. Joint taxation contribution payable or receivable is recognized as intra-group balances.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured in accordance with current tax legislation and at the expected tax rate at the time when the temporary tax differences expect to set off.

Changes in deferred tax are recognized in the income statement with the share attributable to the results for the year and directly in equity with the share attributable to equity entries.

Liabilities
Trade payables and other payables are measured at nominal values.

Foreign currency translation
Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial costs. If currency positions are cash flow hedges, the value adjustments are recognized directly in equity.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are converted using the exchange rate at the balance sheet date. Any difference between the exchange rate on the balance sheet date and the rate at the occurrence of the receivable or the debt, is recognized in the income statement as financial income or expenses.