

Kraft Foods Danmark Intellectual Property ApS

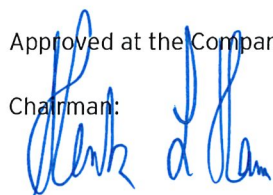
Ringager 2 A, 2., 2605 Brøndby

CVR no. 15 10 97 34

Annual report 2019

Approved at the Company's annual general meeting on 28 May 2020

Chairman:



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Henrik Lindegaard Hansen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kraft Foods Danmark Intellectual Property ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Brøndby, 28 May 2020
Executive Board:



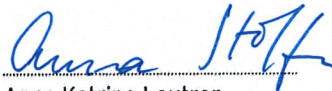
Synnøve Smedal
Managing Director



Henrik Lindegaard Hansen
Chairman



Synnøve Smedal
Managing Director



Anna Katrine Lautrop
Støtfer

Independent auditor's report

To the shareholders of Kraft Foods Danmark Intellectual Property ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Kraft Foods Danmark Intellectual Property ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes ("financial statements").

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 judgement and maintain professional skepticism throughout the audit. We also:

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Hellerup, 28 May 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Management's review

Company details

Name	Kraft Foods Danmark Intellectual Property ApS
Address, Postal code, City	Ringager 2 A, 2., 2605 Brøndby
CVR no.	15 10 97 34
Established	15 March 1991
Registered office	Brøndby
Financial year	1 January - 31 December
Board of Directors	Henrik Lindegaard Hansen, Chairman Synnøve Smedal, Managing Director Anna Katrine Lautrop Stolfer
Executive Board	Synnøve Smedal, Managing Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, DK-2900 Hellerup

Management's review

Business review

Kraft Foods Danmark Intellectual Property ApS owns the chewing gum brands STIMOROL®, DIROL® and V6®. The company pays the cost of development and maintenance of the trademarks and receives royalty income from affiliated companies for the global sales of the brands.

Recognition and measurement uncertainties

There has been no uncertainty relating to recognition and measurement in the Annual Report.

Unusual matters having affected the financial statements

The financial position of the Company at 31. December 2019 and the result of activities for the financial year 2019 have not been affected by any unusual events.

Financial review

The income statement for 2019 shows a profit of DKK'000 88,973 against a profit of DKK'000 23,115 last year, and the balance sheet at 31 December 2019 shows equity of DKK'000 232,036.

The longstanding TP cases were settled by an agreement with tax authorities in 2019 with subsequent refund of our tax prepayments in February 2020.

The P&L impact incl. interests is included in 2019 results.

The result for the year is considered satisfactory and in line with expectations.

Special risks

The Company has no special risks.

Outlook

With the outbreak of COVID-19 the global as well as the Danish economy are under pressure. The impact on material prices and logistics is uncertain as well as consumer behavior.

The activities for the next year are anticipated to be less than this year with expected profit after tax of DKK 10-15 millions.

See also note 2.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Revenue	50,571	50,000
	Other external expenses	-31,373	-27,608
	Gross profit	19,198	22,392
3	Financial income	343	274
4	Financial expenses	-780	-355
	Profit before tax	18,761	22,311
5	Tax for the year	70,212	-4,928
	Withholding taxes	0	5,732
	Profit for the year	88,973	23,115
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	182,035	0
	Retained earnings/accumulated loss	-93,062	23,115
		88,973	23,115

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	12,856	14,582
	Deferred tax assets	38	51
	Corporation tax receivable	275,370	201,032
		<u>288,264</u>	<u>215,665</u>
	Total non-fixed assets	<u>288,264</u>	<u>215,665</u>
	TOTAL ASSETS	<u><u>288,264</u></u>	<u><u>215,665</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	50,001	50,001
	Retained earnings	0	93,062
	Dividend proposed	182,035	0
	Total equity	232,036	143,063
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group enterprises	51,955	67,783
	Corporation tax payable	4,115	4,756
	Other payables	158	63
		56,228	72,602
	Total liabilities other than provisions	56,228	72,602
	TOTAL EQUITY AND LIABILITIES	288,264	215,665

- 1 Accounting policies
- 2 Events after the balance sheet date
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties
- 9 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2019	50,001	93,062	0	143,063
Transfer through appropriation of profit	0	-93,062	182,035	88,973
Equity at 31 December 2019	50,001	0	182,035	232,036

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kraft Foods Danmark Intellectual Property ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

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

Foreign currency translation

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

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

Income statement

Revenue

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

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties.

Other external expenses

Other external expenses comprise expenses for maintenance and development cost regarding trademarks etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as exchange rate gains and losses.

Tax

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

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

Balance sheet

Receivables

Receivables are measured at amortised cost.

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

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

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

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

Equity

Proposed dividends

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

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Liabilities

Other liabilities are measured at net realisable value.

2 Events after the balance sheet date

Covid-19

It is anticipated that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to what extent COVID-19 will impact revenue and earnings in 2020.

DKK'000	2019	2018
3 Financial income		
Interest receivable, group entities	0	3
Exchange gain	343	271
	<u>343</u>	<u>274</u>
4 Financial expenses		
Interest expenses, group entities	241	260
Exchange losses	529	73
Other financial expenses	10	22
	<u>780</u>	<u>355</u>
5 Tax for the year		
Estimated tax charge for the year	4,115	4,911
Deferred tax adjustments in the year	13	17
Tax adjustments, prior years	-74,340	0
	<u>-70,212</u>	<u>4,928</u>

Transfer Pricing cases

The longstanding TP cases were settled by an agreement with tax authorities in 2019 with subsequent refund of our tax prepayments in February 2020. The P&L impact incl. interests is included in 2019 results.

6 Share capital

Analysis of the share capital:

50,001 shares of DKK 1,000.00 nominal value each	50,001	50,001
	<u>50,001</u>	<u>50,001</u>

The Company's share capital has remained DKK'000 50,001 over the past 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with all other Danish companies in the Mondelez International. As a consolidated entity, the company has unlimited and joint liability together with the other companies under joint taxation for Danish corporation tax, withholding tax on dividends, interest and royalties and other indirect taxes within the jointly taxed companies.

8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kraft Foods Schweiz Holding GmbH	Chollerstrasse 4, CH 6300 Zug, Schweiz	www.mondelezinternational.com/investors

DKK'000	2019	2018
9 Fee to the auditors appointed by the Company in general meeting	63	63
Statutory audit	63	63