

Cloetta Danmark ApS

Vallensbækvej 18 D
2605 Brøndby

CVR no. 28 10 68 66

Annual report 2019/20

The annual report was presented and approved at the
Company's annual general meeting

on August 26th 2020

Christian Boas Linde

chairman of the annual general meeting

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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of Cloetta Danmark ApS for the financial year 2 January 2019 – 1 January 2020.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 1 January 2020 and of the results of the Company's operations for the financial year 2 January – 1 January 2020 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Brøndby, 26 August 2020

Executive Board:

Frans Per Olof Rydén

Christian Boas Linde

Henri De Sauvage-Nolting

Independent auditor's report

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 1 January 2020 and of the results of the Company's operations for the financial year 2 January 2019 – 1 January 2020. in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cloetta Danmark ApS for the financial year 2 January 2019 – 1 January 2020., which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent auditor's report

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 scepticism throughout the audit. We also:

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

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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.

Hellerup, 26 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

statsautoriseret revisor

mne32209

Gösta Gauffin

statsautoriseret revisor

mne45821

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Management's review

Company details

Cloetta Danmark ApS
Address: Vallensbækvej 18 D, 2605 Brøndby

Telephone: 58 56 55 55
Website: www.cloetta.com
E-mail: info@cloetta.dk
CVR no.: 28106866
Established: 2004-09-09
Registered office: Brøndby
Financial year: 2 January -1 January

Executive Board

Christian Boas Linde
Frans Per Olof Rydén
Henri de Sauvage Nolting

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bank

Danske bank, Svenska Handelsbanken

Annual general meeting

The annual general meeting will be held on 26 August 2020.

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
	(*)				
Total Revenue	493,634	456,285	227,767	252,052	245,363
Gross profit **	102,938	92,041	87,957	91,831	90,040
Profit from ordinary activities **	32,353	33,288	23,676	24,017	25,839
Net Financials	-14,310	-11,059	-11,190	-10,339	-10,736
Profit for the year	25,091	25,857	9,664	10,622	15,332
Total assets	347,332	433,381	299,943	255,178	385,838
Investments in property, plant and equipment	8,689	4,734	0	0	0
Equity	205,650	180,559	188,121	178,457	167,835
Gross margin **	20,9%	20,2%	38,6%	36,4%	36,7%
Return on equity	13,0%	14,3%	5,3%	6,1%	9,6%
Solvency ratio	59,2%	41,6%	62,7%	69,9%	43,5%
Average number of full-time employees	114	94	38	36	37

*) The company merged with Candyking Danmark A/S with retrospective effect from 2 January 2018.

**) As from 2018/19 the company classified the P&L by nature, previous years by function why the Profit from ordinary activities and the gross margin is not comparable. Until 2017/2018, profit from ordinary activities was presented as operating profit.

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Return on equity

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

Management's review

Operating review

Principal activities

Cloetta Danmark ApS sells confectionery and savoury products, branded packed products and pick & mix, and the main sales channels are grocery retail trade and service trade. The non-food outlets and DIY stores are channels of growing importance.

Development in the year

The income statement of the Company for 2019/20 shows a profit of DKK 25,091 thousand, and at 1 January 2020, the balance sheet of the Company showed equity of DKK 205,650 thousand.

Revenue increased for the year. The majority of the growth came from the P&M business driven by overall category growth and positive volume development. But all parts of the business contributed. Profit was flat mainly due to increased investment in brand building and merchandising quality.

Management considers the result for the year in line with expectations.

Outlook

Cloetta Danmark is well-equipped to continue its growth in the Danish market and thereby improve profitability.

The Coronavirus (COVID-19) will have a negative impact on earnings in 2020. While not believed to have a long-term impact, management do not believe it will be possible to recover full year from a weak Q2 with almost full shut down of the P&M business.

Financial Risks

The company's operations are exposed to various financial risks: market risk (including currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk), credit risk and liquidity risk. The company's overall risk management focuses on managing uncertainty in the financial markets and strives to minimize possible adverse effects on the company's financial results.

Financial risks are managed by a central finance function for the Group (Group Treasury). Group Treasury identifies, evaluates and secures financial risks if possible, in close cooperation with the Group's operational units. The most important market and financial risks are described below.

Market related risks

The long-term impact of the Corona virus on consumer behaviour is unknown, but changes in shopping behaviour (social distancing, online shopping etc) are likely to influence confectionery sales.

Currency risk

The company is primarily active in Denmark, but also within the rest of the European Union. The company's currency risk primarily relates to positions and future transactions in euro (EUR). The currency risk arises when future business transactions or recognized assets or liabilities are made in a currency that is not the unit's functional currency. Exchange rate effects are partly minimized through the linked Danish krone to the euro but also by utilizing incoming currency for payments in the same currency.

Interest rate risk

The company is exposed to interest rate risk on interest-bearing long-term and current liabilities. The company is exposed to the consequences of variable interest rates on liabilities. In the case of loans at fixed interest rates, the company is exposed to market risk, which is not a significant risk to the company.

Legal and tax risks

New laws, taxes or regulations in different markets can lead to restrictions in operations or impose new and higher requirements. There may be a risk in the Company's interpretation of applicable tax legislation, tax treaties and other regulations, or such rules may be amended, possibly with retroactive effect. The company continuously assesses legal issues in order to predict and prepare the business for any changes. Provisions for legal disputes and tax disputes are estimated on the basis of legal advice and available information.

Credit risk

The company's external customers are subject to a credit check in accordance with the credit policy. The payment terms vary by customer and are part of the sales agreements. The receivables balance is monitored on an ongoing basis, with the result that the company's exposure to bad debts is insignificant.

Due to the company's experience regarding the collection of accounts receivable and a low level of losses, the credit risk is considered to be low.

Liquidity risk

Cash flow forecasts are made for the operating unit. The finance function continuously monitors the sources and size of the company's cash flows, credits and current liquidity and makes rolling forecasts to ensure that there is always sufficient liquidity to meet the needs of the business.

Via Danske Bank, the Group has a National Group Account (NGA), ie a fictitious Group account, the account comprises the company.

Environmental impact and CSR

With reference to section 99a(7) of the Danish Financial Statements Act and to the Sustainability Report of Cloetta AB, the company has not disclosed this information in its own Management's Review.

The report is available on the Group's website: <https://www.cloetta.com/en/corporate-responsibility/>. See section Reports for the annual and sustainability report 2019 of Cloetta AB.

Diversity

The company believes that diversity among employees, including gender distribution, contributes positively to the working environment and strengthens the company's performance and competitiveness. Cloetta Denmark ApS pursues a policy of providing equal opportunities for both genders at all levels. When choosing between equally qualified candidates, the diversity among the employees will be taken into consideration, as it is the aim that both genders attain a representation at management levels of at least 25%.

The Board of Directors currently consists of three male members. Cloetta Denmark ApS has defined a target that by 2024, at least one member of the Board of Directors must belong to the under-represented gender. This will however only be possible whenever a replacement in any of the three mentioned positions becomes relevant, and the goal is therefore presently not fulfilled. This target must not rank above the other competency requirements in the nomination of board candidates, such as professional competences and personal characteristics.

On other management levels Cloetta Denmark ApS has equal distribution between genders according to the guidelines from the Danish Business Authority.

Subsequent events

The outbreak of COVID-19 means new challenges and risks for the company. A number of measures have been taken to ensure the health and safety of employees. In connection with the health risks, the outbreak of the virus has led to uncertainty and instability both politically and for the company. Current and any future political and economic measures that may be implemented could result in financial risks associated with business operations.

The impact of the Corona crisis is expected to extend well into Q3 2020 and will have a significant negative impact on especially the P&M business. However, management still expects a profit for 2020 and assesses that the financial resources are adequate.

No other events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 2 January 2019 – 1 January 2020

Income statement

DKK'000	Note	2019/20	2018/19
Revenue	3	487,650	449,803
Other operating income	4	5,984	6,482
Expenses for raw material and consumables		-303,589	-280,860
Other external expenses		-87,107	-83,384
Gross profit		102,938	92,041
Employee expenses	5	-52,310	-41,992
Depreciation, amortisation and impairments		-3,965	-5,702
Other financial income group companies	6	1,655	3,196
Other financial expenses group companies	7	-13,851	-13,016
Other financial expenses	7	-2,114	-1,239
Profit from ordinary activities before tax		32,353	33,288
Tax on profit from ordinary activities	8	-7,262	-7,431
Profit for the year	9	25,091	25,857

Financial statements 2 January 2019 – 1 January 2020

Balance sheet 1 January

DKK'000	Note	2020	2019
ASSETS			
Intangible	10		
Software		<u>50</u>	<u>76</u>
Property, plant and equipment	11,12		
Fixtures, tools and equipment		11,724	6,753
PPE under construction		2,580	2,786
Leasehold improvements.		<u>0</u>	<u>16</u>
		<u>14,354</u>	<u>9,631</u>
Financial assets	13		
Other receivables non-current		<u>563</u>	<u>580</u>
Fixed assets investments			
Investments in subsidiaries	14	212,956	212,956
Receivables from group entities	17	<u>0</u>	<u>112,007</u>
Total non-current assets		<u>227,873</u>	<u>335,174</u>
Current assets			
Receivables			
Trade receivables		97,393	92,228
Receivables from group entities		17,569	1,614
Other receivables		1,096	1,133
Corporation tax		651	0
Deferred tax asset	15	<u>2,750</u>	<u>3,232</u>
Total receivables		<u>119,459</u>	<u>98,207</u>
Total current assets		<u>119,459</u>	<u>98,207</u>
TOTAL ASSETS		<u>347,332</u>	<u>433,381</u>

Financial statements 2 January 2019 – 1 January 2020

Balance sheet 1 January

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital		500	500
Retained earnings		205,150	180,059
Total equity	16	205,650	180,559
Non-current liabilities			
Payables to group entities	17	0	0
Other non-current liabilities		1,224	0
		1,224	0
Current liabilities			
Trade payables		6,243	3,140
Payables to group entities		83,166	194,909
Corporation tax		0	2,857
Other payables		51,049	51,916
		140,458	252,822
Total liabilities		141,682	252,822
TOTAL EQUITY AND LIABILITIES		347,332	433,381
Contractual obligations, contingencies, etc.	18		
Related party and ownership	19		

Financial statements 2 January 2019 – 1 January 2020

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total equity
Equity at 2 January 2019	500	180,059	180,559
Profit for the year	-	25,091	25,091
Equity at 1 January 2020	500	205,150	205,650

DKK'000	Share capital	Retained earnings	Total equity
Equity at 2 January 2018	500	187,621	188,121
Merger with Candyking Danmark A/S	-	-33,419	-33,419
Profit for the year	-	25,857	25,857
Equity at 1 January 2019	500	180,059	180,559

Financial statements 2 January 2019 – 1 January 2020

Notes

1 Accounting policies

The annual report of Cloetta Danmark ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to a large-sized entities of reporting class C.

The annual report for 2019/20 is presented in DKK'000.

The presentation of the income statement has been changed from disclosures by function to disclosures by nature. The changes have not had a numerical effect on either profit for the year or equity. The comparative figures have been adjusted.

Besides this, the accounting policies applied remain unchanged from previous years.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, consolidated financial statements are not prepared as the Company is included in the group annual report of Cloetta AB.

Omission of cash flow statement

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the Company is included in the consolidated financial statements of Cloetta AB.

Omission of fee to auditors appointed at the general meeting

In accordance with section 96 (3) of the Danish Financial Statements Act fee to auditor appointed at the general meeting is disclosed in the Group Annual report.

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 2 January 2019 – 1 January 2020

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk have taken place before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw material and consumables

The costs comprise costs related to the handling of finished goods.

Other external expenses

Other external expenses comprise warehousing and distribution cost, cost related to marketing, advertising and exhibitions, management fees and administration cost such as leasing cars, consultancy costs, office premises and office expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Oper operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the Danish tax prepayment scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 2 January 2019 – 1 January 2020

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciation amount, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life.

The expected useful lives are as follows:

Fixtures, tools and equipment	3-5 years
Leasehold improvements	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as administrative expenses.

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

Financial statements 2 January 2019 – 1 January 2020

Notes

1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Financial statements 2 January 2019 – 1 January 2020

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes, office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, 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 and jurisdiction.

Adjustments are made to deferred tax resulting from elimination of unrealised intra-group profit and losses.

Deferred tax is measured in accordance with the tax rules and the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Lease

All leases are considered operating leases. Benefits in connection with operational leasing and other lease agreements are recognized in the income statement over the term of the contract. The company's total obligation regarding operational leases and leases is disclosed under contingent items.

Financial statements 2 January 2019 – 1 January 2020

Notes

2 Subsequent events

The outbreak of COVID-19 means new challenges and risks for the company. A number of measures have been taken to ensure the health and safety of employees. In connection with the health risks, the outbreak of the virus has led to uncertainty and instability both politically and for the company. Current and any future political and economic measures that may be implemented could result in financial risks associated with business operations.

The impact of the Corona crisis is expected to extend well into Q3 2020 and will have a significant negative impact on especially the P&M business. However, management still expects a profit for 2020 and assesses that the financial resources are adequate.

No other events materially affecting the assessment of the annual report have occurred after the balance sheet date.

3 Information on segments

Activities - primary segment

The Company operates solely on the market for confectionery in Denmark, and therefore no specific segment information has been included.

4 Other operating income

DKK'000	<u>2019/20</u>	<u>2018/19</u>
Invoiced salary and other management fees to group companies	5,984	6,482

Financial statements 2 January 2019 – 1 January 2020

Notes

	2019/20	2018/19
DKK'000		
5 Staff cost		
Wages and salaries	48,608	39,297
Pensions	3,077	2,314
Other social security costs	625	381
	52,310	41,992

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.. The average number of employees has been 114 (2018/19: 94)

	2019/20	2018/19
DKK'000		
6 Financial income		
Interest received from group entities	1,655	3,196
	1,655	3,196

	2019/20	2018/19
DKK'000		
7 Financial expenses		
Interest paid to group entities	13,851	13,016
Other financial expenses	2,114	1,239
	15,965	14,255

Financial statements 2 January 2019 – 1 January 2020

Notes

DKK'000	<u>2019/20</u>	<u>2018/19</u>
8 Tax on profit/loss for the year		
Current tax for the year	-6,780	-7,718
Deferred tax adjustment for the year	-482	289
Deferred tax adjustment previous year	0	88
Corporate income tax adjustment previous year	0	-90
	<u>-7,262</u>	<u>-7,431</u>
DKK'000		
9 Proposed profit appropriation		
Retained earnings	25,091	25,857
	<u>25,091</u>	<u>25,857</u>
DKK'000		
10 Intangible assets		
		Software
Cost at 2 January 2019		78
Addition		<u>0</u>
Cost at 1 January 2020		<u>78</u>
Disposal and depreciation at 2 January 2019		2
Depreciation for the year		<u>26</u>
Disposals and depreciation at 1 January 2020		<u>28</u>
Carrying amount at 1 January 2020		<u>50</u>

Financial statements 2 January 2019 – 1 January 2020

Notes

11 Property, plant and equipment

DKK'000	Fixtures, tools and equipment	Leasehold improvement	Total
Cost at 2 January 2019	43,539	877	44,416
Reclassification and disposals of equipment	8,895	0	8,895
Cost at 1 January 2020	<u>52,434</u>	<u>877</u>	<u>53,311</u>
Disposals and depreciation at 2 January 2019	36,786	861	37,647
Depreciation for the year	3,923	16	3,939
Disposals and depreciation at 1 January 2020	<u>40,709</u>	<u>877</u>	<u>41,586</u>
Carrying amount at 1 January 2020	<u>11,725</u>	<u>0</u>	<u>11,725</u>

12 PPE under construction

DKK'000	
Cost at 2 January 2019	2,786
Addition	8,689
Reclassification equipment	-8,895
Cost at 1 January 2020	<u>2,580</u>
Carrying amount at 1 January 2020	<u>2,580</u>

13 Financial assets

DKK'000	
Cost at 2 January 2019	580
Disposal	-17
Cost at 1 January 2020	<u>563</u>
Carrying amount at 1 January 2020	<u>563</u>

Financial statements 2 January 2019 – 1 January 2020

Notes

14 Investments in subsidiaries

DKK'000	2020	2019
Cost at 2 January	<u>212,956</u>	<u>212,956</u>
Carrying amount at 1 January	<u>212,956</u>	<u>212,956</u>

Name/legal form	Registered office	Equity interest	Equity 2019 DKK'000	Profit/loss for the year 2019 DKK'000
Subsidiary: Cloetta Norge AS	Oslo, Norway	100%	108,868	5,908

DKK'000	2020	2019
15 Provision for deferred tax		
Property, plant and equipment	-2,094	-2,762
Provision	-656	-470
Transferred to deferred tax assets	<u>2,750</u>	<u>3,232</u>
	<u>0</u>	<u>0</u>
Deferred tax assets		
Calculated tax assets	<u>2,750</u>	<u>3,232</u>
Carrying amount	<u>2,750</u>	<u>3,232</u>

16 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1 each. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Financial statements 2 January 2019 – 1 January 2020

Notes

DKK'000	2020	2019
17 Payables to group entities		
Between 1 and 5 years	0	0
After 5 years	0	0
	0	0
Receivables from group entities		
Between 1 and 5 years	0	0
After 5 years	0	112,007
	0	112,007

18 Contractual obligations, contingencies, etc.

The Company has entered into operating leases. The leases have a remaining term of up to 45 months with a total remaining lease payment of approximately DKK 7.6 million (2018/19 DKK 5.4)

Cloetta Danmark ApS has a parent company guarantee which relates to the rented office of Cloetta Norge AS with a total amount of 5.5 million.

There are no other contingent liabilities.

Financial statements 2 January 2019 – 1 January 2020

Notes

19 Related parties and ownership

Cloetta Danmark ApS' related parties comprise the following:

Parties exercising control

Cloetta Suomi Oy, Finland, which is the major shareholder

Other related parties

Entities affiliated with Cloetta Holland BV, the ultimate mother is Cloetta AB.

Consolidated financial statements

Cloetta Danmark ApS is part of the consolidated financial statement of Cloetta AB registration number 556308-8144, in which the Company is included as a subsidiary

The consolidated financial statement is to be obtained from:

Cloetta AB
Box 6036
171 06 Solna
Sverige

Related party transactions

DKK'000	<u>2019/20</u>
Purchase of goods from related party	305,149
Sale of goods to related party	0
Services from related party	17,584
Services to related party	5,647
Other financial income group companies	1,655
Other financial expenses group companies	13,851

Services against related parties includes following:

Marketing, Financial services, HR, IT services, Advisory services, Royalty and Innovation.