

Cloetta Danmark ApS

Vallensbækvej 18D, 2605 Brøndby

Company reg. no. 28 10 68 66

Annual report

2 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 23rd of June.

Mads Brinks
Chairman of the meeting

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Management's report

Today, the executive board has presented the annual report of Cloetta Danmark ApS for the financial year 2 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 2 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Brøndby, 23 June 2021

Executive board

Frans Per Olof Rydén

Henri de Sauvage Nolting

Mads Brinks

Jon Niklas Tuve Truedsson

Independent auditor's report

To the shareholders of Cloetta Danmark ApS

Opinion

We have audited the financial statements of Cloetta Danmark ApS for the financial year 2 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity and notes, including accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 2 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Hellerup, 23 June 2021

PricewaterhouseCoopers

State Authorised Public Accountants
Company reg. no. 33 77 12 31

Martin Lunden

State Authorised Public Accountant
mne32209

Gösta Gauffin

State Authorised Public Accountant
mne45821

Company information

The company	Cloetta Danmark ApS Vallensbækvej 18D 2605 Brøndby
	Phone 58 56 55 55
	Web site www.cloetta.com
	E mail info@cloetta.dk
	Company reg. no. 28 10 68 66
	Established: 9 September 2004
	Domicile: Brøndby
	Financial year: 2 January - 31 December
Executive board	Frans Per Olof Rydén Henri de Sauvage Nolting Mads Brinks Jon Niklas Tuve Truedsson
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Bankers	Danske Bank, Svenska Handelsbanken
Parent company	Cloetta Suomi Oy Finland
Subsidiary	Cloetta Norge AS, Oslo, Norway

Financial highlights

DKK in thousands.	2020	2019/20	2018/19*	2017/18	2016/17
Income statement:					
Total revenue	414.872	493.634	456.285	227.767	252.052
Gross profit **	75.839	102.938	92.041	87.957	91.831
Profit from operating activities **	17.873	32.353	33.288	23.676	24.017
Net financials	-1.920	-14.310	-11.059	-11.190	-10.339
Profit for the year	13.926	25.091	25.857	9.664	10.622
Statement of financial position:					
Total assets	331.488	347.332	433.381	299.943	255.178
Investments in property, plant and equipment	4.423	8.689	4.734	0	0
Equity	219.577	205.650	180.559	188.121	178.457
Employees:					
Average number of full-time employees	97	114	94	38	36
Key figures in %:					
Gross margin **	18,3	20,9	20,2	38,6	36,4
Return on equity	6,5	13,0	14,3	5,3	6,1
Solvency ratio	66,2	59,2	41,6	62,7	69,9

*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 2017/18, profit from ordinary activities was presented as operating profit.

The accounting period has been changed in the current financial year and comprises the period 2 January – 31 December 2020. Pursuant to Section 15 (5) of the Danish Financial Statements Act., parent companies and subsidiaries need to ensure that the subsidiaries have the same financial year as the parent company.

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Financial highlights

Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

Management commentary

The principal activities of the company

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 activities and financial matters

The income statement of the Company for the financial year 2 January – 31 December 2020 shows a profit of DKK 13,892 thousand, and at 31 December 2020, the balance sheet of the Company showed equity of DKK 219,544 thousand.

The income statement for 2020 shows a revenue of 409,4 MDKK (487,7 MDKK in 2019). The decline vs last year is mainly explained by negative impacts from Covid-19 restrictions related to the P&M business. In 2020, most customers temporarily closed down sales of P&M articles for several months related to the Corona outbreak, which again led to a decline of sales and profit compared to 2019.

Management considers the result for the year in line with expectations adjusted for uncertainty related to Covid-19 impacts on earnings.

Outlook

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

The Coronavirus (COVID-19) will have a negative impact on earnings in 2021. As the pandemic is still active at the time of writing, we expect continued volatility and uncertainty as a result of Covid-19. However, we are convinced that our strategy, combined with our strong brands and market position, position us well to emerge stronger from the crisis.

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. To mitigate the impacts of Covid-19, Cloetta has adjusted its marketing costs in terms of media to reflect new patterns of consumption. During the year, we also launched several marketing campaigns to generate sustainable profitability, while also working to re-gain consumer trust in the pick & mix category.

Management commentary

Currency risks

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 risks

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 risks

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 risks

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/corporateresponsibility/>. See section Reports for the annual and sustainability report 2020 of Cloetta AB.

Management commentary

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 significant development and spread of COVID-19 occurred in January 2020 and still creates new challenges and risks for the company. A number of measures have already 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.

However, management still expects a profit for 2021 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.

Income statement

DKK'000.

<u>Note</u>	<u>2/1 2020 - 31/12 2020</u>	<u>2/1 2019 - 1/1 2020</u>
3 Revenue	409.421	487.650
4 Other operating income	5.451	5.984
Raw materials and consumables used	-256.462	-303.589
Other external costs	-82.571	-87.107
Gross profit	75.839	102.938
5 Staff costs	-50.794	-52.310
Depreciation and writedown relating to fixed assets	-5.252	-3.965
6 Other financial income from group enterprises	390	1.655
7 Other financial costs	-2.310	-15.965
Pre-tax net profit or loss	17.873	32.353
8 Tax on net profit or loss for the year	-3.947	-7.262
9 Net profit or loss for the year	13.926	25.091

Penneo document key: D7D24-Y8l8T-B8J40-D0G1Q-67UAC-X12M5

Statement of financial position

DKK'000.

<u>Note</u>	<u>31/12 2020</u>	<u>1/1 2020</u>
Assets		
Non-current assets		
10 Software	24	50
Total intangible assets	24	50
11 Fixtures, tools and equipment	11.669	11.724
11 PPE under construction	2.107	2.580
Total property, plant, and equipment	13.776	14.304
12 Equity investments in group enterprises	212.956	212.956
13 Other receivables non-current	563	563
Total investments	213.519	213.519
Total non-current assets	227.319	227.873
Current assets		
Trade debtors	81.395	97.393
Receivables from group enterprises	16.976	17.569
14 Deferred tax assets	2.168	2.750
Receivable corporate tax	2.537	651
Other receivables	1.093	1.096
Total receivables	104.169	119.459
Total current assets	104.169	119.459
Total assets	331.488	347.332

Penneo document key: D7D24-Y8I8T-B8J40-D0GYQ-67UAC-XI2MS

Statement of financial position

DKK'000.

Equity and liabilities

Note	31/12 2020	1/1 2020
Equity		
15	500	500
Contributed capital		
Results brought forward	219.077	205.150
Total equity	219.577	205.650
Liabilities other than provisions		
Other debts	3.241	1.224
Total long term liabilities other than provisions	3.241	1.224
Trade creditors	5.935	6.243
Debt to group enterprises	57.799	83.166
Other debts	44.936	51.049
Total short term liabilities other than provisions	108.670	140.458
Total liabilities other than provisions	111.911	141.682
Total equity and liabilities	331.488	347.332

1 Accounting policies

2 Subsequent events

16 Contractual obligations, contingencies, etc.

17 Related parties and ownership

Penneo document key: D7D24-Y8l8T-B8J40-D0GYQ-67UAC-XI2M5

Statement of changes in equity

DKK'000.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 2 January 2019	500	180.059	180.559
Profit or loss for the year brought forward	<u>0</u>	<u>25.091</u>	<u>25.091</u>
Equity 2 January 2020	500	205.150	205.650
Profit or loss for the year brought forward	<u>0</u>	<u>13.927</u>	<u>13.927</u>
	<u>500</u>	<u>219.077</u>	<u>219.577</u>

Penneo document key: D7D24-Y8l8T-B8J40-D0GYQ-67UAC-XI2M5

1. Accounting policies

The annual report for Cloetta Danmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in DKK'000. The accounting period has been changed in the current financial year and comprises the period 2 January – 31 December 2020. The comparative figures in the income statement comprise the period 2 January 2019 – 1 January 2020.

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

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

1. Accounting policies (continued)

Cost of sales

Cost of sales comprises costs related to the handling of finished goods..

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

Other external costs

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 costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and costs

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Software

Software are measured at cost less accrued amortisation. Software are amortised on a straightline basis over 3 years.

1. Accounting policies (continued)

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
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.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

1. Accounting policies (continued)

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

1. Accounting policies (continued)

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 losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

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 at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

2. Subsequent events

The significant development and spread of COVID-19 occurred in January 2020 and still creates new challenges and risks for the company. A number of measures have already 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.

However, management still expects a profit for 2021 and assesses that the financial resources are adequate.

Notes

DKK'000.

2/1 2020	2/1 2019
- 31/12 2020	- 1/1 2020

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.

2/1 2020	2/1 2019
- 31/12 2020	- 1/1 2020

4. Other operating income

Invoiced salary and other management fees to group companies	5.451	5.984
	<u>5.451</u>	<u>5.984</u>

5. Staff costs

Salaries and wages	46.192	48.608
Pension costs	3.804	3.077
Other costs for social security	798	625
	<u>50.794</u>	<u>52.310</u>

Average number of employees	97	114
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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 97 (2019/20: 114).

6. Other financial income from group enterprises

Interest received from group enterprises	390	1.655
	<u>390</u>	<u>1.655</u>

7. Other financial costs

Financial costs, group enterprises	410	13.851
Other financial costs	1.900	2.114
	<u>2.310</u>	<u>15.965</u>

Notes

DKK'000.

	2/1 2020 - 31/12 2020	2/1 2019 - 1/1 2020
8. Tax on net profit or loss for the year		
Tax of the results for the year	3.365	6.780
Deferred tax of the results for the year	582	482
	<u>3.947</u>	<u>7.262</u>
9. Proposed appropriation of net profit		
Transferred to retained earnings	13.926	25.090
Total allocations and transfers	<u>13.926</u>	<u>25.090</u>
10. Intangible assets		
		<u>Software</u>
Cost at 2. Januar 2020		78
Addition		0
Cost at 31. December 2020		<u>78</u>
Disposal and depreciation at 2. Januar 2020		28
Depreciation for the year		26
Disposal and depreciation at 31. December 2020		<u>54</u>
Carrying amount at 31. December 2020		<u>24</u>

Notes

DKK'000.

11. Property, plant and equipment

	<u>Fixtures, tools and equipment</u>	<u>Leasehold improvement</u>	<u>PPE under construction</u>
Cost at 2. Januar 2020	52.434	877	2.580
Addition	0	0	4.423
Reclassification equipment	4.894	0	-4.894
Cost at 31. December 2020	57.328	877	2.109
Disposal and depreciation at 2. Januar 2020	40.709	877	0
Depreciation for the year	4.950	0	0
Disposal and depreciation at 31. December 2020	45.659	877	0
Carrying amount at 31. December 2020	11.669	0	2.109

12. Equity investments in group enterprises

Cost at 2 January 2020	212.956	212.956
Carrying amount, 31 December 2020	212.956	212.956

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	Equity interest	Equity	Results for the year	Carrying amount, Cloetta Danmark ApS
Cloetta Norge AS, Oslo, Norway	100 %	108.868	5.908	212.956

13. Financial assets

Cost 2 January 2020	563	580
Disposals during the year	0	-17
Cost 31 December 2020	563	563
Carrying amount, 31 December 2020	563	563

Notes

DKK'000.

	<u>31/12 2020</u>	<u>1/1 2020</u>
14. Deferred tax assets		
Deferred tax assets 2 January 2020	2.750	3.232
Deferred tax of the results for the year	<u>-582</u>	<u>-482</u>
	<u>2.168</u>	<u>2.750</u>
The following items are subject to deferred tax:		
Property, plant, and equipment	1.839	2.094
Provision	287	656
LTIP (share based bonus program)	<u>42</u>	<u>0</u>
	<u>2.168</u>	<u>2.750</u>

15. 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.

16. Contractual obligations, contingencies, etc.

The Company has entered into operating leases. The leases have a remaining term of up to 48 months with a total remaining lease payment of approximately DKK 6.7 million (2019/20 DKK 7.6)

Cloetta Danmark ApS has a parent company guarantee which relates to the rented office of Cloetta Norge AS with a total amount of DKK 2.3 million.

There are no other contingent liabilities.

Notes

DKK'000.

17. Related parties and ownership

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 (Publ)

Box 6036

171 06 Solna

Sverige

Related party transactions

	2/1 2020
	<u>- 31/12 2020</u>
Purchase of goods from related party	258.125
Services from related party	13.637
Services to related party	5.802
Other financial income group companies	390
Other financial expenses group companies	410

Services against related parties has been on market terms and includes following:

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

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"By my signature I confirm all dates and content in this document."

NIKLAS TRUEDSSON

Executive board

On behalf of: Cloetta Danmark ApS

Serial number: 19720924xxxx

IP: 90.129.xxx.xxx

2021-06-23 11:29:01Z



FRANS RYDÉN

Executive board

On behalf of: Cloetta Danmark ApS

Serial number: 19720405xxxx

IP: 188.151.xxx.xxx

2021-06-23 11:43:45Z



Mads Brinks

Executive board

On behalf of: Cloetta Danmark ApS

Serial number: PID:9208-2002-2-154739880163

IP: 154.14.xxx.xxx

2021-06-23 13:52:26Z



Henri Jacob Jan De Sauvage-Nolting

Executive board

On behalf of: Cloetta Danmark ApS

Serial number: 19620120xxxx

IP: 95.125.xxx.xxx

2021-06-23 15:53:29Z



Gösta Gauffin

State Authorised Public Accountant

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:93448161

IP: 83.136.xxx.xxx

2021-06-23 15:58:01Z



Martin Lunden

State Authorised Public Accountant

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:77203914

IP: 83.136.xxx.xxx

2021-06-24 06:35:16Z



Mads Brinks

Chairman of the meeting

On behalf of: Cloetta Danmark ApS

Serial number: PID:9208-2002-2-154739880163

IP: 154.14.xxx.xxx

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