

Cloetta Danmark ApS

Vallensbækvej 18D, 2605 Brøndby

Company reg. no. 28 10 68 66

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 20 June 2022.

Mads Brinks
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the executive board has presented the annual report of Cloetta Danmark ApS for the financial year 1 January - 31 December 2021.

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 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

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 at the Annual General Meeting.

Brøndby, 20 June 2022

Executive board

Frans Per Olof Rydén

Henri de Sauvage Nolting

Mads Brinks

John Niklas Tuve Truedsson

Independent auditor's report

To the Shareholders of Cloetta Danmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cloetta Danmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

Basis for Opinion

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

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 Financial 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents 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, 20 June 2022

PricewaterhouseCoopers

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

Martin Lunden

State Authorised Public Accountant
mne32209

Maj-Britt Nørskov Nannestad

State Authorised Public Accountant
mne32198

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: 1 January - 31 December

Executive board

Frans Per Olof Rydén
Henri de Sauvage Nolting
Mads Brinks
John Niklas Tuve Truedsson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bankers

Danske Bank, Svenska Handelsbanken

Parent company

Cloetta Suomi Oy Finland

Subsidiaries

Cloetta Norge AS, Oslo, Norway
Candy Express ApS, Brøndby, Danmark

Financial highlights

| DKK in thousands. | <u>2021</u> | <u>2020</u> | <u>2019/20</u> | <u>2018/19*</u> | <u>2017/18</u> |
|--|-------------|-------------|----------------|-----------------|----------------|
| Income statement: | | | | | |
| Total revenue | 425.988 | 414.872 | 493.634 | 456.285 | 227.767 |
| Gross profit ** | 79.463 | 75.839 | 102.938 | 92.041 | 87.957 |
| Profit from operating activities ** | 22.829 | 17.873 | 32.353 | 33.288 | 23.676 |
| Net financials | -3.226 | -1.920 | 14.310 | -11.059 | -11.190 |
| Profit for the year | 17.815 | 13.926 | 25.091 | 25.857 | 9.664 |
| Statement of financial position: | | | | | |
| Total assets | 348.892 | 331.488 | 347.332 | 433.381 | 299.943 |
| Investments in property, plant and equipment | 1.694 | 4.423 | 8.689 | 4.734 | 0 |
| Equity | 237.392 | 219.577 | 205.650 | 180.559 | 188.121 |
| Employees: | | | | | |
| Average number of full-time employees | 97 | 97 | 114 | 94 | 38 |
| Key figures in %: | | | | | |
| Gross margin ** | 18,7 | 18,3 | 20,9 | 20,2 | 38,6 |
| Return on equity | 7,8 | 6,5 | 13,0 | 14,3 | 5,3 |
| Solvency ratio | 68,0 | 66,2 | 59,2 | 41,6 | 62,7 |

*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 previous financial year which 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's 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 activities and financial matters

The income statement of the Company for the financial year 1 January – 31 December 2021 shows a profit of DKK 17,815 thousand, and at 31 December 2021, the balance sheet of the Company showed equity of DKK 237,392 thousand.

The income statement for 2021 shows a revenue of 422.1 MDKK (409.4 MDKK in 2020). The increase vs last year is mainly explained by negative impacts from Covid-19 restrictions related to the P&M business in 2020. In 2020, most customers temporarily closed down sales of P&M articles for several months related to the Corona outbreak, which 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

The Company expect to continue to grow revenue and profitability in 2022 driven by Cloetta's strong brands and less negative impact from Covid restrictions. Cloetta Denmark expect a revenue growth above 10% in 2022, and thereby also improved profitability for the Company.

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's review

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/annual-and-sustainability-report-2021/>.

Management's review

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 four 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 four 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.

Data ethics policy

With reference to section 99d(3) of the Danish Financial Statements Act and to the Privacy Policy of Cloetta AB, the company has not disclosed this information in its own Management's Review.

The policy is available on the Group's website: <https://www.cloetta.com/en/about-the-website/privacy-policy/>.

Subsequent events

The war in Ukraine present significant challenges and risk, especially in our supply chain. Measures to secure steady supply have already been taken, but the uncertainty of the situation requires constant awareness and present financial as well as business operations risk.

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

Income statement

DKK thousand.

| <u>Note</u> | <u>1/1 - 31/12 2021</u> | <u>2/1 - 31/12 2020</u> |
|---|-----------------------------|-----------------------------|
| 2 Revenue | 422.135 | 409.421 |
| 3 Other operating income | 3.853 | 5.451 |
| Raw materials and consumables used | -260.183 | -256.462 |
| Other external costs | -86.342 | -82.571 |
| Gross profit | 79.463 | 75.839 |
| 4 Staff costs | -49.167 | -50.794 |
| Depreciation and writedown relating to fixed assets | -4.241 | -5.252 |
| 5 Other financial income from group enterprises | 326 | 390 |
| Other financial income | 4 | 0 |
| 6 Other financial costs | -3.556 | -2.310 |
| Pre-tax net profit or loss | 22.829 | 17.873 |
| 7 Tax on net profit or loss for the year | -5.014 | -3.947 |
| 8 Net profit or loss for the year | 17.815 | 13.926 |

Balance sheet at 31 December

DKK thousand.

| <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--|----------------|----------------|
| Assets | | |
| Non-current assets | | |
| 9 Software | 0 | 24 |
| Total intangible assets | 0 | 24 |
| 10 Fixtures, tools and equipment | 8.949 | 11.669 |
| 10 PPE under construction | 2.306 | 2.107 |
| Total property, plant, and equipment | 11.255 | 13.776 |
| 11 Equity investments in group enterprises | 214.456 | 212.956 |
| 12 Other receivables non-current | 685 | 563 |
| Total investments | 215.141 | 213.519 |
| Total non-current assets | 226.396 | 227.319 |
| Current assets | | |
| Trade debtors | 87.705 | 81.395 |
| Receivables from group enterprises | 29.580 | 16.976 |
| 13 Deferred tax assets | 2.047 | 2.168 |
| Receivable corporate tax | 1.212 | 2.537 |
| Other receivables | 1.952 | 1.093 |
| Total receivables | 122.496 | 104.169 |
| Total current assets | 122.496 | 104.169 |
| Total assets | 348.892 | 331.488 |

Balance sheet at 31 December

DKK thousand.

| Equity and liabilities | | | |
|--|--|----------------|----------------|
| <u>Note</u> | | <u>2021</u> | <u>2020</u> |
| Equity | | | |
| 14 | Contributed capital | 500 | 500 |
| | Results brought forward | 236.892 | 219.077 |
| | Total equity | 237.392 | 219.577 |
| Liabilities other than provisions | | | |
| | Other debts | 0 | 3.241 |
| | Total long term liabilities other than provisions | 0 | 3.241 |
| | Trade creditors | 6.948 | 5.935 |
| | Debt to group enterprises | 60.754 | 57.799 |
| | Other debts | 43.798 | 44.936 |
| | Total short term liabilities other than provisions | 111.500 | 108.670 |
| | Total liabilities other than provisions | 111.500 | 111.911 |
| | Total equity and liabilities | 348.892 | 331.488 |

1 Accounting policies

15 Contractual obligations, contingencies, etc.

16 Related parties and ownership

Statement of changes in equity

DKK thousand.

| | <u>Contributed capital</u> | <u>Retained earnings</u> | <u>Total</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> |
| Equity 1 January 2021 | 500 | 219.077 | 219.577 |
| Profit or loss for the year brought forward | <u>0</u> | <u>17.815</u> | <u>17.815</u> |
| | <u>500</u> | <u>236.892</u> | <u>237.392</u> |

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. The accounting period was changed in the financial year before last and, consequently, the comparative figures in the income statement comprise the period 2 January 2020 – 31 December 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 costs 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 costs.

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 costs are recognised in the income statement with the amounts concerning the financial year. Financial income and costs comprise interest income and costs, 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.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

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 subsidiaries 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 recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to 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. 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.

Notes

DKK thousand.

| | 1/1 - 31/12 2021 | 2/1 - 31/12 2020 |
|--|---------------------|---------------------|
| 3. Other operating income | | |
| Invoiced salary and other management fees to group companies | 3.853 | 5.451 |
| | <u>3.853</u> | <u>5.451</u> |
| 4. Staff costs | | |
| Salaries and wages | 44.795 | 46.192 |
| Pension costs | 3.792 | 3.804 |
| Other costs for social security | 580 | 798 |
| | <u>49.167</u> | <u>50.794</u> |
| Average number of employees | 97 | 97 |
| <p>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 (2020: 97).</p> | | |
| 5. Other financial income from group enterprises | | |
| Interest received from group enterprises | 326 | 390 |
| | <u>326</u> | <u>390</u> |
| 6. Other financial costs | | |
| Financial costs, group enterprises | 566 | 410 |
| Other financial costs | 2.990 | 1.900 |
| | <u>3.556</u> | <u>2.310</u> |
| 7. Tax on net profit or loss for the year | | |
| Tax of the results for the year | 4.893 | 3.365 |
| Deferred tax of the results for the year | 121 | 582 |
| | <u>5.014</u> | <u>3.947</u> |

Notes

DKK thousand.

| | 1/1 - 31/12 2021 | 2/1 - 31/12 2020 |
|--|--|-----------------------------------|
| 8. Proposed appropriation of net profit | | |
| Transferred to retained earnings | 17.815 | 13.926 |
| Total allocations and transfers | 17.815 | 13.926 |
| | | |
| 9. Intangible assets | | Software |
| Cost at 1 January 2021 | | 78 |
| Cost at 31 December 2021 | | 78 |
| Disposal and depreciation at 1 January 2021 | | 54 |
| Depreciation for the year | | 24 |
| Disposal and depreciation at 31 December 2021 | | 78 |
| Carrying amount at 31 December 2021 | | 0 |
| | | |
| 10. Property, plant and equipment | | |
| | Fixtures, tools and equipment | PPE under construction |
| Cost at 1 January 2021 | 57.328 | 2.109 |
| Addition | 0 | 1.694 |
| Reclassification equipment | 1.497 | -1.497 |
| Cost at 31 December 2021 | 58.825 | 2.306 |
| Disposal and depreciation at 1 January 2021 | 45.659 | 0 |
| Depreciation for the year | 4.217 | 0 |
| Disposal and depreciation at 31 December 2021 | 49.876 | 0 |
| Carrying amount 31 December 2021 | 8.949 | 2.306 |

Notes

DKK thousand.

| | <u>31/12 2021</u> | <u>31/12 2020</u> |
|--|-----------------------|-----------------------|
| 11. Equity investments in group enterprises | | |
| Cost at 1 January 2021 | 212.956 | 212.956 |
| Additions during the year | <u>1.500</u> | <u>0</u> |
| Cost 31 December 2021 | <u>214.456</u> | <u>212.956</u> |
| Carrying amount, 31 December 2021 | <u>214.456</u> | <u>212.956</u> |

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 % | 216.048 | 59.153 | 212.956 |
| Candy Express ApS, Brøndby, Danmark | 100 % | 433 | -1.067 | 1.500 |
| | | | <u>31/12 2021</u> | <u>31/12 2020</u> |
| 12. Financial assets | | | | |
| Cost 1 January 2021 | | | 563 | 563 |
| Additions during the year | | | <u>122</u> | <u>0</u> |
| Cost 31 December 2021 | | | <u>685</u> | <u>563</u> |
| Carrying amount, 31 December 2021 | | | <u>685</u> | <u>563</u> |
| 13. Deferred tax assets | | | | |
| Deferred tax assets 1 January 2021 | | | 2.168 | 2.750 |
| Deferred tax of the results for the year | | | <u>-121</u> | <u>-582</u> |
| | | | <u>2.047</u> | <u>2.168</u> |
| The following items are subject to deferred tax: | | | | |
| Property, plant, and equipment | | | 1.633 | 1.839 |
| Provision | | | 393 | 287 |
| LTIP (share based bonus program) | | | <u>21</u> | <u>42</u> |
| | | | <u>2.047</u> | <u>2.168</u> |

Notes

DKK thousand.

14. 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.

15. 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 6.1 million (2020 DKK 6.7 million)

Cloetta Danmark ApS has a parent company guarantee which relates to the rented office of Cloetta Norge AS with a total amount of DKK 1.4 million.

There are no other contingent liabilities.

16. 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 2052
174 02 Sundbyberg
Sverige

Notes

DKK thousand.

Related party transactions

The company has the following related party transactions:

| | 1/1 - 31/12 2021 |
|--|---------------------|
| Purchase of goods from related party | 268.995.641 |
| Services from related party | 28.527.259 |
| Services to related party | 4.310.240 |
| Other financial income group companies | 326.414 |
| Other financial expenses group companies | 566.163 |

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

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

ΠΕΝΝΕΟ

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NIKLAS TRUEDSSON

Bestyrelsesmedlem

On behalf of: Cloetta Danmark ApS

Serial number: 19720924xxxx

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2022-06-20 06:34:31 UTC



Mads Brinks

Adm. direktør

On behalf of: Cloetta Danmark ApS

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

IP: 154.14.xxx.xxx

2022-06-20 07:55:55 UTC



Mads Brinks

Bestyrelsesmedlem

On behalf of: Cloetta Danmark ApS

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

IP: 154.14.xxx.xxx

2022-06-20 07:55:55 UTC



Henri Jacob Jan De Sauvage-Nolting

Bestyrelsesmedlem

On behalf of: Cloetta Danmark ApS

Serial number: 19620120xxxx

IP: 88.131.xxx.xxx

2022-06-20 11:35:59 UTC



FRANS RYDÉN

Bestyrelsesformand

On behalf of: Cloetta Danmark ApS

Serial number: 19720405xxxx

IP: 188.151.xxx.xxx

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Martin Lunden

Statsautoriseret revisor

On behalf of: PwC Denmark

Serial number: CVR:33771231-RID:77203914

IP: 83.136.xxx.xxx

2022-06-20 20:52:22 UTC



Maj-Britt Nørskov Nannestad

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:94021295

IP: 83.136.xxx.xxx

2022-06-22 07:45:20 UTC



Mads Brinks

Dirigent

On behalf of: Cloetta Danmark ApS

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