

Annual Report 2019  
Gerda og Victor B. Strand Holding A/S

The Annual Report was adopted at  
the Annual General Meeting on  
23 March 2020

Marianne Philip  
Chairman

Registration no.: 35 04 30 55  
Toms Allé 1, 2750 Ballerup  
Denmark

# 2019

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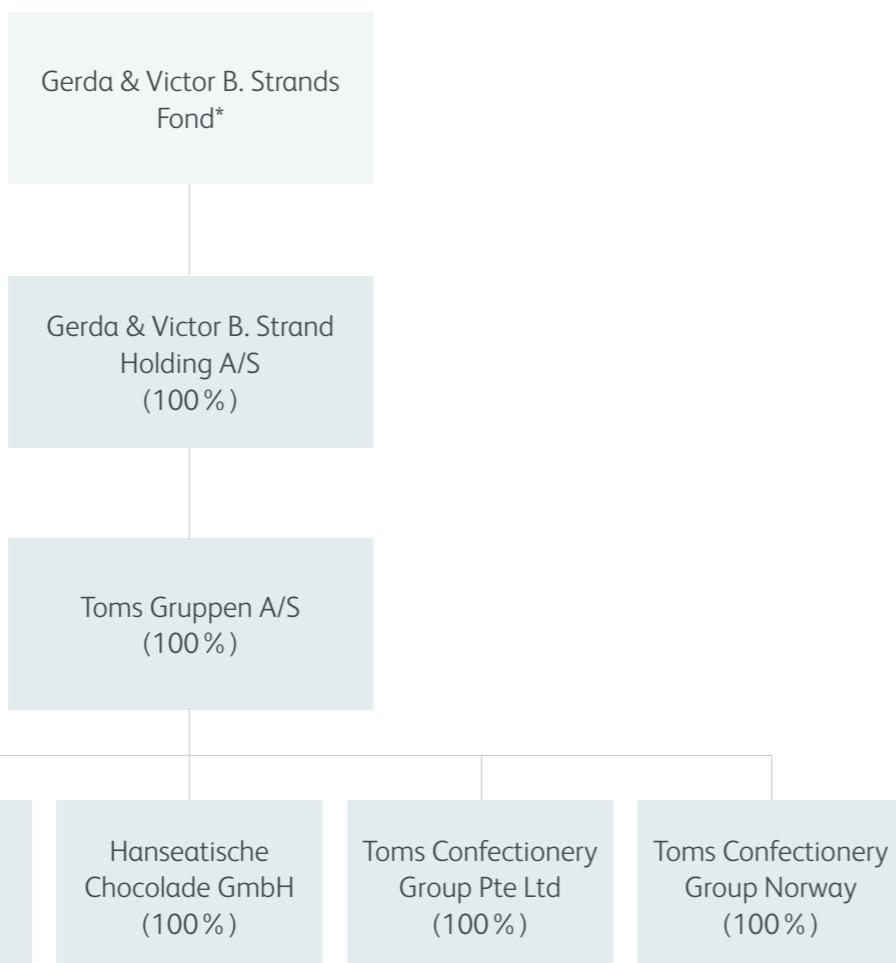
# Company Details

Gerda og Victor B. Strand Holding A/S  
Toms Allé 1  
2750 Ballerup, Denmark

Telephone: +45 44 89 10 00  
Fax: +45 44 89 10 99  
E-mail: info@toms.dk  
Website: www.tomsgroup.com  
Registered office: Ballerup  
Registration no.: 35 04 30 55  
Established: 1 February 2013  
Financial year: 1 January - 31 December

## Ownership

Gerda og Victor B. Strand Holding A/S is a fully owned subsidiary of Gerda og Victor B. Strands Fond.



\* This entity is not included in this Annual Report.



## Group Companies

*please refer to page 47 for complete list of subsidiaries*

### Toms Gruppen A/S

Toms Allé 1  
2750 Ballerup  
Denmark  
(100 percent owned by Gerda og Victor B. Strand Holding A/S)

### Toms Sverige AB

Hamngatan 17  
302 43 Halmstad  
Sweden  
(100 percent owned by Toms Gruppen A/S)

### Toms Polska Sp. z o.o.

Ul. Okrewna 27  
64-100 Leszno  
Poland  
(100 percent owned by Toms Gruppen A/S)

### Hanseatische Chocoladen Kontor GmbH & Co. KG

Westerstrasse 32  
28199 Bremen  
Germany  
(100 percent owned by Toms Gruppen A/S)

### Toms Confectionery Group Norway

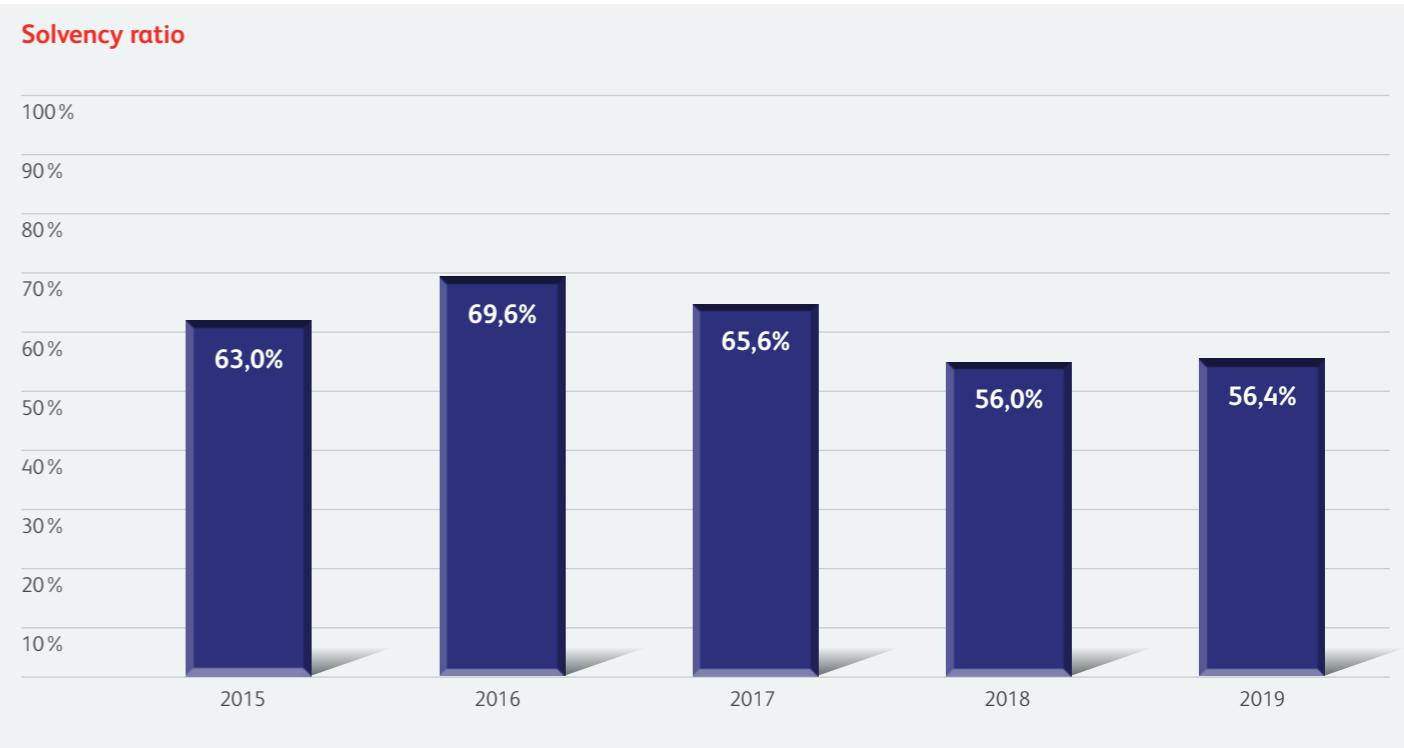
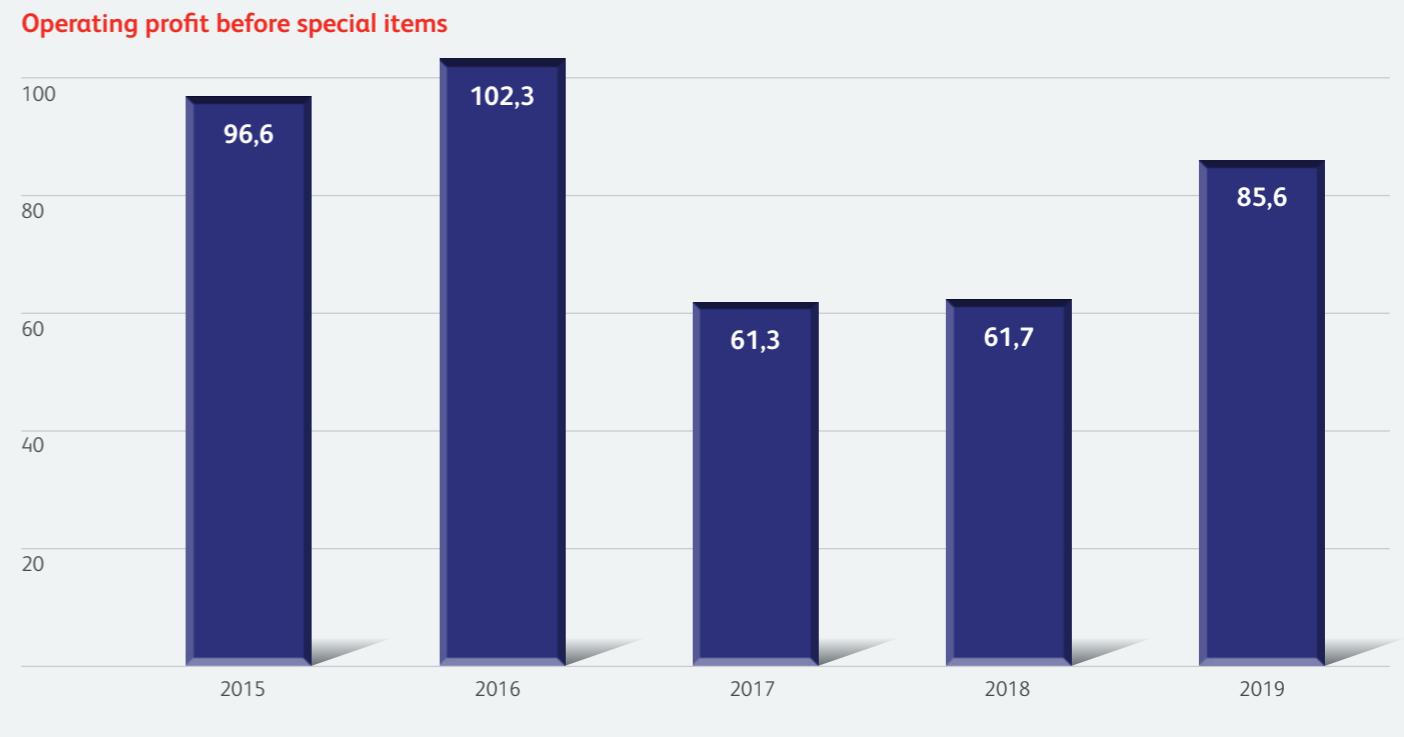
Delitoppen 7  
1540 Vestby  
Norway  
(100 percent owned by Toms Gruppen A/S)

### Toms Confectionery Group Pte. Ltd.

(Incorporated in Singapore)  
103 Defu Lane 10, #06-01  
FNA Group Building  
Singapore 539223  
(100 percent owned by Toms Gruppen A/S)

# Financial Highlights

	2019	2018	2017	2016	2015	Mill DKK
Revenue	1.529,7	1.764,5	1.763,1	1.729,8	1.755,7	
Gross profit	479,0	602,3	603,2	612,5	586,0	
<b>Operating profit before special items **</b>	<b>85,6</b>	<b>61,7</b>	<b>61,3</b>	<b>102,3</b>	<b>96,6</b>	
<b>Operating profit</b>	<b>5,2</b>	<b>50,3</b>	<b>54,4</b>	<b>88,7</b>	<b>70,5</b>	
Net financials	11,5	-4,7	0,7	-7,0	8,3	
Profit/loss before tax	16,7	45,6	55,1	81,7	78,8	
Profit/loss for the year	1,1	44,5	41,1	58,4	49,1	
Non-current assets	858,7	588,1	395,3	335,1	341,9	
Current assets	533,0	817,5	744,8	682,2	688,5	
<b>Total assets</b>	<b>1.391,7</b>	<b>1.405,6</b>	<b>1.140,1</b>	<b>1.017,3</b>	<b>1.030,4</b>	
Share capital	10,0	10,0	10,0	10,0	10,0	
<b>Equity</b>	<b>785,2</b>	<b>787,8</b>	<b>748,2</b>	<b>707,7</b>	<b>649,4</b>	
Provisions	94,4	58,2	58,1	57,9	81,1	
Non-current liabilities	186,0	201,2	0,0	0,0	0,0	
Current liabilities	326,2	358,5	333,8	251,7	299,9	
<b>Total liabilities and equity</b>	<b>1.391,7</b>	<b>1.405,6</b>	<b>1.140,1</b>	<b>1.017,3</b>	<b>1.030,4</b>	
Cash flow from operating activities	37,8	23,7	156,8	155,2	126,9	
Cash flow from investment activities	-330,2	-196,0	-116,7	-55,1	-36,0	
<i>Of this investments in property, plant and equipment</i>	-327,3	-196,9	-115,6	-55,1	-36,0	
Cash flow from financial activities	29,9	210,5	0,0	0,0	-5,9	
<b>Total increase/decrease in cash and cash equivalents</b>	<b>-262,5</b>	<b>38,2</b>	<b>40,1</b>	<b>100,1</b>	<b>85,0</b>	
<b>Average number of employees</b>	<b>1.005</b>	<b>1.031</b>	<b>1.010</b>	<b>1.090</b>	<b>1.258</b>	
<b>Financial ratios*:</b>						
Growth in operating profit before special items	38,6%	0,7%	-40,1%	5,9%	87,6%	
Operating margin	0,3%	2,9%	3,1%	5,1%	4,0%	
Return on invested capital	0,6%	7,5%	9,6%	14,9%	10,9%	
Gross margin	31,3%	34,1%	34,2%	35,4%	33,4%	
Current ratio	163,4%	228,0%	223,2%	271,0%	229,6%	
Solvency ratio	56,4%	56,0%	65,6%	69,6%	63,0%	
Return on equity	0,1%	5,8%	5,6%	8,6%	7,6%	



\*) Refer to page 51 for definitions of financial ratios, etc.

\*\*) Special items are disclosed in note 1 to the financial statement.

# MANAGEMENT'S REVIEW

# Management's Review

## Financial highlights

### Principal activities of the Company

Gerda og Victor B. Strand Holding A/S is a holding company. In 2013 the shares in Toms Gruppen A/S were transferred from Gerda og Victor B. Strands Fond to Gerda og Victor B. Strand Holding A/S. The transfer was accounted for using the pooling of interests method, and therefore the comparative figures have been restated to also include the period before the transfer.

Toms Gruppen A/S manufactures, markets and sells confectionery.

Denmark is the largest market, including sales to Danish/German border shops. Mainly branded products are sold in Denmark, and Toms Gruppen A/S is a market leader across the confectionery category as a total.

In Germany, sales mainly consist of premium chocolate under the brands of Hachez and Feodora.

In Sweden, sales consist of Pick-and-Mix sweets as well as branded products like Anthon Berg and Toms.

The international business unit primarily exports to the main markets in Norway, North America, the Netherlands, Australia and the Far and Middle East. In several

markets, sale is handled through distributors. The business unit is also responsible for sales to the travel retail market.

The Group's production takes place at the Group's own four factories in Denmark (2), and Poland (2). Production in Germany was phased out at the end of 2019.

### Development in activities and financial position

#### Profit for the year

The Group's revenue for 2019 amounted to DKK 1.529,7 million against DKK 1.764,5 million in 2018 which is in line with the 2019 outlook. The decrease in Revenue is the result of planned reduction in trade investments as well as deselection of a few specific major contracts in Germany due to the ongoing transformation and closure of production at the end of 2019.

Operating profit before special items ended at DKK 85,6 million which is above 2018 result of DKK 61,7 million and in line with the expectations. The increased result is supported by better production economy, reduced trade investments, increased Export business and cost reduction efforts.

Net financials showed an income of DKK 11,5 million in 2019 compared to an expense of DKK 4,7 million in 2018. The increase in income is mainly due to a one-off financial gain related to the refinancing of mortgage loans.

Special items (as disclosed in note 1) included in production cost and administrative expenses amounted to DKK 80,4 million compared to DKK 11,4 million in 2018, mainly driven by redundancy costs related to phase out of the German production towards year-end, transformation project cost as well as factory commissioning costs incurred in Poland. Accordingly, the net result for 2019 amounted to DKK 1,1 million compared to DKK 45,5 million in 2018.

### Balance sheet and equity development

The Group's total assets at year-end decreased by DKK 14 million in 2019 to DKK 1.391,7 million. This is mainly driven by the significant investments done in 2019 resulting in a significant increase in property, plant and equipment of DKK 270 million, which is off-set by a similar decrease in cash at bank and in hand of DKK 264,7 million. As a consequence the net external interest bearing debt increased by DKK 282 million from DKK -61 million

in 2018 to DKK 221 million at 31 December 2019. Equity remained at the same level in 2019 and ended at DKK 785,2 million compared to DKK 787,8 million in 2018. The solvency ratio for 2019 remained at the same level as 2018 of 56%.

### Investments and cash flow

Net investments amounted to DKK 327,3 million in 2019 against DKK 196,9 million in 2018. Consolidated cash flow from operation, investment and financing activities was negative by DKK 262,5 million compared to positive DKK 38,2 million in 2018. Decrease in cash flow were primarily related to the investments supporting the One Toms 2020 strategic priority of securing an agile and competitive supply chain. The negative net cash flow was set off by usage of cash and cash equivalents as well as by bank overdraft draw down.

### Development activities

Costs are continuously incurred for development of the product portfolio. Development activities include the development of new products as well as development of existing products and concepts. All development costs were expensed.



## 2020 Outlook

Due to the world-wide development of the Covid-19 situation, we are not able to provide financial expectations to our financial performance for 2020.

## Particular risks

### General risks

The Group's main operating risks are attributable to the development of the competitive environment in the retail market. In addition, risks are associated with the development of world market prices of cocoa, cocoa butter, almonds, hazelnuts, gelatin and sugar.

### New production facility

The new production facility in Nowa Sol, Poland is under ramp-up during 2020 and in 2021. The speed and complexity of the ramp-up carries an inherited risk to the financial performance in these years which are mitigated through close project management, established safety stocks and utilizing Ballerup facility as back-up where possible.

## Financial risks

### Interest rate risks

The Company's net debt position is cash negative in 2019 and will remain negative in 2020 due to continued investment in the supply chain footprint. The Group has fixed interest rate mortgage loans and bank overdraft with floating interest.

### Liquidity risks

The strategic investment in the supply chain footprint has been financed through use of excess cash, mortgage debt in Danish buildings as well as a committed overdraft facility.

### Currency risks

The Group's currency risks occur partly because there is an imbalance between income and expenses in each currency (transaction risk), and partly because the Group includes companies with a functional currency other than DKK (translation risk).

Net investment risk: The Group incurs currency risk mainly due to net investments in Poland. The Group has decided not to hedge the currency risk related to net investments in foreign subsidiaries but monitor the effect closely.

Translation risk: For 2019, the income statement and balance sheet were affected by fluctuations in PLN and SEK, however the impact on the Group's results were not significant.

### Credit risks

The Group's credit risks are related to the primary financial assets. The Group's policy for undertaking credit risks means that all new major customers and other business partners must be credit rated. A large proportion of transactions with customers outside the local markets are insured. Furthermore, significant non-insured customers are reviewed on a periodic basis.

## Corporate social responsibility

The Group has decided to publish the statutory report on social responsibility according to section 99a and 99b of the Danish Financial Statements Act on our website. Toms Group Responsibility Report 2019 can be found at [https://tomsgroup.com/en/our\\_responsibility/results\\_policies](https://tomsgroup.com/en/our_responsibility/results_policies) and is an integral part of the Management's review.



# FINANCIAL STATEMENTS

## Financial Statements

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# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Gerda og Victor B. Strand Holding A/S for the financial year 1 January – 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2019.

Ballerup, 23 March 2020

## Executive Board

Carsten Lyngsø Thomsen  
CEO

## Board of Directors

Marianne Philip  
Chairman

Henrik Brandt

Walther Paulsen

Jørgen Dirksen

Gregers Wedell-Wedellsborg Hans-Jørgen Filtenborg

Tina Nina Steenberg

Kenneth Pedersen



# Independent Auditor's Report

To the shareholder of  
Gerda og Victor B. Strand Holding A/S

## Opinion

We have audited the consolidated financial statements and the parent company financial statements of Gerda og Victor B. Strand Holding A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.



## Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- › Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- › Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 23 March 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Jens Thordahl Nøhr  
State Authorised  
Public Accountant  
mne32212

# Group and Parent Company Financial Statements

For the period 1 January – 31 December 2019

## Accounting Policies

### Compliance

The annual report of Gerda og Victor B. Strand Holding A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

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

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the income can be measured reliably. Liabilities are recognised in the balance sheet when the Group as a result of a past event has a legal or constructive obligation and it is probable that future economic benefits will flow from the Group, and the value can be measured reliably.

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

Income is recognised in the income statement as it occurs, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, costs incurred to generate the year's earnings, including depreciation, amortisation, provisions and reversals due to changes in accounting estimates of amounts previously recognised in the consolidated financial statements and the parent company financial statements.

### Consolidated financial statements

The consolidated financial statements comprise the parent company, Gerda og Victor B. Strand Holding A/S, and subsidiaries in which Gerda og Victor B. Strand Holding A/S directly or indirectly holds more than 50 percent of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 percent and 50 percent of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

### 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 at 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 at 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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as

a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

### Income statement

#### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. The company uses IAS 18 as interpretation for the recognition of revenue.

#### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plants.

### Sales and distribution costs

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

### Administrative expenses

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

### Other operating income

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

### Other operating costs

Other operating cost comprises items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

### Share of profit/loss in subsidiaries after tax

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

### Financial income and expenses

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

### Tax on profit/loss 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.

The parent company, Gerda & Victor B. Strand Holding A/S, is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they

are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Gerda & Victor B. Strand Holding A/S is the administrative company for the joint taxation and consequently settles all corporate tax payments with the tax authorities.

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

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

### Balance sheet

#### Goodwill and trademarks

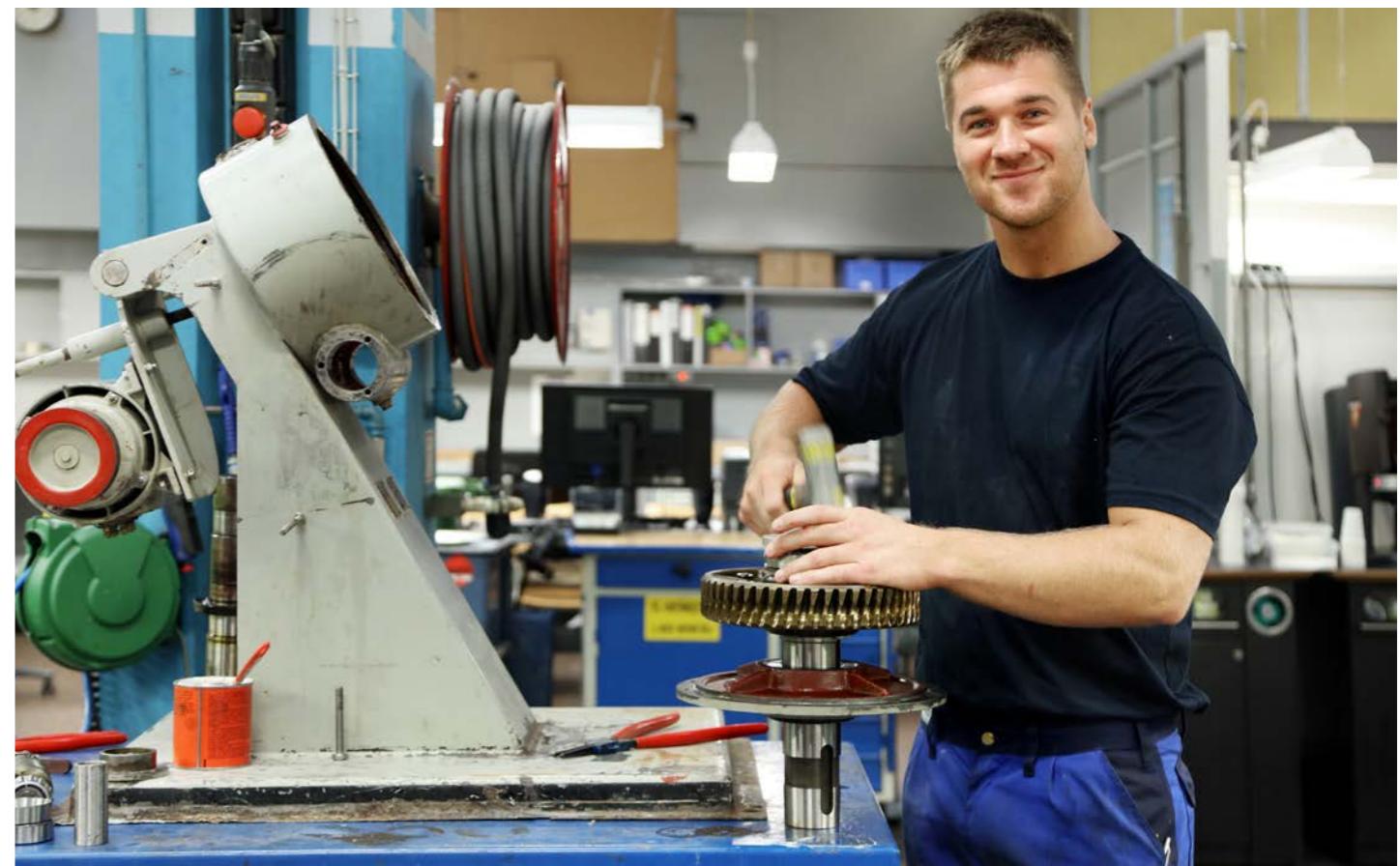
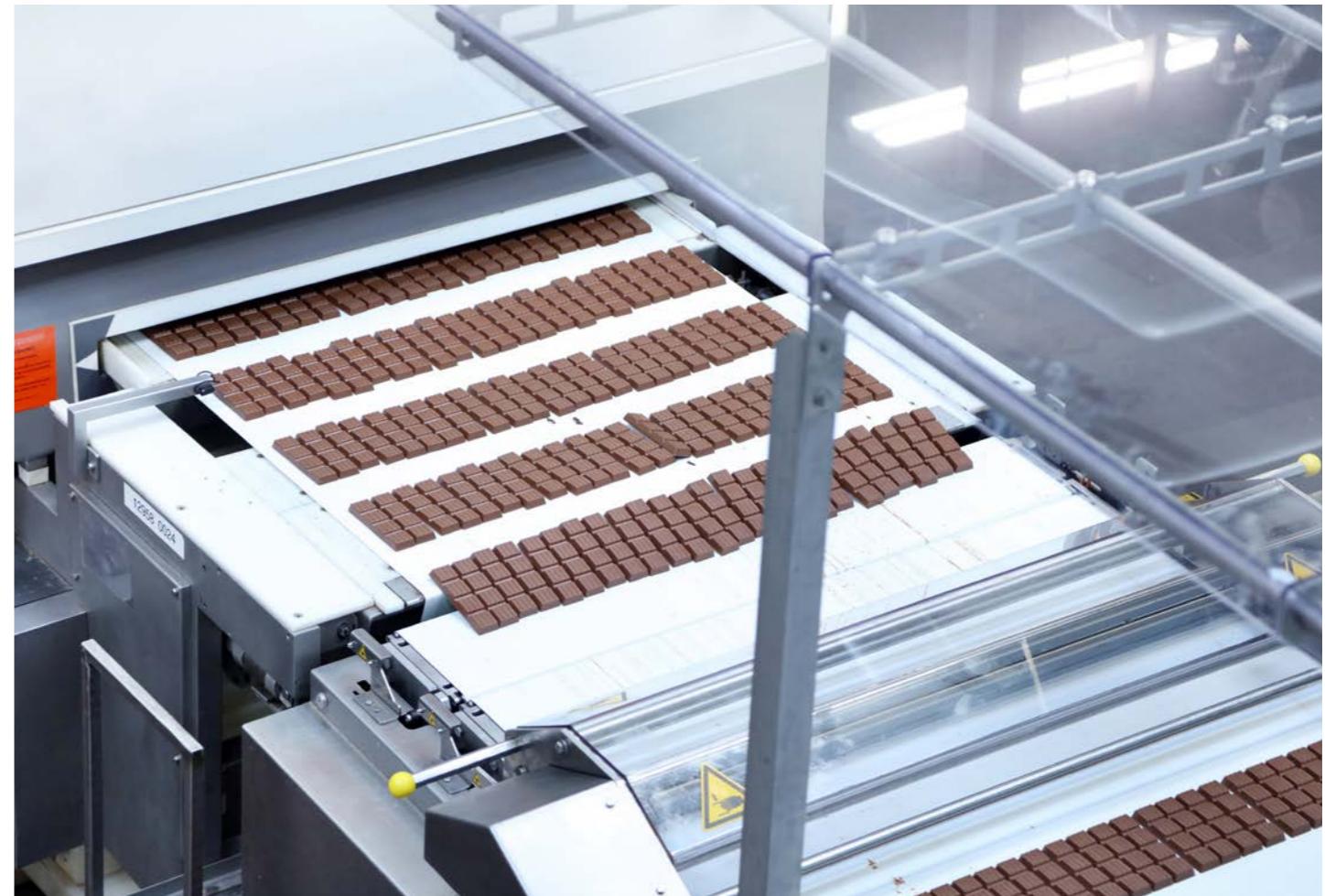
Goodwill and trademarks are amortised over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill and trademarks are amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

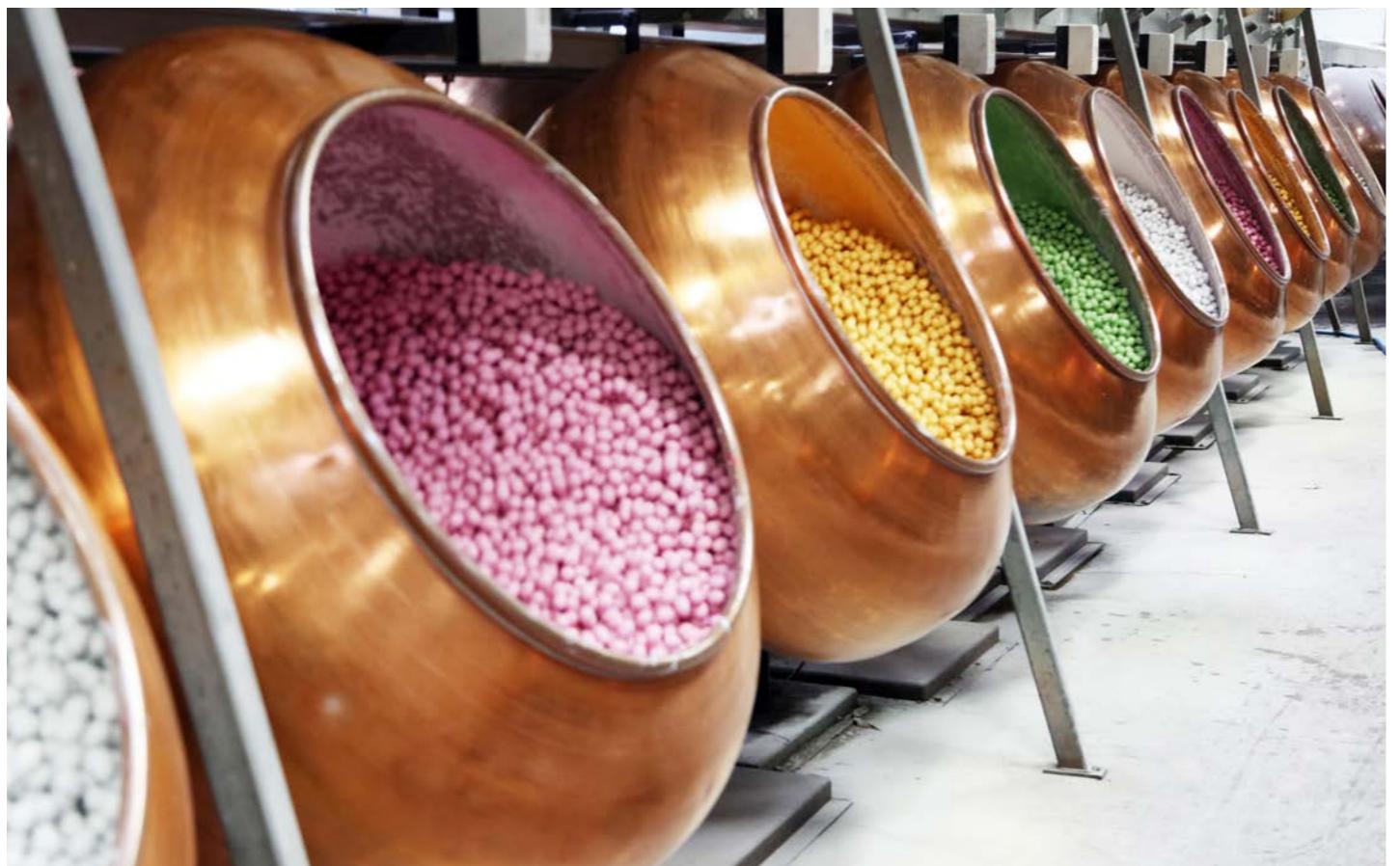
#### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

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 basis of depreciation, 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:

Buildings	30-50 years
Installations in building	10 years
Fixtures and fittings, tools and equipment	5-20 years
Cars	3 years
IT equipment	3-5 years

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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 or losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### **Investments in subsidiaries**

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds

the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds costs.

On acquisition of subsidiaries, the acquisition method is applied, see consolidated financial statements above.

#### **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 (cash-generating units) 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 and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### **Other investments**

Other investments recognised under non-current assets comprise unlisted shares measured at cost.

#### **Inventories**

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

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and

equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### **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 receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

The company uses IAS 39 as interpretation for the recognition of write-down of receivables.

#### **Securities and investments**

Securities and investments are measured at fair value at the balance sheet date.

#### **Dividends**

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### **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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as „Corporation tax receivable“ or „Corporation tax payable“.

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 and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, 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 carryforwards, 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.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

#### **Provisions**

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value.

Defined benefit plans are measured at the discounted value of the net pension obligation calculated using actuarial assumptions. Actuarial gains and losses are recognised in equity. If the obligation is expected to be settled far into the future, the obligation is measured at net present value.

#### **Financial Liabilities**

Financial liabilities are recognised at the time of borrowing at the proceeds received after deduction of transaction costs. In subsequent periods financial liabilities are measured at amortised cost.

Other financial liabilities are measured at net realisable value.

#### **Cash flow statement**

The cash flow statement shows the group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year.

#### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

#### **Cash flows from investment activities**

Cash flows from investment activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

#### **Cash flows from financing activities**

Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and securities and investments with a maturity below three months.

#### **Special items**

Special items consists of restructuring and strategic project costs related to investments in the supply chain footprint program and which does not form part of the Group's ordinary operating activities.

Special items for the year are disclosed in note 1, including the line items in which they are recognised in the income statement.

#### **Segment information**

Information is provided on business segments and geographical markets. Segment information is based on the Company's internal financial management.

#### **Financial ratios**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios „Recommendations and Financial Ratios“.





# Balance Sheet 31.12.2019

Parent company			Assets DKK '000	
2018	2019	Note	Group	
0	0	10	Goodwill	8.663 12.508
0	0	11	Trademarks etc.	904 836
0	0		<b>Total intangible assets</b>	9.567 13.344
0	0	12	Land and buildings	343.212 94.763
0	0	13	Plant and machinery	266.822 204.605
0	0	14	Fixtures and fittings, tools and equipment	1.101 1.830
0	0	15	Property, plant and equipment under construction	214.444 254.190
0	0		<b>Total property, plant and equipment</b>	825.579 555.388
0	0	16	Other investments	2.735 2.735
787.463	784.852	6	Investments in subsidiaries	0 0
0	0	17	Deferred tax assets	20.813 16.679
787.463	784.852		<b>Total other non-current assets</b>	23.548 19.414
787.463	784.852		<b>Total non-current assets</b>	858.694 588.146
0	0	18	<b>Inventories</b>	278.890 283.635
0	0		Trade receivables	226.446 211.551
0	0		Amounts owed by affiliated companies	0 15.081
220	220	19	Corporation taxes, receivable	2.847 8.583
0	0		Other receivables	17.293 26.524
220	220		<b>Total receivables</b>	246.586 261.739
0	0	20	<b>Securities and investments</b>	618 509
148	6.906		<b>Cash at bank and in hand</b>	6.906 271.624
368	7.126		<b>Total current assets</b>	533.000 817.507
787.831	791.978		<b>Total assets</b>	1.391.694 1.405.653

# Balance Sheet 31.12.2019

Parent company			Equity and liabilities DKK '000	
2018	2019	Note	Group	
10.000	10.000	21	Share capital	10.000 10.000
227.719	225.108	21	Revaluation reserve according to the equity method	0 0
550.077	550.065		Retained earnings	775.173 777.796
787.796	785.173		<b>Equity</b>	785.173 787.796
0	0	22	Deferred tax	37.635 31.867
0	0	23	Credit institutions	180.564 201.174
0	0	24	Provisions	23.896 22.804
0	0		Other payables	5.389 0
0	0		<b>Non-current liabilities</b>	247.484 255.845
0	0	23	Credit institutions	8.058 9.309
0	0	24	Provisions	32.829 3.494
0	0		Bank loans and overdraft	38.871 0
0	0		Trade payables	210.142 250.887
0	6.791		Amounts owed to affiliated companies	705 0
0	0	25	Corporation taxes, payable	386 667
35	14		Other payables	68.046 97.655
35	6.805		<b>Current liabilities</b>	359.037 362.012
35	6.805		<b>Total liabilities</b>	606.521 362.012
787.831	791.978		<b>Total liabilities and equity</b>	1.391.694 1.405.653
26			Commitments, contingencies and pledged assets	
27			Currency risks	
28			Related parties	
29			Proposed profit appropriation	
30			Cash flow from investing activities	
31			Cash and cash equivalents	
32			Events after the balance sheet date	

# Statement of Changes in Equity

Note	Parent company	Share capital	Revaluation reserve according to the equity method	Retained earnings	Total	DKK '000
	<b>Equity at 01 January 2018</b>	<b>10.000</b>	<b>18.153</b>	<b>720.091</b>	<b>748.244</b>	
	Capital contribution	0	170.000	-170.000	0	
	Actuarial loss on defined benefit plans, net of tax	0	-799	0	-799	
29	Proposed profit appropriation	0	44.528	-14	44.514	
	Foreign currency translation adjustments	0	-1.688	0	-1.688	
	Value adjustments on hedging instruments, primo	0	-1.342	0	-1.342	
	Value adjustments on hedging instruments, ultimo	0	-1.831	0	-1.831	
	Deferred tax on value adjustments	0	698	0	698	
	<b>Equity at 01 January 2019</b>	<b>10.000</b>	<b>227.719</b>	<b>550.077</b>	<b>787.796</b>	
	Actuarial loss on defined benefit plans, net of tax	0	-1.935	0	-1.935	
	Proposed profit appropriation	0	1.100	-12	1.088	
29	Foreign currency translation adjustments	0	-387	0	-387	
	Value adjustments on hedging instruments, primo	0	1.831	0	1.831	
	Value adjustments on hedging instruments, ultimo	0	-3.612	0	-3.612	
	Deferred tax on value adjustments	0	392	0	392	
	<b>Equity at 31 December 2019</b>	<b>10.000</b>	<b>225.108</b>	<b>550.065</b>	<b>785.173</b>	

Note	Toms Group	Share capital	Retained earnings	Total	
	<b>Equity at 01 January 2018</b>	<b>10.000</b>	<b>738.244</b>	<b>748.244</b>	
	Actuarial loss on defined benefit plans, net of tax	0	-799	-799	
	Proposed profit appropriation	0	44.514	44.514	
	Foreign currency translation adjustments	0	-1.688	-1.688	
	Value adjustments on hedging instruments, primo	0	-1.342	-1.342	
	Value adjustments on hedging instruments, ultimo	0	-1.831	-1.831	
	Deferred tax on value adjustments	0	698	698	
	<b>Equity at 1 January 2019</b>	<b>10.000</b>	<b>777.796</b>	<b>787.796</b>	
	Actuarial loss on defined benefit plans, net of tax	0	-1.935	-1.935	
	Proposed profit appropriation	0	1.088	1.088	
	Foreign currency translation adjustments	0	-387	-387	
29	Value adjustments on hedging instruments, primo	0	1.831	1.831	
	Value adjustments on hedging instruments, ultimo	0	-3.612	-3.612	
	Deferred tax on value adjustments	0	392	392	
	<b>Equity at 31 December 2019</b>	<b>10.000</b>	<b>775.173</b>	<b>785.173</b>	

# Cash Flow Statement

Note	Group	2019	2018
	<b>Operating profit/loss</b>	5.174	50.279
	Depreciation, amortisation and impairment losses	50.352	54.718
	<b>Cash generated from operating activities before changes in working capital, etc</b>	<b>55.526</b>	<b>104.997</b>
	Inventories	4.745	-12.405
	Trade receivables	-14.895	-2.877
	Other receivables	24.312	2.690
	Trade payables	-27.289	-23.834
	Other payables	-24.220	-23.672
	Provisions	30.427	368
	<b>Changes in working capital</b>	<b>-6.920</b>	<b>-59.730</b>
	Value adjustments of financial instruments	-1.389	-2.475
	Net financials	-1.383	-4.700
	Paid tax	-8.007	-14.420
	<b>Cash flow from operating activities</b>	<b>37.827</b>	<b>23.672</b>
30	<b>Cash flow from investing activities</b>	<b>-330.222</b>	<b>-195.979</b>
	Borrowings, bank overdrafts	38.871	0
	Borrowings, proceeds from mortgage loans	0	217.229
	Repayment of borrowings	-8.950	-6.746
	<b>Cash flow from financing activities</b>	<b>29.921</b>	<b>210.483</b>
	<b>Net cash flow</b>	<b>-262.474</b>	<b>38.176</b>
	Unrealized gain/loss on currencies and other value adjustments	-2.135	-2.424
	<b>Increase/decrease in cash and cash equivalents, during the year</b>	<b>-264.609</b>	<b>35.752</b>
31	<b>Cash and cash equivalents at 1 January</b>	<b>272.133</b>	<b>236.381</b>
31	<b>Cash and cash equivalents at 31 December</b>	<b>7.524</b>	<b>272.133</b>

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
0	0	1	<b>Special items within operating profit</b>	
Severance costs relating to closing of German factory	50.032	0		
Other costs relating to closing of German factory	9.997	0		
Factory commissioning costs	10.642	0		
Transformation project cost	9.720	11.434		
Total	80.391	11.434		
Special items are included in the following line items:				
Production costs	71.266	4.365		
Administrative expenses	9.125	7.069		
Total	80.391	11.434		
2	<b>Segment information</b>			
Primary segment: Revenue in geographical area				
Denmark/Sweden, excl. Travel Retail	853.548	1.007.591		
Germany, excl. Travel Retail	366.305	460.663		
Other export, incl. Travel Retail	309.799	296.238		
Total	1.529.652	1.764.492		
Secondary segment: Revenue split in activities				
Confectionery Sales	1.529.652	1.764.492		
Total	1.529.652	1.764.492		

DKK '000

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
0	0	3	<b>Staff costs</b>	
Wages and salaries*				
Pensions				
Other social security costs				
Total				
<b>The staff costs has been included in the following line items:</b>				
Production costs				
Sales and distribution costs				
Administrative expenses				
Total				
Average number of employees				
Remuneration including incentive plans to:				
Executive Board				
Board of Directors				
Executive Board and Board of Directors**				
* Wages and salaries includes severance costs				
** Remuneration in 2018 for the Executive Board only includes CEO Carsten Lyngsø Thomsen				
4	<b>Impairment losses and depreciation/amortisation</b>			
Intangible assets				
Property, plant and equipment				
Total				
<i>The total impairment losses and depreciation/amortisation (including goodwill) has been included in the following line items:</i>				
Production costs				
Sales and distribution costs				
Administrative expenses				
Total				
5	<b>Fee paid to auditors</b>			
<b>Ernst &amp; Young</b>				
Fee regarding statutory audit				
Tax and VAT related engagements				
Other non-audit engagements				
Total				

# Notes

Parent company			DKK '000
2018	2019	Note	
559.744	559.744	6	<b>Investments in subsidiaries</b>
Cost at 1 January			
559.744	559.744		Cost at 31 December
18.153	227.719		Value adjustment at 1 January
170.000	0		Shareholder contribution
-1.688	-387		Foreign currency translation adjustments
-799	-1.935		Actuarial loss on defined benefit plans, net of tax
44.528	1.100		Profit/loss after tax
-2.475	-1.389		Value adjustments on hedging instruments, net of tax
227.719	225.108		Value adjustment at 31 December
787.463	784.852		Carrying amount at 31 December
			Subsidiaries      Registered office      Ownership
			Toms Gruppen A/S      Ballerup, Denmark      100%
		7	<b>Financial income</b>
0	0		Gain on refinancing of mortgage loans
0	0		Other financial income
0	0		Total
			12.911      0
			4.291      2.297
			17.202      2.297

# Notes

Parent company			DKK '000	Group	
2018	2019	Note		2019	2018
		8	<b>Financial expenses</b>		
2	5		Other financial expenses	5.679	6.997
2	5		Total	5.679	6.997
		9	<b>Tax</b>		
0	0		Tax on profit for the year	-13.462	-6.449
0	0		Adjustment of tax relating to previous years	32	-600
0	0		Adjustment of deferred tax	-2.179	5.984
0	0		Total	-15.609	-1.065
		10	<b>Goodwill</b>		
0	0		Cost at 1 January	133.284	133.104
0	0		Foreign currency translation adjustments	0	180
0	0		Cost at 31 December	133.284	133.284
0	0		Accumulated amortisation and impairment loss at 1 January	-120.776	-116.751
0	0		Foreign currency translation adjustments	0	-180
0	0		Amortisation	-3.845	-3.845
0	0		Accumulated amortisation and impairment loss at 31 December	-124.621	-120.776
0	0		Carrying amount at 31 December	8.663	12.508
		11	<b>Trademarks etc.</b>		
0	0		Cost at 1 January	50.005	49.856
0	0		Foreign currency translation adjustments	16	149
0	0		Additions	359	0
0	0		Disposals	-40.643	0
0	0		Cost at 31 December	9.737	50.005
0	0		Accumulated amortisation and impairment loss at 1 January	-49.169	-48.772
0	0		Foreign currency translation adjustments	-16	-143
0	0		Depreciation and impairment on disposals	40.643	0
0	0		Amortisation	-291	-254
0	0		Accumulated amortisation and impairment loss at 31 December	-8.833	-49.169
0	0		Carrying amount at 31 December	904	836

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
<b>Land and buildings</b>				
0	0	12	Cost at 1 January	291.423
0	0		Foreign currency translation adjustments	418
0	0		Transferred from assets under construction	254.583
0	0		Additions	551
0	0		Disposals	-115
0	0		Cost at 31 December	546.860
0	0		Accumulated depreciation at 1 January	-196.660
0	0		Foreign currency translation adjustments	-60
0	0		Depreciation	-7.043
0	0		Depreciation on disposals	115
0	0		Accumulated depreciation at 31 December	-203.648
0	0		Carrying amount at 31 December	343.212
<b>Plant and machinery</b>				
0	0	13	Cost at 1 January	1.275.665
0	0		Foreign currency translation adjustments	309
0	0		Transferred from assets under construction	63.543
0	0		Additions	42.996
0	0		Disposals	-76.181
0	0		Cost at 31 December	1.306.332
0	0		Accumulated depreciation at 1 January	-1.071.060
0	0		Foreign currency translation adjustments	-183
0	0		Depreciation	-37.082
0	0		Depreciation on disposals	70.354
0	0		Impairment	-1.539
0	0		Accumulated depreciation at 31 December	-1.039.510
0	0		Carrying amount at 31 December	266.822

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
<b>Other fixtures and fittings, tools and equipment</b>				
0	0	14	Cost at 1 January	0
0	0		Foreign currency translation adjustments	0
0	0		Additions	0
0	0		Disposals	0
0	0		Cost at 31 December	0
0	0		Accumulated depreciation at 1 January	0
0	0		Foreign currency translation adjustments	0
0	0		Depreciation	0
0	0		Depreciation on disposals	0
0	0		Accumulated depreciation at 31 December	0
0	0		Carrying amount at 31 December	0
<b>Property, plant and equipment under construction</b>				
0	0	15	Cost at 1 January	0
0	0		Foreign currency translation adjustments	0
0	0		Additions	0
0	0		Transferred upon completion	0
0	0		Cost at 31 December	0
<b>Other investments</b>				
0	0	16	Cost at 1 January	0
0	0		Cost at 31 December	0
0	0		Carrying amount at 31 December	0

# Notes

Parent company			Group		DKK '000		
2018	2019	Note	2019	2018	2018	2019	Note
0	0	17	<b>Deferred tax assets</b>				
0	0		Deferred tax at 1 January	16.679	11.255	0	Raw material and packaging
0	0		Adjustments of deferred tax	4.134	5.424	0	Work in progress
0	0		Deferred tax at 31 december	20.813	16.679	0	Manufactured goods and goods for resale
			Deferred tax relates to:			0	Carrying amount at 31 December
0	0		Intangible assets	1.964	2.454		
0	0		Property, plant and equipment	5.097	0		
0	0		Loss carried forward	11.354	11.828	0	Company tax, receivable at 1 January
0	0		Provisions	2.398	2.397	220	Paid/received during the year
0	0		Carrying amount at 31 December	20.813	16.679	0	Company tax for the year
			Timing of the reversal of deferred tax assets expected to be:			220	Company tax, receivable at 31 december
0	0		0-1 year	4.812	7.025		
0	0		1-5 year	12.147	7.257		
0	0		After 5 years	3.854	2.397	0	<b>Securities and investments</b>
0	0			20.813	16.679	0	

The loss carried forward is expected to be reversed within 1-5 years.  
Deferred tax of DKK 34,3 million relating to German subsidiaries is not recognised (2018: 24,7 million).

# Notes

Parent company			Group		
2018	2019	Note	2019	2018	
0	0	18	<b>Inventories</b>		
0	0		Raw material and packaging		106.413
0	0		Work in progress		39.009
0	0		Manufactured goods and goods for resale		133.468
0	0		Carrying amount at 31 December		278.890
					283.635
		19	<b>Corporation taxes, receivable</b>		
0	220		Company tax, receivable at 1 January		8.363
220	0		Paid/received during the year		7.726
0	0		Company tax for the year		-13.462
220	220		Company tax, receivable at 31 december		2.627
					8.363
		20	<b>Securities and investments</b>		
0	0		Cost at 1 January		39
0	0		Cost at 31 December		39
0	0		Value adjustment at 1 January		470
0	0		Value adjustment during the year		109
0	0		Value adjustment at 31 December		579
0	0		Carrying amount at 31 December		618
					509

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
		21	<b>Share capital</b>	
10.000	10.000		Share capital at 1 January	
10.000	10.000		Share capital at 31 December	
			The share capital consists of:	
10.000	10.000		100.000 shares of DKK 100 each	
10.000	10.000		Total	
		22	<b>Deferred tax, liabilities</b>	
0	0		Deferred tax at 1 January	31.867 32.172
0	0		Adjustments of deferred tax	5.768 -305
0	0		Deferred tax at 31 december	37.635 31.867
			Deferred tax relates to:	
0	0		Property, plant and equipment	24.923 22.033
0	0		Intangible assets	-122 0
0	0		Current assets	8.608 8.424
0	0		Items in equity	-795 -403
0	0		Credit institutions	4.142 0
0	0		Provisions	879 1.813
0	0		Carrying amount at 31 December	37.635 31.867
			Timing of the reversal of deferred tax liabilities expected to be:	
0	0		0-1 year	7.172 3.622
0	0		1-5 year	8.363 7.807
0	0		After 5 years	22.100 20.438
0	0			37.635 31.867

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
		23	<b>Credit institutions</b>	
0	0		Current, mortgage debt	8.058 9.309
0	0		Non-current, mortgage debt	180.564 201.174
0	0		Credit institutions at 31 December*	188.622 210.483
0	0		Due within the next year	8.058 9.309
0	0		Due within 1 - 5 years	33.667 38.844
0	0		Due after 5 years	146.897 162.330
0	0		Credit institutions at 31 December*	188.622 210.483
			* Mortgage loan has been refinanced in 2019	
		24	<b>Provisions</b>	
			<b>Movement during the year</b>	
0	0		Other provisions at 1 January	26.298 25.930
0	0		Used	-4.464 -2.440
0	0		New provisions	34.891 2.808
0	0		Other provisions at 31 december	56.725 26.298
			<b>The balance end of year</b>	
0	0		Restructuring, Germany (severance pay etc.)	32.770 3.435
0	0		Defined benefit plans, Germany	23.463 22.505
0	0		Other	492 358
0	0		Other provisions at 31 december	56.725 26.298
0	0		Provisions due within the next year	32.829 3.494
0	0		Provisions due within 1-5 years	466 242
0	0		Provisions due after 5 years	23.430 22.562
0	0		Carrying amount at 31 December	56.725 26.298
		25	<b>Corporation taxes, payable</b>	
2.973	0		Company tax, payable at 1 January	667 2.981
-2.973	0		Paid during the year	-281 -2.981
0	0		Company tax for the year	0 667
0	0		Company tax, payable at 31 december	386 667

# Notes

DKK '000

Parent company		Group	
Note			
26	<b>Commitments, contingencies and pledged assets</b>		
<b>Group liabilities</b>			
The Group has operating leases for the company's motor vehicles and IT equipment of DKK 11,8 million (DKK 8,6 million).			
The Group has purchase contracts related to raw material consumption and construction contracts of DKK 220,8 million (DKK 505,3 million).			
The Group has rental liabilities for the amount of DKK 3,9 million (DKK 2,4 million).			
The Group has pledged assets with a net carrying value of DKK 53,2 million (DKK 55,5 million) in favor of the mortgage loans (refer to note 23).			
Oberlandesgericht Düsseldorf has ruled in the sugar cartel case (süßwarenverband) against the acquired subsidiary, Feodora Chocolade GmbH, and a number of other major producers in Germany. The lawsuite was filed in 2009 on Restrictive practice and is on going. Total fine liability amount to DKK 3,7 million, which however have been appealed. The former owners of Hanseatische Chocolade GmbH have guaranteed to indemnify Toms Gruppen A/S and provided security in the form of bank guarantees.			
27	<b>Currency risks and use of cash flow hedges</b>		
		2019	2018
Contract type	Currency	Contract amount based on agreed rates	Gain / Loss recognized in equity
Group		Local currency (DKK '000)	Local currency (DKK '000)
Forward exchange contracts	SEK	218.000	-2.630
Forward exchange contracts	PLN	-8.000	166
Forward exchange contracts	GBP	N/A	N/A
Forward exchange contracts	USD	0	0
Forward exchange contracts	CAD	1.000	-359
Forward exchange contracts	CNY	-10.285	-66
Currency options	SEK	0	0
		95.000	145
The Group hedges major currencies (SEK, PLN, USD, CAD, GBP and CNY) according to the group policies, which state that main currency risk within 6 months are 100 % covered. Currency risk between 6 - 12 months are in general covered from 50 - 90 %.			

# Notes

DKK '000

Parent company		Group	
2018	2019	Note	
<b>Related parties</b>			
Gerda og Victor B. Strand Holding A/S' related parties are:			
Control:			
Gerda og Victor B. Strands Fond and its Board of Directors, Ballerup, Denmark			
Ultimate parent company			
Other related parties:			
Toms Gruppen A/S, Ballerup, Denmark			
Toms Sverige AB, Halmstad, Sweden			
Toms Polska Sp. z o.o., Leszno, Poland			
Vamesa Investments Sp.z.o.o.			
Hanseatische Chocolade GmbH, Bremen, Germany			
Hanseatische Geschäftsführungs GmbH, Bremen, Germany			
Hanseatisches Chocoladen Kontor GmbH & Co. KG			
Feodora Chocolade GmbH & Co. KG, Bremen, Germany			
Huchtinger Logistik GmbH & Co. KG, Bremen, Germany			
Hawopral GmbH, Bremen, Germany			
Toms Confectionery Group Pte. Ltd., Singapore			
Toms Confectionery Group, Vestby, Norway			
Related parties also include Board of Directors, the Executive Board and executive employees.			
<b>Transactions with related parties</b>			
Amounts owed by affiliated companies			
Capital injection			

# Notes

Parent company			Group	
2018	2019	Note	2019	2018
<b>Proposed profit appropriation</b>				
-14	-12	29	Retained earnings	
44.528	1.100		Revaluation reserve according to the equity method	
44.514	1.088			
<b>Profit/loss for the year</b>				
30				
<b>Cash flow from investing activities</b>				
Purchase and sale of land and buildings	-551		7.537	
Purchase and sale of plant and machinery	-37.169		-27.007	
Purchase and sale of other fixtures	146		-661	
Purchase and sale of Trademarks etc	-359		0	
Purchase of Property, plant and equipment under construction	-275.959		-222.952	
Change in payables and other receivables related to investing activities	-13.456		46.152	
Foreign currency translation adjustments	-2.874		952	
<b>Total</b>	<b>-330.222</b>		<b>-195.979</b>	
31				
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at 1 January consists of:				
Cash at bank and in hand	271.624		235.891	
Securities and investments	509		490	
Cash and cash equivalents at 1 January	272.133		236.381	
Cash and cash equivalents at 31 December consists of:				
Cash at bank and in hand	6.906		271.624	
Securities and investments	618		509	
Cash and cash equivalents at 31 December	7.524		272.133	
32				
<b>Events after the balance sheet date</b>				
After the balance sheet date, the global outbreak of COVID-19 (coronavirus) has had a negative impact on the macro-economic outlook and financial markets. The scale and duration of this remains uncertain, but could negatively impact the Group and the Parent Company going forward.				
No other events have occurred after the balance sheet date of importance to the consolidated financial statements and the financial statements of the Parent Company as at 31 December 2019.				





# Definition and Terms

## Definitions

Return on invested capital:	Operating profit in percent of the average of total assets less cash less short term liabilities excluding interest bearing debt.
Working Capital:	Inventories and trade receivables plus other receivables minus trade payables and other payables
Operating margin:	Operating profit in percent of revenue
Return on equity:	Profit from ordinary activities after tax in percent of average equity
Current ratio:	Current assets in percent of current liabilities
Gross margin:	Gross profit in percent of revenue
Operating profit before special item:	Operating profit before impairments, restructuring cost and other cost not related to ordinary activities
Operating profit:	Operating profit before interest and tax.
Solvency ratio:	Equity at year end in percent of total equity and liabilities at year end

## Terms

Sugar confectionery:	Wine gums, liquorice, toffees, sweets etc.
International:	Internal segment. Includes export (except Sweden and Travel Retail)
Travel Retail:	Ferry and airport sales
Special items:	Refer to note 1





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E-mail:	info@toms.dk
Website:	<a href="http://www.tomsgroup.com">www.tomsgroup.com</a>
Registered office:	Ballerup
Registration no.:	35 04 30 55
Established:	1 February 2013
Financial year:	1 January - 31 December

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## Jens Thordahl Noehr

### Statsautoriseret revisor

På vegne af: Ernst & Young P/S

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