

# Upfield Danmark A/S

Flæsketorvet 28, 1711 København V

CVR no. 36 89 16 96

## Annual report 2018

Approved at the Company's annual general meeting on 11 July 2019

Chairman:

  
Martina Flem Stm

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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Upfield Danmark A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 11 July 2019  
Executive Board:

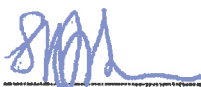


Henrik Kyvsgaard Nyboe  
CEO

Board of Directors:



Elena Martina Flemström  
Chairman



Stefan Erik Gustav Persson



Henrik Kyvsgaard Nyboe

## Independent auditor's report

To the shareholder of Upfield Danmark A/S

### Opinion

We have audited the financial statements of Upfield Danmark A/S for the financial year 1 January - 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

### 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 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 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 the financial statements.

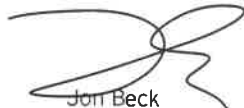
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 11 July 2019  
KPMG  
Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Jon Beck  
State Authorised Public Accountant  
mne32169

## Management's review

### Company details

Name	Upfield Danmark A/S
Address, Postal code, City	Flæsketorvet 28, 1711 København V
CVR no.	36 89 16 96
Established	11 May 2015
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Elena Martina Flemström, Chairman Stefan Erik Gustav Persson Henrik Kyvsgaard Nyboe
Executive Board	Henrik Kyvsgaard Nyboe, CEO
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø

## Management's review

### Business review

The company's principal activities consist of sales primarily of margarines and spreads.

### Financial review

The income statement for 2018 shows a profit of DKK 1,656 thousand against a profit of DKK 901 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 27,192 thousand.

The activity in the company is influenced by that Unilever sold their margarine and spreads business to KKR & Co. Inc. in July 2018, resulting in that employees were transferred to Upfield and new trading terms were established.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
	<b>Gross profit</b>	8,515	4,047
2	Staff costs	-4,494	-638
	Amortisation of intangible assets	-2,210	-2,210
	<b>Profit before net financials</b>	1,811	1,199
3	Financial income	270	0
4	Financial expenses	0	-2
	<b>Profit before tax</b>	2,081	1,197
5	Tax for the year	-425	-296
	<b>Profit for the year</b>	1,656	901
	<b>Recommended appropriation of profit</b>		
	Retained earnings	1,656	901
		1,656	901



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	Fixed assets		
6	Intangible assets		
	Goodwill	14,364	16,574
		<u>14,364</u>	<u>16,574</u>
	<b>Total fixed assets</b>	<u>14,364</u>	<u>16,574</u>
	<b>Non-fixed assets</b>		
	Receivables		
	Trade receivables	12,268	0
	Receivables from group enterprises	71,804	14,271
	Other receivables	244	395
		<u>84,316</u>	<u>14,666</u>
	Cash	273	0
	<b>Total non-fixed assets</b>	<u>84,589</u>	<u>14,666</u>
	<b>TOTAL ASSETS</b>	<u>98,953</u>	<u>31,240</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	8,000	8,000
	Retained earnings	19,192	17,536
	<b>Total equity</b>	<b>27,192</b>	<b>25,536</b>
	<b>Provisions</b>		
	Deferred tax	907	868
	<b>Total provisions</b>	<b>907</b>	<b>868</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	66,607	2,815
	Payables to group enterprises	0	1,472
	Corporation tax payable	452	66
	Other payables	3,795	483
		70,854	4,836
	<b>Total liabilities other than provisions</b>	<b>70,854</b>	<b>4,836</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,953</b>	<b>31,240</b>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2017	8,000	16,635	24,635
Transfer through appropriation of profit	0	901	901
<b>Equity at 1 January 2018</b>	<b>8,000</b>	<b>17,536</b>	<b>25,536</b>
Transfer through appropriation of profit	0	1,656	1,656
<b>Equity at 31 December 2018</b>	<b>8,000</b>	<b>19,192</b>	<b>27,192</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Upfield Danmark A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Reporting currency

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

#### Foreign currency translation

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

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

#### Income statement

##### Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation

The item comprises amortisation of intangible assets.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	10 years
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##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, financial expenses relating to realised and unrealised capital gains and losses, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

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

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

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

##### Impairment of fixed assets

The carrying amount of intangible assets is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

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

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

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

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

##### Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. 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, apart from business combinations, 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 intended use of the asset or settlement of the liability, respectively.

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

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2018	2017
<b>2 Staff costs</b>		
Wages/salaries	4,112	584
Pensions	333	51
Other social security costs	49	3
	<u>4,494</u>	<u>638</u>
Average number of full-time employees	<u>5</u>	<u>1</u>
<b>3 Financial income</b>		
Interest receivable, group entities	268	0
Exchange gain	2	0
	<u>270</u>	<u>0</u>
<b>4 Financial expenses</b>		
Exchange losses	0	2
	<u>0</u>	<u>2</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	390	66
Deferred tax adjustments in the year	39	230
Tax adjustments, prior years	-4	0
	<u>425</u>	<u>296</u>
<b>6 Intangible assets</b>		
DKK'000		<u>Goodwill</u>
Cost at 1 January 2018		<u>22,099</u>
Cost at 31 December 2018		<u>22,099</u>
Impairment losses and amortisation at 1 January 2018		5,525
Amortisation for the year		2,210
Impairment losses and amortisation at 31 December 2018		<u>7,735</u>
Carrying amount at 31 December 2018		<u>14,364</u>

### 7 Contingent Liabilities

#### Other contingent liabilities

The Company was jointly taxed with its former sister company Unilever Danmark A/S, which acted as the management company, but left the joint taxation on the 30 June 2018. As a jointly taxed company, the company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2015 until 30 June 2018, as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 11 May 2015 until 30 June 2018.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.