

NESTLÉ DANMARK A/S
KAY FISKERS PLADS 10, 2300 KØBENHAVN S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 May 2023**

Jan Overgaard Oberschelp

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COMPANY DETAILS

Company	NESTLÉ DANMARK A/S Kay Fiskers Plads 10 2300 Copenhagen S
	CVR No.: 38 68 89 28
	Established: 1 March 1938
	Municipality: Copenhagen
	Financial Year: 1 January - 31 December
Board of Directors	Peter Tomas Aronsson, chairman Torben Emborg Laurent Pasquier Mikala Larsen Jan Overgaard Oberschelp Jeanet Belvedere Christensen Jonas Marslev Delphine Thestesen Thygesen
Executive Board	Torben Emborg Laurent Pasquier
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg
General Meeting	The Annual General Meeting is held on 30 May 2023, at the company's address.

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of NESTLÉ DANMARK A/S for the financial year 1 January - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 May 2023

Executive Board

Torben Emborg

Laurent Pasquier

Board of Directors

Peter Tomas Aronsson
Chairman

Torben Emborg

Laurent Pasquier

Mikala Larsen

Jan Overgaard Oberschelp

Jeanet Belvedere Christensen

Jonas Marslev

Delphine Thestesen Thygesen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NESTLÉ DANMARK A/S

Conclusion

We have audited the financial statements of Nestlé Danmark A/S for the financial year 1 January - 31 December 2022, which comprise 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 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 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 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.

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. Management is also responsible for such internal control that 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 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management 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.

Frederiksberg, 30 May 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Tanggaard Jacobsen
State Authorised Public Accountant
MNE no. mne23314

Anders Roe Eriksen
State Authorised Public Accountant
MNE no. mne46667

FINANCIAL HIGHLIGHTS

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
Income statement					
Revenue.....	1.016.308	983.255	909.615	804.737	739.582
Operating profit/loss.....	66.622	68.600	60.408	41.974	53.519
Financial income and expenses, net.....	1.243	332	-1.176	-460	148
Profit/loss for the year before tax.....	111.562	68.932	15.535	41.514	56.267
Profit/loss for the year.....	98.215	54.296	2.480	38.824	78.139
Balance sheet					
Total assets.....	396.735	366.152	350.331	438.462	411.986
Equity.....	143.220	98.609	47.279	84.635	123.812
Investment in property, plant and equipment.....	7.550	6.432	3.644	15.094	6.140
Average number of full-time employees.....	363	362	369	390	379
Key ratios					
Gross margin.....	36,4	37,5	41,6	43,0	44,6
Operating margin.....	6,6	7,0	6,6	5,2	7,5
Equity ratio.....	36,1	26,9	13,5	19,3	30,1
Return on equity.....	81,2	74,4	3,8	37,3	69,7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Main activities

The company's purpose is to market food products as a respected food, nutrition and wellness company as well as providing services to affiliated companies.

Nestlé Danmark A/S sells and markets several brands such as NESPRESSO, NESCAFÉ, NESCAFÉ Dolce Gusto, NESQUIK, Starbucks, KIT KAT, AFTER EIGHT, FITNESS and CHEERIOS.

All products that are sold are produced with the aim at providing the consumer with a quality product that tastes good, and at the same time we continuously focus on reducing the content of sugar, salt, and fat, while adding more whole grains, fiber, and other natural raw materials where it is possible.

The supply of goods is mainly from affiliated companies in the global Nestlé Group.

Uncertainty in recognition and measurement

There has been no uncertainty in the recognition and measurement in the annual report.

Developments in activities and economic conditions

Nestlé Danmark A/S sales increased in 2022 by kDKK 33,053 / 3,4% compared to 2021 and ended at kDKK 1,016,308 (2021: kDKK 983,255). The sales have not been above 1 billion DKK since 2008 - so we are happy to pass that milestone again.

The sales increase is driven mainly by the inflationary environment we are in where we had to pass high sales price increases to our customers. However, the sales price increases did not at all compensate for the higher input prices that we received from our suppliers and our margins were under heavy pressure in 2022 and significantly lower than in 2021.

In order to compensate for the lower margins, we reduced our marketing investments and tried to lower our costs wherever we could. The lower marketing investments have together with other factors resulted in lower volumes and loss of market shares on the Danish market, and it is naturally of concern and something we would need to address going forward.

On the Danish market we lost market shares in our main categories which are the Coffee- and in the Confectionary categories. We gained market shares in Infant Nutrition, Breakfast Cereals - and in some smaller categories.

The inflationary environment is not only impacting our cost of goods sold - but also our structural costs. We have therefore in 2022 been working on limiting the effects of the price increases on our costs. One of the decisions taken in 2022 - that will contribute to limit the increase of our costs - is to move our Danish- and Nordic head office from Arne Jacobsens Allé 7 to Kay Fiskers Plads 10 (both in Ørestaden) as per 1st of May 2023.

Nespresso had in 2022 a difficult year in Denmark and the sales for 2022 ended kDKK 20,041 lower than in 2021. On the other hand, the sales to the border trade on the Danish/German border increased significantly in 2022 by kDKK 29,787 and is now well above the level before the outbreak of the pandemic.

Our subsidiary Nestlé Professional Food A/S has after the difficult period during the pandemic come out on the other side stronger than before the pandemic and profitability has stabilized at a higher level. We have therefore in 2022 chosen to reverse the impairment kDKK 43.697 that we did in the past.

Profit for the year compared to expected development

Operating profit amounts to kDKK 66,622 versus kDKK 68,600 in 2021 and is well above the expectations communicated last year where we expected a result for 2022 to be in the range of kDKK 30,000 - kDKK 50,000, measured by operating profit (before financial items and taxes).

We communicated last year that "2022 will not be a year like any other. We see significant increases in commodity prices, significant higher distribution costs, higher energy prices and salary increases than we have not seen in recent years. As a response to the higher input prices, we need to increase

MANAGEMENT COMMENTARY

Profit for the year compared to expected development (continued)

our selling prices significantly in 2022. The timing and the level of the changes in input and selling prices will have a major impact on the profitability for 2022 - and the profitability for 2022 is therefore more uncertain than usual”.

Indeed 2022 was not a year like any other year - and we faced many challenges and had to take short term measures to protect the operating profit for 2022 - including a significant reduction of Marketing investments. Through those short term measures, we ended the year better than expected from a profitability point of view. We unfortunately lost volumes and market shares which is not so positive - and something that will need to be addressed going forward.

The result of the year was expected in the range of kDKK 25,000 - kDKK 40,000 but ended at kDKK 98,215 versus kDKK 54,296 in 2021. The actual result is impacted by what is mentioned above including the reverse of impairment of our participation in Nestlé Professional Food A/S of kDKK 43,697.

Management considers the result of the year to be satisfactory - and acknowledge that the result is to an extent achieved through short term measures which is not long term sustainable. In particular there are concerns about the underlying lower profitability and about the lower volumes and the lower market shares.

Significant events that occurred after the end of the financial year

No events of material importance to the company's financial position have occurred after the end of the financial year.

Special risks

Operational risks

Nestlé Danmark's main operating risk is linked to the ability to maintain and expand its already strong position within relevant product groups.

Financial risks

Nestlé Danmark A/S is only limitedly exposed due to its soundness and financial preparedness towards changes in the level of interest rates.

Foreign currency risks

Nestlé Danmark A/S is only exposed to a limited extent to currency risks.

The company invoices primarily in DKK, while most of the purchases are made in EUR.

Interest risks

Nestlé Danmark A/S does not have significant interest risks.

Credit risks

Nestlé Danmark A/S does not have significant risks regarding individual customers or business partners.

Environmental conditions

Nestlé Danmark A/S is an environmentally conscious company that continuously works to reduce the environmental impacts of the company's operations. Nestlé Danmark A/S is part of the Nestlé S.A. Group. The Company has no significant environmental obligations of a financial nature.

MANAGEMENT COMMENTARY

Knowledge resources

Nestlé Danmark A/S relies on knowledge about product development and how the products are marketed in an effective way. It is mainly the Nestlé S.A. Group that is centrally responsible for the ongoing and efficient product development for the benefit of Nestlé Danmark A/S. The size of the Nestlé S.A. Group is contributing to that necessary resources being allocated to develop innovative Products.

In terms of marketing, Nestlé Danmark A/S also leverages the global Nestlé S.A. group for the purpose of exchange of competences to achieve effective market communication. The Nestlé S.A. group also contributes with expert knowledge in several other areas.

Expectations for the future

We see many risks and challenges in the macroeconomic environment we operate in. Those risks and challenges are much bigger than in the past. The inflationary environment that began in 2022 continues in 2023 and will hopefully slow down during the year. It is not unlikely that we will go into recession. There is a lot of tension on the geopolitical side that we have not seen for years that potentially can have a significant impact on 2023. The underlying lower profitability for 2022 and the loss of volumes and market shares in 2022 will also have a bearing into 2023. On that basis, we are not so positive about 2023 - and we see many risks that can change the business environment and our performance significantly from one day to the other.

With the above reservations in mind Nestlé Danmark A/S expects a result for 2023 to be in the range of kDKK 40,000 - kDKK 60,000, measured by operating profit (before financial items and taxes). Profit for the year (after financial items and taxes) for 2023 is expected to be in the range of kDKK 30,000 - kDKK 50,000.

Statement of social responsibility

Nestlé Danmark A/S wants to develop its businesses and meet its strategic challenges in an economically and socially sound manner. Nestlé Danmark A/S is part of the Nestlé S.A. Group.

Nestlé S.A. has a policy of social responsibility, including the environment, human rights, and climate, which Nestlé S.A. calls Sustainability at Nestlé. The policy can be found on Sustainability | Nestlé Global (www.nestle.com/sustainability)

Nestlé Danmark A/S has chosen to apply the exemption provision in section 99a (6) of the Danish Financial Statements Act, as the Nestlé S.A. Group prepares a progress report every year www.nestle.com/sites/default/files/2023-03/creating-shared-value-sustainability-report-2022-en.pdf (nestle.com)

Statement of targets and policies for the under-represented gender

Nestlé Denmark respects diversity and recognizes that a more equal distribution of men and women in management bring benefits in the form of synergy, creativity, etc.

The Board of Directors of Nestlé Danmark A/S has an objective of an equal distribution of men and women among the members elected by the General Meeting. The objective is to achieve the equitable distribution by the year 2025. The equitable distribution shall be sought, as far as possible, achieved through a prioritization of the under-represented gender in connection with natural replacements on the Board. In 2022, there has been a change in the board composition, but it did not change the distribution of men and women on the Board. The board is currently made up of 5 men and 3 women.

As far as Nestle Danmark A/S' other management is concerned, there is also an objective of an equal distribution of men and women. Other managerial positions include country managers, function heads, and global and local business managers. The calculation is based on the headcount, and it consists of 8 men and 7 women.

MANAGEMENT COMMENTARY

Statement of data ethics

Nestlé Danmark A/S is part of the Nestlé S.A. Group.

Nestlé S.A. has a policy of Data protection and privacy. The policy with reference to cf. §99d can be found on: Data protection and privacy | Nestlé Global (www.nestle.com/sustainability/human-rights/data-protection-privacy).

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK '000	2021 DKK '000
NET REVENUE	1	1.016.308	983.255
Cost of goods sold and consumables.....		-613.823	-552.381
Other operating income.....	2	294.039	288.605
Other external costs.....	3	-327.019	-350.861
GROSS PROFIT/LOSS		369.505	368.618
Staff costs.....	4	-295.104	-288.626
Depreciation, amortisation and impairment losses.....		-7.779	-11.392
OPERATING PROFIT		66.622	68.600
Other financial income.....	5	4.016	2.521
Impairment of financial assets.....		43.697	0
Other financial expenses.....	6	-2.773	-2.189
PROFIT BEFORE TAX		111.562	68.932
Tax on profit for the year.....	7	-13.347	-14.636
PROFIT FOR THE YEAR	8	98.215	54.296

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK '000	2021 DKK '000
Completed development projects.....		0	0
Goodwill.....		0	715
Intangible assets.....	9	0	715
Other plant, machinery, tools and equipment.....		9.403	8.400
Leasehold improvements.....		7.082	10.044
Property, plant and equipment under construction.....		2.461	68
Property, plant and equipment.....	10	18.946	18.512
Equity investments in group enterprises.....		43.697	0
Rent deposit and other receivables.....		3.062	3.067
Financial non-current assets.....	11	46.759	3.067
NON-CURRENT ASSETS.....		65.705	22.294
Finished goods and goods for resale.....		67.332	54.343
Inventories.....		67.332	54.343
Trade receivables.....		154.138	120.763
Receivables from group enterprises.....		67.536	120.326
Deferred tax assets.....	12	17.882	21.278
Other receivables.....		14.422	19.840
Corporation tax receivable.....		339	452
Joint tax contribution receivable.....		1.102	0
Prepayments and accrued income.....	13	5.858	3.716
Receivables.....		261.277	286.375
Cash and cash equivalents.....		2.421	3.140
CURRENT ASSETS.....		331.030	343.858
ASSETS.....		396.735	366.152

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK '000	2021 DKK '000
Share capital.....	14	44.000	44.000
Other reserves.....		-307	297
Retained earnings.....		2.527	1.312
Proposed dividend.....		97.000	53.000
EQUITY.....		143.220	98.609
Other provisions.....	15	6.077	4.145
PROVISIONS.....		6.077	4.145
Trade payables.....		33.253	47.212
Payables to group enterprises.....		126.384	110.419
Corporation tax.....		584	3.659
Joint tax contribution payable.....		0	763
Other liabilities.....		87.217	101.345
Current liabilities.....		247.438	263.398
LIABILITIES.....		247.438	263.398
EQUITY AND LIABILITIES.....		396.735	366.152
 Contractual obligations and contingencies, etc.	16		
 Related parties	17		
 Significant events that occurred after the end of the financial year	18		
 Consolidated Financial Statements	19		

EQUITY

	Share capital	Other reserves	Retained profit	Proposed dividend	Total
Equity at 1 January 2022.....	44.000	297	1.312	53.000	98.609
Proposed profit allocation, note 8.....			1.215	97.000	98.215
Transactions with owners					
Dividend paid.....				-53.000	-53.000
Other legal bindings					
Adjustment of financial instruments to fair value.....		-777			-777
Taxes.....		173			173
Equity at 31 December 2022.....	44.000	-307	2.527	97.000	143.220

NOTES

	2022 DKK '000	2021 DKK '000	Note
Revenue			1
Segment details (geography)			
Denmark.....	887.500	884.040	
Nordic.....	41.867	42.061	
Germany.....	86.941	57.154	
	1.016.308	983.255	
Business segments are omitted, as the segments do not differ significantly among themselves and the information can not be given without inflicting the company competitive damage.			
Other operating income			2
Other operating income consists of IC transactions. We refer to note 18 "Related parties".			
External costs			3
Fees paid to auditor appointed at the annual general meeting:			
With reference to Section 96(3) of the Danish Financial Statements Act, fee for statutory auditors is stated for the Group.			
	2022 DKK '000	2021 DKK '000	
Staff costs			4
Average number of full-time employees	363	362	
Wages and salaries.....	258.499	255.789	
Pensions.....	25.564	23.494	
Social security costs.....	2.258	2.141	
Other staff costs.....	8.783	7.202	
	295.104	288.626	
Remuneration of Executive Board.....	12.033	9.546	
Remuneration of Board of Directors.....	30	30	
	12.063	9.576	
Other financial income			5
Other financing income.....	4.016	2.521	
	4.016	2.521	

NOTES

	2022 DKK '000	2021 DKK '000	Note
Other financial expenses			6
Interest expenses, Group enterprises.....	41	11	
Other financing expenses.....	2.732	2.178	
	2.773	2.189	
Tax on profit for the year			7
Current tax for the year.....	10.559	11.423	
Deferred tax adjustment for the year.....	3.977	3.703	
Prior year tax adjustment.....	-1.360	-452	
Taxes related to equity.....	171	-38	
	13.347	14.636	
Proposed distribution of profit			8
Proposed dividend for the year.....	97.000	53.000	
Retained earnings.....	1.215	1.296	
	98.215	54.296	
Intangible assets			9
	Completed development projects	Goodwill	
Cost at 1 January 2022.....	29.715	50.075	
Cost at 31 December 2022.....	29.715	50.075	
Amortisation and impairment losses at 1 January 2022.....	29.715	49.361	
Amortisation for the year.....	0	714	
Amortisation and impairment losses at 31 December 2022...	29.715	50.075	
Carrying amount at 31 December 2022.....	0	0	

Completed development projects relate to development of ERP-system to manage parts of the internal processes of the company.

NOTES

Note

Property, plant and equipment **10**

	Other plant, machinery, tools and equipment	Leasehold improvements	Property, plant and equipment under construction
Cost at 1 January 2022.....	30.209	19.740	68
Transferred.....	1.097	-1.065	-32
Additions.....	4.931	174	2.445
Disposals.....	-2.896	-538	-20
Cost at 31 December 2022.....	33.341	18.311	2.461
Depreciation and impairment losses at 1 January 2022.....	21.809	9.696	
Transferred.....	668	-668	
Disposals.....	-2.865	-537	
Impairment losses.....	67	625	
Depreciation for the year.....	4.259	2.113	
Depreciation and impairment losses at 31 December 2022.....	23.938	11.229	
Carrying amount at 31 December 2022.....	9.403	7.082	2.461

Financial non-current assets

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	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2022.....	43.697	3.067
Additions.....	0	721
Disposals.....	0	-726
Cost at 31 December 2022.....	43.697	3.062
Impairment losses and amortisation of goodwill at 1 January 2022.....	43.697	0
Reversed impairment from prior years.....	-43.697	0
Impairment losses and amortisation of goodwill at 31 December 2022.....	0	0
Carrying amount at 31 December 2022.....	43.697	3.062

The investment realized a positive and strong result for 2022 evidencing that the financial performance is no longer disrupted by the implications from COVID-19. Management has evaluated the future cash flows from the investment and relevant indications for impairment. Based on the strong performance in 2022 and the positive outlook, management has concluded that there is no longer basis for impairment, and management has reversed the impairment of DKK 43.7 million in 2022.

Investments in subsidiaries (DKK '000)

Name and domicile	Equity	Profit/loss for the year	Ownership
Nestlé Professional Food A/S, Faxe.....	1.606	4.336	100 %

NOTES

			Note
Fixed asset investments (continued)			11
Deferred tax assets			12
Provision for deferred taxes relates to current liabilities, provisions, inventory and intangible and tangible fixed assets.			
	2022	2021	
	DKK '000	DKK '000	
Deferred tax at 1 January.....	21.278	24.935	
Adjustment of prior years' deferred tax.....	581	0	
Deferred tax adjustment for the year.....	-3.977	-3.657	
Provision for deferred tax 31 December 2022.....	17.882	21.278	
Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax assets are excepted to be set off within 1 year: DKK ('000) 6.364. Deferred tax expected to be set off within 2-5 years DKK ('000) 7.849. Deferred tax expected to be set off after 5 years DKK ('000) 3.670.			
Prepayments and accrued income			13
Prepayments relates to prepaid expenses and rent. Accrued income relates to subscriptions, etc			
	2022	2021	
	DKK '000	DKK '000	
Share capital			14
The contributed capital consists of:			
Shares, 440.000 unit of a nominal value of 100 DKK each.....	44.000	44.000	
	44.000	44.000	
Other provisions (long-term)			15
Other provisions are expected to mature within:			
0-1 year.....	4.301	1.660	
> 1 year og < 5 years.....	1.776	2.485	
	6.077	4.145	
Other provisions comprise expected costs for restructuring, contractual liabilities in regards to refurbishment of leaseholds and warranty commitments on sold machines.			

NOTES

Note

Contractual obligations and contingencies, etc.

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Contingent liabilities**Letter of financial support**

Nestlé Danmark A/S, which is the sole shareholder of Nestlé Professional Food A/S, has declared that it is committed to make financial resources available to Nestlé Professional Food A/S to an extent that ensures the company's continued operation.

The letter of support is valid up to and including the annual general meeting of Nestlé Professional Food A/S in 2024.

Operating lease commitments

The Company has lease commitments (operating leases) as of 31 December 2022 with a total amount of DKK ('000) 54.027 (2021: DKK ('000) 29.705). Lease commitments fall due within 1 year DKK ('000) 14.138 (2021: 15.595), while DKK ('000) 2.251 (2021: 219) falls due after 2027.

Joint liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes through dividend tax and tax on unearned income. The total amount of tax payables is included in the annual report of Nestlé Danmark A/S which is the administration company in relation to the joint taxation.

Related parties

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Related parties comprise the following:

The management of the company as well as other enterprises within Nestlé Group.

Controlling interest

Nestlé Danmark A/S is a 100 % owned subsidiary of Société des Produits Nestlé S.A., Vevey, Switzerland.

Transactions with related parties

During financial year the Company has the following transactions with related parties:

	2022 DKK '000	2021 DKK '000
Purchase of goods from group enterprises	580.298	445.612
Sale of goods to group enterprises	41.961	41.685
Purchase of services from group enterprises	112.600	84.296
Sale of services to group enterprises	258.607	249.906
Reimbursements	29.893	39.579
Royalty for group enterprises	66.783	73.000

Other financial expenses is stated under note 6.

Dividends to capital owners is stated under equity note

Significant events that occurred after the end of the financial year

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No events of material importance to the company's financial position have occurred after the end of the financial year.

NOTES**Note****Consolidated Financial Statements****19**

Nestlé Danmark A/S is part of the consolidated financial statements of Nestlé S.A., Avenue Nestlé 55, 1800 Vevey, Switzerland, which the Company is included as a subsidiary.

The consolidated financial statements of Nestlé S.A. can be requested on following address:
<http://www.nestle.com/investors/publications>

ACCOUNTING POLICIES

The Annual Report of NESTLÉ DANMARK A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C, large-size enterprises.

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

Comparative figures

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended 31 December 2021. As a consequence and in order to ensure adequate comparability across both financial years, comparative figures in respect of the financial year ended 31 December 2021 have been reclassified from joint tax contribution receivable to corporation tax receivable amounting to DKK ('000) 452.

Consolidated Financial Statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Nestlé S.A., Avenue Nestlé 55, 1800 Vevey, Switzerland.

INCOME STATEMENT

Net revenue

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

Income from the sale of goods for resale, merchandises and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. Income is recognised excluding VAT, taxes, duties and discounts related to the income.

Other operating income

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

Cost of goods sold and consumables

Cost of goods sold and consumables comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of trading goods and consumables.

Other external expenses

Other operating expenses comprise items secondary to the Company's activities, including advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

Income from investments in subsidiaries

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, 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.

ACCOUNTING POLICIES

Tax 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 recognised directly in equity is recognised directly in equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

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

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures 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 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 of the assets are as follows:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-10 years	0 %
Leasehold improvements.....	3-10 years	0 %

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Financial non-current assets

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life. Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

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

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

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

Prepayments and accrued income

Prepayments comprise costs incurred concerning subsequent financial years. Accrued income refers to income concerning the current financial year, but which will materialise into a receivable or a payment in the next financial year.

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Other provisions

Other provisions include expected cost of warranty commitments, refurbishment, restructuring costs etc.

ACCOUNTING POLICIES

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Amortised cost of current liabilities usually corresponds to nominal value.

Foreign currency translation

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

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

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Nestlé S.A., Avenue Nestlé 55, 1800 Vevey, Switzerland.