
HARIBO Produktion A/S

Præstøvej 55, DK-4640 Faxe

Annual Report for 1 January - 31 December 2021

CVR No 43 42 30 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
9 /6 2022

Michael Phiesel
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HARIBO Produktion A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Faxe, 9 June 2022

Executive Board

Stefano Paul Franzoia

André Smit

Board of Directors

Hans-Guido Riegel
Chairman

Michael Phiesel

Herwig Jean L. Vennekens

Dorthe Nygaard Godtfredsen
Staff Representative

Margit Dorete Jørgensen
Staff Representative

Independent Auditor's Report

To the Shareholder of HARIBO Produktion A/S

Opinion

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 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of HARIBO Produktion A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 and the Group'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 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Hellerup, 9 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Information

The Company

HARIBO Produktion A/S
Præstøvej 55
DK-4640 Faxe
E-mail: www.haribo.com

CVR No: 43 42 30 10
Financial period: 1 January - 31 December
Municipality of reg. office: Faxe

Board of Directors

Hans-Guido Riegel, Chairman
Michael Phiesel
Herwig Jean L. Vennekens
Dorthe Nygaard Godtfredsen
Margit Dorete Jørgensen

Executive Board

Stefano Paul Franzoia
André Smit

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Group Chart

Parent Company

HARIBO Produktion A/S
Faxe, Denmark
Nom. DKK 6.000.000

Consolidated subsidiary

100%

HARIBO Lakrids A/S
Vallensbæk, Denmark
Nom. DKK 1.000.000

Associated Company

40.44%

S.A. HARIBO-Ricqles-Zan
Marseille, France
Nom. EUR 519.386

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	644,559	604,979	554,758	495,060	515,923
Gross profit/loss	284,263	232,737	195,478	172,885	171,937
Operating profit/loss	89,043	20,748	-12,703	-30,794	-32,575
Net financials	64,495	37,535	38,632	36,292	-794
Net profit/loss for the year	153,693	78,467	48,749	24,186	33,390
Balance sheet					
Balance sheet total	1,410,799	1,346,010	1,294,672	1,235,817	1,213,302
Equity	1,245,247	1,151,622	1,129,047	1,079,775	1,053,353
Number of employees	300	302	320	320	341
Investment in property, plant and equipment	-14,336	-7,154	-4,629	-7,728	-20,047
Ratios					
Gross margin	44.1%	38.5%	35.2%	34.9%	33.3%
Solvency ratio	88.3%	85.6%	87.2%	87.4%	86.8%
Return on equity	12.8%	6.9%	4.4%	2.3%	3.2%
Operating margin	13.8%	3.4%	-2.3%	-6.2%	-6.3%
Current ratio	252.6%	197.2%	203.1%	191.8%	182.5%

Management's Review

Key activities

HARIBO Produktion A/S manufactures and sells high quality confectionary, mainly to the Nordic market.

HARIBO Produktion A/S, established in 1935 as the first HARIBO company outside Germany, is part of the international HARIBO Group (Germany).

Development in the year (including comparison with forecasts previously announced)

The income statement of the Group for 2021 shows a profit of TDKK 153,693 (2020: TDKK 78,467) The main driver for the positive profit is the income from equity investments in group entites. At 31 December 2021 the balance sheet of the Group shows equity of TDKK 1,245,247 (2020: 1,151,622.

In 2021 HARIBO Produktion A/S has reached a net sale and EBIT, which were better than expected in the forecast and better than the result of 2020. This is a first step of a long-term strategy to make the company itself profitable again. The Management Board is pleased with the positive development in the result.

HARIBO Produktion A/S has continuously offered products of the highest quality and continues to provide a variety of tastes and sizes to fulfill the need of the consumers.

2022 Outlook

HARIBO Produktion A/S expects to continue producing high quality confectionary products to the Nordic market. In 2022, we do expect to see an overall decrease in sales, as it is expected that the COVID-19 pandemic will be under control and the sales will normalize. Also the war in Ukraine is expected to impact the prices of raw material and price in general. The development in prices are monitored and action is taken accordingly. Due to the expected difficult circumstances in 2022, it is expected that the profit will be reduced with 20-30% compared to last year.

Subsequent events

Reference is made to note 16 in the Financial Statements.

Knowledge resources

HARIBO Produktion A/S will continue its strategy of increasing the qualifications of the employees, both by investing in upgrading the qualifications of existing employees and by adding new employees which can contribute with new and relevant qualifications for the Company.

Management's Review

Risk assessment

HARIBO Produktion A/S has identified its potential risks and has taken the necessary steps in order to secure the Company's assets and minimize the risks.

The Company has a strong cooperation with the HARIBO Group and uses the resources in the global HARIBO Group to secure its assets. Furthermore, the Company is continuously in contact with the authorities and with the Company's insurance partner in order to make sure that the Company is updated regarding both legislation and new technology, in order to secure both the employees and other assets.

Research and development activities

Research and development are carried out by HARIBO Produktion A/S in cooperation with the HARIBO Group, in order to keep the leading position on the Danish market within sugar confectionary.

Statement of corporate social responsibility

HARIBO Produktion A/S manufactures and sells high quality confectionary, mainly to the Nordic market. This CSR-report also covers HARIBO Lakrids A/S, CVR no. 37 65 76 54.

HARIBO Group takes its corporate responsibility very seriously. It is the belief of the company that respect for both people and the planet plays an important role in order to develop the business successfully. The company has therefore implemented several policies for the area, which are integrated in the daily work. In 2021, the company also continues the work on a group level. In the following, the main contents of the policies are described, including how the policies are transformed into action and results.

The main focus is Food Safety, as the company's consumers at any time should be able to enjoy the company's products without any risk. The HARIBO Group therefore applies high food safety, quality and ethical standards to the selection of all raw material and packaging used in the production of our beloved products. Since 2017, all the HARIBO Group manufacturing facilities (including the one in Denmark) have been certified according to FSSC 22000 (Food Safety System Certification), a GFSI (Global Food Safety Initiative) recognized standard with an excellent reputation in the food industry worldwide. In 2021 HARIBO Produktion A/S passed an unannounced audit for the FSSC2200, with very good results. Before 2017, HARIBO was certified according to the international food standard IFS.

Covid-19 pandemic have also highly influenced 2021. In general, there have been a huge focus on ensuring the safety of the employees both by ensuring the necessary protective equipment, providing weekly testing and if possible enabling and encouraging employees to work from home.

Management's Review

In 2022 we will continue the work started in 2021 to be SMETA certified. This certification includes both labour standards, Business ethics standards, health and safety standards as well as environmental standards.

Ethics and human rights

The HARIBO Group mainly get its raw materials from European vendors, however as we are aware that raw material often comes from subcontractors, The HARIBO Group makes high demand on its suppliers. It is required that the vendors ensure that raw materials are produced with respect for international conventions and standards, with a special focus on following the current Human Rights Conventions along with avoiding any form of bribery, corruption, forced labor and child labor. All vendors of raw material need to sign a declaration to declare that these demands are met. This declaration is a HARIBO Group Standard. HARIBO Produktion A/S is following the HARIBO Group standards as described above. All raw material vendors used in 2021 have declared that they are following the declaration. HARIBO Produktion A/S is FSSC 22000 certified. This standard ensures that the consumers get a product of the highest quality and safety, which can be consumed. A copy of the certificate can be seen on the homepage under "Kvalitetssikring". Here the consumers are also able to find further information about HARIBO's products. However, there is always a risk that ethic codes are not met outside of HARIBO's control.

As food safety is a priority for the HARIBO Group, we will, as part of our policy for vendor selection, continue to have focus on the suppliers, and ensure that our suppliers confirm that they follow our Quality Assurance Agreement.

For the coming years we will continue having focus on ensuring that suppliers meet our requirements.

Environmental and climate responsibility

HARIBO Group is fully focused on its environmental and climate impact, and is constantly trying to optimize this area so that the company's total environmental and climate impacts remain as minimal as possible. In particular, the focus is on reducing the company's energy consumption. This is done both by investigating how to invest in more energy-efficient technology, but the company will also focus on a change of attitude among its employees so as to avoid unnecessary consumption of energy. Also handling of waste is a company focus, and waste is sorted as an integrated part of the work in order to reduce the environmental and climate effects of production. However, it is not always easy to change old habit. Therefore, the company will continue to focus on implementing good habits to the benefit of both the company and the climate.

Beside changing habits Haribo keep on optimizing our energy used for utilities like steam and compressed air. The most efficient way to get results in this area is to focus on reducing leakages and shut down unused part of the factory. Furthermore we can move the right direction by implementing modern technology which often is more effective and use other type of energy than steam and compressed air.

Management's Review

In the coming period the energy focus will concentrate on using the equipment more efficient and ensure that our base load for the factory is reduced to minimum. Also, our way of cleaning will be a topic for the coming period. Both the human behavior when cleaning but also more efficient systems to supply hot water.

Covid-19 pandemic have also highly influenced 2021. In general, there have been a huge focus on ensuring the safety of the employees both by ensuring the necessary protective equipment, providing weekly testing and if possible enabling and encouraging employees to work from home.

In 2022 we will continue the work started in 2021 to be SMETA certified. This certification includes both labour standards, Business ethics standards, health and safety standards as well as environmental standards.

Employee responsibility

HARIBO in Denmark is a member of the Confederation of Danish Industry ("DI - Dansk Industri") and complies with the guidelines set by Confederation of Danish Industry for its member companies. This also means that the company undertakes to treat its own employees and other stakeholders in accordance with current legislation, and in general shows good morals with everything that this entails. HARIBO also participates in local board work for the Confederation of Danish Industry where education of young people and contributions to this has very high priority.

HARIBO in Denmark wants to contribute to qualified and skills employees. Therefore, in 2018, HARIBO Denmark initiated a cooperation with 5 other companies in South of Zealand in order to ensure students for the education for Industrial technicians, which at that time was not offered in South of Zealand. This cooperation led to the education in 2019 is now permanent on Business School CELF. HARIBO Denmark was awarded with the prize "Internship 2019" from Danish Industry.

HARIBO is also represented in the committee "Arbejdets organisering og Industrioperatøruddannelsen (LLU)" where technical colleges and companies jointly work to ensure the quality of vocational education and focus on the need to attract young people into an industrial working life.

In 2019 the Code of Conduct was implemented throughout employees in all HARIBO countries together with a whistle blower portal. The Code of conduct ensue among other things anti-corruption, personal data privacy and combating money laundry.

In 2020, when the Covid-19 pandemic hit the world, HARIBO Denmark immediately formed a "prevention team". The purpose was to monitor the development and the guidelines and recommendations from the government and the authorities, and to take proper actions in HARIBO in order to ensure a safe working environment for our employees. We have provided weekly COVID-19 test for the employees, who are not able to work from home, in order to secure the safety of the employees. This work and focus have continued in 2021.

Management's Review

We aim at maintaining a good working environment so that our employees thrive and can perform at their best and continuously develop and take on new challenges while still keeping a good work-life balance.

It is a high priority for the company to ensure that sick employees return to work quickly and safely a long with the local authorities. In addition to this cooperation, the company pays for a private health insurance for all employees. Reducing work-related accidents resulting in absence has a particularly high priority which is why follow-up interviews are carried out when an accident has occurred. In 2021 there were 3 persons (12 person in 2020), who experienced a work related accident, which caused absence. Most importantly, however, is the focus on preventing accidents. Several initiatives have been taken in 2020 and will be continued in 2022 to reduce the accidents. In order to prevent accidents, the focus have been to identify potential risk. This have been done both by making it easy to report "near-by accidents", creating awareness of safety, educating the working environment representatives, direct information to the employee after an incident and causal analysis for all incidents (big or small). The result of those initiatives have been an increase of reported "near-by accidents" or potential dangerous observations by 150%. It is expected that these initiatives will continue to reduce the number of accidents. HARIBO in Denmark will continue the work on improving the working environment and educating our employees – and thereby reducing accident related absences. One of the key risks for our business is health and safety incidents.

Data ethics

HARIBO recognize Data ethic as an important area. As HARIBO have hardly any consumer data on a personal level, and therefore the area is considered low risk and therefore there is not made any politics regarding data ethics.

As protection of personal data is very important for HARIBO we have in 2021 put additional focus to GDPR. The overall aim of the focus was to increase the awareness in the organization, this include among other things mapping of GDPR processes and training of the employees.

Statement on gender composition

HARIBO Produktion A/S fully respects the current legislation, with the aim of a more balanced gender composition in both the Board of Directors and in other management positions. We strive to reach a balanced gender composition on all levels including management levels.

The Board of Directors consists of 3 members, which are all male. There has been no change to the Board of Directors during 2021. Due to that it has not been possible to reach the goal of an even gender composition. There are also 2 employee representatives, which are female. Excluding employee representatives, the aim is to have at least one female member of the Board of Directors in 2023.

On other managerial levels there are two male directors, and 4 managers with a gender balance of 25% female and 75% male. Our goal of having a balanced gender composition is not obtained. It has not been possible to achieve the goal as there have been only one shift in the management level in 2021, with no relevant candidate of the underrepresented gender.

Management's Review

The following steps is done to support a balanced gender composition:

- Gender as well as ethnical neutral job advert
- Encourage that future employees called for job interviews represent an equal balance on gender and race
- Secure gender balance in team-leader level

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue	1	644,559	604,979	463,972	437,426
Other operating income		22,499	34,189	5,524	2,802
Cost of sales		-253,998	-262,870	-251,558	-261,368
Other external expenses		-128,797	-143,561	-77,767	-81,005
Gross profit/loss		284,263	232,737	140,171	97,855
Staff expenses	2	-155,721	-158,117	-102,824	-98,807
Depreciation and impairment of property, plant and equipment		-17,000	-19,683	-15,917	-18,775
Other operating expenses		0	-2,366	0	-2,271
Profit/loss before financial income and expenses		111,542	52,571	21,430	-21,998
Income from investments in subsidiaries		0	0	69,864	57,744
Income from investments in associates		65,424	38,214	65,424	38,214
Financial income		319	305	263	214
Financial expenses		-1,248	-984	-629	-396
Profit/loss before tax		176,037	90,106	156,352	73,778
Tax on profit/loss for the year	3	-22,344	-11,639	-2,659	4,689
Net profit/loss for the year		153,693	78,467	153,693	78,467

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Land and buildings		67,554	71,072	67,554	71,072
Plant and machinery		67,794	64,021	67,794	64,021
Other fixtures and fittings, tools and equipment		4,039	3,664	581	834
Property, plant and equipment in progress		4,025	8,074	4,025	8,074
Property, plant and equipment	4	143,412	146,831	139,954	144,001
Investments in subsidiaries	5	0	0	109,168	119,304
Investments in associates	6	919,585	854,229	919,585	854,229
Deposits	7	1,212	1,722	0	0
Fixed asset investments		920,797	855,951	1,028,753	973,533
Fixed assets		1,064,209	1,002,782	1,168,707	1,117,534
Raw materials and consumables		18,497	15,989	18,497	15,989
Work in progress		8,318	7,379	8,318	7,379
Finished goods and goods for resale		48,181	53,095	47,939	52,913
Inventories		74,996	76,463	74,754	76,281
Trade receivables		107,280	123,859	49	45
Receivables from group enterprises		43,078	81,863	62,532	20,989
Corporation tax		0	0	0	16,238
Prepayments	8	3,048	2,905	1,287	975
Receivables		153,406	208,627	63,868	38,247
Cash at bank and in hand		118,188	58,138	23,334	24,767
Currents assets		346,590	343,228	161,956	139,295
Assets		1,410,799	1,346,010	1,330,663	1,256,829

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital		6,000	6,000	6,000	6,000
Reserve for net revaluation under the equity method		0	0	859,380	804,161
Retained earnings		1,239,247	1,145,622	289,867	281,461
Proposed dividend for the year		0	0	90,000	60,000
Equity		1,245,247	1,151,622	1,245,247	1,151,622
Provision for deferred tax	10	20,061	20,359	20,042	20,364
Provisions		20,061	20,359	20,042	20,364
Trade payables		25,243	19,464	15,394	13,203
Payables to group enterprises		29,344	48,735	27,035	47,140
Corporation tax		16,044	4,234	16,044	4,234
Other payables		74,860	101,596	6,901	20,266
Short-term debt		145,491	174,029	65,374	84,843
Debt		145,491	174,029	65,374	84,843
Liabilities and equity		1,410,799	1,346,010	1,330,663	1,256,829
Distribution of profit	9				
Contingent assets, liabilities and other financial obligations	13				
Related parties	14				
Fee to auditors appointed at the general meeting	15				
Subsequent events	16				
Accounting Policies	17				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	6,000	0	1,085,622	60,000	1,151,622
Exchange adjustments	0	0	-68	0	-68
Ordinary dividend paid	0	0	0	-60,000	-60,000
Net profit/loss for the year	0	0	153,693	0	153,693
Equity at 31 December	6,000	0	1,239,247	0	1,245,247

Parent

Equity at 1 January	6,000	804,161	281,461	60,000	1,151,622
Exchange adjustments	0	-68	0	0	-68
Ordinary dividend paid	0	0	0	-60,000	-60,000
Net profit/loss for the year	0	55,287	8,406	90,000	153,693
Equity at 31 December	6,000	859,380	289,867	90,000	1,245,247

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TDKK	2020 TDKK
Net profit/loss for the year		153,693	78,467
Adjustments	11	-25,328	-4,370
Change in working capital	12	35,731	-62,116
Cash flows from operating activities before financial income and expenses		164,096	11,981
Financial income		320	305
Financial expenses		-1,247	-984
Cash flows from ordinary activities		163,169	11,302
Corporation tax paid		-10,833	0
Cash flows from operating activities		152,336	11,302
Purchase of property, plant and equipment		-14,336	-7,154
Fixed asset investments made etc		510	0
Sale of property, plant and equipment		929	2,022
Cash flows from investing activities		-12,897	-5,132
Repayment of payables to group enterprises		-19,389	0
Dividend paid		-60,000	-52,300
Cash flows from financing activities		-79,389	-52,300
Change in cash and cash equivalents		60,050	-46,130
Cash and cash equivalents at 1 January		58,138	104,268
Cash and cash equivalents at 31 December		118,188	58,138
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		118,188	58,138
Cash and cash equivalents at 31 December		118,188	58,138

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	361,925	332,739	205,026	194,944
Revenue, Europe	282,634	272,240	258,946	242,482
	644,559	604,979	463,972	437,426
2 Staff expenses				
Wages and salaries	140,315	142,988	91,999	88,691
Pensions	11,029	10,709	7,043	6,533
Other social security expenses	3,762	3,739	2,887	2,902
Other staff expenses	615	681	895	681
	155,721	158,117	102,824	98,807
Average number of employees	300	302	221	220
Group:				
Staff expenses of the Group include remuneration for the Executive Board of TDKK 6,902 (2020: TDKK 6,887) as well as remuneration for the Board of Directors of TDKK 85 (2020: TDKK 85).				
Parent company:				
Staff expenses of the Parent Company include remuneration for the Executive Board of TDKK 2,464 (2020: TDKK 2,412) as well as remuneration for the Board of Directors of TDKK 85 (2020: TDKK 85).				
3 Tax on profit/loss for the year				
Current tax for the year	22,643	4,233	2,982	-12,005
Deferred tax for the year	-298	11,875	-322	11,814
Adjustment of tax concerning previous years	-1	-4,689	-1	-4,689
Adjustment of deferred tax concerning previous years	0	220	0	191
	22,344	11,639	2,659	-4,689

Notes to the Financial Statements

4 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	221,643	378,194	26,210	8,073	634,120
Additions for the year	127	2,052	1,900	10,254	14,333
Disposals for the year	0	-901	-2,054	0	-2,955
Transfers for the year	0	14,302	0	-14,302	0
Cost at 31 December	<u>221,770</u>	<u>393,647</u>	<u>26,056</u>	<u>4,025</u>	<u>645,498</u>
Impairment losses and depreciation at 1 January	150,571	314,174	22,546	0	487,291
Depreciation for the year	3,645	11,901	1,454	0	17,000
Reversal of impairment and depreciation of sold assets	0	-222	-1,983	0	-2,205
Impairment losses and depreciation at 31 December	<u>154,216</u>	<u>325,853</u>	<u>22,017</u>	<u>0</u>	<u>502,086</u>
Carrying amount at 31 December	<u>67,554</u>	<u>67,794</u>	<u>4,039</u>	<u>4,025</u>	<u>143,412</u>

Notes to the Financial Statements

4 Property, plant and equipment (continued)

Parent

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	221,643	378,194	8,438	8,073	616,348
Additions for the year	127	2,052	119	10,254	12,552
Disposals for the year	0	-901	-243	0	-1,144
Transfers for the year	0	14,302	0	-14,302	0
Cost at 31 December	<u>221,770</u>	<u>393,647</u>	<u>8,314</u>	<u>4,025</u>	<u>627,756</u>
Impairment losses and depreciation at 1 January	150,571	314,174	7,605	0	472,350
Depreciation for the year	3,645	11,901	371	0	15,917
Reversal of impairment and depreciation of sold assets	0	-222	-243	0	-465
Impairment losses and depreciation at 31 December	<u>154,216</u>	<u>325,853</u>	<u>7,733</u>	<u>0</u>	<u>487,802</u>
Carrying amount at 31 December	<u>67,554</u>	<u>67,794</u>	<u>581</u>	<u>4,025</u>	<u>139,954</u>

Notes to the Financial Statements

	Parent	
	2021 TDKK	2020 TDKK
5 Investments in subsidiaries		
Cost at 1 January	115,878	115,878
Cost at 31 December	115,878	115,878
Value adjustments at 1 January	3,426	-9,519
Net profit/loss for the year	69,864	57,745
Dividend to the Parent Company	-80,000	-44,800
Value adjustments at 31 December	-6,710	3,426
Carrying amount at 31 December	109,168	119,304

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
HARIBO Lakrids A/S	Denmark	100%	109,168	69,864
	Group		Parent	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK

6 Investments in associates

Cost at 1 January	53,494	53,494	53,494	53,494
Cost at 31 December	53,494	53,494	53,494	53,494
Value adjustments at 1 January	800,735	766,113	800,735	766,113
Exchange adjustment	-68	-3,592	-68	-3,592
Net profit/loss for the year	65,424	38,214	65,424	38,214
Value adjustments at 31 December	866,091	800,735	866,091	800,735
Carrying amount at 31 December	919,585	854,229	919,585	854,229

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
S.A. HARIBO-Ricqles-Zan	France	40%	2,274,182	161,797

Notes to the Financial Statements

7 Other fixed asset investments

	Group
	<u>Deposits</u>
	TDKK
Cost at 1 January	1,722
Disposals for the year	-510
Cost at 31 December	<u>1,212</u>
Carrying amount at 31 December	<u>1,212</u>

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance, service contracts and IT costs.

	Group		Parent	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	TDKK	TDKK	TDKK	TDKK
9 Distribution of profit				
Proposed dividend for the year	0	0	90,000	60,000
Reserve for net revaluation under the equity method	0	0	55,287	41,640
Retained earnings	<u>153,693</u>	<u>78,467</u>	<u>8,406</u>	<u>-23,173</u>
	<u>153,693</u>	<u>78,467</u>	<u>153,693</u>	<u>78,467</u>

10 Provision for deferred tax

Provision for deferred tax at 1 January	20,359	12,953	20,364	13,048
Amounts recognised in the income statement for the year	<u>-298</u>	<u>7,406</u>	<u>-322</u>	<u>7,316</u>
Provision for deferred tax at 31 December	<u>20,061</u>	<u>20,359</u>	<u>20,042</u>	<u>20,364</u>

Notes to the Financial Statements

	Group	
	2021	2020
	TDKK	TDKK
11 Cash flow statement - adjustments		
Financial income	-319	-305
Financial expenses	1,248	984
Depreciation and impairment losses, including losses and gains on sales	16,823	21,526
Income from investments in associates	-65,424	-38,214
Tax on profit/loss for the year	22,344	11,639
	-25,328	-4,370

12 Cash flow statement - change in working capital

Change in inventories	1,467	-5,881
Change in receivables	55,221	-73,358
Change in trade payables, etc	-20,957	17,123
	35,731	-62,116

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
13 Contingent assets, liabilities and other financial obligations				

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	8,447	3,765	978	543
Between 1 and 5 years	5,165	10,669	75	905
	13,612	14,434	1,053	1,448

Other contingent liabilities

The Company has an ongoing dispute with the Danish tax Authorities regarding Transfer pricing documentations for the years 2013-2020. Depending on the final outcome of the case, the additional tax payment could be between DKK 0 and 10 million exclusive of interest and potential fines. Management has not deemed a provision necessary for the income increase in the Financial Statements for 2021.

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations (continued)

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

14 Related parties

Basis

Controlling interest

HARIBO International GmbH

Controlling shareholder

Transactions

Transactions with related parties have not been disclosed for in accordance with section 98C(7) of the Danish Financial Statements Act as there have been no transactions with related parties, which have not been effected at arm's length.

Consolidated Financial Statements

The company is part of the consolidated financial statements of:

Name	Place of registered office
HARIBO International GmbH	Germany

HARIBO Produktion A/S is part of the consolidated financial statements of HARIBO International GmbH, Dr.-Hans-und-Paul-Riegel-Straße 1,53501 Graftschaft, Germany, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of HARIBO International GmbH can be obtained by contacting the company at the address above

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
15 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	291	0	171	0
Tax advisory services	60	0	40	0
Other services	115	0	70	0
	466	0	281	0
KPMG				
Audit fee	0	300	0	160
Other services	0	508	0	278
	0	808	0	438
	466	808	281	438

16 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of HARIBO Produktion A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, HARIBO Produktion A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

17 Accounting Policies (continued)

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term. The company's liabilities relating to operational leases are disclosed as contingent liabilities.

Segment information on revenue

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management. The business segment is seen as one activity.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

17 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including revenue from supply of administrations services for other firms from the Haribo Group and gains or losses on the disposal of property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the wholly owned Danish subsidiary. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-40 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Notes to the Financial Statements

17 Accounting Policies (continued)

The residual values are estimated at the following percentage of the cost:

Buildings	10 %
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The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits, and are recognised at nominal value.

Notes to the Financial Statements

17 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

17 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

17 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year 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 net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of loans as well as distribution of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$