

HARIBO Produktion A/S

Præstøvej 55
4640 Faxe
Denmark

CVR no. 43 42 30 10

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

22 May 2023

Michael Phiesel
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of HARIBO Produktion A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Faxe, 22 May 2023

Executive Board:

Stefano Paul Franzoia

André Smit

Board of Directors:

Hans-Guido Riegel
Chairman

Herwig Jean L. Vennekens

Michael Phiesel

Christian Willer
Staff representative

Jens Michael Sandvig
Staff representative



Independent auditor's report

To the shareholder of HARIBO Produktion A/S

Opinion

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 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated 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 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 consolidated financial statements and the parent company 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.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 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 of the Management's review.

Copenhagen, 22 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
mne19737

Stine Inger Pedersen
State Authorised
Public Accountant
mne47771

HARIBO Produktion A/S
Annual report 2022
CVR no. 43 42 30 10

Management's review

Company details

HARIBO Produktion A/S
Præstøvej 55
4640 Faxe
Denmark

Website: www.haribo.com

CVR no.: 43 42 30 10
Established: 6 May 1935
Registered office: Faxe
Financial year: 1 January – 31 December

Board of Directors

Hans-Guido Riegel, Chairman
Herwig Jean L. Vennekens
Michael Phiesel
Christian Willer, Staff representative
Jens Michael Sandvig, Staff representative

Executive Board

Stefano Paul Franzoia
André Smit

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	741,928	643,817	604,979	554,758	495,060
Gross profit/loss	241,689	283,646	232,737	195,478	172,885
Profit/loss before financial income and expenses	54,915	111,542	20,748	-12,703	-30,794
Profit/loss from financial income and expenses	-3,358	-929	-679	-365	-412
Profit/loss for the year	92,192	153,693	78,467	48,749	24,186
Total assets	1,453,912	1,416,017	1,346,010	1,294,672	1,235,817
Equity	1,249,200	1,245,247	1,151,622	1,129,047	1,079,775
Investment in property, plant and equipment	11,241	14,336	7,154	4,629	7,728
Ratios					
Gross margin	32.6%	44.1%	38.5%	35.2%	34.9%
Operating margin	7.4%	17.3%	3.4%	-2.3%	-6.2%
Current ratio	180.2%	233.4%	197.2%	203.1%	191.8%
Return on equity	7.4%	12.8%	6.9%	4.4%	2.3%
Solvency ratio	85.9%	87.9%	85.6%	87.2%	87.4%
Average number of full-time employees	318	300	302	320	320

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Profit/loss before financial income and expenses} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

The Group's principal 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).

Profit/loss for the year (including comparison with forecasts previously announced)

The Company's income statement for 2022 shows a profit of DKK'000 92,192 as against DKK'000 153,693 in 2021. The main driver for the positive profit is the income from equity investments in group entities. Equity in the Company's balance sheet at 31 December 2022 stood at DKK'000 1,249,200 as against DKK'000 1,245,247 at 31 December 2021.

In 2022 HARIBO Produktion A/S has reached a net sale, which were better than expected in the forecast as well as 2021. The profit in 2022 is below expectation mainly due to the impact of the war in Ukraine and price increases, especially on energy.

The Management Board is pleased with the positive development in the result, considering the challenging market situation, heavily impacted by the war in Ukraine and related price increases of both energy and essential raw materials.

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.

2023 Outlook

HARIBO Produktion A/S expects to continue producing high quality confectionary products to the Nordic market in 2023. We do expect to see an overall decrease in sales in 2023, due to both a normalization after the COVID-19 effects and price increases especially on raw material, which have been delayed due to the internal pricing structure. It is expected that the COVID-19 pandemic will be under control and the sales will normalize. The current war in Ukraine is expected to still impact the prices of raw material and prices in general. The development in prices are monitored and action is taken accordingly. Due to the expected difficult circumstances in 2023, it is expected that the profit will be reduced with 20-30% compared to last year.

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

Operating 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.

Events after the balance sheet date

HARIBO Denmark has the 8th of May 2023 recalled specific batches of their products. This event is not assessed to result in a material effect for the financial statements for 2022.

No further events have occurred after the end of the financial year, which significantly effects the annual report.

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. 37657654.

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 to develop the business successfully. HARIBO have therefore implemented several policies for the area, which are integrated in the daily work. In 2022, the company also continues the work on many different projects 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.

In 2023 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.

Management's review

Operating review

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 2022 have declared that they are following the declaration. HARIBO Produktion A/S is FSSC 22000 certified, which ensures that the consumers get a product of the highest quality and safety, which can be consumed. However, there is always a risk that ethic codes relating to human rights, anti-bribery, corruption and child labor 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.

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 2023 they will be a e-learning, to ensure that all employees are still on top of the Code of Conduct.

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. It is our policy to reduce the company's energy consumption and minimizing the use of fossil fuel as well as water. 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. In 2022 we have used external consultants to map potential projects, which can support a more energy effective consumption. It is our goal to make the production plant independent of fossil fuel. The main changes will include moving from large steam boilers to heating pumps use of solar panel on a large part of the factory ground area and district heating of buildings not having production facility. In general, there is also a focus in the daily production on saving energy where possible.

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.

There have been a thorough check of potential risk relating to environment and climate. The conclusion is that no material risks exist related to environment and climate.

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.

Management's review

Operating review

HARIBO in Denmark wants to contribute to qualified and skills employees. Therefore, HARIBO Denmark initiated a cooperation with 5 other companies in South of Zealand in 2018, to ensure students for the education for Industrial technicians, which at that time was not offered in South of Zealand. Due to this cooperation Business School CELF decided to initiate a permanent education since 2019 with this focus in mind. 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.

We are committed to maintain a good working environment so our employees thrive and can perform at their best and continuously develop and take on new challenges while 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 2022 there were 9 people (3 people in 2021), who experienced a work-related accident, which caused absence. Most importantly, however, is the focus on preventing accidents. Several initiatives have been taken during the years to reduce the accidents and this will continue to be a focus area. In 2022 we establish the HARIBO Academy Safety Training and so far, 86% of the employee have been through the training. On top of that there is monthly campaigns on specific areas with high risks. HARIBO will continue the work on improving the working environment and educating our employees – and thereby reducing accident related absences. As we are committed to follow the working standards in Denmark, we do not see any critical risks regarding employee responsibilities.

Data ethics

HARIBO recognize Data ethic as an important area. We are committed to ensure that especially personal data are handled in a safe way. HARIBO have hardly any consumer data, so Data Ethics is not considered a high risk area.

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. In 2022 we continue the focus on data ethic including GDPR, ensuring that all employees have online training.

Gender composition of the Danish Financial Statements Act § 99b

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

The Supervisory Board consists of 3 members, which are all male. There has been no change to the Supervisory Board during 2022. Due to that it has not been possible to reach the goal of an even gender composition. There are also elected 2 employee representatives, which are male. The aim is to have at least one female member of the Supervisory Board in 2026.

Management's review

Operating review

On other managerial levels there are two male directors, and 5 managers with a gender balance of 20% female and 80% men. Our goal of having a balanced gender composition is not obtained. It has not been possible to achieve the goal as there have been no change in the management group in 2022.

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

It a challenge to recruit female candidates both ex- and internals to the Production site for managerial positions. The main barrier seem to be cultural, and the focus will be to lower the barrier, especially for internal candidates, which we have better access to influence.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent Company	
		2022	2021	2022	2021
Revenue	3	741,928	643,817	565,115	463,230
Cost of sales		-338,693	-253,257	-338,002	-250,817
Other operating income		13,889	22,499	1,316	5,524
Other external costs		-175,435	-129,413	-125,189	-78,663
Gross profit		241,689	283,646	103,240	139,274
Staff costs	4	-169,234	-155,104	-115,360	-101,927
Depreciation, amortisation and impairment losses		-17,530	-17,000	-16,429	-15,917
Other operating costs		-10	0	-8	0
Profit/loss before financial income and expenses		54,915	111,542	-28,557	21,430
Income from equity investments in group entities		0	0	64,752	69,864
Income from participating interests		61,218	65,424	61,218	65,424
Other financial income		276	319	226	263
Other financial expenses		-3,634	-1,248	-3,109	-629
Profit before tax		112,775	176,037	94,530	156,352
Tax on profit/loss for the year	5	-20,583	-22,344	-2,338	-2,659
Share of profit for the year	6	92,192	153,693	92,192	153,693

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2022	2021	2022	2021
ASSETS					
Fixed assets					
Property, plant and equipment					
	7				
Land and buildings		63,952	67,554	63,952	67,554
Plant and machinery		59,667	67,794	59,667	67,794
Fixtures and fittings, tools and equipment		3,205	4,039	532	581
Property, plant and equipment under construction		10,288	4,025	10,288	4,025
		<u>137,112</u>	<u>143,412</u>	<u>134,439</u>	<u>139,954</u>
Investments					
	8				
Equity investments in group entities		0	0	83,920	109,168
Participating interests		982,564	919,585	982,564	919,585
Deposits		1,402	1,212	0	0
		<u>983,966</u>	<u>920,797</u>	<u>1,066,484</u>	<u>1,028,753</u>
Total fixed assets		<u>1,121,078</u>	<u>1,064,209</u>	<u>1,200,923</u>	<u>1,168,707</u>
Current assets					
Inventories					
Raw materials and consumables		23,332	18,497	23,332	18,497
Work in progress		7,882	8,318	7,882	8,318
Finished goods and goods for resale		58,093	48,181	57,903	47,939
		<u>89,307</u>	<u>74,996</u>	<u>89,117</u>	<u>74,754</u>
Receivables					
Trade receivables		120,666	107,280	19	49
Receivables from group entities		37,141	43,078	62,064	42,870
Other receivables		5,456	5,218	5,456	5,218
Tax receivables from group entities		0	0	18,285	19,662
Prepayments	9	2,883	3,048	692	1,287
		<u>166,146</u>	<u>158,624</u>	<u>86,516</u>	<u>69,086</u>
Cash at bank and in hand		<u>77,381</u>	<u>118,188</u>	<u>4,771</u>	<u>23,334</u>
Total current assets		<u>332,834</u>	<u>351,808</u>	<u>180,404</u>	<u>167,174</u>
TOTAL ASSETS		<u>1,453,912</u>	<u>1,416,017</u>	<u>1,381,327</u>	<u>1,335,881</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2022	2021	2022	2021
EQUITY AND LIABILITIES					
Equity					
Contributed capital		6,000	6,000	6,000	6,000
Reserve for net revaluation under equity method		0	0	929,070	866,091
Retained earnings		1,243,200	1,239,247	288,030	283,156
Proposed dividends for the financial year		0	0	26,100	90,000
Total equity		1,249,200	1,245,247	1,249,200	1,245,247
Provisions					
Provisions for deferred tax	10	19,987	20,061	20,008	20,042
Total provisions		19,987	20,061	20,008	20,042
Liabilities other than provisions					
Current liabilities other than provisions					
Trade payables		40,458	25,243	30,528	15,394
Payables to group entities		57,326	29,344	56,377	27,035
Corporation tax		11,733	16,044	11,733	16,044
Other payables		75,208	80,078	13,481	12,119
		184,725	150,709	112,119	70,592
Total liabilities other than provisions		184,725	150,709	112,119	70,592
TOTAL EQUITY AND LIABILITIES		1,453,912	1,416,017	1,381,327	1,335,881
Disclosure of events after the balance sheet date					
	2				
Fees to auditor appointed at the general meeting					
	11				
Contractual obligations, contingencies, etc.					
	12				
Related party disclosures					
	13				

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Group			
	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2022	6,000	1,149,247	90,000	1,245,247
Ordinary dividends paid	0	0	-90,000	-90,000
Exchange adjustment	0	1,761	0	1,761
Transferred over the profit appropriation	0	92,192	0	92,192
Equity at 31 December 2022	6,000	1,243,200	0	1,249,200

DKK'000	Parent Company				
	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2022	6,000	866,091	283,156	90,000	1,245,247
Ordinary dividends paid	0	0	0	-90,000	-90,000
Exchange adjustment	0	1,761	0	0	1,761
Transferred over the distribution of loss	0	61,218	4,874	26,100	92,192
Equity at 31 December 2022	6,000	929,070	288,030	26,100	1,249,200

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group	
		2022	2021
Profit for the year		92,192	153,693
Other adjustments of non-cash operating items	14	-19,229	-25,328
Changes in working capital	15	16,494	16,342
Cash flows from operations before changes in working capital		89,457	144,707
Financial income		276	320
Financial expenses		-3,634	-1,247
Cash flows from ordinary activities		86,099	143,780
Corporation tax paid		-25,475	-10,833
Cash flows from operating activities		60,624	132,947
Acquisition of property, plant and equipment		-11,241	-14,336
Disposal of property, plant and equipment		-190	929
Fixed asset investment made etc.		0	510
Cash flows from investing activities		-11,431	-12,897
Shareholders:			
Dividend paid		-90,000	-60,000
Cash flows from financing activities		-90,000	-60,000
Cash flows for the year		-40,807	60,050
Cash and cash equivalents at the beginning of the year		118,188	58,138
Cash and cash equivalents at year end		77,381	118,188

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of HARIBO Produktion A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Parent Company. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of HARIBO Produktion A/S, Group.

Reclassification of comparative figures

Minor reclassifications have been made in individual items in the income statement and notes. This has not affected the result and equity of this year or last year and has been made solely to ensure the comparability of the individual items in the financial statements.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries in which the Company directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

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

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

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.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The revenue is calculated excluding VAT and taxes collected by a third part and with deduction of discounts in connection with sales.

Cost of sales

Cost of sales comprise costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the Group, including gains on the disposal of property, plant and equipment as well as payroll refunds.

Other external costs

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

Staff costs

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

Other operating costs

Other operating costs comprise items secondary to the activities of the Group, including losses on the disposal of property, plant and equipment.

Income from equity investments in group entities and participating interests

The proportionate share of the individual group entities profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

The proportionate share of the individual participating interests' profit/loss after tax is recognised in the Group's and the Parent Company's income statement after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

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

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Notes

1 Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

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

Investments

Equity investments in group entities and participating interests are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities and participating interests with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Deposits are recognised at nominal value.

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in subsidiaries and participating interests is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

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

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Notes

1 Accounting policies (continued)

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in group entities and participating interests in proportion to cost.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities, which include debt for suppliers, associated firms and other debt, is measured for net realisable value.

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

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 an activity.

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Notes

2 Disclosure of events after the balance sheet date

HARIBO Denmark has the 8th of May 2023 recalled specific batches of their products. This event is not assessed to result in a material effect for the financial statements for 2022.

No further events have occurred after the end of the financial year, which significantly effects the annual report.

DKK'000	Group		Parent Company	
	2022	2021	2022	2021
3 Revenue				
Revenue, Denmark	394,911	361,925	253,000	205,026
Revenue, Europe	347,017	281,892	312,115	258,204
	<u>741,928</u>	<u>643,817</u>	<u>565,115</u>	<u>463,230</u>

4 Staff costs

Wages and salaries	152,706	140,313	103,597	91,997
Pensions	12,233	11,029	8,030	7,043
Other social security costs	4,295	3,762	3,733	2,887
	<u>169,234</u>	<u>155,104</u>	<u>115,360</u>	<u>101,927</u>
Average number of full-time employees	<u>318</u>	<u>300</u>	<u>241</u>	<u>221</u>

Parent Company:

Staff costs of the Parent Company include remuneration for the Executive Board of DKK 4,536 thousand (2021: DKK 4,208 thousand) as well as remuneration for the Board of Directors of DKK 85 thousand (2021: DKK 85 thousand).

5 Tax on profit/loss for the year

Current tax for the year	12,726	22,643	-5,559	2,982
Deferred tax for the year	-270	-298	-230	-322
Adjustment of tax concerning previous years	7,931	-1	7,931	-1
Adjustment of deferred tax concerning previous years	196	0	196	0
	<u>20,583</u>	<u>22,344</u>	<u>2,338</u>	<u>2,659</u>

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DKK'000	Group		Parent Company	
	2022	2021	2022	2021
6 Proposed profit appropriation				
Reserve for net revaluation under equity method	0	0	61,218	55,287
Proposed dividends for the year	0	0	26,100	90,000
Retained earnings	<u>92,192</u>	<u>153,693</u>	<u>4,874</u>	<u>8,406</u>
	<u>92,192</u>	<u>153,693</u>	<u>92,192</u>	<u>153,693</u>

7 Property, plant and equipment

DKK'000	Group				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	221,770	393,647	26,056	4,025	645,498
Additions for the year	0	3,126	531	7,584	11,241
Disposals for the year	0	-240	-8,385	0	-8,625
Transfers for the year	0	1,321	0	-1,321	0
Cost at 31 December 2022	<u>221,770</u>	<u>397,854</u>	<u>18,202</u>	<u>10,288</u>	<u>648,114</u>
Depreciation and impairment losses at 1 January 2022	-154,216	-325,853	-22,017	0	-502,086
Depreciation for the year	-3,602	-12,574	-1,354	0	-17,530
Reversal of impairment losses on assets	0	0	-119	0	-119
Reversal of depreciation	0	240	8,493	0	8,733
Depreciation and impairment losses at 31 December 2022	<u>-157,818</u>	<u>-338,187</u>	<u>-14,997</u>	<u>0</u>	<u>-511,002</u>
Carrying amount at 31 December 2022	<u>63,952</u>	<u>59,667</u>	<u>3,205</u>	<u>10,288</u>	<u>137,112</u>

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DKK'000	Parent Company				
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	221,770	393,647	8,314	4,025	627,756
Additions for the year	0	3,126	212	7,584	10,922
Disposals for the year	0	-240	-2,723	0	-2,963
Transfers for the year	0	1,321	0	-1,321	0
Cost at 31 December 2022	221,770	397,854	5,803	10,288	635,715
Depreciation and impairment losses at 1 January 2022	-154,216	-325,853	-7,733	0	-487,802
Depreciation for the year	-3,602	-12,574	-253	0	-16,429
Reversed depreciation and impairment losses on assets sold	0	240	2,715	0	2,955
Depreciation and impairment losses at 31 December 2022	-157,818	-338,187	-5,271	0	-501,276
Carrying amount at 31 December 2022	63,952	59,667	532	10,288	134,439

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8 Investments

	Parent Company	
	Equity investments in group entities	Participating interests
DKK'000		
Cost at 1 January 2022	115,878	53,494
Cost at 31 December 2022	115,878	53,494
Revaluations at 1 January 2022	-6,711	866,091
Exchange rate adjustment	0	1,761
Net profit for the year	64,753	61,218
Dividends to the Parent Company	-90,000	0
Revaluations 31 December 2022	-31,958	929,070
Carrying amount at 31 December 2022	83,920	982,564

	Group	
	Participating interests	Deposits
DKK'000		
Cost at 1 January 2022	53,494	1,212
Additions for the year	0	190
Cost at 31 December 2022	53,494	1,402
Revaluations at 1 January 2022	866,091	0
Exchange adjustment	1,761	0
Net profit for the year	61,218	0
Revaluations 31 December 2022	929,070	0
Carrying amount at 31 December 2022	982,564	1,402

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit for the year
			DKK'000	DKK'000
Group entities:				
HARIBO Lakrids A/S	Denmark	100%	83,921	64,753
			83,921	64,753
Participating interests:				
S.A. HARIBO-Ricqles-Zan	France	40,4%	2,430,285	151,417
			2,430,285	151,417

Consolidated financial statements and parent company financial statements 1 January – 31 December

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9 Prepayments

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

DKK'000	Group		Parent Company	
	2022	2021	2022	2021

10 Deferred tax

Deferred tax 1 January	20,061	20,359	20,042	20,364
Adjustment of deferred tax in the income statement of the year	-74	-298	-34	-322
	<u>19,987</u>	<u>20,061</u>	<u>20,008</u>	<u>20,042</u>

11 Fees to auditor appointed at the general meeting

KPMG

Statutory audit	355	0	189	0
Other services	<u>121</u>	<u>0</u>	<u>71</u>	<u>0</u>
	<u>476</u>	<u>0</u>	<u>260</u>	<u>0</u>

PricewaterhouseCoopers

Audit fee	0	291	0	171
Tax advisory services	0	60	0	40
Other services	<u>0</u>	<u>115</u>	<u>0</u>	<u>70</u>
	<u>0</u>	<u>466</u>	<u>0</u>	<u>281</u>

12 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

Operating lease obligations

Parent company:

Remaining operating lease obligations at the balance sheet date fall due at DKK 1,119 thousand within 6 months (2021: DKK 1,053 thousand).

Group:

Remaining operating lease obligations for the group at the balance sheet date fall due at DKK 16,634 thousand within 26 months (2021: DKK 13,612 thousand).

13 Related party disclosures

HARIBO Produktion A/S' related parties comprise the following:

Control

HARIBO International GmbH holds the majority of the contributed capital in the Company.

HARIBO Produktion A/S is part of the consolidated financial statements of HARIBO International GmbH, Dr.-Hans-und-Paul-Riegel-Straße 1,53501 Grafenschaft, 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.

Related party transactions

DKK'000	Group		Parent Company	
	2022	2021	2022	2021
Sale of goods and services to group entities	353,497	279,830	608,843	490,286
Purchase of goods and services from group entities	333,956	249,980	341,286	256,921

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

Receivables and payables to associates and subsidiaries are disclosed in the balance sheet.

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DKK'000	Group	
	2022	2021
14 Other adjustments		
Financial income	-276	-319
Financial expenses	3,634	1,248
Reversal of depreciation	119	0
Depreciation and amortisation	17,530	16,823
Income from equity investments in participating interests	-61,218	-65,424
Tax on profit for the year	20,583	22,344
Other adjustments	399	0
	<u>-19,229</u>	<u>-25,328</u>
15 Change in working capital		
Change in inventories	-14,311	1,467
Change in receivables	-7,522	55,221
Change in trade and other payables	38,327	-40,346
	<u>16,494</u>	<u>16,342</u>