


## Nordisk Kellogg ApS

Vandtårnsvej 62A, 5. e  
2860 Søborg  
CVR No. 45434117

### Annual report 2022

The Annual General Meeting adopted the annual report on 19.07.2023

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**Janne Björklund**  
Chairman of the General Meeting

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# Entity details

## Entity

Nordisk Kellogg ApS  
Vandtårnsvej 62A, 5. e  
2860 Søborg

Business Registration No.: 45434117  
Registered office: Gladsaxe  
Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Ruth Hughes  
Jan Friislund  
Alexander John Ejdelind  
Jurgen Jong  
Janne Björklund

## Executive Board

Janne Björklund

## Auditors

Beierholm Statsautoriseret Revisionspartnerselskab  
Knud Højgaards vej 9  
2860 Søborg  
CVR No.: 32895468

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordisk Kellogg ApS for the financial year 01.01.2022 - 31.12.2022.

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

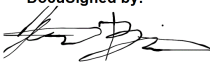
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

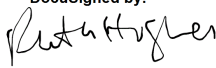
We recommend the annual report for adoption at the Annual General Meeting.

Søborg, 19.07.2023

## Executive Board

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**Janne Björklund**

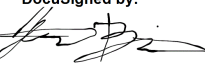
## Board of Directors

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**Ruth Hughes**

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**Jan Friislund**

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**Alexander John Ejdelind**

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**Jurgen Jong**

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**Janne Björklund**

# Independent auditor's report

## To the shareholders of Nordisk Kellogg ApS

### Opinion

We have audited the financial statements of Nordisk Kellogg ApS for the financial year 1.1.2022 - 31.12.2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31.12.2022, and of the results of the company's operations for the financial year 1.1.2022 - 31.12.2022 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 financial statements' section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### Management's responsibilities for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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


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

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

Søborg, 19.07.2023

**BEIERHOLM, STATS AUTORISERET REVISIONSPARTNERSELSKAB**

CVR No. 32895468

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**Christian Engelbrecht Friis**

State Authorized Public Accountant

Identification No (MNE) mne44180

# Management commentary

## Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	741,557	671,455	653,465	613,705	573,961
Gross profit/loss	64,003	61,431	60,712	75,596	70,074
Operating profit/loss	15,882	15,340	19,042	16,762	12,061
Net financials	(2,743)	(4,050)	(3,421)	(5,990)	1,031
Profit/loss for the year	10,673	8,888	12,778	7,319	1,631
Total assets	191,594	217,822	311,660	198,901	127,230
Investments in property, plant and equipment	45	0	74	1,172	1,028
Equity	64,743	53,390	44,147	31,811	26,597
<b>Ratios</b>					
Return on equity (%)	16.49	18.12	34.00	25.10	2.20
Equity ratio (%)	33.79	24.51	14.17	15.99	20.90
Return on assets	8.29	7.04	6.10	8.40	9.50

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

### Return on assets (%):

$\frac{\text{Operating Profit} * 100}{\text{Total assets}}$

Total assets



### Primary activities

The Entity's activities are ordinary commercial activities, including marketing, sales and distribution of ready-made breakfast cereals and salty snacks to the Nordic markets under brands like: Kellogg's Corn Flakes, Kellogg's Special K, Kellogg's All-Bran, Kellogg's Frosties, Kellogg's Coco Pops, Kellogg's Rice Krispies and Pringles.

### Development in activities and finances

The revenue for 2022 has increased by 10 % compared to 2021. The increase in 2022 was primarily driven by increased sales both in the snacks and ready to eat cereal categories.

Profit before tax for 2022 amounted to DKK 13,139 thousand compared to a profit before tax of DKK 11,290 thousand in 2021, due to increased interest and finance income during 2022.

2022 was a successful year in the business. We leveraged the growth of the snacks category through growing our Pringles business and activating in market and in store. Our campaigns and promotions have resonated very well with our consumers. Further, the cereal business continued a solid growth driven by positive category development and strong in store activities and selected innovation. We have established a firm foundation and presence in the market.

On 21 June 2022, the Company's ultimate parent company Kellogg Company announced its intention to separate into two independent companies, by spinning off its US, Canadian and Caribbean cereal businesses with these spin-off transactions targeted to be completed by the end of 2023. There is no financial impact on the Company as at the date of approval of these financial statements and no significant impact anticipated in the future.

Management consider the results for the year to be in line with expectations.

### Profit/loss for the year in relation to expected developments

#### Outlook

The Entity expects the revenue of RTEC (ready to eat breakfast cereals) as well as the Snacks business to continue with moderate growth for 2023. Net revenue is expected to increase by approximately 5.5% to 780m DKK and the operating profit margin to remain at approximately 2% to give a value of approximately 15m SKK in 2023. There have been several innovations launched already across both the RTEC and Snacks category in 2023. We will continue to monitor trends closely according to how the market responds to the uncertain global economic market situation.

#### Operating and financial risks

The main risk facing the company is on activities that are settled in foreign currency. Financial risk policies are implemented by the Company's treasury department. The department has a policy and procedures manual that sets out specific guidelines to manage financial risks and circumstances where it would be appropriate to use the financial instruments to manage these. The Company's policy on mitigating the effect of currency exposure is to consider hedging the net exposure on certain transactions by entering into approved Treasury instruments. More information can be found in note 12.

#### Knowledge resources

The Company has a wide range of unique competencies in its business areas and related relevant technologies. The Directors continually seek to maintain and develop strong and mutually beneficial relationships with the

Company's suppliers and customers in accordance with Kellogg group procedures. The Company considers its employees to be its competitive advantage and the welfare and development of the Company's employees is of highest importance to the Directors, guided by Kellogg Company's internal values, which are a major market strength.

### Research and development activities

The Entity's key operating risk is related to the ability to be category leader on ready-made breakfast cereals in the Nordic countries. In order to keep this position, it is essential for the Kellogg Group to continuously be at the leading edge of product development; therefore, research and development programs are carried out by specific Kellogg companies located in the US and Europe, none of which are located in the Nordic countries.

### Group relations

The Entity's share capital is fully owned by Kellogg Group S.a.r.l., 26 Boulevard de Kockelscheuer, L-1821 Luxembourg.

### Foreign branches

The Entity has branches in Norway and Finland, and since 1st January 2016, sells via a distributor in Sweden. In all three markets, the Entity is category leader in cereal.

### Statutory report on corporate social responsibility

Management refers to Corporate social responsibility in our global annual report of Kellogg Company, Battle Creek, Michigan. Furthermore, reference is made to the Kellogg Better Days Promise which is the promise to advance sustainable and equitable access to food by addressing the intersection of wellbeing, hunger, sustainability and equity, diversity and inclusion for 3 billion people for the end of 2023. More details about our involvement in this field worldwide, as well as current progress towards the better days promise, can be found in this link, <https://betterdays.kelloggcompany.com/welcome>, and also annually through our annual Environmental, Social and Governance (ESG) report. In the absence of any specific Company policies, Nordisk Kellogg ApS applies the policies of Kellogg group in this area.

Please refer to the Primary Activities on page 8 for an overview of the Company's Business model.

In accordance with section 99a of the Danish Financial Statements Act, the Company has a duty to consider its social responsibility to society under the following areas:

1. Employees
2. Social responsibilities
3. Climate and environment
4. Human rights
5. Anti-corruption and anti-money laundering.

### Employees

Employees are considered the Kellogg group's competitive advantage. Therefore the welfare and development of the Company's employees is of highest importance to the directors, guided by Kellogg Company's internal group policies including the K Values which sets out how all Company employees should behave. Also at a group level, Kellogg Company Equal Opportunities, Anti-Harassment and Bullying Policies are set out in a Company Handbook and a report into inclusion and diversity work is published annually. More information on equity, diversity and inclusion in our own workforce can be found in the link <https://betterdays.kelloggcompany.com/equity-diversity-inclusion>. Employees are also encouraged to participate in the success of the business through performance related pay and employee share purchase schemes.

At a Company level, policy is to consult and discuss with employees at meetings matters likely to affect employees' interests. The Company operates a programme of employee communication including the staging of virtual employee conferences at which directors and senior management present a financial and business review and highlighted plans for the future.

### **Social responsibilities**

The Kellogg group and Company comply with the applicable legislations in this area. At Kelloggs, we understand our responsibility and role in supporting and nurturing communities.

The group's main corporate social responsibility efforts under the Better Days promise are around feeding 375 million people in need, support for 1 million farmers and workers, and engaging 1.5 billion people in advocating for sustainable and equitable access to food. Focus on helping to tackle food insecurity is through its support of school breakfast clubs and food banks.

At a Company level, the policy is to support the growth of school breakfast clubs in Denmark, in place since 2013 with FødevarerBanken. The Danish Foodbank delivers surplus food to the schools to serve breakfast at the breakfast clubs.

### **Climate and Environment**

The Kellogg group operates without significant impact on the environment and climate. The Directors are aware of their responsibility to the planet and ensure that the Company adheres to extensive policies set at Kellogg group level to reduce its environmental impact in the areas of carbon, water, energy, road miles and freight, food waste, plastics and sustainable sourcing. Please also refer to the following website for more detail on the Kellogg group policy:

<https://betterdays.kelloggcompany.com/sustainability>.

### **Human Rights**

The Kellogg group accepts internationally accepted human rights, including the right to a healthy and safe workplace. The directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery and human trafficking.

### **Anti-Corruption and anti-money laundering**

The directors are committed to complying with all applicable local laws and regulations including in relation to anti-bribery and corruption. Kellogg group has an Office of Ethics and Compliance which acts as a guardian of the Company's policies and conducts regular ethics training for employees. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations. All dealings with suppliers are governed by the Kellogg Company's Code of Ethics which seeks to set out the joint responsibilities of both the Company and those who supply it.

### **Statutory report on the underrepresented gender**

Please refer to the following website for Kellogg Company details on targets and the share of under-represented gender in management <https://www.kelloggcareers.com/global/diversity.html>. The Kellogg global target is to have 50% women in managerial roles by end 2025. At Nordisk Kellogg ApS we believe that diversity contributes to creating better results and helps us make better decisions. That is why we strive for increased diversity in the organization. Our objective is to improve the balance between men and women in the management of our organization.

**Target figures for the board of Directors**

Compared with the global target for 2025 of 50%, by the end of 2022, women in the Entity's board of directors made up 40%, corresponding to 2 people.

**Policy for other management levels**

Nordisk Kellogg ApS' policy with regards to gender diversity for all other management levels of the organization is to aim for a balanced proportion of male and female employees, in line with the global target of 50% by 2025.

**Statutory report on data ethics policy**

Nordisk Kellogg ApS does not collect and use personal data other than key data concerning the Company employees. The company is however part of the Kelloggs group whom have data risk policies in place. The policies can be seen here: [https://www.kelloggs.dk/da\\_DK/privacy-policy.html](https://www.kelloggs.dk/da_DK/privacy-policy.html).

The group policies set out specific guidelines to manage the risks associated with storage, protection and retention of sensitive data. The risks etc. are handled in the IT department at group level who have implemented a program that assures the confidentiality, integrity and availability of information in a secure environment. Regular training is provided to employees on the use of data and ethics in this area as part of regular Ethics and Compliance training.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2022

	Notes	2022 DKK'000	2021 DKK '000
Revenue	1	741,557	671,455
Cost of sales		(677,554)	(610,024)
<b>Gross profit/loss</b>		<b>64,003</b>	<b>61,431</b>
Distribution costs		(36,537)	(22,034)
Administrative expenses	2	(26,574)	(24,057)
Other operating income		14,990	0
<b>Operating profit/loss</b>		<b>15,882</b>	<b>15,340</b>
Other financial income		1,696	31
Other financial expenses		(4,439)	(4,081)
<b>Profit/loss before tax</b>		<b>13,139</b>	<b>11,290</b>
Tax on profit/loss for the year	5	(2,466)	(2,402)
<b>Profit/loss for the year</b>	6	<b>10,673</b>	<b>8,888</b>

# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Other fixtures and fittings, tools and equipment		198	443
<b>Property, plant and equipment</b>	7	<b>198</b>	<b>443</b>
<b>Fixed assets</b>		<b>198</b>	<b>443</b>
Trade receivables		77,644	85,398
Deferred tax	8	543	1,389
Other receivables		7,892	8,788
Tax receivable		600	796
Prepayments	9	1,079	1,604
<b>Receivables</b>		<b>87,758</b>	<b>97,975</b>
<b>Cash</b>	10	<b>103,638</b>	<b>119,404</b>
<b>Current assets</b>		<b>191,396</b>	<b>217,379</b>
<b>Assets</b>		<b>191,594</b>	<b>217,822</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital	11	18,000	18,000
Retained earnings		46,743	35,390
<b>Equity</b>		<b>64,743</b>	<b>53,390</b>
Deferred tax	8	14,944	15,218
<b>Provisions</b>		<b>14,944</b>	<b>15,218</b>
Trade payables		3,975	4,852
Payables to group enterprises		47,122	60,717
Tax payable		73	150
Other payables		60,737	83,495
<b>Current liabilities other than provisions</b>		<b>111,907</b>	<b>149,214</b>
<b>Liabilities other than provisions</b>		<b>111,907</b>	<b>149,214</b>
<b>Equity and liabilities</b>		<b>191,594</b>	<b>217,822</b>
Staff costs	3		
Amortisation, depreciation and impairment losses	4		
Financial instruments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		
Group relations	15		

# Statement of changes in equity for 2022

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	18,000	35,390	53,390
Pension scheme	0	680	680
Profit/loss for the year	0	10,673	10,673
<b>Equity end of year</b>	<b>18,000</b>	<b>46,743</b>	<b>64,743</b>



# Notes

## 1 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	444,086	392,200
Finland	156,095	144,707
Norway	141,376	134,548
<b>Total revenue by geographical market</b>	<b>741,557</b>	<b>671,455</b>

All of the Entity's business and profit before taxation arose from its principal activity of marketing, sales and distribution of ready-made breakfast cereals and salty snacks to the Nordics markets. A geographical analysis of turnover by origin is as shown above.

## 2 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	270	270
	<b>270</b>	<b>270</b>

The fees to the auditors appointed by the general meeting include fees for audit and other services provided to the Entity and its branches in Norway and Finland.

## 3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	15,004	13,489
Pension costs	1,344	2,091
Other social security costs	680	687
	<b>17,028</b>	<b>16,267</b>

Average number of full-time employees	29	27
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	Remuneration of Management 2022 DKK'000	Remuneration of Management 2021 DKK'000
Executive Board	3,059	2,549
	<b>3,059</b>	<b>2,549</b>

There are five board members (2021: five), two of which are paid by other Kellogg group companies (2021: two).

**Special incentive programmes**

The aggregated staff costs are included in advertising, sales and distribution costs as well as administrative costs. Restricted stock units in Kellogg Company, USA are allocated to the executives. The stock is released during a period of three years.

**4 Depreciation, amortisation and impairment losses**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation of property, plant and equipment	283	458
	<b>283</b>	<b>458</b>

**5 Tax on profit/loss for the year**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	2,738	1,711
Change in deferred tax	506	497
Adjustment concerning previous years	(160)	194
Tax credit Finland	(618)	0
	<b>2,466</b>	<b>2,402</b>

**6 Proposed distribution of profit and loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Retained earnings	10,673	8,888
	<b>10,673</b>	<b>8,888</b>

**7 Property, plant and equipment**

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
Cost beginning of year	2,799
Disposals on divestments etc	(131)
Exchange rate adjustments	(32)
Additions	45
<b>Cost end of year</b>	<b>2,681</b>
Depreciation and impairment losses beginning of year	(2,356)
Exchange rate adjustments	25
Depreciation for the year	(283)
Reversal regarding disposals	131
<b>Depreciation and impairment losses end of year</b>	<b>(2,483)</b>
<b>Carrying amount end of year</b>	<b>198</b>

## 8 Deferred tax

	2022 DKK'000	2021 DKK'000
Property, plant and equipment	(108)	(102)
Other investments	(432)	(630)
Provisions	15,033	15,307
Tax losses carried forward	(92)	(746)
<b>Deferred tax</b>	<b>14,401</b>	<b>13,829</b>

	2022 DKK'000	2021 DKK'000
<b>Changes during the year</b>		
Beginning of year	13,829	13,204
Adjustment of deferred tax prior years	66	(97)
Change in deferred tax	506	722
<b>End of year</b>	<b>14,401</b>	<b>13,829</b>

### Deferred tax assets

The Entity has per December 31, 2022 recognized a tax asset of DKK 543 thousand. The tax asset relates to tax losses carried forward, pension and property, plant and equipment.

The management has estimated based on budgets that there will be a future taxable income available in which unutilized tax losses can be utilized.

## 9 Prepayments

Prepayments comprise various prepaid expenses. Prepayments are measured at cost.

## 10 Cash

Kellogg Europe has an uncommitted overdraft facility with a maximum of DKK 209.073 thousand (2021: DKK 196.215 thousand), which Nordisk Kellogg ApS may share.

## 11 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
900 shares	900	2	1,800
1 share	1	200	200
2 shares	2	1000	2,000
3 shares	3	2000	6,000
1 share	1	8000	8,000
	<b>907</b>		<b>18,000</b>

## 12 Financial instruments

Hedges are used to manage the FX risk of purchasing products in DKK and selling to customers on the Swedish market in SEK. The Entity has a number of foreign currency forward contracts outstanding at the balance sheet

date to hedge the foreign exchange exposure on future expected cash flows denominated in foreign currency. During the year, the Entity entered into an intra-group hedging programme for all contracts maturing post January 2022.

In addition the Entity has elected not to apply hedge accounting to these contracts with the changes in fair value being recorded directly in the Profit and Loss Account.

The aggregate principle amount on contracts to buy and sell foreign currency outstanding at the year-end is DKK 146.602 thousand (2021: DKK 123.143 thousand). The principle amount outstanding at the year-end is excluding contracts with maturity dates pre-dating the annual close. The fair value of contracts held with an intra-group counterparty is an asset of DKK 11.010 thousand (2021: Asset of DKK 118 thousand) and has been recognised as an amount owed to a fellow group undertaking.

The foreign currency contracts are measured at fair value which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for SEK:DKK.

### 13 Contingent liabilities

	2022 DKK'000	2021 DKK'000
Recourse and non-recourse guarantee commitments	1,279	1,329
<b>Contingent liabilities</b>	<b>1,279</b>	<b>1,329</b>

### Contractual obligations

The Entity has entered into rental and lease agreements on cars and office facilities, etc. which are nonterminable for varying periods until 2022. The total rental obligation at 31 December 2022 for the remainder of the period of non-terminability totals DKK 4.757 thousand (2021: DKK 5.279 thousand).

### 14 Related parties with controlling interest

Related parties with a controlling interest in Nordisk Kellogg ApS:

Kellogg Group S.a.r.l, 26 Boulevard de Kockelscheuer, L-1821, Luxembourg – wholly owns the share capital.

Other related parties:

Nordisk Kellogg ApS has related party transactions with a number of companies of the Kellogg Group.

Transactions:

During the financial year, related party transactions have been conducted on arm's length basis.

### 15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Kellogg Company, One Kellogg Square, Battle Creek, Michigan 49016-3599, USA.

The annual report of Kellogg Company may be obtained at the above address.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

All revenues are recognised in the income statement when earned based on delivery having been made before year-end.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. The key assumptions used in valuing the derivatives are the forward exchange rates for SEK:DKK. The Entity has elected not to apply hedge accounting to these contracts with the changes in fair value being recorded directly in the Profit and Loss Account. Derivative financial instruments are recorded on the balance sheet as an asset with an intra-group counterparty.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

**Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, vehicle maintenance, etc. as well as depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

**Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Other financial income**

Other financial income comprises interest income as well as realised and unrealised exchange adjustments.

**Other financial expenses**

Other financial expenses comprise interest expenses as well as realised and unrealised exchange adjustments.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-7 years

Upon sale or scrapping of property, plant and equipment, cost of acquisition and accumulated depreciation are deducted from the assets, whereas profits or losses are recognised in the income statement.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provision for bad debts are determined on the

basis of an individual assessment of each receivable, and in respect of trade receivable, a general provisions is also made based on the Entity's experience.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Income tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Cash flow statement**

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of Nordisk Kellogg ApS is included in the annual report of Kellogg Company.