Annual Report 2017
Toms Gruppen A/S

The Annual Report is adopted at the Annual General Meeting on 22 March 2018

Henrik Brandt
Chairman

Registration no.: 56 75 93 28
Toms Allé 1, 2750 Ballerup
Denmark

Contents

Company Details

Toms Gruppen A/S
Toms Allé 1
2750 Ballerup, Denmark

Telephone:	+45 44 89 10 00
Fax:	+45 44 89 10 99
E-mail:	info@toms.dk
Website:	www.tomsgroup.com
Registered office:	Ballerup
Registration no.:	56 75 93 28
Established:	30 January 1924
Financial year:	1 January - 31 December

Ownership

Toms Gruppen A/S is a fully owned subsidiary of Gerda & Victor B. Strand Holding A/S, Ballerup, Denmark, which is owned by Gerda and Victor B. Strands Fond

Group Companies

please refer to page 52 for complete list of subsidiaries

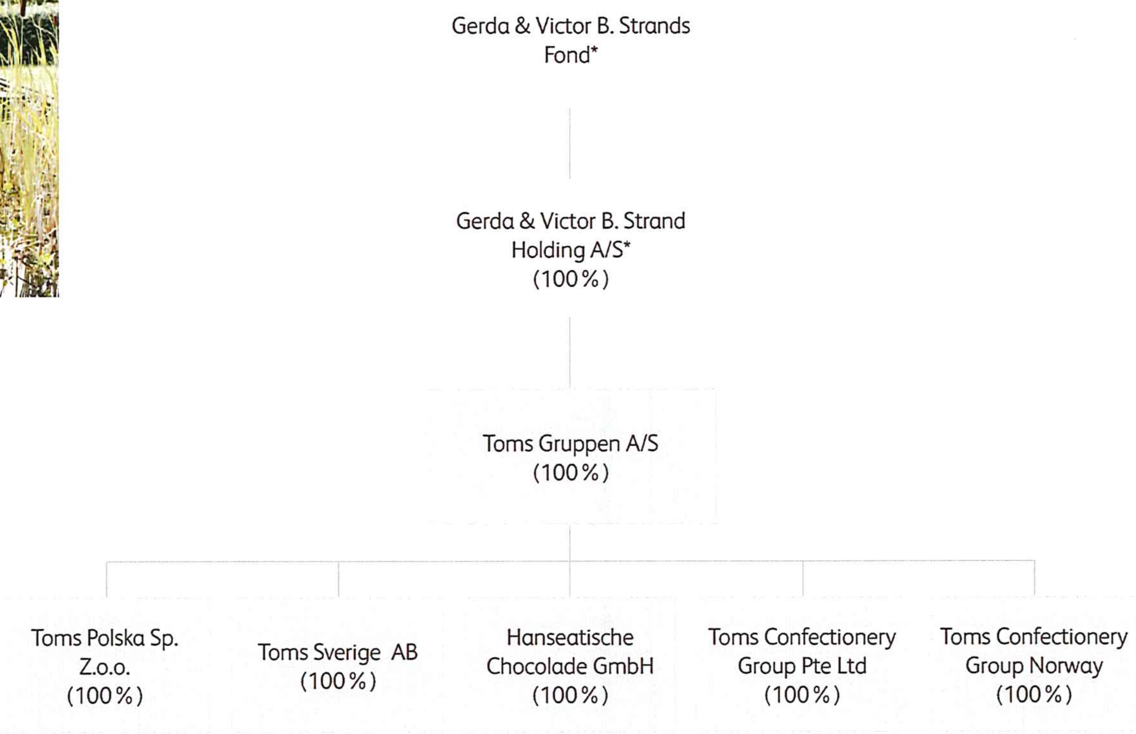
Toms Sverige AB
Hamngatan 17
302 43 Halmstad
Sweden
(100 per cent owned by Toms Gruppen A/S)

Toms Polska Sp. z o.o.
Ul. Okrezna 27
64-100 Leszno
Poland
(100 per cent owned by Toms Gruppen A/S)

Hanseatische Chocolade GmbH
Westerstrasse 32
28199 Bremen
Germany
(100 per cent owned by Toms Gruppen A/S)

Toms Confectionery Group Pte. Ltd.
(Incorporated in Singapore)
103 Defu Lane 10, #06-01
FNA Group Building
Singapore 539223
(100 per cent owned by Toms Gruppen A/S)

Toms Confectionery Group Norway
Delitoppen 7
1540 Vestby
Norway



*) These entities are not included in this Annual Report.

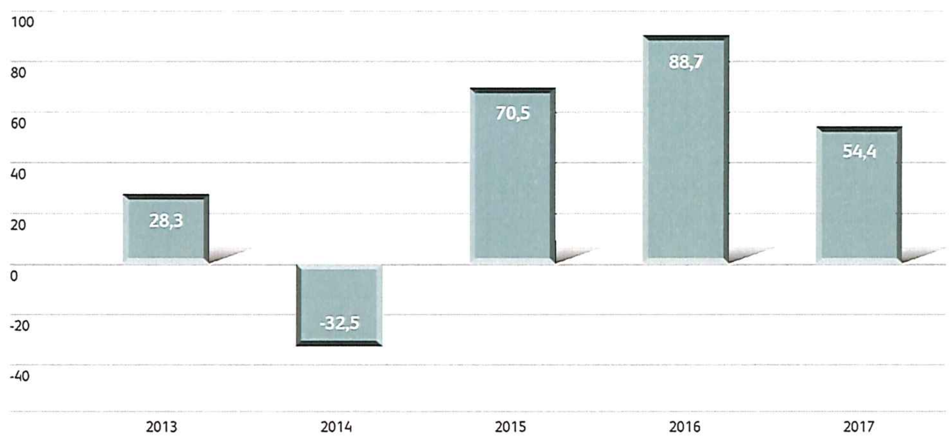
Financial Highlights

Mill DKK

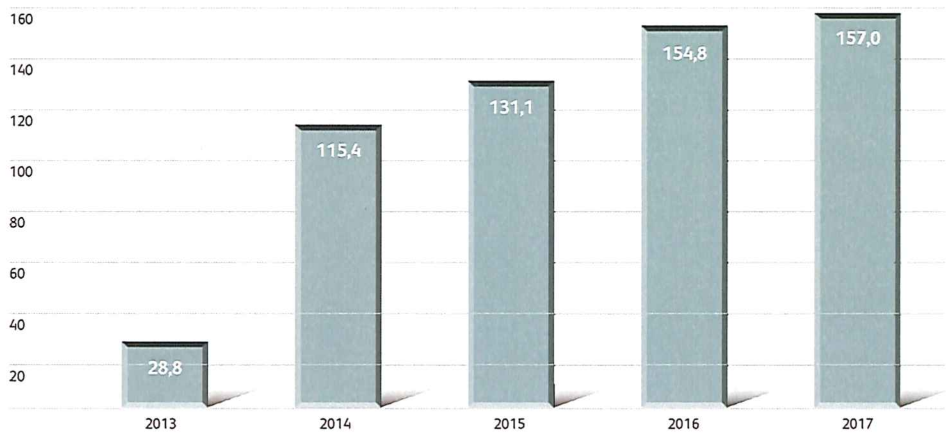
	2017	2016	2015	2014	2013
Revenue	1.763,1	1.729,8	1.755,7	1.748,9	1.817,4
Gross profit	603,2	612,5	586,0	565,6	592,4
Operating profit before special items **	61,3	102,3	96,6	51,5	42,3
Operating profit	**54,4**	**88,7**	**70,5**	**-32,5**	**28,3**
Net financials	0,7	-7,0	8,3	-3,9	-1,0
Profit/loss before tax	55,1	81,7	78,8	-36,4	27,2
Profit/loss for the year	**41,1**	**58,4**	**49,1**	**-44,2**	**18,4**
Non-current assets	395,3	335,1	341,9	368,9	463,7
Current assets	744,7	681,9	688,5	570,3	600,3
Total assets	**1.140,0**	**1.017,0**	**1.030,4**	**939,2**	**1.064,0**
Share capital	3,5	3,5	3,5	3,5	3,5
Equity	**577,9**	**537,4**	**479,0**	**445,7**	**643,2**
Provisions	58,1	57,9	81,1	61,5	79,4
Long-term liabilities	0,0	0,0	0,0	5,9	7,1
Short-term liabilities	504,0	421,7	470,3	426,1	334,3
Total liabilities and equity	**1.140,0**	**1.017,0**	**1.030,4**	**939,2**	**1.064,0**
Cash flow from operating activities	157,0	154,8	131,1	115,4	28,8
Cash flow from investment activities	-116,7	-55,1	-36,0	-40,4	-46,0
Of this investments in property, plant and equipment	*-115,6*	*-55,1*	*-36,0*	*-40,4*	*-46,0*
Cash flow from financial activities	0,0	0,0	-5,9	-1,2	-1,2
Total increase/decrease in cash and cash equivalents	**42,8**	**99,7**	**89,3**	**73,8**	**-18,4**
Average number of employees	**1.010**	**1.090**	**1.258**	**1.277**	**1.201**
Financial ratios*:					
Growth in operating profit	-38,7%	25,8%	N/A	N/A	-58,8%
Operating margin	3,1%	5,1%	4,0%	-1,9%	1,6%
Return on invested capital	9,6%	14,9%	10,9%	-4,4%	3,6%
Gross margin	34,2%	35,4%	33,4%	32,3%	32,6%
Current ratio	147,8%	161,7%	146,4%	133,8%	179,6%
Solvency ratio	50,7%	52,8%	46,5%	47,5%	60,5%
Return on equity	7,4%	11,5%	8,8%	-8,1%	2,9%

*) Refer to page 61 for definitions of financial ratios, etc.
**) Special items are disclosed in note 1 to the financial statement.

Operating profit



Cash from operating activities



MANAGEMENT'S REVIEW

Letter from the CEO

At Toms Gruppen A/S we remain very focused and committed to the execution of our 'One Toms 2020' strategy that is set to ensure a competitive and financially sustainable Toms prepared to take on the future.

For almost a century, we have carried on Toms' strong traditions at the same time as we have renewed ourselves, and with 'One Toms 2020' we ensure that Danes and the rest of the world will be able to enjoy Toms' iconic products for the next period to come. We are proud of our heritage, but we also acknowledge the necessity of investing strongly in becoming more cost competitive and more innovative to keep up with the demands of our consumers and our customers.

While our 2017 result was not satisfactory, we progressed well on our strategy and remain committed to and focused on executing on our initiatives. Our 'One Toms 2020' strategy targets an increase in market shares in Denmark, becoming a strong challenger in the premium segment in Germany, gaining strong niche positions in our international markets, and building an agile and competitive supply chain platform.

In 2017 significant investments in our production platform have taken place. We invested in a plot in Nowa Sól, close to our existing packaging facility in Leszno, Poland, and in Denmark a tree-digit million investment program in our Ballerup and Helseholmen production facilities has been initiated. These investments and coming investments in 2018/2019 are made to ensure a long term competitive growth platform in support of our commercial strategy and ambitions going forward, and ultimately to the benefit of our consumers, customers, employees and owners.

A massive relaunch of the iconic Toms Guld Barre and major national campaigns ensured that we kept momentum and maintained our market shares in the category in Denmark.

In fall 2017 the rejuvenation of our two German premium brands, Feodora and Hachez was launched regionally with success. Results suggest that the new ranges generate incremental sales while base business remains unaffected. Based on these results 2018 will see an expanded regional roll-out of the new brand expressions.

In our international markets our premium brand Anthon Berg and the iconic liqueur filled chocolate bottles delivered on target in 2017. We have gained a strong foothold in this niche, and expect to take further niche positions globally.

It is our firm belief that the ability to operate and develop our business sustainably, with respect to both people and our planet, plays a significant role in pursuing and ensuring our continued growth and success. For elaborate information about our CSR initiatives please read the full Toms Responsibility Report 2017 at ***http://tomsgroup.com/en/our_responsibility/results_policies/***

Our expectations for 2018 are a modest growth in revenue and an operating profit before special items slightly above 2016 results.

Best regards,
Carsten Lyngsø Thomsen
CEO


Carsten Lyngsø Thomsen, CEO, Toms Gruppen A/S

Management's Review

Financial highlights

Principal activities of the Company

Toms Gruppen A/S manufactures, markets and sells confectionery.

Denmark is the largest market, including sales to Danish/German border shops. Mainly branded products are sold in Denmark, and Toms Gruppen A/S is a market leader across the confectionery category as a total.
In Germany, sales mainly consist of premium chocolate under the brands of Hachez and Feodora.

In Sweden, sales consist of Pick-and-Mix sweets as well as branded products like Anthon Berg and Toms.

The international business unit primarily exports to the main markets in Norway, North America, the Netherlands, Australia and the Far and Middle East. In several markets, sale is handled through distributors. The business unit is also responsible for sales to the travel retail market.

The Group's production takes place at the Group's own four factories in Denmark (2), Germany (1), and Poland (1). The facility in Poland only handles packaging tasks.

Development in activities and financial position

Profit for the year

The Group's revenue for 2017 amounted to DKK 1.763,1 million against DKK 1.729,8 million in 2016. Revenue increased primarily on the German and export markets.

Operating profit before special items ended at 61,1 million DKK, below our ambition for the year and below 2016 result of 102,3 million DKK. The result was negatively impacted primarily by lower margin on the Danish market, recall of marcipan products during Q4 and rate of exchange on SEK during Q4.

Net financials showed an income of DKK 0,7 million in 2017 compared to an expense in of DKK 7,0 million in 2016. The positive development is primarily caused by currency adjustments.

REVENUE 2017

1.005 mill	457 mill	301 mill
DENMARK/SWEDEN	GERMANY	OTHER
57 %	26 %	17 %

Balance sheet and equity development

The Group's total assets at year end amounted to DKK 1.140,0 million against DKK 1.017,0 million in 2016. At the end of 2017, working capital amounted to DKK 165,1 million against DKK 225,3 million at the end of 2016. In 2017, this is equivalent to 9,4 per cent of revenue and, in 2016, to 13,1 per cent of revenue, which is a significant improvement coming from a continued strong and dedicated focus during 2017.

At year end, net interest bearing external debt amounted to DKK -236,2 million. At the end of 2016, the net interest bearing debt amounted to DKK -199,5 million. At 31 December 2017, equity amounted to DKK 577,9 million, while equity amounted to DKK 537,4 million in 2016. The solvency ratio amounted to 50,7 per cent and 52,8 per cent, respectively.

Uncertainty regarding recognition and measurement

Goodwill impairment testing is based on the DCF method to assess the recoverable amount of goodwill. The calculation is based on assumptions and estimates for the future and is therefore subject to uncertainty.

Investments and cash flow

Net investments amounted to DKK 116,5 million in 2017 against DKK 55,1 million in 2016. Consolidated cash flow from operation, investment and financing activities was DKK 42,8 million compared to DKK 99,7 million in 2016. Decrease in cash flow were primarily caused by significant investments in 2017. Increased investments support the One Toms 2020 strategic priority of securing an agile and competitive supply chain.

Development activities

Costs are continuously incurred for development of the product portfolio. Development activities include the development of new products as well as development of existing products and concepts. All development costs were expensed.

2018 Outlook

Management expects that the market generally will be in line with 2017 with continued strong price competition in the retail sector in all of the Group's markets. Management expects a moderate growth in revenue and operating profit before special items slightly above 2016.

"Management expects moderate growth in revenue and operating profit before special items slightly above 2016

Events after the reporting period

No events have occurred after the end of the financial year, which significantly affect the annual report.
Toms announced on February 28th a material and historic investment in expanding its activities in Poland with the construction of a new production facility, supporting the Groups strategic initiative of establishing an agile and competitive supply chain. The announcement has no impact on the 2017 financial report.

Particular risks

General risks

The Group's main operating risks are attributable to the development of the competitive environment in the retail market. In addition, risks are associated with the development of world market prices of cocoa, cocoa butter, almonds, hazelnuts, gelatin and sugar.

Financial risks

Interest rate risks

The Company's net debt position is cash positive and is therefore exposed to a negative interest rate for cash in bank. Several models have been developed to mitigate these effects for 2018.

Currency risks

The Group's currency risks occur partly because there is an imbalance between income and expenses in each currency (transaction risk), and partly because the Group includes companies with a functional currency other than DKK (translation risk).

Transaction risk: The Group incurs significant costs in foreign currency for the purchase of raw materials, and the individual companies have revenues in foreign currencies. The Group's currency policy stipulates as a general rule that cash flows in the major currencies (SEK, PLN, GBP and USD) must be hedged according to policy. Hedging is mainly made by using forward contracts.

Translation risk: Net assets in foreign currency were not hedged, as these would not have a significant size. For 2017, the income statement and balance sheet were affected by fluctuations in EUR, SEK, USD and PLN, however the impact on the Group's results were not significant.

Credit risks

The Group's credit risks are related to the primary financial assets and to derivative financial instruments with a fluctuating market value.

The Group's policy for undertaking credit risks means that all new major customers and other business partners must be credit rated. A large proportion of transactions with customers outside the local markets are insured.

Corporate social responsibility

The Group has decided to publish the statutory report on social responsibility according to section 99a and 99b of the Danish Financial Statements Act on our website.

The Global Compact Report can be found at ***http://tomsgroup.com/en/our_responsibility/results_policies/*** and is an integral part of the Management's review.

BRANDS

Relaunch of the iconic Toms Guld Barre

A massive 360° communication campaign kicked off the Toms Guld Barre 45g relaunch, the first step of an ambitious growth strategy.

Toms Guld Barre dates back to 1932, and has been the favorite of many Danes ever since, today representing an awareness of 98%. The purpose of the 2017 relaunch was to strengthen and align the Toms Guld Barre portfolio, executed through redesigned and modern packaging, new chocolate format and new, exciting Toms-in-Toms variants.

A massive 360°communication campaign supported the launch: TV campaign, cinemas, digital, outdoor and product sampling, all securing a broad reach in the Danish population. The relaunch has made Toms Guld Barre a more contemporary, uniform and family-oriented sub-brand leveraging the brand into a new era.

Toms Kæmpe Skildpadde 50th Anniversary

One of the most iconic and unique products in Toms' product portfolio, Toms Kæmpe Skildpadde, was strengthened even further on the special occasion of its 50 year anniversary.

The anniversary was celebrated with the launch of a national communication campaign targeting the Danish, adult Skildpadde lovers – a campaign including an extensive outdoor campaign, a visible trade campaign, a successful PR campaign and product sampling. All visuals were built around the ironic and indeed recognizable pattern of the Kæmpe Skildpadde ensuring an easily decoded communication message for the consumers. Overall a distinctive campaign resulting in additional sales and added value to the Toms Kæmpe Skildpadde brand.

Toms and Pingvin united under one brand

In 2017 Pingvin was incorporated under the Toms umbrella reinforcing our position as confectionery supplier to the entire family

Merging the two brands Pingvin and Toms into one brand: Toms, reinforced our stronghold as the supplier of both chocolate and candy to the entire family. The one brand strategy was initiated to strengthen the two brand portfolios, and gathering, building and maintaining all activities in one common communication universe, allowed for synergies in our media investments. As the Toms and Pingvin target groups are identical both in regard to consumption and occasion, the transition in the trade went smoothly.

The one brand campaign kicked off in the summer with a trade campaign conveying how Toms confectionery turns a typical Danish and rainy summer into "piv-hyggelig" family time.

Anthon Berg – a global brand with Danish heritage

Our brand strategy is to grow Anthon Berg globally by taking further niche positions, and to work regionally to create synergies across markets.

Toms' brand strategy is to grow Anthon Berg globally by taking further niche positions with our unique liqueur filled chocolate bottles. In a Nordic context, the ambition is to generate greater synergies by working regionally instead of locally focusing on: Accelerating Seasonal ownership, increasing the relevance of our iconic marzipan bars and increasing the brand and product relevance outside of Seasons and Marzipan.

Anthon Berg International – Taking #1 niche positions with liqueur filled chocolates
In 2017, we took the next steps of our ambitious growth strategy. We launched new products and created a visual alignment across the range to secure the same premium packaging. The redesign was well received by customers and played an important role in our aim and success in getting extra listings and new customers across markets.

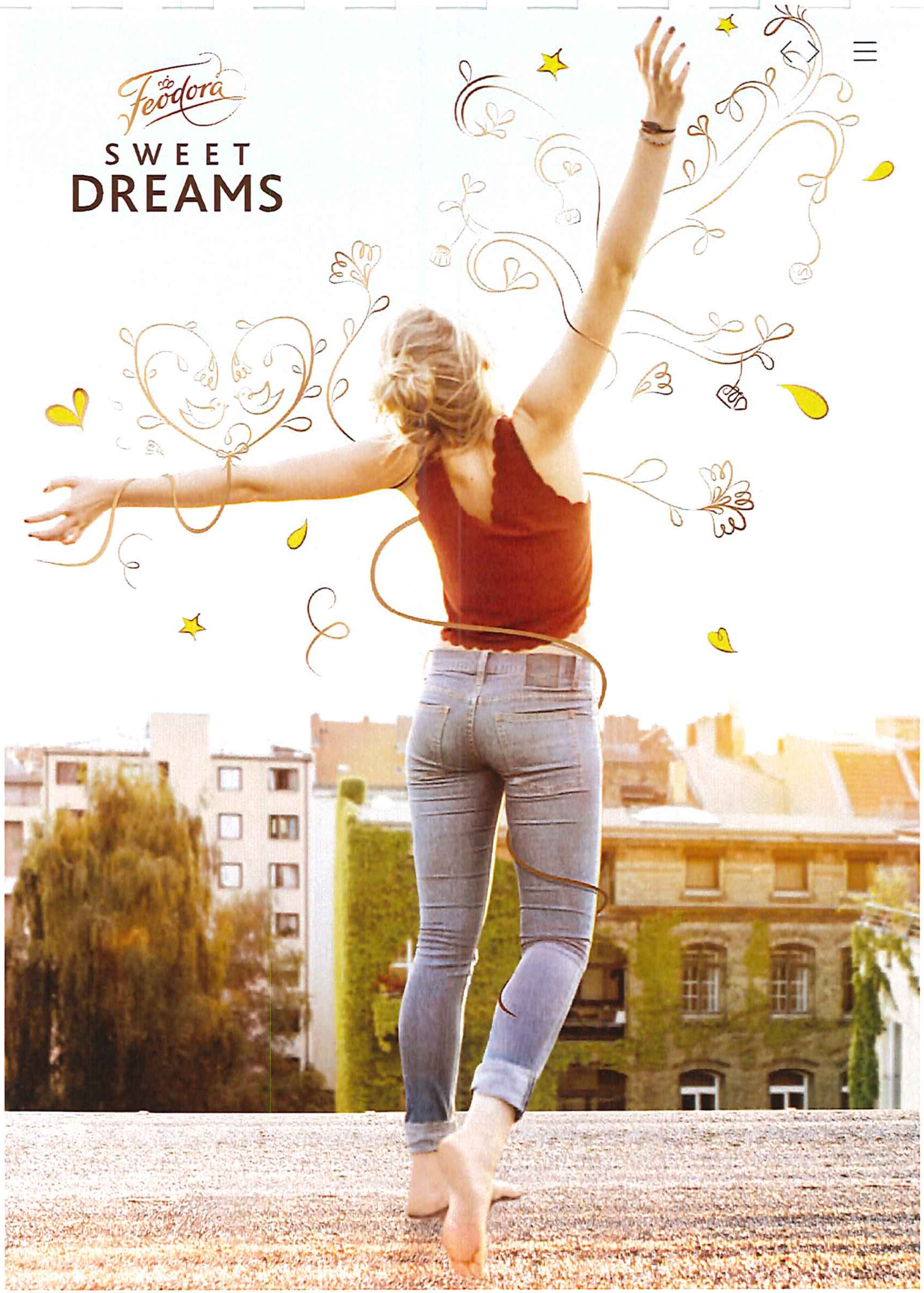
Anthon Berg Nordic – Accelerating Seasonal ownership through launch of new Christmas assortment positively received by consumers and customers
Leveraging Anthon Berg's strong connection with the Seasons, at Christmas 2017, we launched a new modern Christmas assortment in order to revitalize and recruit a new layer of consumers. The assortment is built on our strong competencies within dragee and marzipan which create a link to our #1 Easter portfolio. The launch also saw the introduction of a new premium doybag format for the Toms Group. A massive media investment spanning outdoor, social, print etc. drove awareness and trial. The assortment has been positively received by consumers and customers throughout the Nordics that acknowledge and support the strategic direction.

Hachez-Feodora

A pilot launch of rejuvenated brands Hachez and Feodora in Germany delivered value to trade and attracted new shoppers. 2018 will see a expanded regional roll-out of the new brand expressions.

Brand Rejuvenation:
Pilot launch of Hachez and Feodora new brand expressions

Also in fall 2017 we turned the crucial brand rejuvenation into action. Results suggest that the new ranges generate incremental sales while base business remains unaffected. The new brand expressions deliver value to trade with clear reinvigoration of the premium chocolate aisle and can attract shoppers that so far found little interest in largely over-traditional premium chocolate offerings. In 2018 we see the expanded regional roll-out of the new brand expressions supported with success proven marketing tactics.



SPONSORSHIPS

Toms and Tivoli – two iconic Danish brands in an ambitious cooperation

The opening of "Hyggehjulet" in Tivoli marked the beginning of an ambitious three year sponsorship with Tivoli.

Toms and Tivoli make the perfect partnership; two iconic Danish brands building on a long and strong history and both creating cosy moments and fun for the whole family. A sponsorship with Tivoli was an ideal way of boosting Toms' values and brought the idea to life of meeting the consumers in new and unexpected settings when they are spending time with family, enjoying life and getting that little extra treat.

In the 2017 season Tivoli introduced "Hyggehjulet", a wheel of fortune. At "Hyggehjulet" visitors could win iconic chocolate prizes from Toms.

At the beginning of the Christmas season 2017 Toms opened "Toms' Hyggebod", a small Christmas shop with classic Toms confectionery and premium chocolate from Anthon Berg.

The sponsorship is part of our commercial strategy, and we look forward to enhancing the sponsorship even further in Tivoli and in retail in 2018.

FINANCIAL STATEMENTS

Financial Statements

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 Toms Gruppen A/S for the financial year 1 January – 31 December 2017.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.
It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Ballerup, 21 March 2018

Executive Board

Carsten Lyngsø Thomsen
CEO

Board of Directors

Henrik Brandt Chairman	Christian H. Sørensen Vice Chairman	Carsten Bennike Vice Chairman
Morten Petersen	Carsten D. Wehrmann	Mikael Thinghuus
Lone C. Nielsen	Søren Svenningsen	Joan Wind

Independent Auditor's Report

To the shareholder of Toms Gruppen A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Toms Gruppen A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

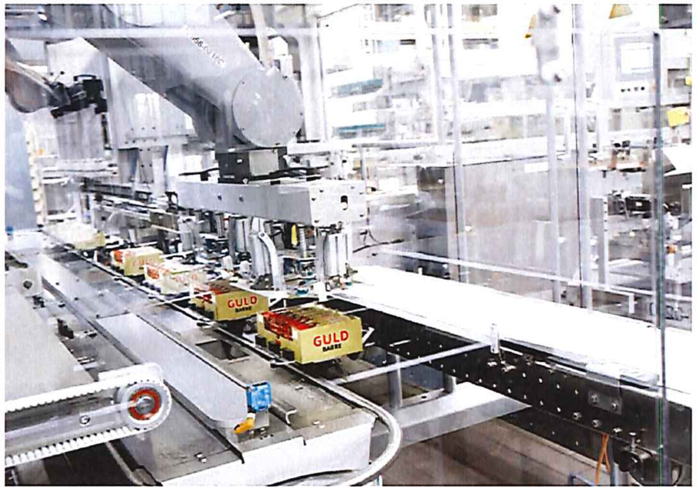
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.



Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

> Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

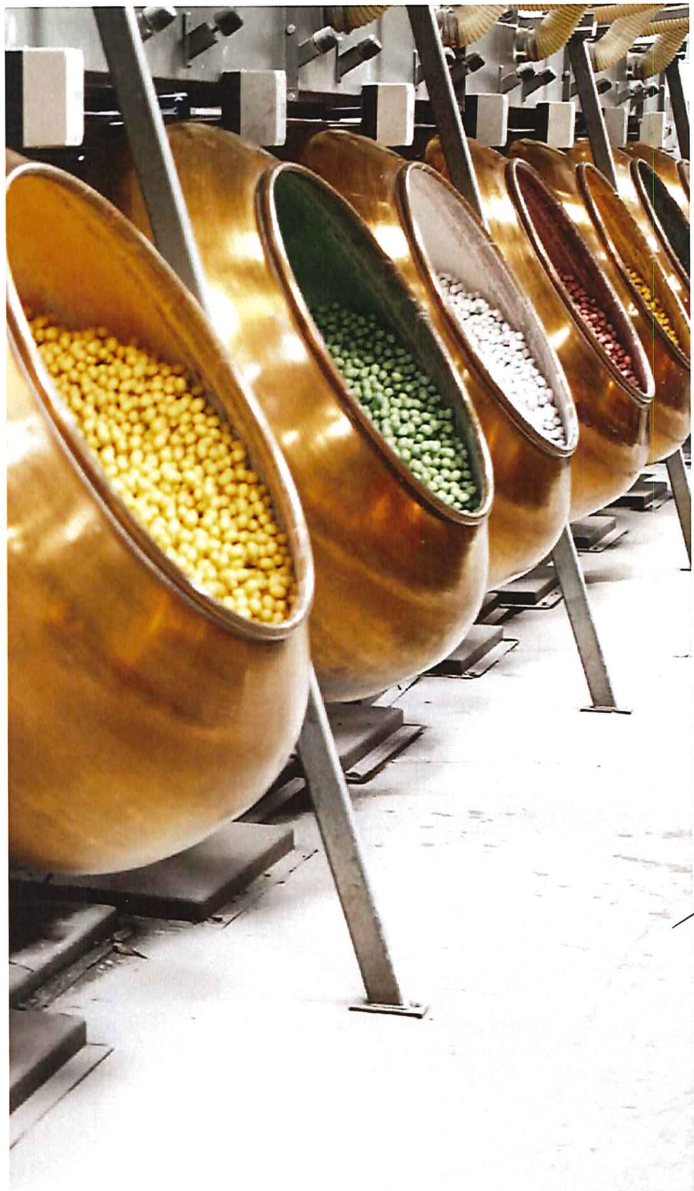
> Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

> 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 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 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 Parent Company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

> 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 21 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr
State Authorised
Public Accountant
MNE no.: mne32212

Group and Parent Company Financial Statements

For the period 1 January – 31 December 2017

Accounting Policies

Compliance

The annual report of Toms Gruppen A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the income can be measured reliably. Liabilities are recognised in the balance sheet when the Group as a result of a past event has a legal or constructive obligation and it is probable that future economic benefits will flow from the Group, and the value can be measured reliably.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as it occurs, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, costs incurred to generate the year's earnings, including depreciation, amortisation, provisions and reversals due to changes in accounting estimates of amounts previously recognised in the consolidated financial statements and the parent company financial statements.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Toms Gruppen A/S, and subsidiaries in which Toms Gruppen A/S directly or indirectly holds more than 50 per cent of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 per cent and 50 per cent of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.
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 the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.
Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.
Goodwill from acquired enterprises can be adjusted until the end of the year following the year 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 at 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 at 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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

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

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plants.

Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating income

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

Other operating costs

Other operating cost comprises items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Share of profit/loss from investments in subsidiaries after tax

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

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

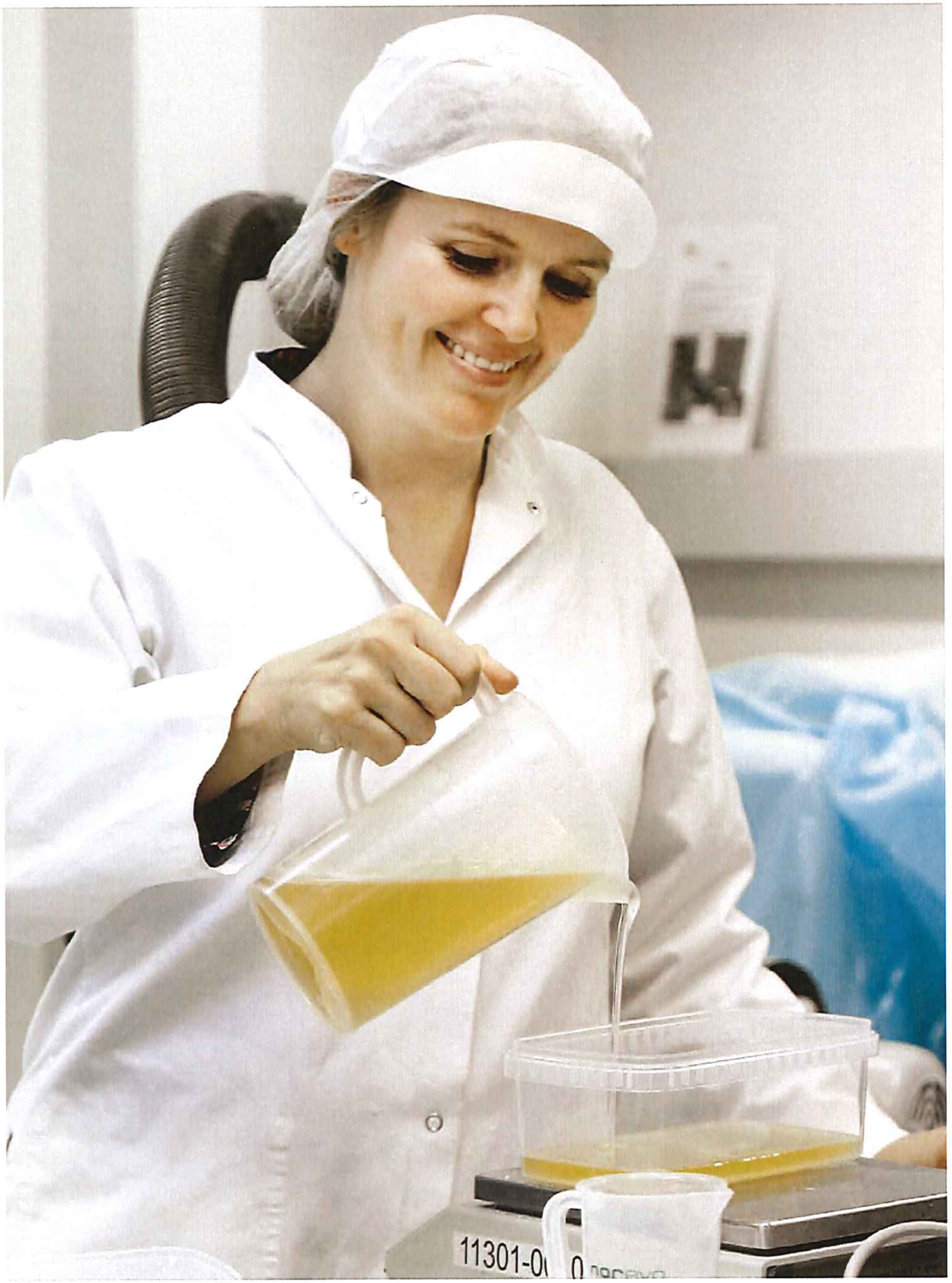
Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

The parent company, Gerda & Victor B. Strand Holding A/S, is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Gerda og Victor B. Strand Holding A/S is the administrative company for the joint taxation and consequently settles all corporate tax payments with the tax authorities.

The current Danish corporate tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. 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

Goodwill and trademarks
Goodwill and trademarks are amortised over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill and trademarks are amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

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. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

Interest expense on loans to finance the production of property, plant and equipment which concerns the production period is included in costs. All other borrowing costs are recognised in the income statement.

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, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30 years
Installations in building	10 years
Fixtures and fittings, tools and equipment	5-20 years
Cars	3 years
It equipment	3-5 years

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Investments in subsidiaries
Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds costs.

On acquisition of subsidiaries, the acquisition method is applied, see consolidated financial statements above.

Impairment of non-current assets
The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets (cash-generating units) 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 expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Other investments
Other investments recognised under non-current assets comprise listed bonds measured at fair value.

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.
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 maintenance and 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 or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Securities
Securities, comprising listed bonds, are measured at fair value at the balance sheet date.

Cash at bank and in hand
Toms Gruppen A/S is part of a cash pool arrangement together with other group companies. Balances arising from cash pools are included in cash at bank and in hand/Bankloans and overdrafts in the balance sheet of the parent company

Dividends
Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as „Corporation tax receivable" or „Corporation tax payable".

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions
Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Defined benefit plans are measured at the discounted value of the net pension obligation calculated using actuarial assumptions. Actuarial gains and losses are recognised in equity. If the obligation is expected to be settled far into the future, the obligation is measured at net present value.

Liabilities other than provisions
Other liabilities are measured at net realisable value.

Cash flow statement
The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

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

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

Cash flows from financing activities
Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Segment information
Information is provided on business segments and geographical markets. Segment information is based on the Company's internal financial management.

Financial ratios
Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios „Recommendations and Financial Ratios".

Income Statement 2017

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
1.372.833	1.390.082	2	**Revenue**	1.763.054	1.729.834
-922.298	-944.949	3/4/5	Production costs	-1.159.839	-1.117.287
450.535	445.133		**Gross profit**	603.215	612.547
-298.418	-319.145	3/4/5	Sales and distribution costs	-463.904	-446.994
-48.796	-56.093	3/4/5	Administrative expenses	-84.922	-76.847
103.321	69.895		**Operating profit**	54.389	88.706
-19.039	-17.398		Share of profit/loss in subsidiaries after tax	0	0
5.747	7.212		Financial income	4.790	3.776
-9.422	-1.991		Financial expenses	-4.118	-10.746
80.607	57.718	6	**Profit before tax**	55.061	81.736
-22.211	-16.570	7	Tax on profit/loss from ordinary activities	-13.913	-23.340
58.396	41.148	8	**Profit for the year**	41.148	58.396
			Allocation of profit		
58.396	41.148	9	Shareholders of Toms Gruppen A/S	41.148	58.396

Balance Sheet 31.12.2017

Assets

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
0	0	10	Goodwill	16.353	20.196
0	15.624	11	Trademarks etc.	1.084	103
0	15.624		**Total intangible assets**	17.437	20.299
59.655	57.529	12	Land and buildings	107.349	78.167
163.638	195.691	13	Plant and machinery	219.961	188.734
114	114	14	Fixtures and fittings, tools and equipment	1.855	8.359
30.333	16.049	15	Property, plant and equipment under construction	34.717	30.333
253.740	269.383		**Total property, plant and equipment**	363.882	305.593
2.735	2.735	16	Other investments	2.735	2.735
61.224	61.095	6	Investments in subsidiaries	0	0
0	0	17	Deferred tax assets	11.255	6.466
63.959	63.830		**Total other non-current assets**	13.990	9.201
317.699	348.837		**Total non-current assets**	395.309	335.093
206.750	218.366	18	**Inventories**	271.230	274.010
122.107	139.588		Trade receivables	208.674	182.945
160.610	141.684		Amounts owed by affiliated companies	13.144	10.285
0	0	19	Corporation taxes, receivable	3.334	2.374
8.185	6.041		Other receivables	12.060	12.731
290.902	287.313		**Total receivables**	237.212	208.335
494	490	20	**Securities and investments**	490	494
136.915	211.401		**Cash at bank and in hand**	235.740	199.026
635.061	717.570		**Total current assets**	744.672	681.865
952.760	1.066.407		**Total assets**	1.139.981	1.016.958

Balance Sheet 31.12.2017

Equity and liabilities

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
3.500	3.500	21	Share capital	3.500	3.500
533.875	574.397		Retained earnings	574.397	533.875
537.375	577.897		**Equity**	577.897	537.375
26.922	30.724	22	Deferred tax	32.172	28.677
1.395	1.335	23	Other provisions	25.930	29.196
28.317	32.059		**Total provisions**	58.102	57.873
124.761	177.038		Trade payables	209.479	146.007
170.014	170.220		Amounts owed to affiliated companies	170.220	170.014
7.321	2.973	24	Corporation taxes, payable	2.981	7.314
84.972	106.220		Other payables	121.302	98.375
387.068	456.451		**Short-term liabilities other than provisions**	503.982	421.710
387.068	456.451		**Total liabilities other than provisions**	503.982	421.710
952.760	1.066.407		**Total liabilities and equity**	1.139.981	1.016.958
		25-26	**Contingent liability and currency risk**		

Statement of Changes in Equity

DKK '000

Note	Parent company	Share capital	Retained earnings	Total
	Equity at 01 January 2016	**3.500**	**475.502**	**479.002**
28	Proposed profit appropriation	0	58.396	58.396
	Foreign currency translation adjustments	0	-2.019	-2.019
	Value adjustments on hedging instruments, primo	0	4.185	4.185
	Value adjustments on hedging instruments, ultimo	0	-1.626	-1.626
	Deferred tax on value adjustments	0	-563	-563
	Equity at 01 January 2017	**3.500**	**533.875**	**537.375**
	Actuarial loss on defined benefit plans, net of tax	0	-2.462	-2.462
28	Proposed profit appropriation	0	41.148	41.148
	Foreign currency translation adjustments	0	-479	-479
	Value adjustments on hedging instruments, primo	0	1.626	1.626
	Value adjustments on hedging instruments, ultimo	0	1.342	1.342
	Deferred tax on value adjustments	0	-653	-653
	Equity at 31 December 2017	**3.500**	**574.397**	**577.897**

Note	Toms Group	Share capital	Retained earnings	Total
	Equity at 01 January 2016	**3.500**	**475.502**	**479.002**
28	Proposed profit appropriation	0	58.396	58.396
	Foreign currency translation adjustments	0	-2.019	-2.019
	Value adjustments on hedging instruments, primo	0	4.185	4.185
	Value adjustments on hedging instruments, ultimo	0	-1.626	-1.626
	Deferred tax on value adjustments	0	-563	-563
	Equity at 01 January 2017	**3.500**	**533.875**	**537.375**
	Actuarial loss on defined benefit plans, net of tax	0	-2.462	-2.462
28	Proposed profit appropriation	0	41.148	41.148
	Foreign currency translation adjustments	0	-479	-479
	Value adjustments on hedging instruments, primo	0	1.626	1.626
	Value adjustments on hedging instruments, ultimo	0	1.342	1.342
	Deferred tax on value adjustments	0	-653	-653
	Equity at 31 December 2017	**3.500**	**574.397**	**577.897**

Cash Flow Statement

DKK '000

Note		Group	
		2017	**2016**
	Operating profit/loss	54.389	88.706
	Depreciation, amortisation and impairment losses	61.100	61.748
	Cash generated from operating activities before changes in working capital, etc	**115.489**	**150.454**
	Changes for the year to the below items:		
	Inventories	2.780	70.161
	Trade receivables	-25.728	19.944
	Other receivables	-2.188	10.838
	Trade payables	63.472	-5.318
	Other payables	22.928	-39.308
	Provisions	-3.268	-19.381
	Changes in working capital	**57.996**	**36.936**
	Value adjustments of financial instruments	2.315	1.996
	Net financials	672	-6.970
	Paid tax	-19.445	-27.573
	Cash flow from operating activities	**157.027**	**154.843**
	Cash flow from investing activities	**-116.716**	**-55.137**
	Cash flow from financing activities	**0**	**0**
29	**Increase/decrease in cash and cash equivalents, during the year**	**40.311**	**99.706**
	Cash and cash equivalents, securities and payables to credit institutions, etc., at beginning of the year	199.520	101.658
	Value adjustments etc.	-3.601	-1.844
	Cash and cash equivalents, securities and payables to credit institutions, etc., at the end of the year	**236.230**	**199.520**
	Which is specified as follows:		
	Securities and investments	490	494
	Cash at bank and in hand	235.740	199.026
	Total	**236.230**	**199.520**

Notes

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		1	**Special items**		
			Restructuring and strategic projets are incl. in the following line items:		
4.981	6.910		Production costs	6.910	4.981
0	0		Sales and distribution costs	0	8.650
0	0		Administrative expenses	0	0
4.981	6.910		Total	6.910	13.631
		2	**Segment information**		
			Primary segment: revenue in geographical area		
949.540	946.269		Denmark/Sweden, excl. Travel Retail	1.004.882	1.009.299
128.839	142.654		Germany, excl. Travel Retail	456.929	427.203
294.454	301.159		Other export, incl. Travel Retail	301.243	293.332
1.372.833	1.390.082		Total	1.763.054	1.729.834
1.372.833	1.390.082		Confectionery Sales	1.763.054	1.729.834
1.372.833	1.390.082		Total	1.763.054	1.729.834
		3	**Staff costs**		
267.517	290.593		Wages and salaries	397.837	376.062
20.148	21.546		Pensions	30.068	27.227
473	556		Other social security costs	13.303	14.740
288.138	312.695		Total	441.208	418.029
			The staff costs has been included in the following line items:		
214.151	234.762		Production costs	310.460	286.199
43.566	43.004		Sales and distribution costs	85.437	91.163
30.421	34.929		Administrative expenses	45.311	40.667
288.138	312.695		Total	441.208	418.029
500	504		Average number of employees	1.010	1.090
			Remuneration including incentive plans to:		
			Parent company Executive Board		
			Parent company Board of Directors		
6.828	6.416		Parent company Executive Board and Board of Directors	6.416	6.828

Notes

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		4	**Impairment losses and depreciation/amortisation**		
0	0		Intangible assets	3.970	3.932
45.825	45.811		Property, plant and equipment	57.130	57.816
45.825	45.811		Total	61.100	61.748
			The total impairment losses and depreciation/amortisation (including goodwill) has been included in the following line items:		
42.290	42.275		Production costs	51.928	52.787
653	724		Sales and distribution costs	1.878	1.977
2.882	2.812		Administrative expenses	7.294	6.984
45.825	45.811		Total	61.100	61.748
		5	**Fee paid to auditors**		
			Ernst & Young		
350	350		Fee regarding statutory audit	724	380
166	1.009		Tax and VAT related engagements	1.179	166
407	169		Other non-audit engagements	169	444
923	1.528		Total	2.072	990
			Others:		
0	0		Fee regarding statutory audit	0	238
0	0		Tax and vat related engagements	0	275
0	0		Total	0	513

Notes

DKK '000

Parent company 2016	Parent company 2017	Note	
		6	**Investments in subsidiaries**
284.468	284.468		Cost at 1 January
284.468	284.468		Cost at 31 December
-221.179	-223.244		Value adjustment at 1 January
-2.019	-471		Foreign currency translation adjustments
-15.194	-13,553		Profit/loss on ordinary activities before tax
-3.845	-3.845		Amortisation of goodwill and trademarks
0	-2.462		Actuarial loss on defined benefit plans, net of tax
18.993	20.202		Transferred to write-down of amount owed by affiliated companies
-223.244	-223.373		Value adjustment at 31 December
61.224	61.095		Carrying amount at 31 December

Subsidiaries	Registered office	Ownership	Currency
Toms Sverige AB	Habo, Sweden	100 %	tSEK
Toms Polska Sp. z o.o.	Leszno, Poland	100 %	tPLN
Vamesa Investments Sp.Z.o.o	Warszawa, Poland	100 %	tPLN
Hanseatische Chocolade GmbH	Bremen, Germany	100 %	tEUR
Hanseatische Geschäftsführungs GmbH	Bremen, Germany	100 %	tEUR
Bremer Hachez Chocolade GmbH & Co. KG	Bremen, Germany	100 %	tEUR
Feodora Chocolade GmbH & Co. KG	Bremen, Germany	100 %	tEUR
Huchtinger Logistik GmbH & Co. KG	Bremen, Germany	100 %	tEUR
Hawopral GmbH	Bremen, Germany	100 %	tEUR
Toms Confectionery Group Pte. Ltd.	Singapore, Singapore	100 %	tSGD
Toms Confectionery Group	Vestby, Norway	100 %	tNOK

Notes

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		7	**Financial income**		
1.976	2.431		Financial income from subsidiaries	0	0
3.771	4.781		Other financial income	4.790	3.776
5.747	7.212		Total	4.790	3.776
		8	**Financial expenses**		
9.422	1.991		Other financial expenses	4.118	10.746
9.422	1.991		Total	4.118	10.746
		9	**Tax**		
-26.019	-13.392		Tax on profit for the year	-14.144	-27.422
-270	-29		Adjustment of tax relating to previous years	-306	-283
4.078	-3.149		Adjustment of deferred tax	537	4.365
-22.211	-16.570		Total	-13.913	-23.340
		10	**Goodwill**		
0	0		Cost at 1 January	133.018	133.253
0	0		Foreign currency translation adjustments	86	-235
0	0		Cost at 31 December	133.104	133.018
0	0		Accumulated amortisation and impairment loss at 1 January	-112.822	-109.214
0	0		Foreign currency translation adjustments	-86	235
0	0		Amortisation	-3.843	-3.843
0	0		AAccumulated amortisation and impairment loss at 1 January	-116.751	-112.822
0	0		Carrying amount at 31 December	16.353	20.196

Notes

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		11	**Trademarks etc.**		
0	0		Cost at 1 January	48.678	48.868
0	0		Foreign currency translation adjustments	69	-190
0	15.624		Additions	1.109	0
0	15.624		Cost at 31 December	49.856	48.678
0	0		Accumulated amortisation and impairment loss at 1 January	-48.575	-48.674
0	0		Foreign currency translation adjustments	-70	188
0	0		Amortisation	-127	-89
0	0		Accumulated amortisation and impairment loss at 1 January	-48.772	-48.575
0	15.624		Carrying amount at 31 December	1.084	103
		12	**Land and buildings**		
215.827	215.827		Cost at 1 January	271.134	271.350
0	0		Foreign currency translation adjustments and movements	79	-216
0	0		Transferred	4.569	0
0	-5.502		Disposals	-5.502	0
0	189		Additions	30.213	0
215.827	210.514		Cost at 31 December	300.493	271.134
-151.122	-156.172		Accumulated depreciation at 1 January	-192.967	-186.831
0	0		Foreign currency translation adjustments and movements	-46	130
0	5.502		Amortisation on disposals	5.502	0
0	0		Transferred	-1.334	0
-5.050	-2.315		Depreciation	-4.299	-6.266
-156.172	-152.985		Accumulated depreciation at 31 December	-193.144	-192.967
59.655	57.529		Carrying amount at 31 December	107.349	78.167

Notes

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Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		13	**Plant and machinery**		
1.001.072	992.919		Cost at 1 January	1.211.723	1.211.015
0	0		Foreign currency translation adjustments and movements	1.434	-1.501
18.118	46.065		Additions	49.947	24.926
11.667	29.484		Transferred	72.407	11.667
-37.938	-54.976		Disposals	-56.845	-34.384
992.919	1.013.492		Cost at 31 December	1.278.666	1.211.723
-825.996	-829.281		Accumulated depreciation at 1 January	-1.022.989	-1.008.663
0	0		Foreign currency translation adjustments and movements	-772	951
0	0		Transferred	-39.568	0
36.661	54.976		Depreciation and impairment on disposals	56.845	33.107
829	0		Impairment	0	829
-40.775	-43.496		Depreciation	-52.221	-49.213
-829.281	-817.801		Accumulated depreciation at 31 December	-1.058.705	-1.022.989
163.638	195.691		Carrying amount at 31 December	219.961	188.734
		14	**Other fixtures and fittings, tools and equipment**		
9.304	9.304		Cost at 1 January	74.767	74.283
0	0		Foreign currency translation adjustments and movements	203	-327
0	0		Transferred	-47.493	0
0	0		Additions	662	1.644
0	-8.987		Disposals	-7	-833
9.304	317		Cost at 31 December	28.132	74.767
-9.190	-9.190		Accumulated depreciation at 1 January	-66.408	-64.832
0	0		Foreign currency translation adjustments and movements	-161	255
0	0		Transferred	40.902	0
0	8.987		Depreciation and impairment on disposals	0	506
0	0		Depreciation	-610	-2.337
-9.190	-203		Accumulated depreciation at 31 December	-26.277	-66.408
114	114		Carrying amount at 31 December	1.855	8.359

Notes

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Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		15	**Property, plant and equipment under construction**		
11.950	30.333		Cost at 1 January	30.333	11.950
30.050	15.200		Additions	33.868	30.050
-11.667	-29.484		Transferred	-29.484	-11.667
30.333	16.049		Cost at 31 December	34.717	30.333
		16	**Other investments**		
2.735	2.735		Cost at 1 January	2.735	2.735
2.735	2.735		Cost at 31 December	2.735	2.735
2.735	2.735		Carrying amount at 31 December	2.735	2.735
		17	**Deferred tax assets**		
0	0		Deferred tax at 1 January	6.466	6.647
0	0		Adjustments of deferred tax	4.789	-181
0	0		Deferred tax at 31 december	11.255	6.466
			Deferred tax relates to:		
0	0		Intangible assets	2.946	0
0	0		Loss carried forward	3.380	6.005
0	0		Provisions	4.929	461
0	0		Carrying amount at 31 December	11.255	6.466
			Timing of the reversal of deferred tax assets expected to be:		
0	0		0-1 year	491	52
0	0		1-5 year	5.344	6.213
0	0		After 5 years	5.420	201
0	0			11.255	6.466

The loss carried forward is expected to be reversed within 1-5 years.
Deferred tax assets of 32 million relating to German subsidiaries is not recognised (2016: 30 million)..

Notes

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Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		18	**Inventories**		
71.718	69.087		Raw material and packaging	86.814	94.332
30.993	40.125		Work in progress	47.399	38.866
104.039	109.154		Manufactured goods and goods for resale	137.017	140.812
206.750	218.366		Carrying amount at 31 December	271.230	274.010
		19	**Corporation taxes, receivable**		
0	0		Company tax, receivable at 1 January	2.374	5.907
0	0		Paid/received during the year	1.698	-2.858
0	0		Company tax for the year	-738	-675
0	0		Company tax, receivable at 31 december	3.334	2.374
		20	**Securities and investments**		
39	39		Cost at 1 January	39	39
39	39		Cost at 31 December	39	39
403	455		Value adjustment at 1 January	455	403
52	-4		Value adjustment during the year	-4	52
455	451		Value adjustment at 31 December	451	455
494	490		Carrying amount at 31 December	490	494

Notes

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Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		21	**Share capital**		
3.500	3.500		Share capital at 31 December		
			The share capital consists of:		
2.000	2.000		1 share of DKK 2,000,000		
750	750		150 shares of DKK 5,000 each		
612	612		306 shares of DKK 2,000 each		
136	136		136 shares of DKK 1,000 each		
2	2		20 shares of DKK 100 each		
3.500	3.500		Total		

The parent owns treasury shares of nominal DKK 150 thousand, corresponding to approx. 4% of the share capital.

The shares are valued at nil and are not included in the balance sheet. No treasury shares have been acquired or disposed of in the fianancial year. No changes have been made to the share capital during the last five years.

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		22	**Deferred tax, liabilities**		
30.438	26.922		Deferred tax at 1 January	28.677	32.479
-3.516	3.802		Adjustments of deferred tax	3.495	-3.802
26.922	30.724		Deferred tax at 31 december	32.172	28.677
			Deferred tax relates to:		
20.605	21.277		Property, plant and equipment	21.277	20.605
0	491		Intangible assets	0	0
6.982	8.954		Current assets	8.954	6.982
0	0		Net financials	1.782	1.598
-358	295		Items in equity	295	-358
-307	-293		Provisions	-136	-150
26.922	30.724		Carrying amount at 31 December	32.172	28.677
			Timing of the reversal of deferred tax liabilities expected to be:		
3.268	-3.011		0-1 year	-3.329	3.268
5.752	1.715		1-5 year	2.379	5.752
17.902	32.020		After 5 years	33.122	19.657
26.922	30.724			32.172	28.677

Notes

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Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		23	**Other provisions**		
			Movement during the year		
1.456	1.395		Other provisions at 1 January	29.196	48.577
-61	-60		Used	-7.170	-24.188
0	0		Reversed	0	-3.213
0	0		New provisions	3.904	8.020
1.395	1.335		Other provisions at 31 december	25.930	29.196
			The balance end off year		
0	0		Retructuring	670	736
1.395	1.335		Defined benefit plans, Germany	23.218	19.613
0	0		Other	2.042	8.847
1.395	1.335		Other provisions at 31 december	25.930	29.196
60	60		Provisions due within the next year	2.643	9.522
1.335	244		Provisions due within 1-5 years	1.321	1.106
0	1.031		Provisions due after 5 years	21.966	18.568
1.395	1.335		Carrying amount at 31 December	25.930	29.196
			Corporation taxes, payable		
7.987	7.321	24	Company tax, payable at 1 January	7.314	10.897
-26.956	-17.762		Paid during the year	-17.747	-30.431
26.290	13.414		Company tax for the year	13.414	26.848
7.321	2.973		Company tax, payable at 31 december	2.981	7.314

Notes

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Parent company | Group

Note	
25	**Contingent liabilities**

Parent liabilities

The parent company has operating leases for the company's motor vehicles at total of DKK 4,4 million (2016: DKK 6,0 million).

The parent company has purchase contracts related to raw material consumption at total of DKK 235,7 million (2016: DKK 230,0 million).

Group liabilities

The Group has purchase contracts related to raw material consumption at total of DKK 308,2 million (2016: DKK 273,8 million).

The Group has has operating leases for the company's motor vehicles and IT equipment at total of DKK 8,9 million (2016: DKK 12,0 million).

The Group has rental liabilities for the amount of DKK 4,3 million (2016: DKK 5,1 million).

Oberlandesgericht Düsseldorf has ruled in the sugar cartel case (süssvarenverband) against the aquired subsidiary, Feodora Chocolade GmbH, and a number of other major producers in Germany. The lawsuite was filed in 2009 on Restrictive pratice and is on going. Total liablilities amount to DKK 3,7 million. The former owners of Hanseatische Chocolade GmbH have guaranteed to indemnify Toms Gruppen A/S and provided security in the form of bank guarantees.

26 **Currency risks**

Currency (t.DKK)	Period	Receivables	Payables	Forward contracts	Net position
USD	< 6 months	6.184	-3.449	-2.736	0
CAD	< 6 months	76	-41	-	35
GBP	< 6 months	1.188	-1.876	-	-688
SEK	< 6 months	32.697	-1.844	-30.853	0
PLN	< 6 months	2.989	-7.338	4.349	0
EUR	< 6 months	39.157	-68.358	-	-29.201
		82.291	-82.906	-29.240	-29.855

The parent company hedge major currencies (USD, GBP, SEK and PLN) according to group policies which state that main currencyrisk within 6 month are 100 % covered.

Currency risk above 6 month up to 1 year are in general covered from 50-90 %.

Notes

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Parent company 2016	Parent company 2017	Note		Group Basic
		27	**Related parties**	Basic
			Toms Gruppen A/S' related parties are:	
			Control:	
			Gerda og Victor B. Strands Fond and its Board of Directors, Ballerup, Denmark	Ultimate parent company
			Gerda og Victor B. Strand Holding A/S and its Board of Directors, Ballerup, Denmark	Direct parent company
			Other related parties:	
			Toms Sverige AB, Halmstad, Sweden	Subsidiary
			Toms Polska Sp. z o.o., Leszno, Poland	Subsidiary
			Vamesa Investments Sp z.o.o., Warszawa, Poland	Subsidiary
			Hanseatische Chocolade GmbH, Bremen, Germany	Subsidiary
			Hanseatische Geschäftsführungs GmbH, Bremen, Germany	Subsidiary
			Bremer Hachez Chocolade GmbH & Co. KG, Bremen, Germany	Subsidiary
			Feodora Chocolade GmbH & Co. KG, Bremen, Germany	Subsidiary
			Huchtinger Logistik GmbH & Co. KG, Bremen, Germany	Subsidiary
			Hawopral GmbH, Bremen, Germany	Subsidiary
			Toms Confectionery Group Pte. Ltd., Singapore	Subsidiary
			Toms Confectionery Group, Vestby, Norway	Subsidiary

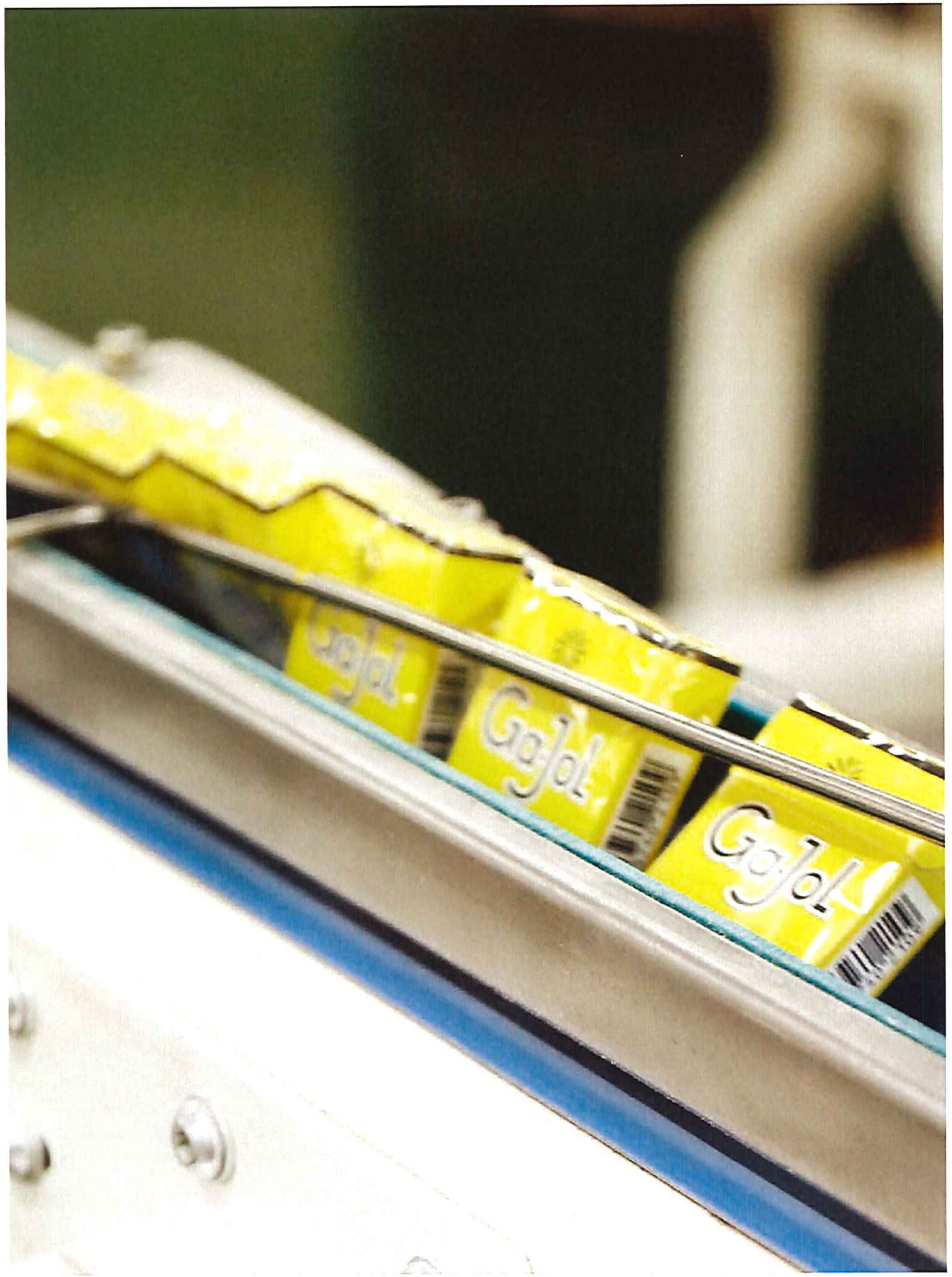
Related parties also include Board of Directors, the Board of Management and executive employees.

2016	2017	Transactions with related parties
188.355	192.431	Wholesale
22.694	22.035	Manufactoring
26.009	34.042	Packaging
8.960	9.810	Adminstrative service
1.914	2.431	Financial income from subsidiaries
0	15.624	German Trademarks
160.610	141.684	Amounts owed by affiliated companies
170.014	170.220	Amounts owed to affiliated companies

Notes

DKK '000

Parent company 2016	Parent company 2017	Note		Group 2017	Group 2016
		28	**Proposed profit appropriation**		
58.396	41.148		Retained earnings	41.148	58.396
0	0		Proposed dividends	0	0
58.396	41.148		**Profit/loss for the year**	41.148	58.396
		29	**Cash flow from investing activities**		
			Acquisitions of land and buildings	-30.213	0
			Acquisitions of property of plant and machinery	-49.947	-24.984
			Acquisitions of other fixtures	-655	-811
			Acquisitions of Trademarks etc	-1.109	0
			Acquisitions of Property, plant and equipment under construction	-33.868	-30.050
			Foreign currency translation adjustments	-924	708
			Total	-116.716	-55.137



Definition and Terms

Definitions

Return on invested capital:	Operating profit in percent of the average of total assets less cash less short term liabilities excluding interest bearing debt.
Working Capital:	Inventories and trade receivables plus other receivables minus trade payables and other payables
Operating margin:	Operating profit in percent of revenue
Return on equity:	Profit from ordinary activities after tax in percent of average equity
Current ratio:	Current assets in percent of current liabilities
Gross margin:	Gross profit in percent of revenue
Operating profit before special item:	Operating profit before impairments, restructuring cost and other cost not related to ordinary activities
Operating profit:	Operating profit before interest and tax.
Solvency ratio:	Equity at year end in percent of total equity and liabilities at year end

Terms

Sugar confectionery:	Wine gums, liquorice, toffees, sweets etc.
International:	Internal segment. Includes export (except Sweden and Travel Retail)
Travel Retail:	Ferry and airport sales
Special items:	Refer to note 1

Board of Directors

Henrik Brandt (Chairman)	
Rockwool International A/S	(CH)
Cidron HoldCo Aps	(CH)
Intervare A/S	(CH)
Nemlig.com	(CH)
Scandinavian Tobacco Group A/S	(VCH)
Fritz Hansen A/S	(CH)
Ferd Holding as, Norge	(BM)
Uno Equity ApS, CEO	(CH)
Gerda og Victor B. Strands Fond	(BM)
Gerda og Victor B. Strand Holding A/S	(BM)

Christian Hother Sørensen (Vice Chairman)
Executive Vice President,
Scandinavian Tobacco Group A/S
DI's Internationale Markedsudvalg (BM)

Carsten Bennike (Vice Chairman)	
Owner and CEO, TO BE Holding, CB Consulting	
K/S Gosport	(BM)
Bon Appetit Group A/S	(CH)
BA Foodservice A/S	(CH)
Vald. Birn A/S	(BM)

Carsten D. Wehrmann
General Manager International
Tchibo GmbH

Mikael Thinghuus	
CEO Royal Greenland A/S	
Grønt Udviklings- og Demonstrationsprogram (GUDP)	(CH)
Ice Trawl Greenland A/S	(BM)
World Ocean Council	(BM)

Morten Petersen
CEO DKI Group

Søren Svenningsen
Blacksmith (ER)

Lone C. Nielsen
Coordinator Masterdata (ER)

Joan Wind
Factory Employee (ER)

(CH) Chairman
(VCH) Vice Chairman
(BM) Board Member
(ER) Employee Representative

Executive Board

Carsten Lyngsø Thomsen	
CEO	
DI's Fødevareudvalg	(BM)
MLDK Mærkevareleverandørerne	(BM)

Auditors

Ernst & Young P/S
Osvald Helmuths Vej 4
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