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# ***Mars Danmark A/S***

Kay Fiskers Plads 10, DK-2300 København S

## **Annual Report for 1 January - 31 December 2022**

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CVR No 63 20 32 11

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
28/6 2023

Nina Dalgaard  
Chairman of the General  
Meeting



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	16
Balance Sheet 31 December	17
Statement of Changes in Equity	19
Cash Flow Statement 1 January - 31 December	20
Notes to the Financial Statements	21

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Mars Danmark A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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

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

Copenhagen, 28 June 2023

## Executive Board

Jonas Schauman  
CEO

## Board of Directors

Nina Dalgaard  
Chairman

Jonas Schauman

Tudor Muresan

Juliane Weigt

# Independent Auditor's Report

To the Shareholder of Mars Danmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mars Danmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Hellerup, 28 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Martin Lunden  
State Authorised Public Accountant  
mne32209

Gösta Gauffin  
State Authorised Public Accountant  
mne45821

## Company Information

### **The Company**

Mars Danmark A/S  
Kay Fiskers Plads 10  
DK-2300 København S

Telephone: + 45 43 24 51 00  
Facsimile: + 45 43 24 52 00  
Website: <https://dnk.mars.com>

CVR No: 63 20 32 11  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Nina Dalgaard, Chairman  
Jonas Schauman  
Tudor Muresan  
Juliane Weigt

### **Executive Board**

Jonas Schauman

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Lawyers**

Bech-Bruun Advokatfirma  
Langelinie Allé 35  
DK-2100 København Ø

### **Bankers**

Jyske Bank  
Vestergade 8-16  
DK-8600 Silkeborg

# Financial Highlights

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

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	529,713	498,367	481,415	468,589	483,240
Gross profit/loss	198,303	203,632	193,441	197,273	198,601
Profit/loss before financial income and expenses	88,308	79,784	76,536	82,614	88,225
Net financials	290	-340	-777	-1,019	-468
Net profit/loss for the year	68,909	62,532	58,749	63,061	68,574
<b>Balance sheet</b>					
Balance sheet total	220,806	205,278	243,666	237,003	205,936
Equity	94,804	80,895	118,363	114,614	96,553
<b>Cash flows</b>					
Cash flows from:					
including investment in property, plant and equipment	-721	-4,205	-993	-468	-325
Number of employees	130	136	142	138	132
<b>Ratios</b>					
Profit margin	16.7%	16.0%	15.9%	17.6%	18.3%
Return on assets	40.0%	38.9%	31.4%	34.9%	42.8%
Solvency ratio	42.9%	39.4%	48.6%	48.4%	46.9%
Return on equity	78.4%	62.8%	50.4%	59.7%	72.4%



## Management's Review

The annual Report of Mars Danmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C. The Annual Report has been prepared under the same accounting policies as last year.

### Key activities

The Company sells the Group's products, which are chocolate, ice-cream, gum, candy, pet food and human food in Denmark.

For the Mars entities in Denmark, Norway, Sweden, Finland and Ireland, Mars Denmark is a hub providing shared services for the above markets, situated at the Company's office at Ørestad.

### Development in the year

Mars Denmark business demonstrated revenue growth of +6.3% in net sales vs 2021. This was driven by growth in all segments, except Food that is declining vs last year due to lower volumes. Legacy segments of Petcare and Chocolate continued the good progress from 2021, whereas our new business Kind, while relatively small, posted double digit growth. Despite a good growth on topline the gross profit for 2022 is down as a result of increasing raw materials and input costs. But with good control of expenses the profit before financials increased to be in line with the 2021 financials.

### The expected development

In 2023 net sales are expected to grow as planned to the level of 5,6% reaching a revenue of 559mio DKK. Obviously, the business context remains volatile, especially when it comes to our commodities inflation and aim is to remain in good control of expenses to secure a profitability level of 2022. We continue to invest in our brands and see positive consumer trends in many segments which gives us confidence.

### Intellectual capital resources

The employees constitute a very important asset for the Company.

The Company operates in a very competitive market and great emphasis is placed on recruiting and retaining the best employees. Focus is on the continued development and training of the employees via ongoing feedback on performance and by offering relevant courses to the employees.

The Employee experience focusing on the four themes engaged, energized, included and empowered is measured in cooperation with Qualtrics and the employees take an active part in the development of action plans to improve the employee experience with Mars as an employer year on year.

# Management's Review

## Statement of corporate social responsibility

### *Business model*

In 1947, Forrest E. Mars, Sr. documented his objective to build a business that manufactures and distributes food products in a manner that creates “mutuality of benefits” for all stakeholders. Still owned by the Mars family, we remain committed to this objective at every level of the company.

Our policies and standards cover diverse areas, with examples including the Mars Marketing Code, Quality and Food Safety Standards, Improper Payments Policy, Competition Law Compliance Program and our Supplier Code of Conduct which among other things contain policies around human rights and climate impact. Mars Danmark A/S is compliant with all Mars global policies.

Mars Danmark A/S is a sales and marketing organization whose key activity is to sell the products of Mars Incorporated in the Danish market. The products are Confectionery, Ice cream, pet food and human food. Furthermore, Mars Danmark A/S hold the rights to utilize and exploit Wrigley intellectual property in Denmark.

Mars Danmark is a part of Mars North Europe, and is based out of its headquarters in Ørestad, Copenhagen. The Company has 130 employees (average number) located in its Copenhagen office who perform work within marketing, finance, supply, HR, and corporate affairs. The Company bases its operations on five guiding principles: Quality, Responsibility, Mutuality, Efficiency, and Freedom. These principles aim to guide and unite business units across geography, language, and culture.

### *Risk analysis*

The risk of Mars Danmark influencing the environment, social and employee relationships, human rights and anti-corruption by its actions is estimated to be limited. Mars Danmark complies with all relevant legislation in the mentioned areas. However, Mars Danmark is particularly aware of the risks related to transport associated emissions, corruption, employee retention and the right to equality in the workplace.

As part of Mars Incorporated, Mars Danmark adheres to several global policies, which seek to solve and manage issues and risks of the Mars Group's operations worldwide. Insofar as there is a difference between the perception of risks of each of the aforementioned areas between the Mars Group and Mars Danmark, this is described for the individual area.

### *Environment*

Mars Incorporated aims to grow in ways that are good for people, good for the planet and good for our business. Guiding Mars is the Sustainable in a Generation Plan launched in September 2017 that focuses on three interconnected drivers of purposeful growth: Healthy Planet, Thriving People and Nourishing Wellbeing. Mars have set ambitious goals for continuous improvement, striving to deepen their impacts and expand their collaborations. While Mars continue to focus progress on set goals, their work moving forward will also include efforts across plastic packaging, renewable thermal and their Next Generation Supplier program.

## Management's Review

For Mars Danmark, the way to deal with environmental risks is via the impact that the Company has through its facilities and transportation as outlined in Mars Danmark's environmental policies.

For Mars Danmark, environmental concerns are related to the efforts that can be made from the Copenhagen Office in order to reduce the environmental impact of the Mars Group. It is the ambition of Mars Danmark to further minimize the emissions linked to international collaborations, by reducing the need for and use of flight transportation.

Mars Danmark is aware how advertisement campaigns and the materials involved impact the environment or have the potential to do so. Mars Danmark wishes to continuously improve the effectiveness of both materials and ways of advertising products in Denmark.

When possible, Mars continue to implement new product lines in Denmark with a more sustainable footprint, for example changing to product lines with paper packaging instead of plastics.

### ***Efforts and results concerning environmental issues***

Throughout 2022, Mars Danmark A/S has finalized the implementation of a well-functioning hybrid work model with about 50% presence in the Copenhagen office. The hybrid work model is enabled by the use of digital solutions. The use of these digital solutions also supports the reduction in business travel and therefore emissions, securing travel takes place only for purpose, not for pure presence.

Throughout 2022, Mars Danmark continued to monitor travel related emission by using travel cost as a proxy for environmental impact. Throughout 2022, Mars Danmark A/S secured less business travels and lower emissions compared to pre-pandemic levels. In 2022 based on the travel costs emissions was reduced with 73 % compared to 2019.

### ***Social and employee relationships***

As a family-owned business driven by The Five Principles, Mars believe the global economy – and global businesses like theirs – need to do much more to ensure that work empowers people. Mars Incorporated is aware of the risks related to issues within the communities in which Mars Incorporated operates, that's why a cornerstone of the Sustainable in a Generation Plan is Mars' Thriving People ambition to meaningfully improve the lives of 1 million people across their value chain to enable them to thrive. To do this, Mars are engaging a network of partners from NGOs to governments and focusing on three areas where they believe they can drive meaningful change – increasing income, respecting human rights and unlocking opportunities for women.

For Mars Danmark, the primary risk is related to that of potential issues within employee retention. Mars Danmark deals with this risk via efforts to create an attractive workspace.

In order to run a profitable and efficient business, Mars Danmark is dependent on qualified and competent employees. However, the Company is mindful of the personal characteristics needed to succeed in the Mars workplace. Mars gives all employees the freedom to act with full responsibility for

## **Management's Review**

doing their assigned jobs. In return for accepting responsibility and delivering superior results, the Company is aware of its responsibility to create the ideal circumstances to do so, by providing respect and support as well as appropriate awards.

Mars Danmark believes that a diverse staff creates better results. It is the ambition of the Company to always hire the person most suited for the position and it is a goal of the Company to create a workplace in which workforce representation of Danish society is ensured.

Mars Danmark endeavors to create a meaningful and evolving job to which the employees themselves contribute. It is an ambition of Mars Danmark to ensure that all employees maintain a healthy work-life balance. The Company encourages all employees to use all vacation days as well as keeping overtime to a minimum. Free time and vacation are perceived as a necessary means to recovery. Mars believes it should be possible to unite work and family life without aggravating opportunities in the workplace.

Mars policies regarding social and employee relationships are further elaborated in the Mars employee handbook.

All initiatives will be continued in 2023.

### **Efforts and results concerning social and employee relationships**

Mars Danmark continued in 2022 to distribute the employee handbook to all new employees. Besides, all new employees participate in a comprehensive on-boarding process in order to ensure that they are provided the best conditions to thrive and prosper in the Mars workplace.

Throughout 2022, Mars Danmark maintained efforts to promote a gender equal organization via endeavors in the recruitment practice, by maintaining focus on hiring the candidate most suited for the position.

In 2022, this led to a satisfactory level of employee turnover, as well as an on-target gender diversity throughout the whole organization.

# Management's Review

## Human rights

Respecting human rights is the foundation for any successful and sustainable business. Mars acknowledges that challenges to human rights are widespread across the global economy and can be particularly complex at the farthest ends of global supply chains. Mars Incorporated believes it's critically important to for everyone touched by our business to be treated with fairness, dignity and respect from factory workers in Chicago to farmers in Cote d'Ivoire.

Mars Incorporated is committed to respecting human rights and aims to do so by following the Mars Human Rights Policy, launched in 2014. For Mars Denmark, human rights risks are managed by creating a responsible workplace, which is exemplified in Mars Denmark's employee onboarding and outplacement efforts.

Mars Denmark adheres to the commitments to human rights of the Mars Group. The Company supports and acts in accordance with the UN guiding principles on Business and Human Rights. Furthermore, Mars Denmark acknowledge that it is the duty of government to protect and fulfill human rights, and the duty of Mars Denmark to respect and promote these rights throughout the Company's value chain.

Mars Denmark perceives human rights to also concern the right for individuals to have a job, which offers both professional and personal satisfaction, joy and meaning. Mars Denmark acknowledges that employees may choose work styles or career options that represent their own most appropriate balance of work within life, and it is the Company's ambition to support the employee in doing so.

## Efforts and results concerning human rights

Mars Denmark continued to provide support to employees who wish to pursue career opportunities which better reflect personal preferences and needs. Via an outplacement program, Mars Denmark continued in 2022 to provide professional support via external suppliers, in order to ensure that employees are given the optimal conditions to achieve a job that provides both personal and professional satisfaction. The yearly associate satisfaction score improved in North Europe and provided clarity and new opportunities for future focus areas.

All initiatives will be continued during 2023.

# Management's Review

## Anti-corruption

The Mars Group strives to conduct business around the world with the highest standards of ethics and in compliance with the law. The Mars Group is aware of the risks of corruptive behavior both within the organization and throughout the value chain. The Mars Group's efforts to combat corruptive behavior are embodied in the Mars Group Anti-Corruption Principle and the Mars Supplier Code of Conduct.

Mars Danmark follows and applies the supplier code of conduct developed by the Mars Group. The content is aligned with the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act and the California Supply Chain Transparency Act. Furthermore, it prohibits the use of child labor in accordance with the ILO Minimum Age convention No. 138, and in the areas of health and safety, the environment and ethical business practices.

Mars Danmark does not allow employees to either give or receive gifts from external parties, such as, but not limited to, suppliers and customers. Gifts include dinner, entertainment activities or similar activities which are not directly related to the business of Mars Danmark, as outlined in the Mars Nordic Associates Handbook.

## Efforts and results concerning anti-corruption

Throughout 2022, Mars Danmark continued to enforce its supplier code of conduct to combat corruptive behavior. Furthermore, the Company continued to introduce all new employees to company policies on anti-corruption, via the employee handbook and through e-learning.

In 2022, there were no incidents at Mars Danmark which led to the termination of employees.

All initiatives will be continued during 2023.

# Management's Review

## Statement on gender composition

Mars Inc. policy is to recruit, and reward Associates based on capability and performance regardless of age, gender, sexuality, ethnicity, religion, or physical ability. Each of our country operations has the freedom to respond to local needs and shape practices that are culturally sensitive and consistent with our commitment to show respect for all and to open collaboration and communication.

Women are underrepresented in many workplaces around the world, especially in senior positions. We are proud that we gradually at a global level increased the proportion of women in management roles, and we work hard to maintain that level. Mars Denmark we have a balanced leadership population.

Diversity in management teams is globally tracked in talent metrics (Female Headcount Percent) and is evaluated quarterly for all countries (incl. Denmark) in structured reviews with the regional management team. Four members in our NE management team are female.

The Company's ambition regarding management diversity aims at having a gender balanced (40-60%) Leadership Team and Board of Directors. Mars Danmark is currently in compliance with this policy both in the Leadership team as well as the Board of Directors.

Targeted programs, mentoring and support for female Associates play an important part in improving gender diversity. At Mars we offer various global programs to support Women in Leadership and female leaders of Mars Danmark A/S participated accordingly in those programs.

# Management's Review

## Data ethics

Mars has been proudly family owned for over 100 years. It's this independence that gives us the gift of freedom to think in generations, not quarters, so we can invest in the long-term future of our business, our people, our consumers and the planet — all guided by our enduring Principles. We believe the world we want tomorrow starts with how we do business today.

Mars implements good practices in IT techniques, privacy and data protection and Mars is committed to continual improvement in this area. We exercise these commitments fully at Mars through data protection and privacy impact assessments, legitimate interest analysis and transparency to individuals when we collect and process their data. Mars Privacy and Security Governance Model and Governance Committee alongside various key management frameworks review data governance principles of accuracy, quality and fairness when Mars collects and processes data, as required by law. Furthermore, Mars keeps metrics on these practices to demonstrate its commitment.

Mars has a simple set of Data Privacy Principles communicated globally and consistently to all our customers, partners, and consumers. These Principles reinforce Mars data accountability and transparency and underline Mars key corporate values in relation to privacy which, in turn, serve to reassure customers, consumers and partners that their trust towards Mars is well placed. Our Data Privacy Principles can be found at our Company website: <https://www.mars.com/privacy>.

### Mars Data Privacy Principles:

1. We value and respect the Personal Data entrusted to us.
2. We aim to be transparent and responsible about how we handle the Personal Data in our care, guided by our Five Principles and the law.
3. We adhere to and respect the privacy rights afforded to our Associates, consumers, customers and job applicants.
4. We are committed to the continual improvement of our privacy and security practices.

In Mars Denmark all new associates gets an IT introduction to make sure they understand their role and responsibilities and follow the policies and guidelines to secure a well-functioning hybrid business, depending on it-systems and protocols to be followed. Associates get regular follow-up training on IT-ethics and compliance and know how to handle a data breach or lost IT-assets. All associates have 24/7 access to IT help and issue management.



## **Management's Review**

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 December 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022 have not been affected by any unusual events.

### **Subsequent events**

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

## Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
<b>Revenue</b>	1	<b>529,713</b>	<b>498,367</b>
Other operating income	2	90,515	100,724
Cost of sales		-312,039	-288,507
Other external expenses		-109,886	-106,952
<b>Gross profit</b>		<b>198,303</b>	<b>203,632</b>
Staff expenses	3	-107,926	-122,018
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-2,069	-1,830
<b>Profit before financial income and expenses</b>		<b>88,308</b>	<b>79,784</b>
Financial income	5	403	15
Financial expenses	6	-113	-355
<b>Profit before tax</b>		<b>88,598</b>	<b>79,444</b>
Tax on profit/loss for the year	7	-19,689	-16,912
<b>Net profit for the year</b>		<b>68,909</b>	<b>62,532</b>

# Balance Sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Acquired licenses		5,949	6,716
<b>Intangible assets</b>	8	<b>5,949</b>	<b>6,716</b>
Other fixtures and fittings, tools and equipment		3,145	3,477
Leasehold improvements		878	1,121
Property, plant and equipment in progress		0	7
<b>Property, plant and equipment</b>	9	<b>4,023</b>	<b>4,605</b>
Deposits		3,512	1,147
<b>Fixed asset investments</b>	10	<b>3,512</b>	<b>1,147</b>
<b>Fixed assets</b>		<b>13,484</b>	<b>12,468</b>
<b>Inventories</b>		<b>33,792</b>	<b>27,254</b>
Trade receivables		27,279	19,054
Receivables from group enterprises	11	141,406	129,794
Deferred tax asset	12	1,569	1,758
Corporation tax		0	5,561
Corporation tax receivable from group enterprises		0	965
Prepayments	13	68	2,702
<b>Receivables</b>		<b>170,322</b>	<b>159,834</b>
<b>Cash at bank and in hand</b>		<b>3,208</b>	<b>5,722</b>
<b>Currents assets</b>		<b>207,322</b>	<b>192,810</b>
<b>Assets</b>		<b>220,806</b>	<b>205,278</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		5,400	5,400
Retained earnings		4,404	20,495
Proposed dividend for the year		85,000	55,000
<b>Equity</b>		<b>94,804</b>	<b>80,895</b>
Other payables - Long-term debt		5,602	5,414
<b>Long-term debt</b>	14	<b>5,602</b>	<b>5,414</b>
Trade payables		18,661	26,419
Payables to group enterprises		21,507	24,443
Corporation tax		2,153	0
Other payables - Short-term debt	14	78,079	68,107
<b>Short-term debt</b>		<b>120,400</b>	<b>118,969</b>
<b>Debt</b>		<b>126,002</b>	<b>124,383</b>
<b>Liabilities and equity</b>		<b>220,806</b>	<b>205,278</b>
Distribution of profit	15		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
Accounting Policies	21		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,400	20,495	55,000	80,895
Ordinary dividend paid	0	0	-55,000	-55,000
Net profit/loss for the year	0	-16,091	85,000	68,909
<b>Equity at 31 December</b>	<b>5,400</b>	<b>4,404</b>	<b>85,000</b>	<b>94,804</b>

## Cash Flow Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Net profit for the year		68,909	62,532
Adjustments	19	21,468	19,082
Change in working capital	20	-5,964	-1,010
<b>Cash flows from operating activities before financial income and expenses</b>		<b>84,413</b>	<b>80,604</b>
Financial income		404	15
Financial expenses		-112	-355
<b>Cash flows from ordinary activities</b>		<b>84,705</b>	<b>80,264</b>
Corporation tax paid		-10,821	-20,677
<b>Cash flows from operating activities</b>		<b>73,884</b>	<b>59,587</b>
Purchase of property, plant and equipment		-721	-4,205
Fixed asset investments made etc		-2,361	1,086
<b>Cash flows from investing activities</b>		<b>-3,082</b>	<b>-3,119</b>
Dividend paid		-55,000	-100,000
Change in group cash pool		-18,316	46,166
<b>Cash flows from financing activities</b>		<b>-73,316</b>	<b>-53,834</b>
<b>Change in cash and cash equivalents</b>		<b>-2,514</b>	<b>2,634</b>
Cash and cash equivalents at 1 January		5,722	3,088
<b>Cash and cash equivalents at 31 December</b>		<b>3,208</b>	<b>5,722</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3,208	5,722
<b>Cash and cash equivalents at 31 December</b>		<b>3,208</b>	<b>5,722</b>

# Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Business segments</b>		
Confectionery	308,996	283,988
Petcare and food	220,717	214,379
	<b>529,713</b>	<b>498,367</b>

The Company's products within all business segments are mainly sold in Denmark

## 2 Other operating income

Other operating income consists of services sold to group companies.

## 3 Staff expenses

Wages and salaries	97,847	111,167
Pensions	8,598	9,385
Other staff expenses	1,481	1,466
	<b>107,926</b>	<b>122,018</b>
<b>Average number of employees</b>	<b>130</b>	<b>136</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## Notes to the Financial Statements

	2022 TDKK	2021 TDKK
<b>4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	767	768
Depreciation of property, plant and equipment	1,267	934
Gain and loss on disposal	35	128
	<b>2,069</b>	<b>1,830</b>
<b>5 Financial income</b>		
Other financial income	389	15
Exchange gains	14	0
	<b>403</b>	<b>15</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	113	329
Other financial expenses	0	14
Exchange loss	0	12
	<b>113</b>	<b>355</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	19,519	18,435
Deferred tax for the year	189	-933
Adjustment of tax concerning previous years	-19	-1,311
Adjustment of deferred tax concerning previous years	0	721
	<b>19,689</b>	<b>16,912</b>



# Notes to the Financial Statements

## 8 Intangible assets

	Acquired licenses <u>TDKK</u>
Cost at 1 January	<u>7,676</u>
Cost at 31 December	<u>7,676</u>
Impairment losses and amortisation at 1 January	960
Amortisation for the year	<u>767</u>
Impairment losses and amortisation at 31 December	<u>1,727</u>
<b>Carrying amount at 31 December</b>	<b><u>5,949</u></b>
Amortised over	<u>10 years</u>

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>TDKK</u>	Leasehold improvements <u>TDKK</u>	Property, plant and equipment in progress <u>TDKK</u>
Cost at 1 January	5,168	1,214	7
Additions for the year	720	0	0
Disposals for the year	-45	0	0
Transfers for the year	<u>7</u>	<u>0</u>	<u>-7</u>
Cost at 31 December	<u>5,850</u>	<u>1,214</u>	<u>0</u>
Impairment losses and depreciation at 1 January	1,691	93	0
Depreciation for the year	1,024	243	0
Impairment and depreciation of sold assets for the year	<u>-10</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>2,705</u>	<u>336</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>3,145</u></b>	<b><u>878</u></b>	<b><u>0</u></b>

# Notes to the Financial Statements

## 10 Fixed asset investments

	Deposits TDKK
Cost at 1 January	1,143
Additions for the year	2,369
Cost at 31 December	3,512
<b>Carrying amount at 31 December</b>	<b>3,512</b>

## 11 Receivables from group enterprises

Of the Company's receivables from group enterprises, DKK 134.890k (2021: DKK 116,574k) are encompassed by group Cash Pools.

## 12 Deferred tax asset

Acquired licenses	344	271
Property, plant and equipment	345	22
Trade receivables	0	-17
Provisions	-2,242	-2,034
Inventory	-16	0
Transferred to deferred tax asset	1,569	1,758
	<b>0</b>	<b>0</b>

Deferred tax has been provided at 22% corresponding to the current tax rate.

### Deferred tax asset

Calculated tax asset	1,569	1,758
<b>Carrying amount</b>	<b>1,569</b>	<b>1,758</b>

### Tax on realisation of assets besides the amount provided in the Financial Statements

The recognised tax asset comprises of temporary differences between accounting and tax principles for certain assets and liabilities which are shown in the note and are expected to be utilized in the coming years.

# Notes to the Financial Statements

## 13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

## 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Other payables - Long-term debt</b>		
Between 1 and 5 years	5,602	5,414
Long-term part	5,602	5,414
Other short-term payables	78,079	68,107
	<b><u>83,681</u></b>	<b><u>73,521</u></b>

## 15 Distribution of profit

Proposed dividend for the year	85,000	55,000
Retained earnings	-16,091	7,532
	<b><u>68,909</u></b>	<b><u>62,532</u></b>

# Notes to the Financial Statements

	2022 TDKK	2021 TDKK
<b>16 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4,957	4,641
Between 1 and 5 years	10,870	14,739
	<b>15,827</b>	<b>19,380</b>
Operating lease obligation	2,902	2,842
Rental obligation	12,925	16,538

## Other contingent liabilities

The company is jointly taxed with the other Danish companies in the Mars group. The Danish companies of the group are jointly and severally liable for the Group's jointly taxed income etc. Mars Danmark A/S is the administration company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable for the Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any future corrections to the corporate taxes and withholdings taxes may result in the company's tax increasing.

## 17 Related parties

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

All intercompany transactions with entities in the Mars Group have been made at arm's length.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Mars Incorporated	McLean, Virginia, USA

## Notes to the Financial Statements

### 17 Related parties (continued)

The Company's nearest and ultimate Parent Company is Mars Incorporated, 6885 Elm Street, McLean, Virginia 22101, USA. The consolidated financial statements are not published, as Mars Inc. is privately owned.

	2022 TDKK	2021 TDKK
<b>18 Fee to auditors appointed at the general meeting</b>		
Audit fee to PricewaterhouseCoopers	452	253
Tax advisory services	90	187
Non-audit services	72	76
	<b>614</b>	<b>516</b>

### 19 Cash flow statement - adjustments

Financial income	-403	-15
Financial expenses	113	355
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,069	1,830
Tax on profit/loss for the year	19,689	16,912
	<b>21,468</b>	<b>19,082</b>

### 20 Cash flow statement - change in working capital

Change in inventories	-6,538	-1,646
Change in receivables	1,108	1,558
Change in other provisions	0	-1,921
Change in trade payables, etc	-534	999
	<b>-5,964</b>	<b>-1,010</b>

# Notes to the Financial Statements

## 21 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Recognition and measurement

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

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

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

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

### Segment reporting

Segment information is presented in respect of business segments based on the Company's risks and returns and its internal financial reporting system. Business segments are considered the primary segmentation.

## Income Statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Cost of sales

Cost of sales comprise costs of finished goods and goods for resale to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment, as well as profit and loss from disposals.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### Financial income and expenses

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

### Tax on profit/loss for the year

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

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



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

#### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-6	years
Leasehold improvements	5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

#### Fixed asset investments

Fixed asset investments consist of deposits.

#### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

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

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

### Receivables

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

### Prepayments

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

### Equity

#### *Dividend*

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

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### Deferred tax assets and liabilities

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

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes

## Notes to the Financial Statements

### 21 Accounting Policies (continued)

in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

#### **Current tax receivables and liabilities**

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

#### **Financial debts**

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Cash Flow Statement

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

#### Cash flows from investing activities

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

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

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

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$