
Mars Danmark A/S

Kay Fiskers Plads 10, DK-2300 København S

Annual Report for 1 January - 31 December 2021

CVR No 63 20 32 11

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/6 2022

Nina Dalgaard
Chairman of the General
Meeting



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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 2021.

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 2021 of the Company and of the results of the Company operations and cash flows for 2021.

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

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

Copenhagen, 29 June 2022

Executive Board

Jonas Schauman
CEO

Board of Directors

Nina Dalgaard
Chairman

Jonas Schauman

Tudor Muresan

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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 2021, 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, 29 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

statsautoriseret revisor

mne32209

Company Information

The Company

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

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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

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

Handelsbanken
Park Allé 290
DK-2605 Brøndby

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	498,367	481,415	468,589	483,240	476,768
Gross profit/loss	203,632	193,441	197,273	198,601	187,306
Profit/loss before financial income and expenses	79,784	76,536	82,614	88,225	82,414
Net financials	-340	-777	-1,019	-468	-3,577
Net profit/loss for the year	62,532	58,749	63,061	68,574	60,491
Balance sheet					
Balance sheet total	205,278	243,666	237,003	205,936	206,992
Equity	80,895	118,363	114,614	96,553	92,979
Cash flows					
Cash flows from:					
including investment in property, plant and equipment	-4,205	-993	-468	-325	-200
Number of employees	136	142	138	132	128
Ratios					
Profit margin	16.0%	15.9%	17.6%	18.3%	17.3%
Return on assets	38.9%	31.4%	34.9%	42.8%	39.8%
Solvency ratio	39.4%	48.6%	48.4%	46.9%	44.9%
Return on equity	62.8%	50.4%	59.7%	72.4%	60.4%

Management's Review

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

Despite the challenging COVID context in 2021, Denmark had a very good performance finishing the year with net sales growth of +3.3% vs prior year driven by all segments' recovery vs. 2020, except Food (-2%). Legacy segments of Chocolate and Petcare continued the good progress from 2020, whereas our new businesses, Gum and Kind, while relatively small, posted double digit growth (Kind +17%, Gum +50%). The performance in 2021 was higher than expected driven by Petcare, Food, Gum and Kind while Chocolate performed in line with expectations. Higher sales, good control of expenses and accelerated investment in Advertising have led also to solid level of profitability, in line with previous year.

The expected development

For 2022 we expect to continue the growth trend in Denmark leveraging the good momentum on all our categories, but also benefiting from the expected COVID full recovery. The year started well and after first 2 months the business is showing solid growth and is ahead of plan on all relevant P&L KPIs. Obviously, the business context remains volatile, especially when it comes to our commodities inflation, but the good start and solid plans for upcoming months are giving us confidence that 2022 can be another good year for Denmark business with estimated profit ranging 60-65 million.

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 associate. Employee engagement is measured in cooperation with Gallup and the employees take an active part in the development of action plans.

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 136 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.

Efforts and results concerning environmental issues

Throughout 2021, Mars Danmark continued to monitor travel related emission by using travel cost as a proxy for environmental impact. The Covid-19 pandemic and the subsequent restrictions placed on travel meant that most Mars Danmark business was conducted via digital means and travelling for work did not take place, unless for an essential business purpose. Learnings from the pandemic has led to the implementation of a hybrid work model that also in the future will allow for less business travels and lower emissions compared to pre-pandemic levels. In 2021 based on the travel costs emissions was reduced with 39 % compared to 2020. As the world opens up after Covid we expect more travels to take place in the future, but at a lower level than prior to the pandemic.

Another effort that has made a positive result on our environmental footprint was the relocation to a new office space with a better environmental footprint. The office area was reduced with almost 50 % to adjust to the new hybrid work model. Mars Danmark continue to promote the use of digital solutions in order to minimize the requirement of travels and promote a well-functioning hybrid work model.

Mars Danmark continues to meet the requirements to obtain a WWF Green Office certification, demonstrating the official commitment to a CO₂ footprint reduction, which is in line with the goals outlined in the Mars Sustainable in a Generation Plan.

All initiatives will be continued in 2022.

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.

Management's Review

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, as outlined and exemplified in the Mars Nordics Associate Handbook.

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 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 the gender distribution reflects that of Danish society.

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.

Efforts and results concerning social and employee relationships

Mars Danmark continued in 2021 to distribute the employee handbook to all new employees. Besides, all new employees participate in a heavy on-boarding process in order to ensure that they are provided the best conditions to thrive and prosper in the Mars workplace.

Throughout 2021, 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 2021, this led to a highly satisfactory level of employee turnover, as well as an on-target gender diversity throughout the whole organization.

All initiatives will be continued in 2022.

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 Danmark, human rights risks are managed by creating a responsible workplace, which is exemplified in Mars Danmark's employee onboarding and outplacement efforts.

Mars Danmark 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 Danmark acknowledge that it is the duty of government to protect and fulfill human rights, and the duty of Mars Danmark to respect and promote these rights throughout the Company's value chain.

Mars Danmark 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 Danmark 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 Danmark continued to provide support to employees who wish to pursue career opportunities which better reflect personal preferences and needs. Via an outplacement program, Mars Danmark continued in 2021 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 in 2022.

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 2021, 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 2021, there were no incidents at Mars Danmark which led to the termination of employees.

All initiatives will be continued in 2022.

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. Five from eleven 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.

Mars Danmark A/S will continue having gender diversity as a key focus area, as well as any discrimination in general.

Targeted programs, mentoring and support for female Associates play an important part in improving gender diversity. In addition to our Women in Leadership program, we offer a specific global program for Women in Sales Leadership.

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 2021 of the Company and the results of the activities and cash flows of the Company for the financial year for 2021 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	2021 TDKK	2020 TDKK
Revenue	1	498,367	481,415
Other operating income	2	100,724	91,216
Cost of sales		-288,507	-287,587
Other external expenses		-106,952	-91,603
Gross profit/loss		203,632	193,441
Staff expenses	4	-122,018	-116,068
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-1,830	-837
Profit/loss before financial income and expenses		79,784	76,536
Financial income	3	15	0
Financial expenses	6	-355	-777
Profit/loss before tax		79,444	75,759
Tax on profit/loss for the year	7	-16,912	-17,010
Net profit/loss for the year		62,532	58,749

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Acquired licenses		6,716	7,484
Intangible assets	8	6,716	7,484
Other fixtures and fittings, tools and equipment		3,477	1,460
Leasehold improvements		1,121	0
Property, plant and equipment in progress		7	0
Property, plant and equipment	9	4,605	1,460
Deposits		1,147	2,233
Fixed asset investments	10	1,147	2,233
Fixed assets		12,468	11,177
Inventories		27,254	25,608
Trade receivables		19,054	24,504
Receivables from group enterprises	11	129,794	174,220
Deferred tax asset	12	1,758	1,546
Corporation tax		5,561	2,973
Corporation tax receivable from group enterprises		965	0
Prepayments	13	2,702	550
Receivables		159,834	203,793
Cash at bank and in hand		5,722	3,088
Currents assets		192,810	232,489
Assets		205,278	243,666

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		5,400	5,400
Retained earnings		20,495	12,963
Proposed dividend for the year		55,000	100,000
Equity		80,895	118,363
Provisions for pensions and similar obligations		0	1,921
Provisions		0	1,921
Other payables - Long-term debt		5,414	14,339
Long-term debt	14	5,414	14,339
Trade payables		26,419	13,405
Payables to group enterprises		24,443	31,676
Other payables - Short-term debt	14	68,107	63,962
Short-term debt		118,969	109,043
Debt		124,383	123,382
Liabilities and equity		205,278	243,666
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	12,963	100,000	118,363
Ordinary dividend paid	0	0	-100,000	-100,000
Net profit/loss for the year	0	7,532	55,000	62,532
Equity at 31 December	5,400	20,495	55,000	80,895

Cash Flow Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Net profit/loss for the year		62,532	58,749
Adjustments	19	19,082	18,624
Change in working capital	20	-1,010	16,984
Cash flows from operating activities before financial income and expenses		80,604	94,357
Financial income		15	0
Financial expenses		-355	-777
Cash flows from ordinary activities		80,264	93,580
Corporation tax paid		-20,677	-28,186
Cash flows from operating activities		59,587	65,394
Purchase of intangible assets		0	-7,676
Purchase of property, plant and equipment		-4,205	-993
Fixed asset investments made etc		1,086	-54
Cash flows from investing activities		-3,119	-8,723
Dividend paid		-100,000	-55,000
Change in group cash pool		46,166	-1,256
Cash flows from financing activities		-53,834	-56,256
Change in cash and cash equivalents		2,634	415
Cash and cash equivalents at 1 January		3,088	2,673
Cash and cash equivalents at 31 December		5,722	3,088
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5,722	3,088
Cash and cash equivalents at 31 December		5,722	3,088

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
1 Revenue		
Business segments		
Confectionery	283,988	269,466
Petcare and food	<u>214,379</u>	<u>211,949</u>
	<u>498,367</u>	<u>481,415</u>
All product segments are sold domestic		
2 Other operating income		
Other operating income consists of services sold to group companies.		
3 Financial income		
Other financial income	<u>15</u>	<u>0</u>
	<u>15</u>	<u>0</u>
4 Staff expenses		
Wages and salaries	111,167	105,210
Pensions	9,385	9,533
Other staff expenses	<u>1,466</u>	<u>1,325</u>
	<u>122,018</u>	<u>116,068</u>
Including remuneration to the Executive Board of:		
Executive Board	<u>3,802</u>	
	<u>3,802</u>	
Average number of employees	<u>136</u>	<u>142</u>

Remuneration to the Executive Board has not been disclosed for the financial year 2020 in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	768	192
Depreciation of property, plant and equipment	934	645
Gain and loss on disposal	128	0
	<u>1,830</u>	<u>837</u>
6 Financial expenses		
Interest paid to group enterprises	329	743
Other financial expenses	14	29
Exchange loss	12	5
	<u>355</u>	<u>777</u>
7 Tax on profit/loss for the year		
Current tax for the year	18,435	16,871
Deferred tax for the year	-933	139
Adjustment of tax concerning previous years	-1,311	0
Adjustment of deferred tax concerning previous years	721	0
	<u>16,912</u>	<u>17,010</u>

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	192
Amortisation for the year	<u>768</u>
Impairment losses and amortisation at 31 December	<u>960</u>
Carrying amount at 31 December	<u>6,716</u>
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	6,631	0	0
Additions for the year	2,984	1,214	7
Disposals for the year	<u>-4,447</u>	<u>0</u>	<u>0</u>
Cost at 31 December	<u>5,168</u>	<u>1,214</u>	<u>7</u>
Impairment losses and depreciation at 1 January	5,171	0	0
Depreciation for the year	841	93	0
Reversal of impairment and depreciation of sold assets	<u>-4,321</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>1,691</u>	<u>93</u>	<u>0</u>
Carrying amount at 31 December	<u>3,477</u>	<u>1,121</u>	<u>7</u>

Notes to the Financial Statements

10 Fixed asset investments

	Deposits TDKK
Cost at 1 January	2,233
Disposals for the year	<u>-1,086</u>
Cost at 31 December	<u>1,147</u>
Carrying amount at 31 December	<u>1,147</u>

11 Receivables from group enterprises

Of the Company's receivables from group enterprises, DKK 116,574k (2020: DKK 162,740k) are encompassed by group Cash Pools.

12 Deferred tax asset

	2021 TDKK	2020 TDKK
Acquired licenses	271	0
Property, plant and equipment	22	-72
Trade receivables	-17	0
Provisions	-2,034	-1,474
Transferred to deferred tax asset	<u>1,758</u>	<u>1,546</u>
	<u>0</u>	<u>0</u>

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

Deferred tax asset

Calculated tax asset	<u>1,758</u>	<u>1,546</u>
Carrying amount	<u>1,758</u>	<u>1,546</u>

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>2021</u> TDKK	<u>2020</u> TDKK
Other payables - Long-term debt		
Between 1 and 5 years	5,414	14,339
Long-term part	5,414	14,339
Other short-term payables	68,107	63,962
	<u>73,521</u>	<u>78,301</u>

15 Distribution of profit

Proposed dividend for the year	55,000	100,000
Retained earnings	7,532	-41,251
	<u>62,532</u>	<u>58,749</u>

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
16 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4,641	5,969
Between 1 and 5 years	14,739	1,342
	19,380	7,311
Operating lease obligation	2,842	3,166
Rental obligation	16,538	4,145

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

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

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

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
18 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	253	263
Tax advisory services	187	298
Non-audit services	76	120
	516	681
19 Cash flow statement - adjustments		
Financial income	-15	0
Financial expenses	355	777
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,830	837
Tax on profit/loss for the year	16,912	17,010
	19,082	18,624
20 Cash flow statement - change in working capital		
Change in inventories	-1,646	7,158
Change in receivables	1,558	-1,433
Change in other provisions	-1,921	-5,466
Change in trade payables, etc	999	16,725
	-1,010	16,984

Notes to the Financial Statements

21 Accounting Policies

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

Except for reclassifications between provisions and other payables under liabilities and related reclassifications in the cash flow statement for the comparative figures, the accounting policies applied remain unchanged compared to last year.

The Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

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

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

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

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

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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$