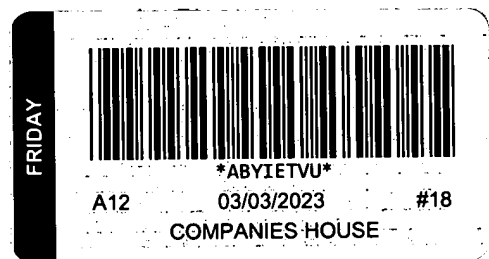


Company Registration No. 05239593 (England and Wales)

**KELLOGG GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE PERIOD ENDED**  
**1 JANUARY 2022**



# KELLOGG GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Vanderkooi R Kollepara C Jones P Jones B Lamont C Samimi
<b>Company number</b>	05239593
<b>Registered office</b>	Orange Tower Media City UK Salford Greater Manchester M50 2HF
<b>Auditors</b>	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1

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# KELLOGG GROUP LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 1 JANUARY 2022

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The directors present the strategic report for the period ended 1 January 2022.

#### **Principal activities and business review**

The principal activity of the Company during the period was that of an investment holding company. The Company also holds loan notes which are listed on The International Stock Exchange, a regulated stock market in Guernsey.

During the period, the loss before taxation is \$246,000 (period ended 2 January 2021: \$1,570,000). During the period, the Company received dividend income of \$23,500,000 (period ended 2 January 2021: \$30,000,000) from Pringles Manufacturing Company and paid interest on its intercompany loans during the period.

The performance during the period is in line with directors expectations.

The Company is in a net current liability position of \$701,796,000 (period ended 2 January 2021: \$390,369,000) due to intercompany loans and interest accrued thereon. The financial risks and going concern considerations are set out in the Directors Report on page 3.

At the period end the Company had net assets of \$3,198,713,000 (period ended 2 January 2021: \$3,198,959,000).

#### **Key Performance indicators**

The Company's key financial performance indicators are the performance of its investments, which is tracked by the Directors.

The Directors review the performance of each its investments by assessing the profit and loss account, balance sheet account, movement in the net asset position and cash position at the end of each reporting period.

#### **Principal risks and uncertainties**

The Company is largely dependent on fellow group undertakings for its business. A significant change in the business of its investments would impact the carrying value of the investment on the Company's balance sheet.

As part of the wider Kellogg Group, the Company continues to closely monitor the risk posed by Coronavirus (COVID-19) and has implemented effective measures to safeguard employees and operations. The duration of the COVID-19 pandemic is uncertain, however, Kellogg Group have introduced teams, procedures and hybrid working to mitigate these risks, and there is no impact expected on the going concern of the Company.

As part of the wider Kellogg Group, the Company is closely monitoring the Russia/Ukraine conflict, including the related concerns regarding energy security in Europe, elevated inflation and economic uncertainty. The Company, indirectly, holds an investment in a Russian company which is responsible for distributing cereal and snacks (including Pringles) products in the Russia / CIS markets. This investment accounts for less than 5% of the total value of the Company's investments.

As a result of the ongoing conflict, the Kellogg Group made the decision on 10 March 2022 to stop importing Pringle's products into the Russian market. Pre conflict, Pringles products accounted for approximately 60% of sales of the Russian business. In the absence of Pringles products, the Russian business has re-focused on sales of products manufactured in country for the Russian market together with significant cost rationalisation. For 2022 due to the cessation of imports, Pringles products are expected to make up approximately 30% of sales for the year resulting in a decrease of approximately 31% of total sales. Pringles sales for the year have been generated in the months before the decision was taken to stop supplying Pringles to Russia and from inventory held at that date. The Russian business now consists solely of products produced in Russia.

In December 2022 the Kellogg Group entered into an agreement to sell our Russian business to a third party, pending a number of local government regulatory approvals. Due to uncertainty related to the evolving regulatory approvals that are required to complete the transaction it is not certain that the sale will proceed. Further, even if we are able to complete the sale, we may not be able to immediately or fully repatriate the funds received in the sale. If approved, the Company's indirect subsidiary Kellogg Latin America Holding Company (One) Ltd expects to incur a loss on the transaction of c35% of its current carry value of the Russian business.

# KELLOGG GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### Principal risks and uncertainties (continued)

Should the sale not proceed, the Group will look at alternative options for the Russian business and will need to assess the impact of this on the carrying value in the Company's books. An impairment of the Russian investment could be expected for the 2022 financial year, but the amount will only be known once a full impairment review has been performed which will be done as part of the 2022 accounts.

The factors indicating an impairment to the carrying value are the result of the Russia/Ukraine conflict and did not exist at the balance sheet date.

#### Section 172 statement

The directors work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders, having regard to the requirements of section 172 (1) (a)-(f).

The Company is a UK subsidiary of the Kellogg Group. The Company holds loan notes which are listed on The International Stock Exchange, a regulated stock market in Guernsey. As the principal activity of the Company is to act as a holding company for other entities in the Kellogg Group, the Company has had no commercial business, employees, customers or suppliers other than transactions with other Kellogg Group companies during the period and, as such, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

While section 172(1) requires consideration of all stakeholders, including employees and suppliers, due to the nature of the Company's operations within the wider Kellogg Group, it does not have any direct employee or supplier engagement. Engagement with these stakeholders is undertaken at Group level.

On behalf of the board

DocuSigned by:



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B Lamont

**Director**

28 February 2023

# KELLOGG GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 1 JANUARY 2022

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The directors present their annual report and audited financial statements for the period ended 1 January 2022. The previous financial statements cover the period ended 2 January 2021.

#### **Results and dividends**

The results for the period are detailed in the Strategic report under the principal activities and business review. The detailed performance of the business is set out in the Income Statement on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (period ended 2 January 2021 - \$nil).

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P Knowles	(Resigned 30 June 2021)
J Vanderkooi	
R Kollepara	
C Jones	
P Jones	
B Lamont	
C Samimi	(Appointed 1 July 2021)

#### **Qualifying third party indemnity provisions**

The ultimate holding company maintains liability insurance for the directors and officers of the group. This was in place during the financial period and also at the date of approval of the financial statements and is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

#### **Financial risk management objectives and policies**

The Company is exposed to a variety of financial risks that include the direct and indirect effects of changes in debt, liquidity and interest rate risk. The Company has in place risk management programmes that seek to manage the financial exposures of the Company.

#### ***Interest rate and liquidity risk***

In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company keeps under constant review its levels of debt, the maturity and the interest expense being incurred. Hedging would be considered by the wider Kellogg group should circumstances warrant it.

The debt comprises only of intercompany loan notes. The intergroup loans are fixed and debt levels remained the same as in previous periods. Each loan note further attracts a fixed rate of interest. The interest on the debt is repayable on demand.

Amounts owed to group undertakings falling due within one period include two intercompany loans where the maturity date was extended after the reporting period and is detailed in note 17.

The interest is paid via dividend flows into the Company. The Company also has access to short-term funding via its participation in a Group-wide cash pooling arrangement. This further reduces liquidity risk and is detailed in note 16.

A letter of support has been received from the ultimate parent undertaking, Kellogg Company, which confirms that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

#### ***Price risk***

The Company has no exposure to equity securities price risk as it holds no listed equity investments.

# KELLOGG GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### **Post reporting date events**

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

As part of the wider Kellogg Group, the Company is closely monitoring the Russia/Ukraine conflict, including the related concerns regarding energy security in Europe, elevated inflation and economic uncertainty. The Company, indirectly, holds an investment in a Russian company which is responsible for distributing cereal and snacks (including Pringles) products in the Russia / CIS markets. This investment accounts for less than 5% of the total value of the Company's investments.

As a result of the ongoing conflict, the Kellogg Group made the decision on 10 March 2022 to stop importing Pringle's products into the Russian market. Pre conflict, Pringles products accounted for approximately 60% of sales of the Russian business. In the absence of Pringles products, the Russian business has re-focused on sales of products manufactured in country for the Russian market together with significant cost rationalisation. For 2022 due to the cessation of imports, Pringles products are expected to make up approximately 30% of sales for the year resulting in a decrease of approximately 31% of total sales. Pringles sales for the year have been generated in the months before the decision was taken to stop supplying Pringles to Russia and from inventory held at that date. The Russian business now consists solely of products produced in Russia.

In December 2022 the Kellogg Group entered into an agreement to sell our Russian business to a third party, pending a number of local government regulatory approvals. Due to uncertainty related to the evolving regulatory approvals that are required to complete the transaction it is not certain that the sale will proceed. Further, even if we are able to complete the sale, we may not be able to immediately or fully repatriate the funds received in the sale. If approved, the Company's indirect subsidiary Kellogg Latin America Holding Company (One) Ltd expects to incur a loss on the transaction of c35% of its current carry value of the Russian business.

Should the sale not proceed, the Group will look at alternative options for the Russian business and will need to assess the impact of this on the carrying value in the Company's books. An impairment of the Russian investment could be expected for the 2022 financial year, but the amount will only be known once a full impairment review has been performed which will be done as part of the 2022 accounts.

The factors indicating an impairment to the carrying value are the result of the Russia/Ukraine conflict and did not exist at the balance sheet date.

#### **Future developments**

The directors expect the outlook to be challenging given the tough economic climate in which the Company and its subsidiaries operate. The directors will continue to monitor the performance and results of its investments and implement strategy as appropriate.

Where non performance of an investment is noted during the period, the Directors will perform an impairment indicator test to determine if an impairment may be required. Where an indication of impairment is identified an assessment of the recoverable amount is performed based on performance projections and assumptions.

#### **Auditors**

The auditors, PricewaterhouseCoopers, were appointed subsequent to period end and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Energy and carbon reporting**

As the Company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

## **KELLOGG GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE PERIOD ENDED 1 JANUARY 2022**

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##### **Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on the going concern basis having considered cash flow projections and having received a letter of support from the ultimate parent undertaking, Kellogg Company, which confirms that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

The Company is in a net current liability position of \$701,796,000 (period ended 2 January 2021: \$390,369,000) due to intercompany loans maturing in the next 12 months and interest accrued thereon.

The loan interest is repayable on demand, however, it poses a low level of liquidity risk because it is on intercompany loans and Kellogg Company confirmed in their letter of support that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements. The interest would be paid via dividend flows into the Company. A Group-wide cash pooling arrangement is in place further reducing liquidity risk, detailed in note 16.

Included in amounts owed to group undertakings falling due within one period is a loan of \$311,181,000, bearing interest at 4.00% per annum, which was extended to a repayment date of May 2025 at 4.25% per annum (note 17).

Included in amounts owed to group undertakings falling due within one period is a loan of \$403,220,000, bearing interest at 1.50% per annum (period ended 2 January 2021: 1.50% per annum), which was extended to a repayment date of November 2023 at 0.94% per annum (note 17).

##### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

##### **Matters of strategic importance**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal activities and principal risks and uncertainties.

# KELLOGG GROUP LIMITED


## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

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### Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:  
  
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B Lamont  
Director

28 February 2023



## ***Independent auditors' report to the members of Kellogg Group Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Kellogg Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 2022 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 1 January 2022; the Income Statement and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Our audit approach**

##### *Overview*

##### *Audit scope*

- We performed a full scope audit of the company's financial statements, based on materiality levels.

##### *Key audit matter*

- Carrying value of investments

##### *Materiality*

- Overall materiality: USD 40.5 million based on c. 1% of Total Assets
- Performance materiality: USD 30.3 million

##### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.



*Key audit matters*

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Carrying value of investments</i></p> <p>See Note 1 – Accounting Policies, Note 2 – Judgements and Key Sources of Estimation Uncertainty and Note 9 – Investments to the financial statements.</p> <p>The company holds investments in subsidiaries and joint ventures at a net book value of USD 4,028 million as at 1 January 2022. The investments are carried at cost less any accumulated impairment losses. In accordance with the company’s accounting policies, management is required to assess at each reporting date whether there is an indication that the investments may be impaired.</p> <p>Management determined impairment indicators did not exist and therefore no full impairment review was required to be performed.</p> <p>We determined this to be a key audit matter as Investments represent the principal element of the financial statements.</p>	<p>We obtained the review of impairment triggers performed by management, considered the completeness of management’s review of impairment triggers and tested management’s assessment of whether there were impairment indicators to underlying supporting documentation.</p> <p>We found management’s conclusion that no impairment indicators existed at year end to be reasonable.</p>

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	USD 40.5 million
<i>How we determined it</i>	c. 1% of Total Assets
<i>Rationale for benchmark applied</i>	We applied this benchmark as the Company is a holding company and does not trade.



We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to USD 30.3 million for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above USD 2.0 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Conclusions relating to going concern**

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment and evaluating the cash flow forecasts;
- Obtaining a copy of the letter of support provided from the ultimate parent to the company, which extends for a period of 12 months from the signing date of the financial statements;
- Making inquiries with the auditor of the ultimate parent company to assess their ability to support the company;
- Reviewing board minutes during the year under audit and up to the date of this report; and
- Considering the disclosures relating to the adoption of the going concern basis of accounting in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.



### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 1 January 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls. Audit procedures performed by the engagement team included:

- inquiry of management around actual and potential non-compliance with laws and regulations;
- review of meeting minutes of those charged with governance; and
- testing journal entries meeting specific risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'A. Hayden', written in a cursive style.

Alisa Hayden  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
1 March 2023

**KELLOGG GROUP LIMITED****INCOME STATEMENT****FOR THE PERIOD ENDED 1 JANUARY 2022**

	<b>Notes</b>	<b>Period ended 1 January 2022 \$000</b>	<b>Period ended 2 January 2021 \$000</b>
Administrative expenses		(1)	(10)
Income from shares in group undertakings	<b>5</b>	23,500	30,000
<b>Operating profit</b>		<u>23,499</u>	<u>29,990</u>
Other interest receivable and similar income	<b>6</b>	-	757
Interest payable and similar expenses	<b>7</b>	(23,745)	(32,317)
<b>Loss before taxation</b>		<u>(246)</u>	<u>(1,570)</u>
Tax on loss	<b>8</b>	-	-
<b>Loss for the financial period</b>		<u>(246)</u>	<u>(1,570)</u>

All of the activities of the Company are classed as continuing.

The Company has no comprehensive income other than the loss for the period as set out above and therefore no separate statement of comprehensive income has been presented.

**KELLOGG GROUP LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 1 JANUARY 2022**

	Notes	\$000	1 January 2022 \$000	\$000	2 January 2021 \$000
<b>Fixed assets</b>					
Investments	9		4,027,909		4,027,909
<b>Current assets</b>					
Debtors	11	16,790		16,975	
Cash at bank and in hand		555		982	
			17,345		17,957
<b>Creditors: amounts falling due within one period</b>	12	(719,141)		(408,326)	
<b>Net current liabilities</b>			(701,796)		(390,369)
<b>Total assets less current liabilities</b>			3,326,113		3,637,540
<b>Creditors: amounts falling due after more than one period</b>	13		(127,400)		(438,581)
<b>Net assets</b>			3,198,713		3,198,959
<b>Capital and reserves</b>					
Called up share capital	14		1,214,771		1,214,771
Share premium account	15		1,333,111		1,333,111
Profit and loss reserves	15		650,831		651,077
<b>Total equity</b>			3,198,713		3,198,959

The financial statements were approved by the board of directors and authorised for issue on 28 February 2023 and are signed on its behalf by:

DocuSigned by:

*Ben Lamont*480E9DD210D94EE...  
B Lamont**Director**

**KELLOGG GROUP LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 1 JANUARY 2022**

	Share capital \$000	Share premium account \$000	Profit and loss reserves \$000	Total \$000
<b>Balance at 29 December 2019</b>	1,214,771	1,333,111	652,647	3,200,529
<b>Period ended 2 January 2021:</b>				
Loss for the period	-	-	(1,570)	(1,570)
<b>Balance at 2 January 2021</b>	1,214,771	1,333,111	651,077	3,198,959
<b>Period ended 1 January 2022:</b>				
Loss for the period	-	-	(246)	(246)
<b>Balance at 1 January 2022</b>	1,214,771	1,333,111	650,831	3,198,713

# KELLOGG GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

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### 1 Accounting policies

#### Company information

Kellogg Group Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Orange Tower Media City UK, Salford, Greater Manchester, M50 2HF.

The Company's principal activities and nature of its operations are disclosed in the Strategic report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollars which is the functional currency of the Company, because of the economic environment in which the Company operates. This is driven by the debt in the Company which is denominated in USD. Monetary amounts in these financial statements are rounded to the nearest \$000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Reduced disclosure framework

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues';
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### Consolidated financial statements

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary undertaking of Kellogg Company (which is incorporated in the United States of America), and which itself prepares consolidated financial statements that are publicly available.

Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006. These financial statements are the Company's separate financial statements.

# KELLOGG GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### 1 Accounting policies (Continued)

##### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on the going concern basis having considered cash flow projections and having received a letter of support from the ultimate parent undertaking, Kellogg Company, which confirms that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

The Company is in a net current liability position of \$701,796,000 (period ended 2 January 2021: \$390,369,000) due to intercompany loans maturing in the next 12 months and interest accrued thereon.

The loan interest is repayable on demand, however, it poses a low level of liquidity risk because it is on intercompany loans and Kellogg Company confirmed in their letter of support that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements. The interest would be paid via dividend flows into the Company. A Group-wide cash pooling arrangement is in place further reducing liquidity risk, detailed in note 16.

Included in amounts owed to group undertakings falling due within one period is a loan of \$311,181,000, bearing interest at 4.00% per annum, which was extended to a repayment date of May 2025 at 4.25% per annum (note 17).

Included in amounts owed to group undertakings falling due within one period is a loan of \$403,220,000, bearing interest at 1.50% per annum (period ended 2 January 2021: 1.50% per annum), which was extended to a repayment date of November 2023 at 0.94% per annum (note 17).

##### Reporting period

The financial statements cover the financial period from 3 January 2021 to 1 January 2022 (comparative period: from 29 December 2019 to 2 January 2021).

##### Investments

Investments in shares in group undertakings are recorded at cost less any provision for subsequent diminution in value. Impairment reviews are performed at each reporting date by the Company when there has been an indication of impairment in the carrying value of the investment. Any impairment is recognised in the income statement in the period it is identified. The Company also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in creditors due within one period.

# KELLOGG GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### 1 Accounting policies (Continued)

##### **Financial instruments**

###### ***Basic financial assets***

Basic financial assets, including cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Non-basic financial assets are recognised initially at transaction price. At the end of each reporting period, all financial instruments are re-measured at fair value and any change in fair value is recognised through profit or loss. If a reliable measure of fair value is no longer available for an equity instrument (or a contract linked to such an instrument) that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date the instrument was reliably measurable is treated as the cost of the instrument. Financial instruments are measured at this cost amount less impairment until a reliable measure of fair value becomes available. Policies are applied in accordance with section 11 and 12 of FRS 102.

###### ***Basic financial liabilities***

Basic financial liabilities, including amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Policies are applied in accordance with section 11 and 12 of FRS 102.

##### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

###### ***Current tax***

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### ***Deferred taxation***

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing differences.

###### ***Foreign exchange***

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges.

# KELLOGG GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### 1 Accounting policies (Continued)

##### **Related party disclosures**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available, see note 18. The Company was not involved in any other related party transactions during the financial period.

##### **Interest receivable and payable**

Interest is recognised in the accounting period to which it relates.

##### **Called up share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

##### **Dividends**

Dividends payable are recognised in the financial period in which they are paid or approved by the Company shareholders. These amounts are recognised in the statement of changes in equity.

Dividend income is recognised in the financial period in which the right to receive payment is established.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### ***Impairment indicator of fixed asset investments***

The Company makes a judgement of whether fixed asset investments are impaired by reviewing for indicators of impairment at each reporting date. The indicators of impairment consider various aspects of the investment which include financial impairment indicators such as declining revenue, declining margins, increasing costs and where the carrying value is greater than the net asset value of the investment. Non-financial indicators would also be considered such as changes in the technological, market economic or legal environment in which the investment operates in and any significant changes in the operations of the investment.

The directors have concluded there are no other judgements (apart from those involving estimates) which have a material impact on the financial statements.

# KELLOGG GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 1 JANUARY 2022

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### *Impairment review of fixed asset investments*

Where an indication of impairment is identified, the Company makes an assessment of the recoverable amount based on performance projections and assumptions. This requires estimation of the future cash flows from the assets and a selection of appropriate discount rates in order to calculate the net present value of those cash flows. Any impairment is recognised in the income statement in the period it is identified. The Company also considers reversals of historic impairments where the original indicators have ceased to apply in the current period.

#### 3 Directors' remuneration

The Company has no employees of its own (period ended 2 January 2021: none) and relies on fellow group undertakings to provide administrative support. The emoluments of one director (period ended 2 January 2021: one) and salaries of employees who provide administrative support, are paid by fellow subsidiary undertakings that make no recharge to the Company. They are directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company (period ended 2 January 2021: the same). Six directors (period ended 2 January 2021: five) received no emoluments in respect of their services to the Company.

#### 4 Auditors' remuneration

Audit fees for the period amount to £19,000 (period ended 2 January 2021: £19,000) and are borne by fellow group subsidiaries.

#### 5 Income from shares in group undertakings

	Period ended 1 January 2022 \$000	Period ended 2 January 2021 \$000
Income from shares in group undertakings	23,500	30,000

During the period, the Company received dividends from Gollek UK Ltd of \$23,500,000 (period ended 2 January 2021: \$30,000,000).

#### 6 Other interest receivable and similar income

	Period ended 1 January 2022 \$000	Period ended 2 January 2021 \$000
Foreign currency gain	-	757

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 1 JANUARY 2022****7 Interest payable and similar expenses**

	Notes	Period ended 1 January 2022 \$000	Period ended 2 January 2021 \$000
Interest payable to group undertakings	12	23,558	32,317
Foreign exchange loss		187	-
		<u>23,745</u>	<u>32,317</u>

**8 Tax on loss**

The total tax charge for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	Period ended 1 January 2022 \$000	Period ended 2 January 2021 \$000
Loss before taxation	(246)	(1,570)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(47)	(298)
Tax effect of expenses that are not deductible in determining taxable profit	4,094	5,868
Tax effect of income not taxable in determining taxable profit	(4,465)	(5,700)
Group relief	280	2
Transfer pricing adjustment	138	128
Taxation charge for the period	<u>-</u>	<u>-</u>

The standard rate of corporation tax in the UK has been 19.00% with effect from 1 April 2017. Accordingly, the Company's results for this accounting period are taxed at 19.00%. A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17.00% from 1 April 2020 and this was substantively enacted in September 2016.

In the Chancellor's Budget on 11 March 2020 it was confirmed that the rate of corporation tax will remain at 19.00% from 1 April 2020.

Finance Bill 2021 was published on 11 March 2021. With effect from 1 April 2023, the bill sets the main rate of corporation tax at 25.00%. As this change has been substantively enacted at the balance sheet date, its effect is included in these financial statements.

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 1 JANUARY 2022**

<b>9 Investments</b>	<b>Notes</b>	<b>1 January 2022 \$000</b>	<b>2 January 2021 \$000</b>
Investments in subsidiaries	<b>10</b>	4,027,909	4,027,909
<b>Movements in fixed asset investments</b>			
			<b>Shares in group undertakings \$000</b>
<b>Cost or valuation</b>			
At 3 January 2021 & 1 January 2022			4,290,142
<b>Impairment</b>			
At 3 January 2021 & 1 January 2022			262,233
<b>Carrying amount</b>			
At 1 January 2022			4,027,909
At 2 January 2021			4,027,909

There were no impairment indicators identified in the Company's investments during the current or prior period and as a result no impairment has been recognised.

All investments are in group undertakings involved in the food industry and are stated at cost less any provision for impairment. In each case, the voting rights equate to the proportion of equity shares held. The Company reviews the carrying value of the investments for impairments and historic impairment reversals to ensure the value is upheld.

During the period, there have not been any additional investments made by the Company (2 January 2021 - none).

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 1 JANUARY 2022****10 Subsidiaries**

Details of the Company's subsidiaries at 1 January 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Gollek UK Limited*	1	Holding	Ordinary	100.00	-
Pringles Manufacturing Company*	2	Manufacturing	Ordinary	100.00	-
Kellogg Ecuador Compania Ltda**	3	Sales	Ordinary	-	99.00
Kellogg Costa Rica S de RL**	4	Sales	Ordinary	-	100.00
Kellogg de Peru SRL**	5	Sales	Ordinary	-	99.01
Alimentos Kellogg Panama**	6	Sales	Ordinary	-	99.00
Alimentos Kellogg SA (Venezuela)**	7	Sales	Ordinary	-	100.00
Kellogg Latin America Holding Company (Two) Limited*	1	Holding	Ordinary	-	100.00
Kellogg Latin America Holding Company (One) Limited*	1	Holding	Ordinary	-	100.00
Nhong Shim Kellogg Co. Ltd. (South Korea)**	8	Sales	Units	-	90.00
Kellogg HK (Private) Limited*	9	Holding	Ordinary	-	100.00
Kellogg Netherlands Holdings BV**	10	Holding	Units	-	100.00
Kellogg Company of Great Britain Limited*	1	Manufacturing	Ordinary	-	100.00
Gollek Argentina S.R.L.**	11	Sales	Quota	-	99.99
Kellogg Company Mexico**	12	Sales	Ordinary	-	99.99
Pringles Overseas Holdings Sarl**	13	Holding	Quota	-	100.00
Kellogg Hong Kong Holding Company Limited*	1	Holding	Ordinary	-	100.00
Kelcorn Limited**	1	Dormant	Ordinary	-	100.00
Kelmill Limited**	1	Dormant	Ordinary	-	100.00
Kelpac Limited**	1	Dormant	Ordinary	-	100.00
Favorite Food Products Limited**	1	Dormant	Ordinary	-	100.00
Kelcone Limited**	1	Dormant	Ordinary	-	100.00
Saragusa Frozen Foods Limited**	1	Dormant	Ordinary	-	100.00
Keebler Canada Inc**	14	Holding	Ordinary	-	100.00
Kellogg Canada Inc**	14	Manufacturing	Ordinary	-	100.00
Kellogg Australia Holdings Pty Limited*	15	Holding	Ordinary	-	100.00
Kellogg (Aust) Pty Limited*	15	Sales	Ordinary	-	100.00
Kellogg (Superannuation) Pty Limited*	15	Pension fund	Ordinary	-	100.00
Pringles Australia Pty Limited*	15	Dormant	Ordinary	-	100.00
The Healthy Snack People Pty Limited*	15	Dormant	Ordinary	-	100.00
Speciality Cereals Pty Limited*	15	Dormant	Ordinary	-	100.00
Kashi Company Pty Limited*	15	Dormant	Ordinary	-	100.00
Kellogg Lux VI S.ar.I**	16	Holding	Ordinary	-	100.00
Kellogg Europe Services Limited*	17	Financing	Ordinary	-	100.00
Kellogg Rus LLC**	18	Sales	Ordinary	-	100.00
Pringles Japan GK**	19	Holding	Ordinary	-	100.00
Kellogg Japan GK**	19	Sales	Ordinary	-	100.00
Mass Foods**	20	Sales	Ordinary	-	100.00
Mass Foods International SAE**	20	Sales	Ordinary	-	100.00
Mass Trade and Trade Distribution SAE**	20	Sales	Ordinary	-	100.00
Pringles (Shanghai) Food Co Limited**	21	Dormant	Ordinary	-	100.00
Wimble Manufacturing BVBA**	22	Manufacturing	Ordinary	-	100.00
Wimble Services BVBA**	22	Engineering	Ordinary	-	100.00
Pringles Hong Kong Limited**	23	Dormant	Ordinary	-	100.00

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 1 JANUARY 2022****10 Subsidiaries**

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect (Continued)
Prime Bond Holdings Limited**	24	Holding	Ordinary	-	100.00
Yihai Kerry Kellogg Foods (Shanghai) Co Limited**	25	Sales	Ordinary	-	50.00
Wilmar Kellogg (Singapore) Pte. Limited**	25	Sales	Ordinary	-	50.00
Kellogg Asia Products Sdn. Bhd.**	26	Manufacturing	Ordinary	-	100.00
Kellogg Company East Africa Limited**	27	Dormant	Ordinary	-	100.00
KPAR Limited*	1	Holding	Ordinary	-	100.00
Parati Industria E Comercio De Alimentos Ltda**	28	Sales	Ordinary	-	100.00
Aftcal Holding LLC**	29	Holding	Ordinary	-	100.00
Aftcal Ltda**	30	Manufacturing	Ordinary	-	100.00
Padua Ltda**	31	Dormant	Ordinary	-	100.00

- 1) Orange Tower, Media City UK, Salford, Manchester, M50 2HF
- 2) Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States
- 3) Santa Adriana, 18 F N-0, Solar 3-C, AV 38 E N-0 Manzana, 2 Carretero, Juan Tanca, Marengo, Guayaquil, Guayas, Ecuador
- 4) Oficina Kellogg Costa Rica, Rio Segundo De Alajuela, 75 Metros Al Este Del Restaurante, La Candela, Al Costado Sureste Del Aeropuerto Juan Santamaria Bodega DHL, Alajuela, Costa Rica
- 5) Manuel Olguin N° 335, Interior 1303, Santiago de S, Peru
- 6) Edificio Argos, Sexto Piso, Santa Maria Business District Llano Bonito, Juan Diaz, Panama, Panama
- 7) Av. Tamanaco El Rosal, Edif., Extbandes, Piso 6, Caracas, Venezuela 1060-A, Venezuela
- 8) 29, Gongdan 2-ro, Anseong, KyeongKi-Do Korea
- 9) Flat/ RM 1401, Hutchison House, JO Harcourt Road, Hong Kong
- 10) Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
- 11) Carlos Pelegrini 961, Piso 3 (1009), Buenos Aires (1001), Argentina
- 12) Km 1, Carr. al Campo Militar sin, San Antonio de la Punta, 76135 Santiago de Queretaro, Queretaro, Mexico
- 13) 10 Chemin De Blandonnet, 1214 Vernier, Switzerland
- 14) 5350 Creekbank Road, Mississauga, Ontario L4W 5S1, Canada
- 15) 41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia
- 16) 560 A rue de Neudorf, L-2220, Luxembourg
- 17) 3 Dublin Airport Central, Dublin Airport, County Dublin
- 18) Vitruka street 4, Voronezh, Russia, 394033
- 19) Shinagawa Grand Central Tower, 16-4, Kanan 2-chome, Minato-ku, Tokyo
- 20) Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt
- 21) Room 333, Part 4, Building I, No. 2001, Yanggao Road North, China (Shanghai) Pilot Free Trade Zone
- 22) Eggestraat, 1 2800, Meche/en, Belgium
- 23) 6/F, Shui on Ctr, 6-8 Harbour Road, Wanchai, Hong Kong
- 24) 195 Archiepiskopos Makariou III Avenue, Neocleous House, 3030, Limassol, Cyprus
- 25) Room 31, floor 4, No 39 Jia tai Road, Waigaoqiao Free trade zone, Shanghai, China
- 26) Suite 2-4, Level 2, Tower Block, Menara Milenium, Ja/an Damanle/a, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia
- 27) Williamson House, 4th Ngong Avenue, P.O. Box 40111 - 00100 Nairobi, Kenya
- 28) Av. Bernardino de Campos, 98, 4th Floor, Suite 49, Paraiso, Sao Paulo, SP Brazil, Brazil
- 29) 1209 N Orange St, Wilmington, DE 19801, USA
- 30) BR-304, Macaiba - RN, 59280-000, Brazil
- 31) Av Carlos Gomes, 222, Andar 8 - Sala Padua, Auxiliadora, Porto Alegre, RS, CEP 90480000, Brazil

**Financial period end:**

\* 1 January 2022

\*\* 31 December 2021

\*\*\* 30 June 2021

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 1 JANUARY 2022****11 Debtors**

	<b>1 January 2022 \$000</b>	<b>2 January 2021 \$000</b>
<b>Amounts falling due within one period</b>		
Amounts owed by group undertakings	16,790	16,975

All amounts owed by group undertakings are interest free, unsecured and repayable on demand.

**12 Creditors: amounts falling due within one period**

	<b>1 January 2022 \$000</b>	<b>2 January 2021 \$000</b>
Amounts owed to ultimate parent	1,892	1,892
Amounts owed to group undertakings	717,249	406,434
	<u>719,141</u>	<u>408,326</u>

Amounts owed to the ultimate parent company are interest free, unsecured and are repayable on demand.

Amounts owed to group undertakings are repayable within one period and include interest bearing unsecured loans.

The first loan of \$311,181,000 (period ended 2 January 2021: \$311,181,000 included in amounts owed to group undertakings falling due after more than one period), which bears interest at 4.00% per annum (period ended 2 January 2021: 4.00% per annum), is repayable 29 May 2022. After the period end the loan was extended to a repayment date of May 2025 at 4.25% per annum (note 17).

The second loan is \$403,220,000 (period ended 2 January 2021: \$403,220,000), bears interest at 1.50% per annum (period ended 2 January 2021: 1.50% per annum) and is repayable on 14 November 2022. After the period end date the loan was extended to a repayment date of November 2023 with interest of 0.94% per annum (note 17).

Loan notes are listed on The International Stock Exchange Guernsey.

The remaining amounts owed to group undertakings are interest free, unsecured and are repayable on demand.

**KELLOGG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 1 JANUARY 2022****13 Creditors: amounts falling due after more than one period**

	<b>1 January 2022 \$000</b>	<b>2 January 2021 \$000</b>
Amounts owed to group undertakings	127,400	438,581

Amounts owed to group undertakings repayable after more than one period relate to unsecured loans.

Included in amounts falling due after more than one period is a loan of \$127,400,000 (period ended 2 January 2021: \$127,400,000), which bears interest at 4.20% (period ended 2 January 2021: 4.20%), and is repayable on 5 November 2024. The loan is not repayable in instalments.

Loan notes are listed on The International Stock Exchange Guernsey.

**14 Called up share capital**

	<b>1 January 2022 Number</b>	<b>2 January 2021 Number</b>	<b>1 January 2022 \$000</b>	<b>2 January 2021 \$000</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of \$1 each	1,214,770,601	1,214,770,601	1,214,771	1,214,771

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**15 Reserves****Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

**16 Financial commitments, guarantees and contingent liabilities**

The Company is party to a cash pooling agreement with Bank Mendes Gans (BMG) in conjunction with other group companies. Under the terms of this arrangement cross company guarantees exist. Positive and negative cash balances can be offset by the arranger. Guarantees for the cash pooling arrangement are held by the ultimate parent company Kellogg Company. The Company is also party to a group wide temporary overdraft facility of \$30 million (period ended 2 January 2021: \$30 million).

## KELLOGG GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 1 JANUARY 2022

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#### 17 Events after the reporting date

An existing subsidiary in Ireland, Kellogg Europe Services Limited was liquidated on 5 January 2023.

Included in amounts owed to group undertakings falling due within one period is a loan of \$311,181,000 (period ended 2 January 2021: \$311,181,000 included in amounts owed to group undertakings falling due after more than one period), which bears interest at 4.00% (period ended 2 January 2021: 4.00%), was extended to a repayment date of May 2025 at 4.25% per annum.

Included in amounts owed to group undertakings falling due within one period is a loan of \$403,220,000 (period ended 2 January 2021: \$403,220,000), bears interest at 1.50% per annum (period ended 2 January 2021: 1.50%), was extended to a repayment date of November 2023 at 0.94% per annum.

On 23 November 2022, the Company undertook a capital reduction of \$500,000,000 reducing its investment in Gollek UK Limited.

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

As part of the wider Kellogg Group, the Company is closely monitoring the Russia/Ukraine conflict, including the related concerns regarding energy security in Europe, elevated inflation and economic uncertainty. The Company, indirectly, holds an investment in a Russian company which is responsible for distributing cereal and snacks (including Pringles) products in the Russia / CIS markets. This investment accounts for less than 5% of the total value of the Company's investments.

As a result of the ongoing conflict, the Kellogg Group made the decision on 10 March 2022 to stop importing Pringle's products into the Russian market. Pre conflict, Pringles products accounted for approximately 60% of sales of the Russian business. In the absence of Pringles products, the Russian business has re-focused on sales of products manufactured in country for the Russian market together with significant cost rationalisation. For 2022 due to the cessation of imports, Pringles products are expected to make up approximately 30% of sales for the year resulting in a decrease of approximately 31% of total sales. Pringles sales for the year have been generated in the months before the decision was taken to stop supplying Pringles to Russia and from inventory held at that date. The Russian business now consists solely of products produced in Russia.

In December 2022 the Kellogg Group entered into an agreement to sell our Russian business to a third party, pending a number of local government regulatory approvals. Due to uncertainty related to the evolving regulatory approvals that are required to complete the transaction it is not certain that the sale will proceed. Further, even if we are able to complete the sale, we may not be able to immediately or fully repatriate the funds received in the sale. If approved, the Company's indirect subsidiary Kellogg Latin America Holding Company (One) Ltd expects to incur a loss on the transaction of c35% of its current carry value of the Russian business

Should the sale not proceed, the Group will look at alternative options for the Russian business and will need to assess the impact of this on the carrying value in the Company's books. An impairment of the Russian investment could be expected for the 2022 financial year, but the amount will only be known once a full impairment review has been performed which will be done as part of the 2022 accounts.

The factors indicating an impairment to the carrying value are the result of the Russia/Ukraine conflict and did not exist at the balance sheet date.

## **KELLOGG GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022**

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#### **18 Ultimate controlling party**

The Company's immediate parent undertaking is Canada Holdings LLC, which is registered in Canada. The ultimate parent company and controlling party is Kellogg Company, which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Kellogg Company can be obtained from One Kellogg Square, P.O. Box 3599, Battle Creek, Michigan, USA.