



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 988 731 781
Organisasjonsform: Aksjeselskap
Foretaksnavn: PHILIP MORRIS NORWAY AS
Forretningsadresse: Dronningens gate 8A
0152 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Gerjan Hilhorst
Dato for fastsettelse av årsregnskapet: 30.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2021



Resultatregnskap

| Beløp i: NOK | Note | 2019 | 2018 |
|--|------|----------------------|----------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Total Operating Revenues | 9 | 2 730 701 000 | 2 333 109 000 |
| Sum inntekter | | 2 730 701 000 | 2 333 109 000 |
| Kostnader | | | |
| Cost of sales | | 2 678 499 000 | 2 270 427 000 |
| Salaries | 7 | 18 539 000 | 24 856 000 |
| Depreciation | 1 | 223 000 | 499 000 |
| Other operating cost | 8 | 23 862 000 | 27 000 000 |
| Sum kostnader | | 2 721 123 000 | 2 322 782 000 |
| Driftsresultat | | 9 578 000 | 10 327 000 |
| Finansinntekter og finanskostnader | | | |
| Renteinntekt fra foretak i samme konsern | | 1 376 000 | 345 000 |
| Other financial income | | 151 000 | 72 000 |
| Sum finansinntekter | | 1 527 000 | 417 000 |
| Rentekostnad til foretak i samme konsern | | 539 000 | 668 000 |
| Other financial cost | | 272 000 | 197 000 |
| Sum finanskostnader | | 811 000 | 865 000 |
| Netto finans | | 716 000 | -448 000 |
| Ordinært resultat før skattekostnad | | 10 294 000 | 9 879 000 |
| Tax cost | 6 | 2 319 000 | 2 185 000 |
| Ordinært resultat etter skattekostnad | | 7 975 000 | 7 694 000 |
| Årsresultat | | 7 975 000 | 7 694 000 |



Balanse

| Beløp i: NOK | Note | 2019 | 2018 |
|--|------|----------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 6 | 88 000 | 141 000 |
| Sum immaterielle eiendeler | | 88 000 | 141 000 |
| Varige driftsmidler | | | |
| Furniture and fixtures, equipment, etc | 1 | 1 278 000 | 297 000 |
| Sum varige driftsmidler | | 1 278 000 | 297 000 |
| Sum anleggsmidler | | 1 366 000 | 438 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Finished Goods | 2 | 515 512 000 | 469 944 000 |
| Sum varer | | 515 512 000 | 469 944 000 |
| Fordringer | | | |
| Receivables from Customers | | 211 800 000 | 49 300 000 |
| Other receivables | | 291 476 000 | 414 090 000 |
| Konsernfordringer | | 40 000 | 59 000 |
| Sum fordringer | 3 | 503 316 000 | 463 449 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Cash and bank account | 10 | 4 910 000 | 572 000 |
| Sum bankinnskudd, kontanter og lignende | | 4 910 000 | 572 000 |
| Sum omløpsmidler | | 1 023 738 000 | 933 965 000 |
| SUM EIENDELER | | 1 025 104 000 | 934 403 000 |

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

| Beløp i: NOK | Note | 2019 | 2018 |
|---------------------------------|-------------|----------------------|--------------------|
| Share capital | 5 | 100 000 | 100 000 |
| Sum innskutt egenkapital | | 100 000 | 100 000 |
| Opptjent egenkapital | | | |
| Other equity | 4 | 1 266 000 | 1 291 000 |
| Sum opptjent egenkapital | | 1 266 000 | 1 291 000 |
| Sum egenkapital | | 1 366 000 | 1 391 000 |
| Sum langsiktig gjeld | | 0 | 0 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | | 680 000 | 1 374 000 |
| Income tax payable | 6 | 2 266 000 | 2 407 000 |
| Other taxes | | 1 205 000 | 1 585 000 |
| Utbytte | | 8 000 000 | 7 000 000 |
| Kortsiktig konserngjeld | 3 | 994 329 000 | 902 391 000 |
| Other current liabilities | | 17 258 000 | 18 255 000 |
| Sum kortsiktig gjeld | | 1 023 738 000 | 933 012 000 |
| Sum gjeld | | 1 023 738 000 | 933 012 000 |
| SUM EGENKAPITAL OG GJELD | | 1 025 104 000 | 934 403 000 |



To the General Meeting of Philip Morris Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philip Morris Norway AS, which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the 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, 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 in this regard.

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm*



Independent Auditor's Report – Philip Morris Norway AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report – Philip Morris Norway AS

Oslo, 30 June 2020
PricewaterhouseCoopers AS

Gøril Hyni
State Authorised Public Accountant
(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

| <i>Name</i> | <i>Method</i> | <i>Date</i> |
|-------------|---------------|------------------|
| Hyni, Gøril | BANKID_MOBILE | 2020-06-30 13:07 |

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Philip Morris Norway AS

Org number 988 731 781

Annual Report 2019



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PHILIP MORRIS NORWAY A/S

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Company Information

Board Statement

Philip Morris Norway AS was founded in August 18, 2005. The company's business is the sale of tobacco products on the Norwegian market. From January 2008, the company has its own distribution of their products. From December 1, 2010, the company continued as a pure distributor, while Philip Morris Tobakk Norge AS took the role of an importer. The company's registered address is in Oslo. The company is a subsidiary of Philip Morris SA, Switzerland.

Disclosure of Financial Statement

The company's revenue in 2019 was 2 730 701k NOK against 2 333 109k NOK in 2018. The tax cost reached 2 319k NOK in 2019 against 2 185k NOK in 2018. Profit after tax was 7 975k NOK in 2019 against 7 694k NOK in 2018.

Cash Flow

Cash flow analysis shows a positive cash flow from operating activities at 12 542k NOK in 2019 compared to 7 921k NOK in 2018 due to decreased Cash Pool receivables balance.

Going Concern Basis

The Financial Statements have been prepared on a going concern basis.

Balance Sheet

Inventories are valued at 515 512k NOK as of 31.12.2019 against a value of 469 944k NOK as of 31.12.2018. Accounts receivables amount is 211 840k NOK as of 31.12.2019, compared to 49 359k NOK as of 31.12.2018. Accounts payable amount is 995 009k NOK as of 31.12.2019 against 903 765k NOK as of 31.12.2018, and mainly consist of intercompany trade purchases. Equity as of 31.12.2019 amounts to 1 366k NOK compared to 1 391k NOK as of 31.12.2018. The equity ratio for 2019 is 0.13%, compared to 0.15% in 2018.

Financial Risk

The company is not exposed to significant currency or liquidity risk.

Injuries and Sickness Leave

By the end of 2019, the company had 16 employees, with 9 female and 7 male employees. In 2019 the total sickness absence was 5.40% compared to 2.39 % in 2018. There have been no accidents at work in 2019.

Equality

The company is committed to continue working towards and maintaining equal opportunities for women and men at all levels of the company. Similarly, salaries reflect job content and qualifications, regardless of gender.



Environmental Impact

The company has no emissions that pollute the environment.

Future Developments

The company is expected to continue good performance in the coming year. The Board believes that presented Income Statement and Balance Sheet give a correct picture of the company's financial position and results of operations.

Philip Morris Norway AS is closely following the development of Covid-19 and its impact. The company is focusing on maintaining business as usual taking into consideration rules and recommendations from authorities. The company has taken proactive measures to minimize the risk to the company's employees and to ensure business continuity. During the first six months of 2020 we have not seen major impact on demand.

After 2019 year-end there were no other transactions which are not reflected in the Financial Statements and which would have the impact on evaluating the results and the company's financial position.

Profit Allocation

Profit for the year is proposed to be allocated in the following way:

| | |
|-------------------------------|------------|
| Profit for the year | 7 975k NOK |
| Accumulated retained earnings | 1 291k NOK |
| Dividend | 8 000k NOK |

Oslo, 30.06.2020



Anette Carina Rosengren
Chairman



Gerjan Bernhard Hillhorst
Country Manager



Stefan Bauer
Board Member



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PHILIP MORRIS NORWAY A/S

The Company

Philip Morris Norway AS

Dronningens gate 8A

0152 OSLO

Telephone: + 47 (23) 10 03 60

CVR no.: 988 731 781

Financial year: January 1 – December 31, 2019

The municipality of reg. office: Oslo

Executive Board

Gerjan Bernhard Hilhorst

Board of Directors

Anette Carina Rosengren, Chairman

Gerjan Bernhard Hilhorst

Stefan Bauer

Auditors

PricewaterhouseCoopers AS

Dronning Eufemias gate 71

0194 Oslo

Norway



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PHILIP MORRIS NORWAY A/S

Income Statement

(Amounts in thousands NOK)

| | <u>Note</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------|-------------------------|-------------------------|
| Revenues | 9 | <u>2 730 701</u> | <u>2 333 109</u> |
| Total operating revenues | | <u>2 730 701</u> | <u>2 333 109</u> |
| Cost of sales | | 2 678 499 | 2 270 427 |
| Salaries | 7 | 18 539 | 24 856 |
| Depreciation | 1 | 223 | 499 |
| Other operating cost | 8 | <u>23 862</u> | <u>27 000</u> |
| Total operating cost | | <u>2 721 123</u> | <u>2 322 782</u> |
| Operating profit | | <u>9 578</u> | <u>10 327</u> |
| Interest income from group companies | | 1 376 | 345 |
| Other financial income | | 151 | 72 |
| Interest expense from group companies | | 539 | 668 |
| Other financial cost | | <u>272</u> | <u>197</u> |
| Profit before taxes | | <u>10 294</u> | <u>9 879</u> |
| Tax cost | 6 | <u>2 319</u> | <u>2 185</u> |
| Profit | | <u>7 975</u> | <u>7 694</u> |
| Profit for the year | | <u>7 975</u> | <u>7 694</u> |



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PHILIP MORRIS NORWAY A/S

Assets

Balance as at 31.12.2019

(Amounts in thousands NOK)

| | <u>Note</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------------------|-----------------------|
| FIXED ASSETS | | | |
| Intangible assets | | | |
| Deferred tax assets | 6 | <u>88</u> | <u>141</u> |
| Total intangible assets | | <u>88</u> | <u>141</u> |
| Tangible assets | | | |
| Furniture and fixtures, equipment, etc. | 1 | <u>1 278</u> | <u>297</u> |
| Total fixed assets | | <u>1 278</u> | <u>297</u> |
| Total fixed assets | | <u>1 366</u> | <u>438</u> |
| CURRENT ASSETS | | | |
| Finished Goods | | | |
| | 2 | <u>515 512</u> | <u>469 944</u> |
| Receivables | | | |
| Receivables from Customers | | 211 840 | 49 359 |
| Other Receivables | | <u>291 476</u> | <u>414 090</u> |
| Total receivables | 3 | <u>503 316</u> | <u>463 449</u> |
| Cash and bank account | 10 | <u>4 910</u> | <u>572</u> |
| Total current assets | | <u>1 023 738</u> | <u>933 965</u> |
| TOTAL ASSETS | | <u>1 025 104</u> | <u>934 403</u> |



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PHILIP MORRIS NORWAY A/S

Equity and Liabilities

Balance as at 31.12.2019

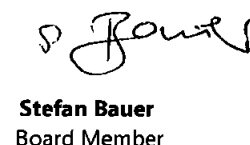
(Amounts in thousands NOK)

| | <u>Note</u> | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------|------------------|----------------|
| EQUITY | | | |
| Paid-in capital | | | |
| Share capital (100 shares at 1k NOK) | 5 | 100 | 100 |
| Total paid-in capital | | 100 | 100 |
| Retained earnings | | | |
| Revaluation reserve | | | |
| Other equity | 4 | 1 266 | 1 291 |
| Total retained earnings | | 1 266 | 1 291 |
| Total equity | | 1 366 | 1 391 |
| LIABILITIES | | | |
| Accounts payable | 3 | 995 009 | 903 765 |
| Income tax payable | 6 | 2 266 | 2 407 |
| Other taxes | | 1 205 | 1 585 |
| Dividend | | 8 000 | 7 000 |
| Other current liabilities | | 17 258 | 18 255 |
| Total current liabilities | | 1 023 738 | 933 012 |
| Total liabilities | | 1 023 738 | 933 012 |
| TOTAL EQUITY AND LIABILITIES | | 1 025 104 | 934 403 |

Oslo, 30.06.2020


Anette Carina Rosengren
Chairman


Gerjan Bernhard Hilhorst
Country Manager


Stefan Bauer
Board Member



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PHILIP MORRIS NORWAY A/S

Cash Flow Statement

(Amounts in thousands NOK)

| | <u>Notes</u> | <u>2019</u> | <u>2018</u> |
|--|--------------|---------------|---------------|
| Cash Flow from operating activities | | | |
| Profit before tax | | 10 294 | 9 879 |
| Net tax paid | | -2 409 | -2 026 |
| Depreciation | | 223 | 499 |
| Change in inventories | | -45 568 | -315 405 |
| Change in accounts receivable | | -162 481 | 830 424 |
| Change in accounts payable | | 91 245 | -62 227 |
| Change in other BS position | | 121 238 | -453 223 |
| Net cash from operating activities | | <u>12 542</u> | <u>7 921</u> |
| Cash flow from investment activities | | | |
| Purchase of tangible fixed assets | | -1 204 | -123 |
| Proceeds of the loan / receivable from Group (LT/ST) | | 0 | 0 |
| Net cash from investment activities | | <u>-1 204</u> | <u>-123</u> |
| Cash flow from financial activities | | | |
| Payment of dividends | | -7 000 | -7 600 |
| Net cash from financial activities | | <u>-7 000</u> | <u>-7 600</u> |
| Net cash for the period | | <u>4 338</u> | <u>197</u> |
| Cash and equivalents at the beginning of year | | 572 | 375 |
| Cash and equivalents at the end of year | | <u>4 910</u> | <u>572</u> |
| | | | |
| This consists of: | | | |
| Bank deposit: | | 4 910 | 572 |



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PHILIP MORRIS NORWAY A/S

Note 1 - Property, plant, and equipment

(Amounts in thousands NOK)

Equipment and fixtures

| | <u>2019</u> | <u>2018</u> |
|---------------------------------|--------------|--------------|
| Beginning balance | 3 171 | 3 187 |
| Acquisitions | 1 152 | 123 |
| Assets Under Construction | 52 | 0 |
| Retirement | -119 | -138 |
| Ending balance | 4 256 | 3 171 |
| | | |
| Accumulated depreciation | 2 874 | 2 513 |
| Yearly depreciation | 223 | 499 |
| Retirement | -119 | -138 |
| Accumulated depreciation | 2 978 | 2 874 |
| | | |
| Ending balance | 1 278 | 297 |

Assets are depreciated on a straight-line basis over 3-10 years.

Note 2 – Finished Goods

(Amounts in thousands NOK)

| | <u>2019</u> | <u>2018</u> |
|----------------|-------------|-------------|
| Finished Goods | 515 512 | 469 944 |



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Note 3 – Transaction with Group Companies

(Amounts in thousands NOK)

Receivables

| | <u>2019</u> | <u>2018</u> |
|-------------------------|-------------|-------------|
| Transactions with Group | 155 742 | 301 261 |

Payables

| | <u>2019</u> | <u>2018</u> |
|-------------------------|-------------|-------------|
| Transactions with Group | 994 329 | 902 391 |

The company is part of a cash pool group account where the sister company Philip Morris Finance SA manages the scheme and is liable to the bank. The amount of the consolidated account is classified as current asset or liability. The amount as of 31.12.2019 represents a receivable in the amount of 155 702k NOK against the amount of 301 202k NOK receivable as of 31.12.2018.

Purchases from related parties

| | <u>2019</u> | <u>2018</u> |
|----------------------------|-------------|-------------|
| Finished goods (PM Tobakk) | 2 704 718 | 2 602 363 |
| Administration fees | 4 465 | 4 507 |
| Interest from Cash Pool | 837 | -323 |

Note 4 - Retained Earnings

(Amounts in thousands NOK)

| | <u>Share capital</u> | <u>Statutory reserve</u> | <u>Other free equity</u> | <u>Total equity</u> |
|--------------------------------|----------------------|--------------------------|--------------------------|---------------------|
| Equity 01.01.2018 | 100 | - | 596 | 696 |
| Profit for the year | - | - | 7 694 | 7 694 |
| Dividend to owners | - | - | -7 000 | -7 000 |
| Equity 31.12.2018 | 100 | - | 1 291 | 1 391 |
| Profit for the year | - | - | 7 975 | 7 975 |
| Dividend to owners | - | - | -8 000 | -8 000 |
| Total equity 31.12.2019 | 100 | - | 1 266 | 1 366 |



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PHILIP MORRIS NORWAY A/S

Note 5 - Shared Capital and Ownership

The share capital of 100k NOK consists of 100 shares per 1k NOK. All shares have equal rights.

Overview of shareholders as at 31.12.2019.

| Name | Amount of shares | Ownership |
|------------------|------------------|-------------|
| Philip Morris SA | 100 | 100% |
| Total | 100 | 100% |

Philip Morris SA is the only parent company which prepares consolidated financial statements in which Philip Morris Norway AS is included as a subsidiary.

Philip Morris SA, Chemin de Brillancourt 4, 1001 Lausanne, Switzerland

Note 6 – Tax Calculation

(Amounts in thousands NOK)

| | 2019 | 2018 |
|---|---------------|---------------|
| Temporary differences for deferred tax calculation | | |
| Fixed Assets | -399 | -641 |
| The base for deferred tax asset/liability | -399 | -641 |
| Deferred tax asset / liability 22% (23% in 2018) | -88 | -141 |
| The base for income tax | | |
| Profit before tax | 10 294 | 9 879 |
| Permanent differences | 249 | 379 |
| The basis for current year's tax | 10 543 | 10 258 |
| Change in differences in the basis for deferred tax/tax | -242 | 206 |
| Taxable income (the basis for the current tax liability) | 10 301 | 10 464 |
| Tax payable 22% (23% in 2018) | 2 266 | 2 407 |
| Change in deferred tax/tax with a historic tax rate | 53 | -47 |
| Change in deferred tax/tax with due to changes in tax rate | 0 | 6 |
| Previous year provision adjustment | 0 | -181 |
| Tax cost in Income Statement | 2 319 | 2 185 |

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Tax payable

| | | |
|---------------------------------------|--------------|--------------|
| Current income tax liabilities | 2 266 | 2 407 |
| Previous year provision adjustment | 0 | 0 |
| Tax liability in Balance Sheet | 2 266 | 2 407 |

Note 7 - Salaries, number of employees, remuneration, loans to employees

(Amounts in thousands NOK)

Salary Costs

| | <u>2019</u> | <u>2018</u> |
|----------------------------|---------------|---------------|
| Salary | 14 419 | 20 200 |
| Social fees | 1 539 | 1 974 |
| Pension cost | 878 | 940 |
| Other salary-related items | 1 703 | 1 741 |
| Total salary costs | 18 539 | 24 856 |

The average number of employees during the fiscal year was 16 employees. All employees are covered by defined contribution pension plan that is considered to meet the requirements under the Act on OTP.

Remuneration of Senior Executives

CEO Philip Morris Norway AS/PM Tobakk Norge AS

| | <u>2019</u> | <u>2018</u> |
|----------------|--------------|--------------|
| Salary | 1 635 | 1 561 |
| Other benefits | 254 | 353 |
| Sum | 1 889 | 1 914 |

There was no loan/security style reading of the CEO, chairman or other related parties. There are no single loan/security totals exceeding more than 5% of the company's equity.



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PHILIP MORRIS NORWAY A/S

Note 8 – Audit Fees

(Amounts in thousands NOK)

Cost of audit's remuneration is broken down as follows:

| | <u>2019</u> | <u>2018</u> |
|------------------------|-------------------|-------------------|
| Audit | 168 | 163 |
| Other services | 0 | 0 |
| Total audit fee | <u>168</u> | <u>163</u> |

The amounts are exclusive VAT.

Note 9 – Revenues

Sales of tobacco products (cigarettes and roll your own) to Norwegian market.

Note 10 – Cash, and Equivalents

The cash and equivalents includes tax withholdings of 435k NOK as of 31.12.2019.

Note 11 – Events after the Balance Sheet Date

Philip Morris Norway AS is closely following the development of Covid-19 and its impact. The company is focusing on maintaining business as usual following the outbreak of Covid-19.

The company has taken proactive measures to minimize the risk to the company's employees and to ensure business continuity.

There are no significant legal matters to report for Philip Morris Norway AS for the financial year of 2019.



Note 12 – Accounting Principles

The financial statements have been prepared in accordance with Accounting Act and generally accepted accounting principles in Norway. The accounting principles are unchanged compared to prior year.

Revenue from sales

Revenues are recognized in the income statement as earned based on the following criteria:

- A binding agreement on sale or service income has been made.
- Delivery has taken place before the end of the financial year.
- The sales price has been determined.
- Payment has been received at the time of the sale or may with reasonable certainty be expected to be received.
- Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirms or invalidates affairs and conditions existing at the balance sheet date.

Norwegian Krone (NOK) is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of the transaction. Receivables, payables and other monetary items in foreign currency are in the balance sheet translated at the exchange rate as at the balance sheet date. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity entries is recognized directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year. Current tax liabilities and current tax receivable are recognized in debt, or in the event of an overpayment of tax on the account, in receivables. Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.



Other taxes

Amounts accrued for payroll related expenses other than accrued salaries and wages. Includes both the employer's and the employee's contribution toward payroll taxes, insurance schemes, saving plans, free cigarettes, and other employee benefit programs.

Classification and valuation of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets relating to the business cycle are classified as current assets. Receivables are classified as current if they are repayable within one year after the date of payment. For debt similar criteria have been applied. Current assets are valued at the lower of cost and net realizable value. Current liabilities are recorded at their nominal value at the time. Fixed assets are valued at cost. Fixed assets are depreciated on a straight-line basis over the expected useful life. Fixed assets are written down to fair value if the impairment is not expected to be temporary. Long-term liabilities in Norwegian kroner excluding other provisions recognized at their nominal value at the time.

Fixed assets

Tangible assets are capitalized and amortized over the expected lifetime of assets if these are estimated lifespan of three years and a production cost exceeding 15 000 NOK. Maintenance costs are expensed as incurred. Additions or improvements are capitalized and depreciated with the asset. The distinction between maintenance and additions/improvement is calculated in relation to the asset capable of purchasing the asset. Leasing of fixed assets is expensed. Prepayments are recognized as prepaid expense distributed over the leasing period. Items in foreign currency converted into Norwegian kroner at the exchange rate at the balance sheet date.

Inventories

Inventories of materials are valued at the lower of cost according to the FIFO principle and fair value. Manufactured finished goods and work in progress are valued at variable production cost. An allowance for obsolescence is calculated and registered.

Receivables

Accounts receivable and other receivables are stated at nominal value less provision for expected losses. Provisions for doubtful accounts based on an individual assessment of each receivable. In addition, for the other receivables, a general provision to cover expected losses.

Equity

The dividend is recognized as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate equity item.

Cash flow statement

The cash flow statement is prepared using the indirect methodology. The reported cash flow comprises only transactions involving cash receipts and cash disbursements. Cash and bank balances are considered liquid funds.



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
27.08.2015

Vår dato
03.11.2015

Telefon
977 59 464

Deres referanse
Peter Grafström

Vår referanse
2015/855631

PHILIP MORRIS NORWAY AS
Stenersgata 2
0184 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Philip Morris Norway AS, org.nr. 988 731 781

Vi viser til brev av 27. august 2015 og utfyllende opplysninger i e-post av 28. oktober 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Philip Morris Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Philip Morris Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger de regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Philip Morris Norway A/S är en del av den internationella Philip Morris koncernen. De flesta befattningshavare i Philip Morris Norway A/S är också utlänningar som inte behärskar norska. Det skulle underlätta vårt arbete i Norge avsevärt om vi kunde lämna in vår årsredovisning på engelska istället för på norska.

Fra e-posten av 28. oktober 2015 gjengis:

Philip Morris Norway A/S är ett bolag i Philip Morris koncernen och bedriver grossistförsäljning av Tobaksprodukter i Norge. Våra kunder är andra grossister och butiker som säljer dessa produkter på den Norska marknaden.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet eies av et utenlandsk selskap og at de fleste lederne i selskapet er utlendinger som ikke behersker norsk. Det er videre vektlagt at selskapet henvender seg til grossistmarkedet.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer