

# **Tholstrup Cheese A/S**

Sønderhøj 14

8260 Viby J

CVR No. 12729979

## **Annual Report 2020**

The Annual Report was presented and  
approved at the Annual General Meeting of  
the Company on 19 May 2021

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Peter Stenholt Randrup  
Chairman

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## **Management's Statement**

Today, Management has considered and approved the Annual Report of Tholstrup Cheese A/S for the financial year 1 January 2020 - 31 December 2020.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

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

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

Aarhus, 19 May 2021

### **Executive Board**

Carsten Just Andersen

### **Board of Directors**

John Duus Andresen  
Chairman

Joris Andersen

Lars Jepsen

## Independent Auditors' Report

### To the shareholders of Tholstrup Cheese A/S

#### Opinion

We have audited the financial statements of Tholstrup Cheese A/S for the financial year 1 January 2020 - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditor's responsibility 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 are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements 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 no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. 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 taken on the basis of these financial statements.

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

- \* Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Independent Auditors' Report

- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- \* Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 19 May 2021

**EY**

**Godkendt Revisionspartnerselskab**

CVR-no. 30700228

Henrik Kronborg Iversen  
State Authorised Public Accountant  
mne24687

Jan Krarup Mortensen  
State Authorised Public Accountant  
mne40030

## **Tholstrup Cheese A/S**

### **Company information**

<b>Company</b>	Tholstrup Cheese A/S Sønderhøj 14 8260 Viby J
Telephone	89381000
CVR No.	12729979
<b>Board of Directors</b>	John Duus Andresen, Chairman Joris Andersen Lars Jepsen
<b>Executive Board</b>	Carsten Just Andersen
<b>Auditors</b>	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

## Management's Review

### **The Company's principal activities**

The Company's principal activities consist in wholesale of dairy products.

### **Development in activities and financial matters**

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a result of kDKK 13.241 and the Balance Sheet at 31 December 2020 a balance sheet total of kDKK 71.321 and an equity of kDKK 17.465. The activity has been on a stable level as customer demand for provided services have been in line with expectations. As a result the impact from COVID-19 has not been material. The result before tax is in line with the expectations for the year.

### **Post financial year events**

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

## **Accounting Policies**

### **Reporting Class**

The Annual Report of Tholstrup Cheese A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### **Group internal business combinations**

Group internal business combinations are accounted for using the book value method. Hereby the two companies are merged via their book values and no additional values are recognized. Any value that exceeds the book value of the acquired business is recognized directly on the equity. The book value method is carried out at the acquisition date, and no comparative figures will be adjusted.

### **Consolidated Financial Statements**

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

### **Reporting currency**

The Annual Report is presented in Danish kroner.

## **Income Statement**

### **Gross profit/loss**

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, cost of raw and consumables and other external expenses.

### **Revenue**

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts. Besides sale of goods, the revenue also includes licenses and royalties from cheese trademarks.

### **Raw materials and consumables used**

Costs for raw materials and consumables includes the purchase of goods and services for the purpose of resale hereof.

### **Other external costs**

Other external costs include costs for distribution, sales, advertising, administration, premises. loss of debtors, operating leasing costs etc.

### **Income from investments in subsidiaries**

Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.



## Accounting Policies

### Financial income and costs

Financial income and costs are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and costs include interest revenue and costs, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, surcharges and allowances under the tax prepayment scheme.

### Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

If the subsidiaries are having a negative equity value, a provision is recognised to the extent that the parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

### Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

### Dividends

Proposed dividends for the year are recognised as a separate item under equity. Proposed dividends are recognised as a liability when approved by the Annual General Meeting.

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Financial liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Income Statement

	Note	2020 kDKK	2019 kDKK
<b>Gross profit</b>		<b>81</b>	<b>9.254</b>
Income from investments in subsidiaries		-360	-405
Financial income	1	5.732	6.707
Financial costs	2	-570	-707
<b>Profit before tax</b>		<b>4.883</b>	<b>14.849</b>
Tax	3	8.358	-3.354
<b>Profit for the year</b>		<b>13.241</b>	<b>11.495</b>
<b>Proposed distribution of results</b>			
Proposed dividend recognised in equity		0	730.000
Retained earnings		13.241	-718.505
<b>Distribution of profit</b>		<b>13.241</b>	<b>11.495</b>

Tholstrup Cheese A/S

Balance Sheet as of 31 December

	Note	2020 kDKK	2019 kDKK
<b>Assets</b>			
Investments in subsidiaries	4, 5	0	0
<b>Investments</b>		<u>0</u>	<u>0</u>
<b>Fixed assets</b>		<u>0</u>	<u>0</u>
Trade receivables		11.615	0
Receivables from group companies		56.535	781.386
Other receivables		3.171	0
<b>Receivables</b>		<u>71.321</u>	<u>781.386</u>
<b>Current assets</b>		<u>71.321</u>	<u>781.386</u>
<b>Assets</b>		<u>71.321</u>	<u>781.386</u>

**Balance Sheet as of 31 December**

	<b>Note</b>	<b>2020 kDKK</b>	<b>2019 kDKK</b>
<b>Liabilities and equity</b>			
Contributed capital		400	40.000
Retained earnings		17.065	3.018
Proposed dividend recognised in equity		0	730.000
<b>Equity</b>		<b>17.465</b>	<b>773.018</b>
Provisions for investments in subsidiaries		7.922	8.368
<b>Provisions</b>		<b>7.922</b>	<b>8.368</b>
Trade payables		93	0
Payables to group companies		44.688	0
Current tax		1.153	0
<b>Short-term liabilities</b>		<b>45.934</b>	<b>0</b>
<b>Liabilities</b>		<b>45.934</b>	<b>0</b>
<b>Liabilities and equity</b>		<b>71.321</b>	<b>781.386</b>
Contingent assets and liabilities	6		
Related parties	7		

## Statement of changes in Equity

kDKK

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2020	40.000	3.018	730.000	773.018
Decrease of capital	-39.600	0	0	-39.600
Dividend paid	0	0	-730.000	-730.000
Change of investments through net exchange differences	0	806	0	806
Profit (loss)	0	13.241	0	13.241
<b>Equity 31 December 2020</b>	<b>400</b>	<b>17.065</b>	<b>0</b>	<b>17.465</b>

The contributed capital was decreased by kDKK 39.600 in 2020, and besides this the contributed capital has been unchanged for the last 5 years.

## Notes

### 1. Financial income

	2020	2019
	kDKK	kDKK
Financial income regarding group companies	5.695	6.534
Other financial income	37	173
	<b>5.732</b>	<b>6.707</b>

### 2. Financial costs

Financial costs regarding group companies	570	403
Other financial costs	0	304
	<b>570</b>	<b>707</b>

### 3. Tax

Current tax this year	1.153	3.354
Adjustment of current tax, prior years	-9.511	0
	<b>-8.358</b>	<b>3.354</b>

### 4. Investments in subsidiaries

Cost at the beginning of the year	10.783	10.783
<b>Cost at the end of the year</b>	<b>10.783</b>	<b>10.783</b>
Value adjustments at the beginning of the year	-10.783	-10.783
Change due to foreign currency translation adjustment	806	-176
Profit for the year	-360	-405
Reversal of value adjustments due to negative equity value	-446	581
<b>Value adjustments at the end of the year</b>	<b>-10.783</b>	<b>-10.783</b>
<b>Carrying amount at the end of the year</b>	<b>0</b>	<b>0</b>

### 5. Disclosure of investments in subsidiaries

#### Subsidiaries

Name	Registered office	Share held in %	Equity	Profit
Tholstrup Cheese USA Inc.	USA	100,00	-7.922	-360
			<b>-7.922</b>	<b>-360</b>

## Notes

### 6. Contingent assets and liabilities

No contingent liabilities exist at the balance sheet date.

The company has joint and several tax liability with other Danish group companies for company taxes. This also includes withholding taxes on dividends, interest and royalties within the group. The total known net tax liability of the jointly taxed companies is shown in the management company's annual accounts of Arla Foods Holding A/S CVR no 27466052. Any subsequent corrections to co-taxation income and withholding tax etc. could result in the company's liability being higher or lower.

Per 31 December 2020 the Company has a deferred tax asset amounting to 0,4mDKK which is not recognised in the balance sheet due to uncertainties of the time of use.

### 7. Related parties

The Company is a wholly owned subsidiary of Arla Foods Holding A/S, Viby J and is included in the consolidated financial statements of Arla Foods Amba. The consolidated financial statements can be obtained at the following address: Arla Foods Amba, Sønderhøj 14, 8260 Viby J.