

Arla Foods Ingredients Group P/S

Sønderhøj 10-12

8260 Viby J

CVR No. 33372116

Annual Report 2021

The Annual Report was presented and approved at the Annual General Meeting of the Company on 23 May 2022

Peter Stenholt Randrup
Chairman

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Management's Statement

Today, Management has considered and approved the Annual Report of Arla Foods Ingredients Group P/S for the financial year 1 January 2021 - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021.

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, 23 May 2022

Executive Board

Henrik Højen Andersen

Board of Directors

Peder Tuborgh
Chairman

Andreas Lundby

Povl Krogsgaard

Independent Auditor's Report

To the shareholders of Arla Foods Ingredients Group P/S

Opinion

We have audited the financial statements of Arla Foods Ingredients Group P/S for the financial year 1 January 2021 - 31 December 2021, which comprise 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 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021 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 responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

The auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 scepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report

- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- * Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 23 May 2022

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

Henrik Kronborg Iversen
State Authorised Public Accountant
mne24687

Arla Foods Ingredients Group P/S

Company details

Company	Arla Foods Ingredients Group P/S Sønderhøj 10-12 8260 Viby J
Telephone	89381000
CVR No.	33372116
Board of Directors	Peder Tuborgh, Chairman Andreas Lundby Povl Krogsgaard
Executive Board	Henrik Højen Andersen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

Management's Review

The Company's principal activities

Arla Foods Ingredients (AFI) is a 100 per cent owned subsidiary of Arla and a global leader in whey-based ingredients used in a wide range of categories from infant, clinical and sport nutrition to bakery, beverages and dairy. In addition, AFI manufacture child nutrition products for third parties.

"Arla Foods Ingredients' mission is to discover and deliver all the wonders whey can bring to people's life."

In the past, whey was regarded as a simple by-product from cheese production. Today whey is a high-value ingredient in its own right, and in the future. AFI's core customers request even more product differentiation than before. We bring unique protein and lactose solutions with considerable added value to our customers. Our products provide proteins for clear beverages in sport nutrition, protein fractions and lactose for infant formula getting even closer to mimicking human milk, and solutions for food applications with unique functional properties.

Development in activities and the financial situation

The financial year was defined by significant increases in raw materials and energy prices challenging margins in our business. AFI's performance was largely driven by their strong innovations, such as the newly launched innovative ingredient, Beta-lactoglobulin (BLG), which has a unique nutritional profile targeted for muscle growth, and is produced using a patented new separation technology.

In the meantime, our Child Nutrition Manufacturing business performed slightly below 2020 levels, following difficult market conditions in China. Our strategic outlook for this business remains positive.

AFI increased the revenue from 5.084 mDKK in 2020 to 5.585 mDKK in 2021. The increase in sales was driven by the growing share of specialty products sold through 2021 slightly offset by lower standard volumes.

Earnings for the year of 776 mDKK is equivalent to an increase of 14 % which is at an satisfactory level and above with communicated expectations due to exchange rate valuation.

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.

Expectations to the future

In 2022, AFI will focus on the priorities outlined in the newly launched AFI strategy 2026, such as growing whey intake and implementing comprehensive sustainability programmes.

The AFI Innovation Centre opened in 2021 will further support the innovation agenda by giving home to AFI's leading scientists, and bridging the gap between world class research, clinical trials and collaboration across the globe.

In 2021 we have made progress on several important projects to increase our raw material supply, most of which are expected to continue into 2022.

Taking current raw material price volatility into consideration we expect profit and loss before tax for the year to be in the range of 600 mDKK to 800 mDKK.

Research and development activities

The key in AFI's processes and competencies are innovation, research and development. By investing strongly, AFI is able to establish relationships between supply chain and costumers, which will add value to our customers.

Management's Review

CSR reporting

The Danish Financial Statements Act §99 a In accordance with §99 a of the Danish Financial Statements Act, we have not included a statement of our corporate social responsibility in the Annual report, as this is covered by Arla Foods group's CSR report.

- <https://www.arla.com/company/responsibility/csr-reports/>

AFI has also prepared a supplement to Arla's CSR report, which can be read on the company's website.

- <https://www.arlafoodsingredients.com/about/corporate-social-responsibility/>

The Danish Financial Statements Act §99 b

In accordance with §99 b of the Danish Financial Statements Act, the company follows the diversity policy applicable in the consolidated financial statements of Arla Foods amba, where the long-term goal is that no more than 70% of the Board of Directors or the Executive Board, respectively, shall be of the same gender. In 2021, the Board's composition is 100% of the same gender, and women are here under-represented.

It is expected that the obligation is met by the end of 2023

In 2021, no changes in the Board of Directors occurred. The divergence for the composition of a responsible board is due to other factors, and therefore it is coincidental whether the policy is met.

Other managerial positions are defined as the Executive Board. The Executive Board consist of only one person.

Data ethics

According to Section 99d of the Danish Financial Statements Act, no policy on the company's data ethics has been prepared, as this is covered by the Group's overall CSR reporting, which can be downloaded at

- www.arla.com/company/responsibility/csr-reports/

Key Figures and Financial Ratios

kDKK

The development in the Company's key figures and financial ratios can be described as follows:

	2021	2020	2019	2018	2017
Revenue	5.585.108	5.084.010	4.916.714	4.617.812	3.394.170
Operating profit/loss	779.229	727.642	666.472	562.345	575.714
Net financials	-2.872	-47.948	-10.935	-3.299	-71.989
Profit/loss for the year	776.357	679.694	655.537	559.046	503.725
Investment in tangible assets	365.687	422.629	449.140	280.841	261.138
Total assets	4.838.729	4.232.206	3.945.594	3.699.395	3.075.663
Total equity	2.375.272	1.898.915	1.719.221	1.063.638	1.004.592
Return on capital employed (%)	17,18	17,80	17,44	16,60	18,92
Return on equity (ROE) (%)	36,33	37,57	47,11	54,06	50,49
Solvency ratio (%)	49,09	44,87	43,57	28,75	32,66
Avg. number of full-time employees	871	811	766	715	644

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines:

Return on capital employed (%) = Operating profit/loss X 100/Avg. assets

Return on equity (ROE) (%) = Profit/loss for the year / Avg. equity X 100

Solvency ratio (%) = Total equity X 100 / Total liabilities

Accounting Policies

Reporting Class

The annual report of Arla Foods Ingredients Group P/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has also decided not to include a cash flow statement due to Danish Financial Statements Act §86 (4).

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated Financial Statements

With reference to § 112 (1) 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 thousand Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

Income statement

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 excluding VAT and all discounts granted are recognised in revenue.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external costs

Other external costs include costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Other staff costs are recognised in other external costs.

Accounting Policies

Depreciation, amortisation and impairment of tangible and intangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement under other operating income or expenses.

Financial income and costs

Financial income and costs are recognised in the income statement based at the amounts that concern the financial year. Financial income and costs include interest revenue and costs,, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

Balance sheet

Intangible assets

Development projects that are clearly defined and identifiable, and where the degree of technical utilization, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the income statement as they incur.

Development costs comprise costs, including wages, salaries and amortization, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalized development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortization and the recoverable amount.

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and costs directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

Accounting Policies

Completed development projects	3-5 years
Properties	20-30 years
Plant and machinery	10-20 years
Fixtures, fittings, tools and equipment	3-7 years

Land is not amortized.

Property, plant and equipment that are leased and meet the conditions for financial leasing are treated according to the same guidelines as those applying to purchased assets.

The cost of financially leased assets is measured at the lower value of the purchase prices according to the leases and the present value of the lease payments, determined on the basis of the interest rate implicit in the leases.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realizable value, a write-down to this lower value will be performed.

Other long-term investments

Investments in unlisted companies are recognised in the balance sheet at cost. The cost includes the purchase consideration calculated at fair value plus direct acquisition costs. Where the net realizable value is lower than cost, the investments are written down to this lower value. Realised and unrealised capital gains and losses are recognised in the income statement.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

Receivables

Receivables are measured at amortized 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.

Prepayments

Prepayments recognised in assets comprises prepaid costs regarding subsequent financial years.

Equity

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

Development cost reserve

Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividend or losses. The reserve is deducted or dissolved by depreciation of the recognized costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Accounting Policies

Dividends

Proposed dividend 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.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Arla Foods Ingredients Group P/S

Income Statement

	Note	2021 kDKK	2020 kDKK
Revenue	1	5.585.108	5.084.010
Raw materials and cosumables used		-3.120.317	-2.923.950
Other external costs		-843.278	-620.664
Gross profit		1.621.513	1.539.396
Staff costs	2	-548.055	-540.291
Depreciation, amortisation and impairment losses		-294.229	-271.463
Operating profit		779.229	727.642
Financial income	3	25.995	7.540
Financial costs	4	-28.867	-55.488
Profit before tax		776.357	679.694
Profit for the year		776.357	679.694
Proposed distribution of results	5		
Proposed dividend recognised in equity		700.000	300.000
Retained earnings		76.357	379.694
Distribution of profit		776.357	679.694

Arla Foods Ingredients Group P/S

Balance Sheet as of 31 December

	Note	2021 kDKK	2020 kDKK
Assets			
IT and other development projects	6	58.927	89.503
Intangible assets		58.927	89.503
Land and buildings	7	1.006.933	685.312
Plant and machinery	8	1.210.703	1.183.900
Fixtures, fittings, tools and equipment	9	35.031	34.119
Property, plant and equipment in progress	10	268.512	392.407
Property, plant and equipment		2.521.179	2.295.738
Investments in subsidiaries	11, 12	381.234	342.379
Other long-term investments		31.809	31.809
Investments		413.043	374.188
Non-current assets		2.993.149	2.759.429
Raw materials and consumables		109.729	97.092
Work in progress		8.789	8.742
Finished goods and goods for resale		527.921	322.520
Inventories		646.439	428.354
Trade receivables		618.820	638.821
Receivables from group companies		480.245	212.417
Other receivables		100.076	189.199
Prepayments		0	3.986
Receivables		1.199.141	1.044.423
Current assets		1.845.580	1.472.777
Assets		4.838.729	4.232.206

Arla Foods Ingredients Group P/S

Balance Sheet as of 31 December

	Note	2021 kDKK	2020 kDKK
Liabilities and equity			
Contributed capital		10.000	10.000
Reserve for development expenditure		58.927	89.057
Retained earnings		1.606.345	1.499.858
Proposed dividend recognised in equity		700.000	300.000
Equity		2.375.272	1.898.915
Trade payables		617.359	377.576
Payables to group companies		1.774.147	1.833.419
Other payables		71.951	122.296
Short-term liabilities		2.463.457	2.333.291
Liabilities		2.463.457	2.333.291
Liabilities and equity		4.838.729	4.232.206
Contingent liabilities	13		
Collaterals and assets pledged as security	14		

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Development expenditure	Total
Equity 1 January 2021	10.000	1.499.858	300.000	89.057	1.898.915
Dividend paid	0	0	-300.000	0	-300.000
Profit (loss)	0	106.487	700.000	-30.130	776.357
Equity 31 December 2021	10.000	1.606.345	700.000	58.927	2.375.272

The Company's share capital is kDKK 10.000 divided into shares of kDKK 1 or any multiple thereof. The share capital has remained unchanged for the last 5 years.

Notes

1. Revenue

	2021	2020
	kDKK	kDKK
Whey-based ingredients – domestic	270.845	289.607
Whey-based ingredients – export	4.283.036	3.648.475
Child Nutrition Manufacturing (CNM) – export	1.031.227	1.145.928
	5.585.108	5.084.010

2. Staff costs

Wages and salaries	500.763	497.209
Post-employment benefit expense	45.270	41.188
Social security contributions	2.022	1.894
	548.055	540.291

Average number of employees	871	811
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The disclosure of remuneration to the Management is omitted due to Danish Financial Statements Act § 98b.

3. Finance income

Financial income from group companies	2.947	1.532
Other financial income	23.048	6.008
	25.995	7.540

4. Financial costs

Financial costs regarding group companies	19.685	21.323
Other financial costs	9.182	34.165
	28.867	55.488

5. Distribution of profit

Proposed dividend	700.000	300.000
Retained earnings	76.357	379.694
	776.357	679.694

6. Completed development projects

Cost at the beginning of the year	200.435	183.312
Addition during the year	402	17.123
Transfers during the year to other items	2.814	0
Cost at the end of the year	203.651	200.435

Amortisation at the beginning of the year	-110.932	-73.903
Amortisation for the year	-33.792	-37.029
Amortisation at the end of the year	-144.724	-110.932

Carrying amount at the end of the year	58.927	89.503
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Notes

7. Land and buildings

	2021	2020
	kDKK	kDKK
Cost at the beginning of the year	844.117	645.409
Addition during the year	178.996	37.297
Disposal during the year	-913	0
Transfers during the year to other items	178.741	161.411
Cost at the end of the year	1.200.941	844.117
Depreciation at the beginning of the year	-158.805	-134.119
Depreciation for the year	-35.567	-24.686
Reversal of impairment losses and depreciation of disposed assets	364	0
Depreciation at the end of the year	-194.008	-158.805
Carrying amount at the end of the year	1.006.933	685.312

8. Plant and machinery

Cost at the beginning of the year	2.274.007	2.022.034
Addition during the year	31.785	62.810
Disposal during the year	-29.894	-846
Transfers during the year to other items	201.939	190.009
Cost at the end of the year	2.477.837	2.274.007
Depreciation at the beginning of the year	-1.090.108	-897.721
Depreciation for the year	-205.826	-192.386
Reversal of depreciations on disposed assets	28.800	0
Depreciation at the end of the year	-1.267.134	-1.090.107
Carrying amount at the end of the year	1.210.703	1.183.900

9. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	117.343	94.331
Addition during the year	0	9.369
Transfers during the year to other items	20.012	13.643
Cost at the end of the year	137.355	117.343
Depreciation at the beginning of the year	-83.224	-65.866
Depreciation for the year	-19.100	-17.358
Depreciation at the end of the year	-102.324	-83.224
Carrying amount at the end of the year	35.031	34.119

Notes

10. Property, plant and equipment in progress

	2021	2020
	kDKK	kDKK
Cost at the beginning of the year	392.407	444.317
Addition during the year	154.906	313.153
Transfers during the year to other items	-278.801	-365.063
Cost at the end of the year	268.512	392.407
Carrying amount at the end of the year	268.512	392.407

11. Investments in subsidiaries

Cost at the beginning of the year	342.379	342.379
Addition during the year	38.855	0
Cost at the end of the year	381.234	342.379
Carrying amount at the end of the year	381.234	342.379

12. Disclosure of investments in subsidiaries*Subsidiaries*

Name	Registered office	Share held in		Equity	Profit
		%			
AF Ingredients Energy A/S	Denmark	100,00		1.547	237
Arla Foods Ingredients Inc	USA	100,00		15.477	4.719
AF Ingredients Korea Co. Ltd.	Korea	100,00		13.830	750
Arla Foods Ingredients KK	Japan	100,00		53.364	1.508
AF Ingredients S.A. de C.V	Mexico	100,00		28.368	3.543
AFI Singapore Pte. Ltd.,	Singapore	100,00		5.531	1.456
AFI Trading (Beijing) Co., Ltd	China	100,00		16.575	3.285
Arla Foods Ingredients S.A.	Argentina	97,00		583.241	107.966
- AFI Comercio de Produtos Ltda.	Brazil	100,00		-1.771	-160
				716.162	123.304

Notes

13. Contingent liabilities

Contractual commitments consist of purchase commitments of 90 mDKK and operating rent/lease commitments of 11 mDKK.

14. Collaterals and securities

Arla Foods Ingredients Group P/S shares in Arla Foods Ingredients SA are pledged towards banks. The total pledged value corresponds in the carrying amount of the shares equal to 288 mDKK.

15. Related parties

The Company is a wholly owned subsidiary of Arla Foods amba, Viby J and is included in the consolidated financial statements. The consolidated financial statements can be obtained at the following address:

Arla Foods amba, Sønderhøj 14, 8260 Viby J.

Transactions with related parties (kDKK):

Other group companies	2021	2020
	kDKK	kDKK
Sale of goods & services	529.741	415.242
Purchase of goods & services	-617.826	-395.613
Other internal cost recharges	5.193	-15.451
Interest on intercompany loans	2.947	1.532
Receivables from group companies	207.504	198.253
Payables to group companies	1.327.913	1.673.173
Parent company		
Sale of goods & services	112.388	149.065
Purchase of goods & services	-1.891.785	-1.678.226
Other internal cost recharges	-25.630	-23.793
Interest on intercompany loans	-19.685	-21.323
Receivables from Parent company	272.741	14.164
Payables to Parent company	446.234	160.246
Dividends paid to parent company	300.000	500.000