

# **Arla Foods Investment A/S**

Sønderhøj 14

8260 Viby J

CVR No. 36415436

## **Annual Report 2021**

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

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Peter Stenholt Randrup  
Chairman

## **Arla Foods Investment A/S**

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## **Management's Statement**

Today, Management has considered and approved the Annual Report of Arla Foods Investment A/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**

John Duus Andresen

### **Board of Directors**

Steen Futtrup  
Chairman

Bjorn Kamps

Jesper Mellemkjær

## Independent Auditor's Report

### To the shareholders of Arla Foods Investment A/S

#### Opinion

We have audited the financial statements of Arla Foods Investment A/S for the financial year 1 January 2021 - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position 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 of 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.

#### 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.

#### 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 skepticism throughout the audit. We also:

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

## Independent Auditor's 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 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 the 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 misstatement of the Management's review.

Aarhus, 23 May 2022

### EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

Henrik Kronborg Iversen  
State Authorised Public Accountant  
mne24687

Jan Krarup Mortensen  
State Authorised Public Accountant  
mne40030

## Arla Foods Investment A/S

### Company details

<b>Company</b>	Arla Foods Investment A/S Sønderhøj 14 8260 Viby J
Telephone	89381000
CVR No.	36415436
<b>Board of Directors</b>	Steen Futtrup, Chairman Bjorn Kamps Jesper Mellemkjær
<b>Executive Board</b>	John Duus Andresen
<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 of investments in subsidiaries.

### **Development in the activities and the financial situation of the Company**

The Company's Income Statement of the financial year 1 January 2021 - 31 December 2021 shows a result of kDKK 624 and the Balance Sheet at 31 December 2021 a balance sheet total of kDKK 11.849 and an equity of kDKK 6.433. The result is in line with the expectations for the year. The impact from COVID-19 has not been material in nature as the main activity consists of ownership of shares in subsidiaries and there have been no material impacts from COVID-19 in these investments

### **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 Arla Foods Investment A/S for 2021 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.

The accounting policies applied remain unchanged from last year.

### **Reporting currency**

The annual report is presented in thousand Danish kroner.

### **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, costs for raw materials and consumables and other external expenses.

### **Other external costs**

Other external costs include costs for administration 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 amortization of consolidated goodwill.

### **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 interests.

### **Tax**

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**

Investments in group enterprises are recognized in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parent Company's 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.



## **Accounting Policies**

### **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.

### **Equity**

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

### **Current tax liabilities**

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

### **Liabilities**

Financial liabilities are measured at amortized cost.

### **Other payables**

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

## Arla Foods Investment A/S

### Income Statement

	Note	2021 kDKK	2020 kDKK
<b>Gross profit/loss</b>		<b>-14</b>	<b>-11</b>
Income from investments in subsidiaries		604	1.348
Financial income	1	90	96
Financial costs	2	-50	0
<b>Profit before tax</b>		<b>630</b>	<b>1.433</b>
Tax	3	-6	-19
<b>Profit for the year</b>		<b>624</b>	<b>1.414</b>
<b>Proposed distribution of results</b>			
Retained earnings		624	1.414
<b>Distribution of profit</b>		<b>624</b>	<b>1.414</b>

Arla Foods Investment A/S

Balance Sheet as of 31 December

	Note	2021 kDKK	2020 kDKK
<b>Assets</b>			
Investments in subsidiaries	4, 5	2.867	2.266
<b>Investments</b>		<b>2.867</b>	<b>2.266</b>
<b>Non-current assets</b>			
Receivables from group companies		8.982	8.911
Other receivables		0	1
<b>Receivables</b>		<b>8.982</b>	<b>8.912</b>
<b>Current assets</b>			
		<b>8.982</b>	<b>8.912</b>
<b>Assets</b>		<b>11.849</b>	<b>11.178</b>

Arla Foods Investment A/S

Balance Sheet as of 31 December

	Note	2021 kDKK	2020 kDKK
<b>Liabilities and equity</b>			
Contributed capital		500	500
Share premium		5.000	5.000
Retained earnings		933	309
<b>Equity</b>		<b>6.433</b>	<b>5.809</b>
Payables to group companies		5.377	5.340
Current tax		6	19
Other payables		33	10
<b>Short-term liabilities</b>		<b>5.416</b>	<b>5.369</b>
<b>Liabilities</b>		<b>5.416</b>	<b>5.369</b>
<b>Liabilities and equity</b>		<b>11.849</b>	<b>11.178</b>
Contingent liabilities	6		
Related parties	7		

## Arla Foods Investment A/S

### Statement of changes in Equity

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Share premium</b>	<b>Total</b>
Equity 1 January 2021	500	309	5.000	5.809
Profit (loss)	0	624	0	624
<b>Equity 31 December 2021</b>	<b>500</b>	<b>933</b>	<b>5.000</b>	<b>6.433</b>

The Company's share capital is kDKK 500 divided into shares of kDKK 1 or any multiple thereof. The share capital has remained unchanged for the last 5 years.

## Notes

### 1. Financial income

	2021 kDKK	2020 kDKK
Financial income from group companies	90	96
	<b>90</b>	<b>96</b>

### 2. Financial costs

Financial costs to group companies	50	0
	<b>50</b>	<b>0</b>

### 3. Tax

Current income tax	6	19
	<b>6</b>	<b>19</b>

### 4. Investments in subsidiaries

Cost at the beginning of the year	12.037	12.037
<b>Cost at the end of the year</b>	<b>12.037</b>	<b>12.037</b>
Value adjustments at the beginning of the year	-9.771	-11.120
Change due to foreign currency translation adjustment	-3	1
Profit for the year	863	1.607
Amortisation of goodwill for the year	-259	-259
<b>Value adjustments at the end of the year</b>	<b>-9.170</b>	<b>-9.771</b>
<b>Carrying amount at the end of the year</b>	<b>2.867</b>	<b>2.266</b>
Carrying amount of goodwill	1.275	1.534

### 5. Disclosure of investments in subsidiaries

#### Group subsidiaries

Name	Registered office	Share held in %		
			Equity	Profit
Arla Senegal SA	Senegal	100,00	1.591	863
			<b>1.591</b>	<b>863</b>

## Notes

### 6. Contingent liabilities

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.

### 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.