

Arla Foods Investment A/S

Sønderhøj 14

8260 Viby J

CVR No. 36415436

Annual Report 2022

The Annual Report was presented and approved at the Annual General Meeting of the Company on 22 June 2023

Jesper Blauenfeldt
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 2022 - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

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, 22 June 2023

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 2022 - 31 December 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022 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 responsibilities 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 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

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 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, 22 June 2023

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

Jan Krarup Mortensen
State Authorised Public Accountant
mne40030

Arla Foods Investment A/S

Company details

Company	Arla Foods Investment A/S Sønderhøj 14 8260 Viby J
Telephone	89381000
CVR No.	36415436
Board of Directors	Steen Futtrup, Chairman Bjorn Kamps Jesper Mellemkjær
Executive Board	John Duus Andresen
Auditors	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 2022 - 31 December 2022 shows a result of kDKK -2.869 and the Balance Sheet at 31 December 2022 a balance sheet total of kDKK 3.597 and an equity of kDKK 3.564. The result is impacted by the loss in the company's subsidiary.

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 for the future

The Company expects a result before tax between -3 and 1 mDKK.

Accounting Policies

Reporting Class

The annual report of Arla Foods Investment A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 112 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies applied remain unchanged from last year.

Reporting currency

The annual report is presented in thousand Danish kroner.

Translation policies

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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, 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).

Accounting Policies

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.

Subsidiaries having a negative equity value are recognized at kDKK 0, and any amounts receivable from those enterprises are written down by the parent Company's share of the negative equity value to the extent that the amounts are deemed to be noncollectable.

If the negative equity value exceeds receivables, the remaining amount is recognized as a provision to the extent that the parent Company has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financialreceivables.

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

Liabilities are measured at amortized cost.

The Company has chosen IAS 39 as interpretation for recognition of liabilities.

Other payables

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

Arla Foods Investment A/S

Income Statement

	Note	2022 kDKK	2021 kDKK
Gross profit/loss		-15	-14
Operating profit/loss		<u>-15</u>	<u>-14</u>
Income/loss from investments in subsidiaries		-2.879	604
Financial income	1	71	90
Financial costs	2	-43	-50
Profit/loss before tax		<u>-2.866</u>	<u>630</u>
Tax	3	-3	-6
Profit/loss for the year		<u>-2.869</u>	<u>624</u>
 Proposed distribution of results			
Retained earnings		<u>-2.869</u>	<u>624</u>
Distribution of profit/loss		<u>-2.869</u>	<u>624</u>

Arla Foods Investment A/S

Balance Sheet as of 31 December

	Note	2022 kDKK	2021 kDKK
Assets			
Investments in subsidiaries	4, 5	0	2.867
Investments		0	2.867
Non-current assets			
Receivables from group companies		3.597	8.982
Receivables		3.597	8.982
Current assets			
		3.597	8.982
Assets		3.597	11.849

Arla Foods Investment A/S

Balance Sheet as of 31 December

	Note	2022 kDKK	2021 kDKK
Liabilities and equity			
Contributed capital		500	500
Share premium		5.000	5.000
Retained earnings		-1.936	933
Equity		3.564	6.433
Payables to group companies		0	5.377
Current tax		3	6
Other payables		30	33
Short-term liabilities		33	5.416
Liabilities		33	5.416
Liabilities and equity		3.597	11.849
Contingent liabilities	6		
Related parties	7		

Arla Foods Investment A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Share premium	Total
Equity 1 January 2022	500	933	5.000	6.433
Profit (loss)		-2.869		-2.869
Equity 31 December 2022	500	-1.936	5.000	3.564

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

	2022 kDKK	2021 kDKK
Financial income from group companies	71	90
	71	90

2. Financial costs

Financial costs to group companies	43	50
	43	50

3. Tax

Current income tax	3	6
	3	6

4. Investments in subsidiaries

Cost at the beginning of the year	12.037	12.037
Cost at the end of the year	12.037	12.037
Value adjustments at the beginning of the year	-9.170	-9.771
Change due to foreign currency translation adjustment	12	-3
Profit for the year	-2.620	863
Amortisation of goodwill for the year	-259	-259
Value adjustments at the end of the year	-12.037	-9.170
Carrying amount at the end of the year	0	2.867
Carrying amount of goodwill	1.016	1.275

5. Disclosure of investments in subsidiaries

Group subsidiaries

Name	Registered office	Share held in %		
			Equity	Profit
Arla Senegal SA	Senegal	100,00	-2.530	-4.134
			-2.530	-4.134

Notes

6. Contingent 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.

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.