

Arla Foods Distribution A/S

Sønderhøj 14

8260 Viby J

CVR No. 62384514

Annual Report 2023

The Annual Report was presented and approved at the Annual General Meeting of the Company on 6 June 2024

DocuSigned by:

Jesper Blauenfeldt

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Jesper Blauenfeldt

Chairman

Arla Foods Distribution A/S

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Arla Foods Distribution A/S

Management's Statement

Today, Management has considered and approved the Annual Report of Arla Foods Distribution A/S for the financial year 1 January 2023 - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

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, 6 June 2024

Executive Board

DocuSigned by:

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Bo Svane

Board of Directors

DocuSigned by:

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Henrik Lilballe Hansen
Chairman

DocuSigned by:

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Uffe Pedersen

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Morten Holm

Arla Foods Distribution A/S

Independent Auditor's report

To the shareholders of Arla Foods Distribution A/S

Opinion

We have audited the financial statements of Arla Foods Distribution A/S for the financial year 1 January 2023 - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023 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.

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 risk 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

Arla Foods Distribution A/S

Independent Auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 6 June 2024

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

DocuSigned by:

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Jan Krarup Mortensen
State Authorised Public Accountant
mne40030

Arla Foods Distribution A/S

Company details

Company	Arla Foods Distribution A/S Sønderhøj 14 8260 Viby J
Telephone	89381000
CVR No.	62384514
Registered office	Aarhus
Board of Directors	Henrik Lilballe Hansen Uffe Pedersen Morten Holm
Executive Board	Bo Svane
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

Arla Foods Distribution A/S

Management's Review

The Company's principal activities

The Company's principal activities consist of handling and distribution of dairy products in Denmark.

Development in activities and the financial situation

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a result of kDKK 49.647 and the Balance Sheet at 31 December 2023 a balance sheet total of kDKK 357.302 and an equity of kDKK 135.294. The profit before tax and revenue for the year are above the expectations, which was in the range of 40 and 50 mDKK for profit before tax and in the range of 800 and 900 mDKK for revenue, respectively. The positive development is a result of higher inflation. However, as the higher inflation also impacted the company's operating expenses, the operating profit landed on a similar level as last year. The increase on profit before tax is due to higher income from investents and higher financial income.

Environmental conditions

Building on the successful piloting of using biogas from cow manure to fuel distribution vehicles Arla has expanded the fleet to 7 biogas trucks and more to be delivered in 2023. The evaluation shows that the electrical vehicle pilot has been successful and Arla is investigating opportunities to expand the fleet both internally and through partnerships. Improved transportation efficiencies through optimized logistics and close monitoring of fuel consumptions are other key elements to deliver on the sustainability agenda.

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 this Annual report, as this is covered by Arla Foods amba's (CVR-nr. 25313763) CSR report, which is a part of the consolidated annual report.

- <https://www.arla.com/company/investor/annual-reports/>

Diversity of the Board of Directors and management

This report includes our statutory statement of Arla Foods Distribution A/S in compliance with section 99b of the Danish Financial Statements Act, regarding diversity of the board of directors and management.

It is important to note that Arla Foods Distribution A/S does not have an active decision-making board of directors (BoD), as the responsibility lies with the BoD of Arla Foods Group. Similarly, there is no active decision-making management at Arla Foods Distribution A/S, as it is governed by the Executive Management Team of Arla Foods Group. Gender diversity initiatives are managed at the Arla Foods Group level, where targets have been set and are monitored.

To comply with regulatory requirements, gender diversity reporting is conducted based on the registered BoD and management of Arla Foods Distribution A/S. The registered management is considered as the first level of management aligned with the regulatory definition and Arla Foods Distribution A/S does not have a second management level. The registered mangement consists only of one person, who is male. Because the registered management consists of less than 3 members no gender diversity target is set for other management.

Gender diversity refers to the proportion of women in relation to total headcount. The measurement of gender diversity in the registered BoD is based on headcounts ad of 31 December 2023.

Gender diversity on Board of Directors	2023
Number of elected members	3
Underrepresented gender (%)	0%
Target (%)*	30%
Target year of fulfillment*	2026
Gender diversity on Management	2023
Number of members	1

Arla Foods Distribution A/S

Management's Review

*To be noted that gender diversity initiatives are managed at the Arla Foods Group level and targets are set and monitored on Group level. The target for gender diversity in BoD was updated in 2023 to 30 % before 2026. The previous target was 25 % which was reached on Group level in 2023.

In the end of 2023, the registered BoD of Arla Foods Distribution A/S consisted of three members who are all male.

In Arla we believe that a diverse team brings together a wealth of perspectives, ideas and experiences, which ultimately drives innovation, sustainable growth and better performance. To promote diversity within our BoD, diversity and inclusion is included in presentations to the Board of Representatives as the Board of Representatives is responsible for electing the Board of Directors. Moreover, we recognize the importance of gender diversity across various levels of management. To address this, Arla has implemented onboarding sessions and leadership trainings focused on diversity and inclusion. These initiatives aim to raise awareness about subconscious biases.

Data Ethics

For information on Data Ethics in accordance with section 99d of the Danish Financial Statements Act, please refer to the Sustainability Statements in the Management Review of the group annual report.

<https://www.arla.com/company/investor/annual-reports/>

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 profit before tax in the range of 60 and 70 mDKK and a revenue in the range of 950 and 1.050 mDKK for the coming year as the activity is expected to be on slightly higher level.

Arla Foods Distribution A/S**Key Figures and Financial Ratios**

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

Numbers appear in kDKK

	2023	2022	2021	2020	2019
Revenue	910.543	862.483	779.118	749.028	703.392
Operating profit	39.543	38.780	33.934	31.957	11.205
Net financials	20.229	15.092	14.486	12.524	10.376
Profit for the year	49.647	43.979	40.293	36.599	18.369
Investment in tangible assets	40.849	16.066	2.704	7.117	6.101
Total assets	357.302	261.750	300.035	316.026	279.615
Total equity	135.294	125.647	121.668	161.455	124.856
Profit margin (%)	4,34	4,5	4,36	4,26	1,59
Return on equity (ROE) (%)	38,05	35,57	28,46	24,43	13,01
Return on capital employed (%)	12,78	13,81	11,02	11,03	3,84
Solvency ratio (%)	37,87	48	40,55	53,26	44,65
Avg. number of full-time employees	996	978	955	925	906

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

Profit margin (%):

Operating profit (EBIT) X 100 / Revenue

Return on equity (%):

Profit/loss for the year X 100 / Avg. equity

Return on capital employed (%):

Operating profit X 100 / Avg. assets

Solvency ratio (%):

Total equity X 100 / Total liabilities

Arla Foods Distribution A/S

Accounting Policies

Reporting Class

The Annual Report of Arla Foods Distribution A/S for 2023 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 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

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 costs.

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 costs.

General Information

Income Statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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 duties and net of sales discounts.

Cost of goods & services

Costs of goods and services comprise the cost of goods purchased less discounts, costs to subcontractors and change in inventories for the year.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

Other external costs

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

Staff costs

Staff costs comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff costs are recognised in the external costs.

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Accounting Policies

Depreciation, amortisation and impairment of tangible and intangible assets

Depreciation, amortisation and impairment of tangible and intangible assets has been performed based on a continuing assessment of the useful life of the assets in the company.

Profit or loss resulting from the sale of intangible or tangible assets 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 costs.

Income from investments in associates

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

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, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies.

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

Tax on net profit for the year

Tax on net profit 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

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.

IT and other development projects are amortised over a period of 5 years.

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 date 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.

Arla Foods Distribution A/S

Accounting Policies

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 components differ.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets:

Buildings	20-30 years
Fixtures, fittings, tools and equipment:	3-5 years

Land is not depreciated.

All leasing contracts are classified as operational leasing. All payments are recognized in the income statement through out the contract period. The liability in regards to leasing and rent are published in the notes.

The carrying amounts of intangible assets and property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Investments in associates

Investments in associates are recognized 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.

Entities having a negative equity value are recognised at kDKK 0, and any amounts receivable from those entities are written down by the parents share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

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

Inventories

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

The net realisable 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 turnover rate of the inventories, obsolescence and expected development in sales price.

Receivables

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

Arla Foods Distribution A/S

Accounting Policies

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

Receivable from group companies

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group companies.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

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

Proposed dividend for the year is recognised as a separate item in equity.

Reserve for net revaluation according to the equity method comprises the revaluation of the investments in associations from the cost price. The reserve can be eliminated through losses, realization of investments or changes in accounting estimates. The reserve cannot be recognized with a negative number.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to be recognized as current tax.

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.

Arla Foods Distribution A/S

Accounting Policies

Liabilities

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

Financial liabilities are recognised initially at the proceeds received net of transaction costs 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.

Other liabilities are measured at net realisable value.

Arla Foods Distribution A/S

Income Statement

	Note	2023 kDKK	2022 kDKK
Revenue	1	910.543	862.483
Cost of goods & services		-205.629	-201.386
Other operating income		0	46
Other external costs		-108.435	-105.961
Gross profit		596.479	555.182
Staff costs	2	-549.803	-509.137
Depreciation, amortisation and impairment losses		-7.133	-7.265
Operating profit		39.543	38.780
Income from investments in associates		16.279	13.622
Financial income	3	5.450	1.470
Financial costs	4	-43	0
Profit before tax		61.229	53.872
Tax	5	-11.582	-9.893
Profit for the year	6	49.647	43.979
Proposed distribution of results	6		
Proposed dividend recognised in equity		80.000	40.000
Reserve for net revaluation according to equity method		16.279	13.622
Retained earnings		-46.632	-9.643
Distribution of profit		49.647	43.979

Arla Foods Distribution A/S

Balance Sheet as of 31 December

	Note	2023 kDKK	2022 kDKK
Assets			
IT and other development projects	7	0	0
Intangible assets		0	0
Land and buildings	8	40.588	39.947
Fixtures, fittings, tools and equipment	9	18.483	15.916
Property, plant and equipment in progress	10	44.073	13.565
Property, plant and equipment		103.144	69.428
Investments in associates	11, 12	46.639	42.860
Investments		46.639	42.860
Fixed assets		149.783	112.288
Finished goods and goods for resale		3.274	3.721
Inventories		3.274	3.721
Trade receivables		10.739	7.758
Receivables from group companies	13	184.629	137.823
Other receivables		8.219	155
Prepayments	14	653	0
Receivables		204.240	145.736
Cash and cash equivalents		5	5
Current assets		207.519	149.462
Assets		357.302	261.750

Arla Foods Distribution A/S

Balance Sheet as of 31 December

	Note	2023 kDKK	2022 kDKK
Liabilities and equity			
Contributed capital		10.001	10.001
Reserve for net revaluation according to equity method		12.139	8.360
Retained earnings		33.154	67.286
Proposed dividend recognised in equity		80.000	40.000
Equity		135.294	125.647
Deferred tax	15	2.941	2.922
Provisions		2.941	2.922
Trade payables		186.447	102.421
Payables to group companies		939	11
Current tax		11.648	10.506
Other payables		20.033	20.243
Short-term liabilities		219.067	133.181
Liabilities other than provisions		219.067	133.181
Liabilities, provisions and equity		357.302	261.750
Contingent liabilities	16		
Collaterals and assets pledged as security	17		
Related parties	18		
Events after the balance sheet date	19		

Arla Foods Distribution A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Reserve for net re- valuation ac- cording to equity method	Proposed dividend recognised in equity	Total
Equity 1 January 2023	10.001	67.286	8.360	40.000	125.647
Dividend paid				-40.000	-40.000
Dividend received		12.500	-12.500		0
Profit (loss)		-46.632	16.279	80.000	49.647
Equity 31 December 2023	10.001	33.154	12.139	80.000	135.294

The Company's share capital is kDKK 10,001 divided into shares of kDKK 1 or any multiple thereof.

The share capital has remained unchanged for the last 5 years.

Arla Foods Distribution A/S**Notes**

	2023	2022
	kDKK	kDKK
1. Revenue		
Distribution and transportation of dairy goods	895.977	851.541
Sales of transportation services and non-dairy goods	14.566	10.942
	910.543	862.483
2. Staff costs		
Wages and salaries	496.455	465.134
Pension	51.215	41.940
Social security contributions	2.133	2.063
	549.803	509.137
Average number of employees	996	978
<p>In accordance with the section 98b (3) (1) of the Danish Financial Statements Act, information on management remuneration is given in total for all management levels. In 2023 the total remuneration amounts to kDKK 1.829. In accordance with section 98b (3)(2) of the Danish Financial Statements act, information of remuneration for 2022 is excluded.</p>		
3. Financial income		
Financial income from group companies	5.450	1.470
	5.450	1.470
4. Financial costs		
Other financial costs	43	0
	43	0
5. Tax		
Current income tax	11.648	10.506
Change in deferred tax	19	12
Adjustment for current income tax of previous years	-85	-311
Adjustment for deferred tax of previous years	0	-314
	11.582	9.893
6. Distribution of profit		
Proposed dividend	80.000	40.000
Reserve for net revaluation according to equity method	16.279	13.622
Retained earnings	-46.632	-9.643
	49.647	43.979

Arla Foods Distribution A/S

Notes

	2023	2022
	kDKK	kDKK
7. IT and other development projects		
Cost at 1 January	11.170	11.170
Cost at 31 December	11.170	11.170
Amotisation and impairments at 1 January	-11.170	-11.170
Amortisation and impairments at 31 December	-11.170	-11.170
Carrying amount at 31 December	0	0
8. Land and buildings		
Cost at 1 January	155.719	153.632
Addition during the year	3.017	0
Transfers during the year to other items	551	2.087
Cost at 31 January	159.287	155.719
Depreciation and impairments at 1 January	-115.773	-112.902
Depreciation for the year	-2.926	-2.870
Depreciation and impairments at 31 December	-118.699	-115.772
Carrying amount at 31 December	40.588	39.947
9. Fixtures, fittings, tools and equipment		
Cost at 1 January	313.491	309.840
Addition during the year	4.123	2.515
Transfers during the year from other items	2.651	1.136
Cost at 31 December	320.265	313.491
Depreciation and impairments at 1 January	-297.575	-293.180
Depreciation for the year	-4.207	-4.395
Depreciation and impairments at 31 December	-301.782	-297.575
Carrying amount at 31 December	18.483	15.916
10. Property, plant and equipment in progress		
Cost at 1 January	13.565	3.237
Addition during the year	33.710	13.551
Transfers during the year to other items	-3.202	-3.223
Cost at 31 December	44.073	13.565
Carrying amount at 31 December	44.073	13.565

Arla Foods Distribution A/S

Notes

11. Disclosure of investments in associates

Associates

Name	Registered office	Share held in %	Equity	Profit
Cocio Chokolademælk A/S	Esbjerg	50,00	93.276	33.813
			93.276	33.813

2023	2022
kDKK	kDKK

12. Investments in associates

Cost at 1 January	34.500	34.500
Cost at 31 December	34.500	34.500
Fair value adjustments at 1 January	8.360	7.238
Adjustment to prior years	-628	
Result of the year	16.907	13.622
Dividends	-12.500	-12.500
Fair value adjustments at 31 December	12.139	8.360
Carrying amount at 31 December	46.639	42.860

13. Receivables from group companies

The Company participates in the cash pool arrangement for Arla Foods Group, managed by Arla Foods Finance A/S. As part of the cash pool, the Company participates in the In-House Bank and holds SAP bank accounts that is deemed as an external bank account from the Company's point of view with balances being booked as intercompany asset/liability.

The conditions outlined within the cash pooling agreement grant the right to mutually offset withdrawals and deposits, resulting in only the net balance of all pooled accounts being reflected as Arla Foods Finance A/S' balance within the In-House bank.

The amount recognized as receivables from group companies relating to the cash pool agreement for Arla Foods Distribution A/S amounts to 94.437 kDKK as of 31 December 2023 (2022: 41.479 kDKK).

14. Prepayments

Prepayments amounts to kDKK 653 in 2023, compared to kDKK 0 in 2022. Prepayments consist of prepaid warehouse rent.

15. Deferred tax

Deferred tax at the beginning of the year	2.922	3.224
Deferred tax adjustment for the year	19	12
Deferred tax adjustment previous years	0	-314
Balance at the end of the year	2.941	2.922

Arla Foods Distribution A/S**Notes****16. Contingent liabilities**

Operational rent and lease contracts amounts to 123 mDKK, compared to 101 mDKK in 2022.

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.

17. Collaterals and securities

Arla Foods Distribution A/S owns buildings on leased land. The land is owned by Arla Foods amba. Arla Foods amba has provided security in land and buildings, to a value of 208 mDKK in 2023 compared to 210 mDKK in 2022. Included in this amount, is Arla Foods Distribution A/S' buildings book value of 41 mDKK in 2023 compared to 40 mDKK in 2022.

18. Related parties

The company is a wholly owned subsidiary of the Arla Foods Group. Arla Foods Holding A/S owns 100% of the shares in the company. The company is a part of 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, Denmark.

Arla Foods Distribution A/S' related parties are the company's management, other companies in Arla Foods Group as well as the owners of the ultimate parent company and its management and directors.

Related party transactions:

Other group companies	2023	2022
	kDKK	kDKK
Sale of goods & services	0	0
Other internal cost recharged	228.960	2.281
Interest on intercompany loans	5.477	1.472
Receivable from group companies	184.629	137.823
Payables to group companies	939	11
Dividend received from associates	12.500	0
Parent company		
Sale of goods & services	796.630	754.355
Other internal cost recharged	47.895	34.205
Interest on intercompany loans	-11	-5
Receivable from group companies	0	0
Payables to group companies	0	0
Dividend paid	80.000	40.000

19. Events after the balance sheet date

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