Sønderhøj 14,

8260 Viby J

CVR No. 62384514

# **Annual Report 2019**

The Annual Report was presented and approved at the Annual General Meeting of the Company on 22 May 2020

Peter Stenholt Randrup Chairman

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## **Management's Statement**

Today, Management has considered and approved the Annual Report of Arla Foods Distribution A/S for the financial year 1 January 2019 - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

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 May 2020

#### **Executive Board**

Peter Møller CEO

#### **Board of Directors**

Jakob Bernhard Knudsen Uffe Pedersen Chairman

Mogens Kaspersen

## **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 2019 - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019 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 "Auditors' 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### Management's responsibility 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 responsibility 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.
- \* 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 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, 22 May 2020

Ernst & Young
Godkendt Revisionspartnerselskab

CVR-no. 30700228

Henrik Kronborg Iversen State Authorised Public Accountant mne24687 Jan Krarup Mortensen State Authorised Public Accountant mne40030

## **Company details**

**Company** Arla Foods Distribution A/S

Sønderhøj 14,

8260 Viby J

Telephone 89381000 CVR No. 62384514 Registered office Aarhus

**Board of Directors** Jakob Bernhard Knudsen, Chairman

Uffe Pedersen Mogens Kaspersen

**Executive Board** Peter Møller, CEO

Auditors Ernst & Young

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 handling and distribution of dairy products in Denmark.

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

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of kDKK 18.369 and the Balance Sheet at 31 December 2019 a balance sheet total of kDKK 279.615 and an equity of kDKK 124.856. The result is in line with the expectations for the year.

#### Post financial year events

In March 2020 the COVID-19 pandemic began impacting Denmark. The short term impact for the Company has resulted in changes to our sales mix with a shift between sectors and certain product areas. Overall levels of revenue remain consistent. The long-term impact is highly uncertain at this point in time, however the general consumption levels of dairy products are not expected to change significantly.

#### **Expectations for the future**

The Company expects a profit before tax in the range of 20 and 25 mDKK and a revenue in the range of 650 and 750 mDKK for the coming year as the activity is expected to be on the same level.

#### **Environmental issues**

Arla has continued to focus on improving transportation efficiency through optimised logistics throughout the business. The fuel consumption is monitored closely and the climate impact from distribution is optimised with various initiatives including route optimisation, investments in vehicles with more efficient engines and in 2019 also a pilot project where biogas from cow manure is used to fuel distribution vehicles in Copenhagen.

#### **CSR** reporting

According to Section 99a of the Danish Financial Statements Act, no policy on the company's social responsibility 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/

# Target figures and policies for the underrepresented gender cf. section 99b of the Danish Financial Statements Act

The goal of the company is that the lesser represented gender represent 33.33% of the Board of Directors by the end of 2023.

At the time of the company's annual report it is 0 %. There has been no change to the Board of Directors during 2019, which is why the target figure has not been met.

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

## **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

	2019	2018	2017	2016	2015
Revenue	703.392	692.026	685.610	726.289	810.374
Operating profit	11.205	10.377	10.594	11.235	4.266
Net financial income and expenses	10.376	9.721	19.684	7.695	1.851
Profit for the year	18.369	17.830	31.677	16.940	7.063
Investment in tangible assets	6.101	6.761	8.111	6.915	10.902
Total assets	279.615	302.710	313.178	317.000	229.137
Total equity	124.856	156.487	138.657	106.890	87.319
Profit margin (%)	1,59	1,51	1,55	1,55	0,53
Return on equity (ROE) (%)	13,01	12,08	25,79	17,44	8,29
Return on capital employed (%)	3,84	3,37	3,36	4,99	1,49
Solvency ratio (%)	44,65	51,71	44,27	33,75	38,11
Avg. number of full-time employees	906	924	918	903	904

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

## **Accounting Policies**

#### **Reporting Class**

The Annual Report of Arla Foods Distribution A/S for 2019 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 an cash flow statement due to Danish Financial Statements Act §86,

#### **Changed accounting policies**

Accounting policies has been changed as follows:

The company has opted to change the disclosure of the 2019 statutory accounts from a statement of profit and loss by function to a statement of profit and loss by nature. This aligns with current internal management reporting requirements. Hence, comparatives for 2018 are changed.

Apart from the above mentioned fields, the accounting policies are consistent with those of the previous year.

#### **Consolidated Financial Statements**

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

#### Reporting currency

The Annual Report is presented in 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/costs.

#### **General Information**

#### **Income Statement**

#### Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the byer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive VAT, duties and net of sales discounts.

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

#### Cost of goods & services

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, loss of debtors, operational leases etc.

## **Accounting Policies**

#### Staff costs

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

#### Depreciation and amortisation of tangible and intangible assets

Depreciation, amortisation and impairment comprises of the depreciation and impairment of tangible and intangible assets for the year.

#### Income from investments in subsidiaries and associates

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

#### Financial income and costs

Financial income and costs are recognised in the Income Statement based on the amounts that concern the financial year.

#### Tax on net profit for the year

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

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

#### **Balance Sheet**

#### Intangible assets

Clearly defined and identifiable development projects where the technical rate of utilisation, 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. An amount equal to the addition of the year is booked under "reserve for development costs" under equity.

Other development costs are recognised as costs in the Income Statement as they incur.

IT and other development projects comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

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

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

## **Accounting Policies**

#### **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.

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 seperately depreciated if the usefull 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 Other assets: 3-5 years

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amounts at the time of sale. Gains or losses are recognised in the income statement as other operating income or other operating expense.

Property, plant and equipment held under leases and qualifying as leases are treated according to the same guidelines as assets owned.

All leasing contracts are classified as operationel 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 recogniced in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

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.

### **Accounting Policies**

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

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

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

#### **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.

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 og changes in accounting estimates.

The reserve cannot be recognized with a negative number.

#### **Provisions**

Provisions comprise expected costs of warranty commitments, restructuring, etc. Provisions are recognised when the Company has a legal or actual obligation as a result of a past event, and it is likely that settlement will result in the company spending financial resources.

Provisions that measured at present value.

## **Accounting Policies**

#### **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.

#### Liabilities

Liabilities are measured at amortised cost.

## **Income Statement**

	Note	2019 kDKK	2018 kDKK
Revenue	1	703.392	692.026
Other operating income		630	566
Cost of goods & services		-133.757	-128.200
Other external costs		-87.475	-83.522
Gross profit		482.790	480.870
Staff costs	2	-460.230	-448.622
Depreciation, amortisation and impairment losses		-11.355	-21.871
Operating profit		11.205	10.377
Income from investments in associates		9.770	11.765
Other financial income from group companies		791	0
Financial costs	3	-121	-2.044
Profit before tax		21.645	20.098
Тах	4	-3.276	-2.268
Profit for the year		18.369	17.830
Duran and distribution of very lea	F		
Proposed distribution of results	5	•	50.000
Proposed dividend recognised in equity		0	50.000
Reserve for net revaluation according to equity method		9.770	11.765
Retained earnings		8.599	-43.935
Distribution of profit		18.369	17.830

## **Balance Sheet as of 31 December**

	Note	2019 kDKK	2018 kDKK
Assets			
IT and other development projects	6	200	1.000
Intangible assets	_	200	1.000
Land and buildings	7	42.657	43.945
Fixtures, fittings, tools and equipment in progress	8	18.522	23.098
Property, plant and equipment	9	4.460	468
Property, plant and equipment	_	65.639	67.511
Investments in associates	10, 11	51.679	41.909
Investments		51.679	41.909
investments		31.073	41.505
Fixed assets		117.518	110.420
Finished goods and goods for resale		3.808	4.861
Inventories	_	3.808	4.861
Trade receivables		8.254	11.369
Receivables from group companies		146.609	174.028
Other receivables		2.685	1.288
Prepayments		735	735
Receivables	_	158.283	187.420
Cash and cash equivalents		6	9
Current assets		162.097	192.290
Assets		279.615	302.710

## **Balance Sheet as of 31 December**

	Note	2019 kDKK	2018 kDKK
Liabilities and equity			
Contributed capital		10.001	10.001
Reserve for net revaluation according to equity method		17.179	7.409
Retained earnings		97.676	89.077
Proposed dividend recognised in equity		0	50.000
Equity		124.856	156.487
Deferred tax	12	4.225	2.850
	12 <u> </u>	4.335	_
Provisions		4.335	2.850
Trade payables		68.413	73.664
Payables to group companies		55.021	45.664
Current tax		3.271	1.818
Other payables		23.719	22.227
Short-term liabilities		150.424	143.373
Liabilities other than provisions		150.424	143.373
Liabilities and equity		279.615	302.710
Contingent liabilities	13		
Collaterals and assets pledges as security	14		

Collaterals and assets pledges as security 14

# Statement of changes in Equity

			Reserve for		
			net reva-		
			luation ac-	Proposed	
			cording to	dividend	
	Contributed	Retained	equity	recognised	
	capital	earnings	method	in equity	Total
Equity 1 January 2019	10.001	89.077	7.409	50.000	156.487
Dividend paid	0	0	0	-50.000	-50.000
Profit (loss)	0	8.599	9.770	0	18.369
Equity 31 December 2019	10.001	97.676	17.179	0	124.856

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.

## Notes

	2019	2018
	kDKK	kDKK
1. Revenue		
Distribution and transportation of diary goods	700.817	673.333
Sales of transport services and non-diary goods	2.575	18.693
	703.392	692.026
2. Staff costs		
Wages and salaries	420.960	410.099
Pension	37.220	36.480
Social security contributions	2.050	2.043
	460.230	448.622
Average number of employees	906	924
The disclosure of remuneration to the Executive Board is omitted due to the	e Danish Financial Statem	ents Act § 98b.
3. Financial costs		
Financial costs regarding group companies	0	1.936
Other financial costs	121	108
	121	2.044
4. Tax		
Current tax, this year	3.271	1.818
Adjustment of deferred tax, this year	25	578
Current tax, previous years	-1.480	-1.183
Adjustment of deferred tax, previous years	1.460	1.055
	3.276	2.268
5. Distribution of profit		
Proposed dividend	0	50.000
Reserve for net revaluation according to equity method	9.770	11.765
Retained earnings	8.599 <b>18.369</b>	-43.935 <b>17.830</b>
	18.309	17.830
6. IT and other development projects		
Cost at 1 January	11.170	11.170
Cost at 31 December	11.170	11.170
Depreciation and impairments at 1 January	-10.170	-8.055
Depreciation for the year	-800	-2.115
Depreciation and impairments at 31 December	-10.970	-10.170
Carrying amount at 31 December	200	1.000

## Notes

			2019	2018
			kDKK	kDKK
7. Land and buildings				
Cost at 1 January			149.285	147.231
Addition during the year			1.183	1.404
Transfers during the year to oth	ner items		0	650
Cost at 31 January		_	150.468	149.285
Depreciation and impairments a	at 1 January		-105.340	-102.951
Depreciation for the year			-2.471	-2.389
Depreciation and impairments	at 31 December	_	-107.811	-105.340
Carrying amount at 31 Decemb	er	_	42.657	43.945
8. Fixtures, fittings, tools	and equipment			
Cost at 1 January			303.133	298.479
Addition during the year			538	5.145
Disposal during the year			-1.816	-5.136
Transfers during the year from	other items		388	4.645
Cost at 31 December		_	302.243	303.133
Depreciation and impairments a	at 1 January		-280.035	-278.750
Depreciation for the year			-5.501	-6.421
Reversal of depreciation of disp	osed assets		1.816	5.136
Depreciation and impairments	at 31 December	_	-283.720	-280.035
Carrying amount at 31 Decemb	er		18.523	23.098
9. Property, plant and equ	uipment in progress			
Cost at 1 January			468	5.552
Addition during the year			4.380	211
Transfers during the year to oth	ner items		-388	-5.295
Cost at 31 December		_	4.460	468
Carrying amount at 31 Decemb	er		4.460	468
10. Disclosure of investme	ents in associates			
		Share held in		
Name	Registered office	%	Equity	Profit
Cocio Chokolademælk A/S	Esbjerg	50,00	103.357	19.539
		<u>-</u>	103.357	19.539

#### **Notes**

	2019	2018
	kDKK	kDKK
11. 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	7.409	95.644
Result of the year	9.770	11.765
Dividends	0	-100.000
Fair value adjustments at 31 December	17.179	7.409
Carrying amount at 31 December	51.679	41.909
12. Deferred tax		
Deferred tax at the beginning of the year	2.850	1.217
Deferred tax adjustment for the year	25	578
Deferred tax adjustment previous years	1.460	1.055
Balance at the end of the year	4.335	2.850

## 13. 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.

Operationel rent- and lease contracts amounts to DKK 86 million.

#### 14. 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 208m DKK. Included in this amount, is Arla Foods Distribution A/S' buildings book value of 44m DKK.

## **Notes**

# 15. Related parties

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 ultimative parent company and its management and directors.

#### **Group Annual report:**

The company is a part of the group annual report of the parent company Arla Foods amba, Sønderhøj, 8260 Viby J.

Arla Foods Holding A/S owns 100% of the shares in the company.

Transactions with related parties:

Consolidated	2019	2018
	kDKK	kDKK
Other internal cost recharged	-168	835
Interest on intercompany loans	863	1.936
Receivable from group companies	146.609	174.028
Payables to group companies	55.021	45.664
Dividends received from associates	0	100.000
Parent company		
Sales of goods & services	621.455	796.678
Other internal cost recharged	28.548	207.038
Interest on intercompany loans	-72	0
Receivable from group companies	146.609	174.028
Payables to group companies	55.021	45.664
Dividends paid to parent	0	50.000