

Arla Foods Trading A/S

Sønderhøj 14

8260 Viby J

CVR No. 73444217

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 Trading A/S

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Arla Foods Trading A/S

Management's Statement

Today, Management has considered and approved the Annual Report of Arla Foods Trading 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.

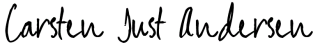
In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

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

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Carsten Just Andersen

Board of Directors

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John Duus Andresen
Chairman

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Mogens Kaspersen

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Joris Andersen

Arla Foods Trading A/S

Independent auditor's report

To the shareholders of Arla Foods Trading A/S

Opinion

We have audited the financial statements of Arla Foods Trading 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 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

Arla Foods Trading 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 Statements 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 Trading A/S

Company details

Company	Arla Foods Trading A/S Sønderhøj 14 8260 Viby J
CVR No.	73444217
Board of Directors	John Duus Andresen Mogens Kaspersen Joris Andersen
Executive Board	Carsten Just Andersen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

Arla Foods Trading A/S

Management's Review

The Company's principal activities

The Company's principal activities consist in export of a number of food products outside the dairy segment. The Company also has a booth in Torvehallerne in Copenhagen, as well as a webshop for marketing of the UNIKA assortment.

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 -107 and the Balance Sheet at 31 December 2023 a balance sheet total of kDKK 19.474 and an equity of kDKK 3.852. The result is in line with the expectations for the year.

Uncertainty related to recognition and measurement

In the annual report, there are no significant uncertainties in the calculations and measurements used.

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 0 and -1.000 kDKK.

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Accounting Policies

Reporting Class

The annual report of Arla Foods Trading A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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 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.

Income statement

Revenue

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

Income from the sale of goods is recognized in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardized terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

Raw materials and consumables used

Costs for raw materials and consumables includes the purchase of goods and services for the purpose of resale hereof.

Other external costs

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

Depreciation and impairment of tangible assets

Depreciation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life.

Financial income and costs

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

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Accounting Policies

Tax on net profit/loss 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

Tangible assets

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

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

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

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

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

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0%

Inventories

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

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

Receivables

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

Receivables 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.

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Accounting Policies

Equity

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

Liabilities

Liabilities are measured at amortised cost.

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

Current tax receivables/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.

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Income Statement

	Note	2023 kDKK	2022 kDKK
Revenue		69.426	66.954
Raw materials and consumables used		-58.830	-56.872
Other external costs		-7.311	-7.261
Gross profit/loss		3.285	2.821
Staff costs	1	-3.529	-5.101
Operating profit/loss		-244	-2.280
Financial income	2	200	97
Financial costs	3	-20	-142
Profit/loss before tax		-64	-2.325
Tax	4	-43	519
Profit/loss for the year		-107	-1.806
Proposed distribution of results			
Retained earnings		-107	-1.806
Distribution of profit/loss		-107	-1.806

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Balance Sheet as of 31 December

	Note	2023 kDKK	2022 kDKK
Assets			
Fixtures, fittings, tools and equipment	5	0	0
Property, plant and equipment		0	0
Non-current assets			
Finished goods and goods for resale		1.674	1.720
Inventories		1.674	1.720
Trade receivables		1.643	5.696
Receivables from group companies	6	11.218	5.126
Current tax		19	519
Other receivables		4.920	3.628
Receivables		17.800	14.969
Cash and cash equivalents		0	3
Current assets		19.474	16.692
Assets		19.474	16.692

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Balance Sheet as of 31 December

	Note	2023 kDKK	2022 kDKK
Liabilities and equity			
Contributed capital		505	504
Retained earnings		3.347	1.454
Equity		3.852	1.958
Trade payables		4.461	3.525
Payables to group companies		10.874	10.406
Other payables		287	803
Short-term liabilities		15.622	14.734
Liabilities		15.622	14.734
Liabilities and equity		19.474	16.692
Contingent liabilities	7		
Related parties	8		

Arla Foods Trading A/S**Statement of changes in Equity**

kDKK

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	504	1.454	1.958
Increase of capital	1	2.000	2.001
Profit (loss)	0	-107	-107
Equity 31 December 2023	505	3.347	3.852

Except for the increase of share capital by DKK 1.000 in 2022 and 2023, the share capital has remained unchanged for the past 5 years.

The company's share capital consists of 505 shares with a nominal value of DKK 1.000 or multiples thereof.

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Notes

	2023	2022
	kDKK	kDKK
1. Staff costs		
Wages and salaries	3.181	4.696
Pension	333	383
Social security contributions	15	22
	<u>3.529</u>	<u>5.101</u>
Average number of employees	<u>5</u>	<u>10</u>
2. Financial income		
Financial income from group companies	135	0
Other financial income	65	97
	<u>200</u>	<u>97</u>
3. Financial costs		
Financial costs to group companies	0	-17
Other financial costs	-20	-125
	<u>-20</u>	<u>-142</u>
4. Tax		
Current income tax	-19	-519
Adjustment for current income tax of previous years	62	0
	<u>43</u>	<u>-519</u>
5. Fixtures, fittings, tools and equipment		
Cost at 1 January	1.306	1.306
Disposal during the year	-292	0
Cost at 31 December	<u>1.014</u>	<u>1.306</u>
Depreciation and impairments at 1 January	-1.306	-1.306
Reversal of impairment losses and amortisation of disposed assets	292	0
Depreciation and impairments at 31 December	<u>-1.014</u>	<u>-1.306</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>

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Notes

6. 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 Trading A/S amounts to 8.640 kDKK as of 31 December 2023 (2022: 786 kDKK).

7. Contingent liabilities

Rent contracts amounts to 145 kDKK, compared to 312 kDKK 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.

8. Related parties

The Company is a wholly owned subsidiary of AF 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.