



PARENT
**FINANCIAL
STATEMENTS**
2024

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FINANCIAL STATEMENTS

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MANAGEMENT REVIEW

Under section 149 of the Danish Financial Statements Act, the consolidated financial statements of Arla Foods (also referred to as the 'group') represent an extract of Arla's complete annual report. This annual report of the parent company is an integral part of the full annual report, which contains the statement from the Board of Directors and the Executive Board as well as the independent auditor's report.

The financial statements of the parent company show the financial position, results and cash flow of Arla Foods amba on a stand-alone basis for the financial year 1 January to 31 December 2024.

Principal activities

Arla Foods amba conducts dairy activities in Denmark and purchases milk from the company's farmer owners in seven member countries. Milk collected outside of Denmark is resold to foreign subsidiaries in the group. This structure ensures that all owners receive milk

payments in compliance with common guidelines and exercise influence according to the owner democracy, including elections of the Board of Representatives and the Board of Directors, in accordance with the Articles of Association. For more details, please refer to the governance section in the management review of the group's annual report.

Arla Foods amba operates as the head office for the group, in addition to conducting its primary dairy activities.

Performance

The milk price delivered to our farmer owners increased by 8%, resulting in a performance price of 50.9 EUR-cent/kg of owner milk (2023: 47.0 EUR-cent/kg). Revenue increased by 3% to EUR 10.229 million (2023: EUR 9.942 million). EBIT amounted to EUR 117 million (2023: EUR 115 million).

Within EBIT there has been an increase in gross profit, offset by an increase in

sales, distribution and administration costs. Additionally, there was an increase in other operating income and an increase in other operating costs related to hedging instruments.

In 2024, the parent company incurred a loss due to impairment on investments in subsidiaries. The loss incurred amounted to EUR 9 million related to a minor number of subsidiaries, compared to a loss of EUR 13 million last year. This had no impact on group results or the milk price paid to farmer owners.

Financial income increased by EUR 69 million, driven by higher dividends received from subsidiaries and associates partly offset by a decrease in foreign exchange rate gains. Financial costs decreased by EUR 32 million, mainly due to a decrease in fair value adjustment costs.

Profit for the year amounted to EUR 331 million (2023: EUR 227 million), which exceeds our expectations, mainly due to dividends received from subsidiaries being higher than anticipated. Due to the cooperative setup the results for the parent company are dependent on the pre-paid milk price and the performance of the group. For 2025, the company anticipates results in the range of EUR 250 million to EUR 300 million, depending on the development of results in other group companies.

Corporate social responsibility

For information on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act, please refer to the sustainability statements in the management review of the group's annual report.

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's annual report.

INCOME STATEMENT

(EUR million)	Note	2024	2023
Revenue	1.1	10,229	9,942
Production costs	1.2	-9,290	-9,037
Gross profit		939	905
Sales and distribution costs	1.2	-600	-563
Administration costs	1.2	-261	-248
Other operating income	1.3	152	122
Other operating costs	1.3	-113	-101
Earnings before interest and tax (EBIT)		117	115
Specification:			
EBITDA		316	299
Depreciation, amortisation and impairment losses	1.2	-199	-184
Earnings before interest and tax (EBIT)		117	115
Impairment and reversal of impairment in subsidiaries	3.3	-9	-13
Financial income	4.2	381	312
Financial costs	4.2	-146	-178
Profit before tax		343	236
Tax	5.1	-12	-9
Profit for the year		331	227

COMPREHENSIVE INCOME

(EUR million)	Note	2024	2023
Profit for the year		331	227
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Value adjustments of hedging instruments		-47	-64
Adjustments related to foreign currency translation		4	-2
Other comprehensive income, net of tax		-43	-66
Total comprehensive income		288	161

PROFIT APPROPRIATION

(EUR million)	2024	2023
Profit for the year	331	227
Profit appropriation:		
Supplementary payment for milk	275	252
Interest on contributed individual capital	17	18
Total supplementary payment	292	270
Transferred to equity:		
Common capital	18	-50
Individual capital	40	41
Reserve for development costs	-19	-34
Total transferred to equity	39	-43
Appropriated profit	331	227

BALANCE SHEET

(EUR million)	Note	2024	2023
Assets			
Non-current assets			
Intangible assets and goodwill	3.1	306	293
Property, plant and equipment and right-of-use assets	3.2	1.054	1.002
Investments in subsidiaries	3.3	1.399	1.370
Investments in associates	3.3	246	246
Subordinated loans to subsidiaries	3.3	397	429
Other non-current assets		4	3
Total non-current assets		3.406	3.343
Current assets			
Inventory	2.1	456	399
Trade receivables	2.1	292	242
Amounts owed by subsidiaries	2.1	811	972
Amounts owed by associates	2.1	-	5
Derivatives	4.5	75	106
Other receivables		60	75
Securities	4.3	341	144
Cash and cash equivalents	4.3	4	5
Total current assets		2.039	1.948
Total assets		5.445	5.291

(EUR million)	Note	2024	2023
Equity and liabilities			
Equity			
Common capital		1.216	1.201
Individual capital		570	557
Other equity accounts		-49	13
Supplementary payment to owners		228	207
Total equity		1.965	1.978
Liabilities			
Non-current liabilities			
Loans	4.3	1.604	1.248
Total non-current liabilities		1.604	1.248
Current liabilities			
Loans	4.3	533	263
Trade payables and other payables	2.1	689	675
Amounts owed to subsidiaries		490	1005
Derivatives	4.5	71	27
Other current liabilities		93	95
Total current liabilities		1.876	2.065
Total liabilities		3.480	3.313
Total equity and liabilities		5.445	5.291

EQUITY

(EUR million)	Common capital*				Individual capital				Other equity accounts			Suppl. payment		Total equity
	Capital account	Reserve for special purposes	Other	Total	Contributed individual capital	Delivery-based owner certificates	Injected individual capital	Total	Reserve for value adjustment of hedging instruments	Reserve for foreign exchange adjustments	Reserve for development costs	Total	Total	
Equity at 1 January 2024	895	1.316	-1.010	1.201	372	51	134	557	10	-16	19	13	207	1.978
Profit for the year	-	69	-51	18	40	-	-	40	-	-	-19	-19	292	331
Other comprehensive income	-42	-	42	-	-	-	-	-	-47	4	-	-43	-	-43
Total comprehensive income	-42	69	-9	18	40	-	-	40	-47	4	-19	-62	292	288
Transactions with owners	1	-	-	1	-20	-4	-5	-29	-	-	-	-	-	-28
Half-year supplementary payment	-	-	-	-	-	-	-	-	-	-	-	-	-64	-64
Supplementary payment regarding 2023	-	-	-	-	-	-	-	-	-	-	-	-	-209	-209
Foreign currency translation adjustments	-4	-	-	-4	-2	-1	5	2	-	-	-	-	2	-
Adjustments in the year	-5	-	5	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-8	-	5	-3	-22	-5	-	-27	-	-	-	-	-271	-301
Equity at 31 December 2024	845	1.385	-1.014	1.216	390	46	134	570	-37	-12	-	-49	228	1.965
Equity at 1 January 2023	903	1.247	-905	1.245	348	55	137	540	74	-14	53	113	208	2.106
Profit for the year	-	69	-119	-50	41	-	-	41	-	-	-34	-34	270	227
Other comprehensive income	-9	-	9	-	-	-	-	-	-64	-2	-	-66	-	-66
Total comprehensive income	-9	69	-110	-50	41	-	-	41	-64	-2	-34	-100	270	161
Transactions with owners	1	-	-	1	-17	-4	-5	-26	-	-	-	-	-	-25
Half-year supplementary payment	-	-	-	-	-	-	-	-	-	-	-	-	-63	-63
Supplementary payment regarding 2022	-	-	-	-	-	-	-	-	-	-	-	-	-201	-201
Foreign currency translation adjustments	5	-	-	5	-	-	2	2	-	-	-	-	-7	-
Adjustments in the year	-5	-	5	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	1	-	5	6	-17	-4	-3	-24	-	-	-	-	-271	-289
Equity at 31 December 2023	895	1.316	-1.010	1.201	372	51	134	557	10	-16	19	13	207	1.978

*Common capital consists of the capital account, reserve for special purposes and other amounting to EUR 1.216 million in 2024 (2023: EUR 1.201 million).

According to clause 20 of the cooperative's Articles of Association, the capital account and the reserve for special purposes are measured for the Arla Foods group as determined under IFRS.

Other relates to differences between group and parent company accounting principles and amounted to EUR -1.014 million at 31 December 2024.

Please refer to the comments to the equity statement in the consolidated financial statements for an explanation of the characteristics of each equity account, except 'Reserve for development costs' which is explained in Note 5.5.

CASH FLOW

(EUR million)	Note	2024	2023
EBITDA		316	299
Reversal of other operating items without cash impact		16	30
Change in net working capital	2.1	-93	112
Change in inter-company receivables and payables	2.1	152	-161
Change in other receivables and other current liabilities		6	34
Dividends received from subsidiaries and associates	4.2	269	179
Interest paid		-77	-52
Interest received		28	9
Taxes paid		-8	-9
Cash flow from operating activities		609	441
Investments in intangible assets	3.1	-66	-62
Investments in property, plant and equipment	3.2	-176	-152
Sale of property, plant and equipment		-	1
Operating investing activities		-242	-213
Sale of financial assets	4.3.c	8	8
Acquisition of subsidiaries		-37	-105
Subordinated lending	4.3.c	44	6
Financial investing activities		15	-91
Cash flow from investing activities		-227	-304

(EUR million)	Note	2024	2023
Half-year supplementary payment		-64	-63
Supplementary payment regarding 2023		-209	-201
Transactions with owners		-29	-25
New loans obtained	4.3.c	54	522
Other changes in loans	4.3.c	-117	-347
Payment of lease debt	4.3.c	-18	-19
Cash flow from financing activities		-383	-133
Net cash flow		-1	4
Cash and cash equivalents at 1 January		5	1
Net cash flow for the period		-1	4
Cash and cash equivalents at 31 December		4	5
Cash flow from operating activities		609	441
Cash flow from operating investing activities		-242	-213
Free operating cash flow		367	228
Cash flow from operating activities		609	441
Cash flow from investing activities		-227	-304
Free cash flow		382	137

NOTE 1. REVENUE AND COSTS

1.1 REVENUE

Table 1.1 – Revenue split by category

(EUR million)	Internal sales	External sales	Total revenue
2024			
Raw milk	3.929	145	4.074
Milk, yoghurt, powder and cooking	470	1.000	1.470
Cheese	1.209	1.032	2.241
Butter, spreads and margarine	1.161	469	1.630
Other	79	735	814
Total	6.848	3.381	10.229
2023			
Raw milk	3.647	116	3.763
Milk, yoghurt, powder and cooking	511	1.052	1.563
Cheese	1.150	988	2.138
Butter, spreads and margarine	1.053	494	1.547
Other	95	836	931
Total	6.456	3.486	9.942

1.2 OPERATIONAL COSTS

Table 1.2.a Operational costs split by function and type

(EUR million)	2024	2023
Production costs	9.290	9.037
Sales and distribution costs*	600	563
Administration costs	261	248
Total	10.151	9.848
Specification:		
Weighed-in raw milk	6.188	5.757
Other production materials**	2.312	2.535
Staff costs	600	543
Transport costs	264	257
Marketing costs	83	80
Depreciation, amortisation and impairment	199	184
Other costs***	505	492
Total	10.151	9.848

*Research and development costs are included in sales and distribution costs and amounted to EUR 53 million, compared to EUR 50 million last year.

**Other production materials include packaging, additives, consumables, variable energy and changes in inventory.

***Other costs mainly include maintenance, utilities and IT.

1.2 OPERATIONAL COSTS (CONTINUED)

Table 1.2.b Staff costs

(EUR million)	2024	2023
Wages, salaries and remuneration	547	506
Pensions	51	36
Other social security costs	2	1
Total	600	543
Staff costs relate to:		
Production costs	378	347
Sales and distribution costs	92	85
Administration costs	130	111
Total	600	543
Average number of full-time employees	6.120	5.970

Table 1.2.c Depreciation, amortisation and impairment

(EUR million)	2024	2023
Intangible assets, amortisation and impairment	58	53
Property, plant and equipment and RoU assets, depreciation and impairment	141	131
Total	199	184
Depreciation, amortisation and impairment relate to:		
Production costs	125	120
Sales and distribution costs	12	13
Administration costs	62	51
Total	199	184

1.3 OTHER OPERATING INCOME AND COSTS

Table 1.3 Other operating income and costs

(EUR million)	2024	2023
Royalty income	136	87
Other income items	13	17
Income from currency hedging instruments transferred from equity	3	18
Other operating income	152	122
Inter-company service fee	78	85
Cost of currency hedging instruments transferred from equity	29	15
Other cost items	6	1
Other operating costs	113	101

NOTE 2.

NET WORKING CAPITAL

2.1 NET WORKING CAPITAL

Table 2.1.a Net working capital

(EUR million)	2024	2023
Inventory	456	399
Trade receivables	292	242
Amounts owed by subsidiaries	811	972
Amounts owed by associates	-	5
Trade payables and other payables	-689	-675
Amounts owed to subsidiaries	-139	-153
Net working capital	731	790

Amounts owed by subsidiaries and amounts owed to subsidiaries are stated excluding net interest-bearing items which are included in Note 4.3.

Table 2.1.b Inventory

(EUR million)	2024	2023
Inventory before the write-downs	463	407
Write-downs	-7	-8
Total inventory	456	399
Raw materials and consumables	112	113
Work in progress	186	164
Finished goods and goods for resale	158	122
Total inventory	456	399

Table 2.1.c Trade receivables

(EUR million)	2024	2023
Trade receivables before provision for expected losses	293	243
Provision for expected losses	-1	-1
Total trade receivables*	292	242

*The utilisation of trade receivables finance programmes amounted to EUR 82 million (2023: EUR 92 million). The company utilises these programmes to manage liquidity and reduce credit risk on trade receivables.

Table 2.1.d Trade receivables age profile

(EUR million)	2024		2023	
	Gross carrying amount	Expected loss rate	Gross carrying amount	Expected loss rate
Not overdue	241	0%	205	0%
Overdue by less than 30 days	33	0%	35	0%
Overdue by between 30 and 89 days	14	-2%	3	-2%
Overdue by more than 90 days	5	-27%	1	-60%
Total trade receivables	293		243	

Historically, experienced loss rates on balances not due or overdue by less than 30 days are below 1%.

Table 2.1.e Supply chain finance programmes

(EUR million)	2024	2023
Trade payables and other payables	689	675
Of which owner milk*	305	235
Trade payables and other payables excluding owner milk	384	440
Of which is eligible for financing arrangement	108	115
Range of payment terms for trade payables that are part of the arrangements	30 - 180 days	30 - 180 days
Range of payment terms for trade payables that are not part of an arrangement	1 - 120 days	1 - 120 days

* Owner milk due is not part of any supply chain finance programme. In 2024, the average payment terms to farmers were 15 days.

NOTE 3.

CAPITAL EMPLOYED

3.1 INTANGIBLE ASSETS AND GOODWILL

Table 3.1 Intangible assets and goodwill

(EUR million)	Goodwill	Licenses and trademarks	IT and other development projects	Total
2024				
Cost at 1 January	97	28	439	564
Exchange rate adjustments	5	-	-	5
Additions	-	-	66	66
Disposals	-	-	-19	-19
Cost at 31 December	102	28	486	616
Amortisation and impairment at 1 January	-	-17	-254	-271
Amortisation and impairment for the year	-	-2	-56	-58
Amortisation on disposals	-	-	19	19
Amortisation and impairment at 31 December	-	-19	-291	-310
Carrying amount at 31 December	102	9	195	306

(EUR million)	Goodwill	Licenses and trademarks	IT and other development projects	Total
2023				
Cost at 1 January	100	28	554	682
Exchange rate adjustments	-3	-	-1	-4
Additions	-	-	62	62
Disposals	-	-	-176	-176
Cost at 31 December	97	28	439	564
Amortisation and impairment at 1 January	-	-15	-381	-396
Exchange rate adjustments	-	-	2	2
Amortisation and impairment for the year	-	-2	-51	-53
Amortisation on disposals	-	-	176	176
Amortisation and impairment at 31 December	-	-17	-254	-271
Carrying amount at 31 December	97	11	185	293

3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Table 3.2.a Property, plant and equipment including right-of-use assets

(EUR million)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets in the course of construction	Total
2024					
Cost at 1 January	654	1.651	194	199	2.698
Exchange rate adjustments	-	-2	-	-	-2
Additions	19	32	15	127	193
Transferred from assets in the course of construction	31	54	14	-99	-
Disposals	-4	-2	-11	-	-17
Cost at 31 December	700	1.733	212	227	2.872
Depreciation and impairment at 1 January	-344	-1.212	-140	-	-1.696
Exchange rate adjustments	-1	3	-	-	2
Depreciation and impairment for the year	-27	-91	-23	-	-141
Depreciation on disposals	4	2	11	-	17
Depreciation and impairment at 31 December	-368	-1.298	-152	-	-1.818
Carrying amount at 31 December	332	435	60	227	1.054

(EUR million)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets in the course of construction	Total
2023					
Cost at 1 January	634	1.609	181	121	2.545
Exchange rate adjustments	-1	-4	-1	-	-6
Additions	12	18	16	124	170
Transferred from assets in the course of construction	11	29	6	-46	-
Disposals	-2	-1	-8	-	-11
Cost at 31 December	654	1.651	194	199	2.698
Depreciation and impairment at 1 January	-322	-1.132	-126	-	-1.580
Exchange rate adjustments	1	3	-	-	4
Depreciation and impairment for the year	-25	-84	-22	-	-131
Depreciation on disposals	2	1	8	-	11
Depreciation and impairment at 31 December	-344	-1.212	-140	-	-1.696
Carrying amount at 31 December	310	439	54	199	1.002

3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

Table 3.2.b Right-of-use assets

(EUR million)	RoU Land and buildings	RoU Plant and machinery	RoU Fixtures and fittings, tools and equipment	RoU Assets total
2024				
Carrying amount at 1 January	34	-	20	54
Additions	6	2	9	17
Disposals	-4	-2	-10	-16
Depreciation and impairment for the year	-8	-1	-10	-19
Depreciation on disposals	4	2	10	16
Carrying amount at 31 December	32	1	19	52
2023				
Carrying amount at 1 January	35	1	19	55
Additions	7	-	11	18
Disposals	-2	-1	-8	-11
Depreciation and impairment for the year	-8	-1	-10	-19
Depreciation on disposals	2	1	8	11
Carrying amount at 31 December	34	-	20	54

Total cash outflow from right-of-use assets amounted to EUR 35 million. This comprised lease debt payments of EUR 18 million, non-capitalised short-term and low-value lease costs of EUR 15 million and interest expenses for lease liabilities of EUR 2 million.

Lease liabilities are specified in Note 4.3.

3.3 INVESTMENTS AND SUBORDINATED LOANS

Table 3.3.a Investments and subordinated loans

(EUR million)	Investments in subsidiaries	Investments in associates	Subordinated loans to subsidiaries
2024			
Cost at 1 January	2.170	246	501
Additions	38	-	370
Disposals	-	-	-414
Other adjustments	2	-	-
Cost at 31 December	2.210	246	457
Adjustments at 1 January	-800	-	-72
Exchange rate adjustments	-2	-	12
Impairment and reversal of impairment in subsidiaries	-9	-	-
Adjustments at 31 December	-811	-	-60
Carrying amount at 31 December	1.399	246	397
2023			
Cost at 1 January	2.065	246	507
Additions	105	-	13
Disposals	-	-	-19
Cost at 31 December	2.170	246	501
Adjustments at 1 January	-785	1	-75
Exchange rate adjustments	-2	-1	3
Impairment and reversal of impairment in subsidiaries	-13	-	-
Adjustments at 31 December	-800	-	-72
Carrying amount at 31 December	1.370	246	429

The parent company incurred impairment of EUR -17 million related to a minor number of subsidiaries which was partly offset by reversal of impairment from previous years of EUR 8 million. The net impairment on investments was EUR -9 million. This had no impact on group results and the milk price paid to farmer owners.

3.3 INVESTMENTS AND SUBORDINATED LOANS (CONTINUED)

Table 3.3.b Transactions with subsidiaries

(EUR million)	2024	2023
Sale of goods	6.848	6.456
Purchase of goods and services	1.626	1.671
Royalty from subsidiaries	136	87
Interest from subsidiaries	29	40
Interest to subsidiaries	-10	35
Dividends from subsidiaries	256	168
Amounts owed to subsidiaries	490	1.005
Subordinated loans to subsidiaries	397	429
Amounts owed by subsidiaries	811	972

Table 3.3.c Transactions with associates and joint ventures

(EUR million)	2024	2023
Sales of goods	-	-
Purchase of goods	-	-
Dividends from associates	13	11
Trade receivables	-	5
Trade payables	-	-

NOTE 4. FUNDING

4.1 FINANCIAL RISKS

Financial risks are managed by Group Treasury. Please refer to Note 4 in the consolidated financial statements for a description of the objectives, policies and processes for measuring and managing the exposure to financial risks. Specifications relevant to the parent company can be found below.

Table 4.1.a Liquidity reserves

(EUR million)	2024	2023
Unutilised committed loan facilities > 1 year	952	615
Unutilised other loan facilities	514	627
Total	1.466	1.242

Table 4.1.b Currency exposure

(EUR million)	Potential accounting impact		
	Sensitivity	Income statement	Other comprehensive income
2024			
EUR/DKK	1.0%	2	-
USD/DKK*	5.0%	2	-28
GBP/DKK	5.0%	2	-19
SEK/DKK	5.0%	-	-2
SAR/DKK	5.0%	1	-13
PLN/DKK	5.0%	-	-
2023			
EUR/DKK	1.0%	1	-
USD/DKK*	5.0%	-1	-17
GBP/DKK	5.0%	2	-16
SEK/DKK	5.0%	-2	-1
SAR/DKK	5.0%	-	-4
PLN/DKK	5.0%	-	-

*Incl. AED

4.1 FINANCIAL RISKS (CONTINUED)

Table 4.1.c Contractual expected non-discounted cash flow on gross financial liabilities

(EUR million)	Non-discounted contractual cash flow										
	Carrying amount	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
2024											
Borrowings from subsidiaries	490	490	490	-	-	-	-	-	-	-	-
Bond Issue	524	523	105	174	131	113	-	-	-	-	-
Mortgage credit institutions	247	248	59	15	15	15	15	15	15	45	54
Credit institutions	961	960	354	2	451	1	151	1	-	-	-
Schuldschein	351	351	-	201	-	151	-	-	-	-	-
Lease liabilities	54	54	15	13	9	5	5	7	-	-	-
Other non-current liabilities	10	10	10	-	-	-	-	-	-	-	-
Interest expense – interest-bearing debt	207	207	58	44	28	15	8	7	7	20	20
Trade payables and other payables	689	689	689	-	-	-	-	-	-	-	-
Derivative instruments	71	71	54	6	4	4	2	1	-	-	-
Total	3.604	3.604	1.834	455	638	304	181	31	22	65	74

	Non-discounted contractual cash flow										
	Carrying amount	Total	2024	2025	2026	2027	2028	2029	2030	2031-2033	After 2033
2023											
Borrowings from subsidiaries	1.005	1.005	1.005	-	-	-	-	-	-	-	-
Bond Issue	407	407	-	109	181	-	118	-	-	-	-
Mortgage credit institutions	256	257	11	59	15	15	15	15	15	45	67
Credit institutions	443	456	251	1	1	101	1	101	1	-	-
Schuldschein	350	351	-	-	201	-	151	-	-	-	-
Lease liabilities	55	55	15	11	9	6	5	9	-	-	-
Other non-current liabilities	10	10	-	10	-	-	-	-	-	-	-
Interest expense – interest-bearing debt	293	293	63	57	42	26	17	10	10	30	38
Trade payables and other payables	675	675	675	-	-	-	-	-	-	-	-
Derivative instruments	27	27	18	3	2	2	1	1	-	-	-
Total	3.521	3.536	2.037	250	451	150	306	136	26	75	105

4.1 FINANCIAL RISKS (CONTINUED)

Power purchase agreements

Arla entered into five new power purchase agreements in 2024, building on ten already signed power purchase agreements. For contractual obligations please refer to Note 5.5.

Table 4.1.d Contracted power purchase agreements

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
Denmark	323,400	Fixed	10 years	2023-2027	Own use	Executory contracts
Total	323,400					
Type of energy						
Solar	146,300					
Wind	177,100					
Total	323,400					

4.2 FINANCIAL ITEMS

Table 4.2 Financial income and financial costs

(EUR million)	2024	2023
Financial income:		
Interest securities, cash and cash equivalents	12	5
Dividends from subsidiaries and associates	269	179
Interest from subsidiaries	29	40
Foreign exchange rate gains	68	88
Fair value adjustments and other financial income	3	-
Total financial income	381	312
Financial costs:		
Interest on financial instruments measured at amortised cost	-82	-54
Foreign exchange rate losses	-54	-44
Interest to subsidiaries	-10	-35
Interest transferred to property, plant and equipment	8	5
Fair value adjustments and other financial costs	-8	-50
Total financial costs	-146	-178
Net financial costs	235	134

4.3 NET INTEREST-BEARING DEBT

Funding

The parent company's funding activities are managed by Group Treasury. For further information on the group's funding strategy, please refer to the consolidated financial statements.

Credit facilities relevant to the parent company contain financial covenants on equity/total assets (equity ratio) of at least 20% and minimum equity of EUR 750 million as well as standard non-financial covenants.

Reporting of covenants varies from quarterly, semi-annually to annually. At 31 December 2024, the carrying amount of credit facilities containing covenants was EUR 994 million with 25% maturing within one year, and 75% maturing between one to five years. The group did not default on or fail to fulfil any loan agreements in 2024. Arla expects to meet all required covenants within the next 12 months.

Table 4.3.a Net interest-bearing debt
(EUR million)

	2024	2023
Long-term borrowings	1.604	1.248
Short-term borrowings	894	1.125
Securities, cash and cash equivalents	-345	-149
Subordinated loans to subsidiaries and other interest-bearing assets	-397	-429
Net interest-bearing debt	1.756	1.795

Table 4.3.b Borrowings
(EUR million)

	2024	2023
Long-term borrowings:		
Issued bonds	419	408
Mortgage credit institutions	188	245
Bank borrowings	607	205
Schuldschein	351	350
Lease liabilities	39	40
Total long-term borrowings	1.604	1.248
Short-term borrowings:		
Current borrowings from subsidiaries	351	852
Commercial papers	17	-
Mortgage credit institutions	59	11
Bank borrowings	2	100
Repurchased liabilities	335	137
Lease liabilities	15	15
Current bond issue	105	-
Other current liabilities	10	10
Total short-term borrowings	894	1.125
Total interest-bearing borrowings	2.498	2.373

Amounts owed to subsidiaries were EUR 490 million, compared to EUR 1.005 million last year, of which EUR 351 million, versus EUR 852 million last year, was interest-bearing and therefore included in net interest-bearing debt as short-term borrowings.

4.3 NET INTEREST-BEARING DEBT (CONTINUED)

Table 4.3.c Cash flow, net interest-bearing debt

(EUR million)	Cash flow		Non-cash changes				31 December
	1 January	Included in financing activities	Additions	Reclassifications	Foreign exchange movements	Fair value changes	
2024							
Long-term borrowings	1.248	54	17	297	-18	5	1.603
Short-term borrowings	1.125	-135	-	-92	-3	-	895
Total interest-bearing debt	2.373	-81	17	205	-21	5	2.498
Subordinated loans	-429	44	-	-	-12	-	-397
Amounts owed by subsidiaries	-	-	-	-	-	-	-
Securities	-144	8	-	-205	-1	1	-341
Cash	-5	1	-	-	-	-	-4
Net interest-bearing debt	1.795	-28	17	-	-34	6	1.756
2023							
Long-term borrowings	1.142	199	-	-119	-1	9	1.248
Short-term borrowings	1.051	-43	-	119	-2	-	1.125
Total interest-bearing debt	2.193	156	-	-	-3	9	2.373
Subordinated loans	-432	6	-	-	-3	-	-429
Amounts owed by subsidiaries	-	-	-	-	-	-	-
Securities	-155	8	-	-	-	3	-144
Cash	-1	-4	-	-	-	-	-5
Net interest-bearing debt	1.605	166	-	-	-6	12	1.795

Table 4.3.d Net interest-bearing debt, maturity

(EUR million)	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
2024										
DKK	490	261	28	24	21	21	22	15	45	53
EUR	963	8	203	451	151	150	-	-	-	-
GBP	-301	-301	-	-	-	-	-	-	-	-
SEK	597	178	175	131	113	-	-	-	-	-
Other	7	7	-	-	-	-	-	-	-	-
Total	1.756	154	405	606	286	171	22	15	45	53
	Total	2024	2025	2026	2027	2028	2029	2030	2031-2033	After 2033
2023										
DKK	891	607	69	23	21	20	25	16	45	67
EUR	674	116	3	203	101	151	100	-	-	-
GBP	-232	-232	-	-	-	-	-	-	-	-
SEK	458	51	109	181	-	118	-	-	-	-
Other	4	4	-	-	-	-	-	-	-	-
Total	1.795	546	180	407	122	288	125	16	45	67

4.4 DERIVATIVES

Arla uses forward currency contracts to hedge currency risks regarding expected future revenue and costs.

Table 4.4 Hedging of future cash flows from highly probable forecast transactions

(EUR million)	Carrying amount	Fair value recognised in OCI	Expected recognition in the income statement				
			2025	2026	2027	2028	After 2028
2024							
Currency contracts	-36	-36	-36	-	-	-	-
Interest rate contracts	-4	-4	3	-	-1	-2	-4
Commodities	3	3	3	-	-	-	-
Hedging of future cash flows	-37	-37	-30	-	-1	-2	-4

(EUR million)	Carrying amount	Fair value recognised in OCI	Expected recognition in the income statement				
			2024	2025	2026	2027	After 2027
2023							
Currency contracts	8	8	8	-	-	-	-
Interest rate contracts	2	2	1	1	-	-	-
Hedging of future cash flows	10	10	9	1	-	-	-

4.5 FINANCIAL INSTRUMENTS

Table 4.5.a Categories of financial instruments

(EUR million)	2024	2023
Derivatives	-40	-34
Shares	4	3
Financial assets measured at fair value through the income statement	-36	-31
Securities	341	144
Financial assets measured at fair value through other comprehensive income	341	144
Derivative assets used as hedging instruments	115	140
Subordinated loans to subsidiaries	397	429
Trade receivables	292	242
Other receivables	60	75
Amounts owed by subsidiaries	811	972
Amounts owed by associates	-	5
Cash	4	5
Financial assets measured at amortised cost	1.564	1.728
Derivatives	-27	-42
Financial liabilities measured at fair value through the income statement	-27	-42
Derivative liabilities used as hedging instruments	98	69
External long-term borrowings*	1.604	1.248
External short-term borrowings*	543	273
Trade payables and other payables	689	675
Amounts owed to subsidiaries	490	1.005
Financial liabilities measured at amortised cost	3.326	3.201

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to the carrying amount.

*Including lease liabilities

4.5 FINANCIAL INSTRUMENTS (CONTINUED)

Table 4.5.b Fair value hierarchy – carrying amount

(EUR million)	Level 1	Level 2	Level 3	Total
2024				
Financial assets:				
Bonds	341	-	-	341
Shares	4	-	-	4
Derivatives	-	75	-	75
Total financial assets	345	75	-	420
Financial liabilities:				
Issued bonds	-	419	-	419
Mortgage credit institutions	247	-	-	247
Derivatives	-	71	-	71
Total financial liabilities	247	490	-	737
2023				
Financial assets:				
Bonds	144	-	-	144
Shares	3	-	-	3
Derivatives	-	106	-	106
Total financial assets	147	106	-	253
Financial liabilities:				
Issued bonds	-	408	-	408
Mortgage credit institutions	256	-	-	256
Derivatives	-	27	-	27
Total financial liabilities	256	435	-	691

4.6 SALE AND REPURCHASE ARRANGEMENTS

Table 4.6 Transfer of financial assets

(EUR million)	Carrying amount	Notional amount	Fair value
2024			
Mortgage bonds	341	341	341
Repurchase liability	335	333	335
Net position	6	8	6
2023			
Mortgage bonds	144	144	144
Repurchase liability	136	134	136
Net position	8	10	8

NOTE 5. OTHER AREAS

5.1 TAX

Table 5.1.a Tax recognised in the income statement
(EUR million)

	2024	2023
Cooperative tax	5	8
Pillar Two tax	10	-
Adjustment to current tax of previous year	-3	1
Total current income tax costs	12	9

Table 5.1.b Calculation of effective tax rate
(EUR million)

	2024	2023
Tax applying the statutory Danish corporate income tax rate	22.0%	22.0%
Effect of cooperative taxation	-3.2%	-1.9%
Impact of Pillar Two tax	2.9%	0.0%
Impact of dividends from subsidiaries	-17.3%	-16.7%
Adjustment for tax costs of previous year	-0.9%	0.4%
Total	3.5%	3.8%

5.2 FEES TO AUDITORS APPOINTED BY THE BOARD OF REPRESENTATIVES

Table 5.2 Fees to auditors appointed by the Board of Representatives
(EUR million)

	2024	2023
Statutory audit	0.7	0.7
Other assurance engagements	0.4	0.2
Tax assistance	0.1	0.1
Other services	0.3	0.2
Total fees to auditors	1.5	1.2

5.3 MANAGEMENT REMUNERATION AND TRANSACTIONS WITH RELATED PARTIES

Management remuneration: Please refer to Note 5.4 in the consolidated financial statements.

5.4 CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Arla provided security on property for mortgage debt, based on the Danish Mortgage Act, with a nominal value of EUR 248 million (2023: EUR 257 million). Financial surety and guarantee obligations amounted to EUR 3.998 million (2023: EUR 2.782 million).

Arla Foods amba is party to a small number of lawsuits, disputes etc. It is the management's assessment that the outcome of these will most likely not have a material impact on the group's financial position beyond what has already been recognised in the financial statements.

Table 5.4 Contractual commitments*

(EUR million)	0-1 year	1-5 years	5+ years	Total
2024				
IT contracts	51	63	-	114
Short-term and low-value leases	15	-	-	15
Power purchase agreements	20	81	95	196
Property, plant and equipment investment commitments	32	29	-	61
Total	118	173	95	386
2023				
IT contracts	33	30	-	63
Short-term and low-value leases	12	-	-	12
Power purchase agreements	6	67	92	165
Property, plant and equipment investment commitments	47	9	-	56
Total	98	106	92	296

*Other contractual commitments not disclosed in the table include pledged property as security for mortgage loans and financial surety and guarantee obligations.

5.5 GENERAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Basis for preparation

The financial statements of Arla Foods amba have been prepared in accordance with the IFRS International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act (large class C). The financial statements are presented in EUR in alignment with the group's presentation currency. Arla Foods amba's functional currency is DKK. With the exception of the accounting policies described below, the accounting policies for Arla Foods amba are identical to those outlined in the consolidated financial statements.

Dividends from subsidiaries and associates

Dividends from subsidiaries and associates are recognised in the income statement as a financial item when declared.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. An impairment test is performed if indications of impairment arise, for example loss making and declines in market values, among others. If the carrying amount

exceeds the recoverable amount, it will be written down to the recoverable amount. Impairment losses, as well as gains and losses on disposal, are presented separately in the income statement.

Inter-company business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions etc., in which entities controlled by the parent company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised directly in equity.

Subordinated loans to subsidiaries

Subordinated loans are measured at amortised cost at the balance sheet date.

Amounts owed by group companies

Amounts owed by group companies are treated in accordance with the group's accounting policies on trade receivables.

Amounts owed to group companies

Amounts owed to group companies are treated in accordance with the group's accounting policies on trade payables.

Reserve for development costs

The equity reserve for development projects capitalised in 2016 and onwards is non-distributable. The reserve will be reversed as the capitalised development projects are expensed.

Significant accounting estimates and judgements

Valuation of certain assets and liabilities at the reporting date requires estimates of how future events will develop. The significant estimates relate to:

- Inventory, please refer to Note 2.1 in the consolidated financial statements.
- Receivables, please refer to Note 2.1 in the consolidated financial statements.
- Property, plant and equipment and right-of-use assets, please refer to Note 3.2 in the consolidated financial statements.
- Associates and joint ventures, please refer to Note 3.3 in the consolidated financial statements.
- Investments in group companies: Recoverable amounts of investments in group companies that are directly owned by Arla Foods amba are continuously monitored and tested for impairment if indicators of such impairment exist. The most important parameters in an impairment test for a specific subsidiary are expected future free cash flow in the subsidiary, cash

flow in underlying subsidiaries as well as assumptions on discount rates. Expectations for these are based on the same expectations as outlined in Note 3.1 in the consolidated financial statements.

Adoption of new or amended IFRS

Please refer to the consolidated financial statements for a description of new and amended IFRS.

5.6 EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 5.6 in the consolidated financial statements.

5.7 GROUP CHART

Please refer to Note 5.8 in the consolidated financial statements.



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