ANNUAL REPORT 2025

Arla
FEED LIFE™

ON THE FRONTPAGE

Feed Life™

Enabling good food choices that make life better

Across the company and among consumers, we have introduced Feed Life™ as Arla's updated brand position. It expresses our commitment to enabling good food choices that make life better, rooted in a farmer-owned cooperative built on responsibility and care.

Feed Life™ reflects our long-term commitment to sustainability and the role we play in dairy. It guides how we contribute to healthy food and more resilient food systems.

Our priorities are shaped by five interconnected areas: inspiration for healthy diets, food security, sustainable dairy, giving farmers a strong voice, and fostering a great place to work. Together, these priorities shape our strategy and ensure that we actively engage in the societal efforts to make a lasting positive change for people and planet.

Food skills are life skills
According to data from the Arla Foundation, families in Denmark are spending less time cooking than they used to and children are growing up with fewer basic food skills.

By making cooking more accessible for everyone, we help shape healthier habits, stronger communities and more responsible food choices over time. Read more on page 62.

ABOUT THIS REPORT

This annual report for 2025 provides a comprehensive overview of our financial performance, sustainability performance and governance structure. It includes our externally audited consolidated financial statements and externally assured sustainability statements.

The report also covers statutory reporting on Corporate Social Responsibility (CSR) in accordance with sections 99a and 99d of the Danish Financial Statements Act.

Consolidated financial statements

The consolidated financial statements section highlights our financial results for the year and our financial position at year-end. These statements exclude the parent company's financials, which are filed separately with the Danish authorities. The structure of this section remains consistent with last year's annual report.

Sustainability statements

The sustainability statements cover our Environmental, Social, and Governance (ESG) reporting and reflect our strategic priorities. They are inspired by, but not yet compliant with, the Corporate Sustainability Reporting Directive (CSRD), which we are obliged to comply with from 2027. The report is guided by our assessment of material impacts, risks and opportunities.

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MANAGEMENT REVIEW

2025 IN FOCUS

In this section

From Finland to global markets, powering active lives

Did you know that Arla® Protein was born in Finland? Officially launched on shelves in October 2014, it has stayed true to its purpose of providing high-protein, natural and high-quality nutrition to support active individuals. Today, it spans 28 markets with a portfolio ranging from shakes to yoghurts and with the latest additions including mousses and milkshakes. In 2025, it achieved 19.5% volume-driven revenue growth.

CHAIR LETTER

A competitive home for our milk

In a year of two halves, we confirmed that our cooperative model is a foundation for creating value for our owners and securing the future of dairy.

As farmers, we are used to cycles. But the speed of the shift we witnessed this year was extraordinary. We entered 2025 with high prices and tight global availability of milk, only to see the tables turn rapidly in the second half. Exceptional weather and strong harvests across Europe triggered a wave of milk that surged into the market, causing global commodity prices to correct sharply downwards.

"I am proud that we can look back on a year where Arla delivered a highly competitive performance price."

In such a volatile environment, the strength of our collective business becomes our greatest asset. Arla has once again proven its fundamental worth: securing a competitive home for our milk.

Delivering a competitive result

Despite the pressure on prices in the second half of the year, I am proud that we can look back on a year where Arla delivered a highly competitive performance price of 56.4 EUR-cent/kg.

This result did not happen by accident. It is the reward for the strategic choices we have made as owners. By ensuring a solid footing, through our brands and ingredients, we are less vulnerable when the wind changes. When commodity markets fell this autumn, this strength helped us deliver a competitive milk price.

Based on our solid financial result, the Board of Directors (BoD) were pleased to propose a supplementary payment of 2.2 EUR-cent/kg to our owners. This payment is a testament to the robustness of our cooperative.

Farming with the future in mind

While the markets fluctuated, the dedication on our farms remained constant. Our data from 2025 shows that Arla farmers are not just talking about the future – we are actively building it.

We saw the average FarmAhead™ Incentive score rise from 53 to 55 points this year. This is not just a statistic for a report – it represents real, tangible actions taken on thousands of farms to lower emissions and increase biodiversity. As owners, we are proving that modern dairy farming is part of the solution to the climate challenge.

Strength through unity

Looking ahead, the need for a strong, unified cooperative is clearer than ever. Overcoming the challenges we face, from market volatility to regulatory demands, requires scale.

This is why the proposed merger with DMK Group marks such a pivotal moment for our cooperative. In June, our Board of Representatives (BoR) voted to pursue this union, recognising that by joining forces with another strong farmer-owned cooperative, we can secure an even more robust platform for our milk. As we await the regulatory outcome in 2026, I am confident that we are taking the right steps to secure the future for the next generation of dairy farmers.

2025 was a year of two halves, but it told one consistent story: Arla is working. We have a strategy that drives value, a democracy that drives progress, and a cooperative spirit that binds us together through every turn of the market.

56.4
PERFORMANCE PRICE EUR-CENT/KG

2.2
SUPPLEMENTARY PAYMENT EUR-CENT/KG

JAN TOFT NØRGAARD
Chair of the Board of Directors

CEO LETTER

Dairy is more important than ever

Arla has delivered a robust performance in a complex market, proving the resilience of our brands and staying true to our long-term promise: providing nutritious, sustainable food to a world that needs it.

In 2025, Arla Foods delivered a highly competitive result with revenue reaching EUR 15.1 billion in a year defined by a distinct shift in market dynamics.

15.1
REVENUE
EUR BILLION

731
TOTAL INVESTMENT IN 2025
EUR MILLION

Navigating a sharp transition from tight global supply to sudden abundance, we proved the resilience of our business. We secured a strong financial performance for our owners not just to deliver a return, but to ensure we remain robust enough to fulfill our long-term promise: providing nutritious, sustainable food to a world that needs it.

Navigating contrasting realities

We began 2025 with firm markets, but the landscape shifted rapidly. Exceptional weather and strong harvests triggered a surge in milk production, causing commodity prices to drop significantly in the second half of the year.

Despite this rapid shift, our strategic business mix stood firm. By leveraging a high-performing ingredients business and capturing returning consumer demand, we managed the volatility to deliver a performance price of 56.4 EUR-cent/kg.

Ingredients engine drives value

A standout driver of our strong performance was Arla Foods Ingredients (AFI). Delivering revenue growth of 43.1%, boosted by the successful integration of the newly acquired Whey Nutrition business from Volac (now AFI Felinfach), AFI has cemented its role as a high-value growth engine.

AFI's success provides a critical financial counterweight to volatility in the general dairy market, validating our strategy of shifting more milk into specialised nutrition.

Investing in a world that needs dairy

Crucially, we did not let short-term market fluctuations pause our long-term ambition. In 2025, we executed on a high level of investments, including capacity expansions in Lockerbie (UHT) and Holstebro (cream cheese).

We did not pause these investments when the market turned, and that is a deliberate choice. We know that the world will need significantly more protein in the coming decades to feed a growing population. Dairy is a central part of the solution.

"By navigating a sharp transition from tight global supply to sudden abundance, we proved the resilience of our business."

By investing in these key growth engines, we are sending a clear signal: We believe in the future of dairy. We are assuming responsibility for ensuring that nutritious, sustainable dairy is available to the world and we are building the capacity required to lead that charge.

Introducing Feed Life™

This ambition is also at the heart of our updated corporate brand position, Feed Life™. It expresses our commitment to enabling good food choices that make life better, rooted in the responsibility and care of our farmer-owners.

Feed Life™ is more than a position; it is a guide for how we contribute to healthy diets and resilient food systems. By connecting food security, sustainability and a strong voice for farmers, it ensures that we actively engage in efforts to make a positive change for people and the planet.

Resilient brands drive value

Our brands demonstrated resilience and value creation in 2025. Our total branded revenue increased by 6.9% to EUR 7,029 million, driven by our ability to maintain rightful price points.

Our branded volumes told a story of recovery. While the higher price points meant consumers started the year hesitantly, increasing wages and easing inflation restored purchasing power.

Momentum built steadily, returning our strategic brands to volume growth in the second half. This recovery proves that our brands remain highly relevant. As economic pressure eased, consumers returned to the products they trust, and we ended the year with full-year volume growth of 0.2%.

Outlook for 2026

We enter 2026 fully prepared for the market conditions ahead. The supply pressure from late 2025 will continue to impact the first half of the new year. However, lower price levels are expected to stimulate volume growth for our brands, and we are well-positioned to drive this momentum. We also look to the future with the ambition of strengthening our cooperative even further. The intended merger with DMK Group represents a unique opportunity to create a more robust European foundation, and we look forward to the regulatory process concluding in the coming year.

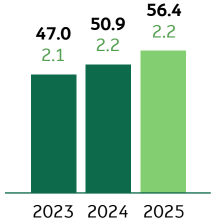
PEDER TUBORGH
CEO of Arla

2025 performance at a glance

F26 Competitiveness

56.4

PERFORMANCE PRICE EUR-CENT/KG

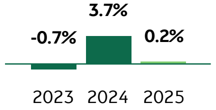


Supplementary payment

F26 Value creation

0.2%

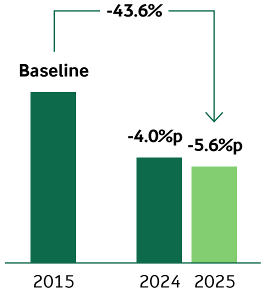
STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH



F26 Sustainability

-5.6%p

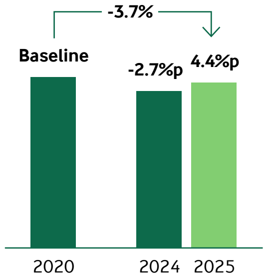
SCOPE 1+2 EMISSIONS DEVELOPMENT IN 2025



F26 Sustainability

4.4%p

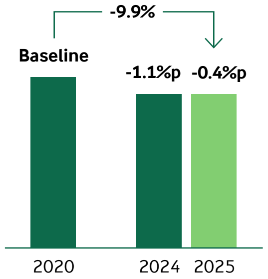
SCOPE 3 FLAG EMISSIONS[1] DEVELOPMENT IN 2025



F26 Sustainability

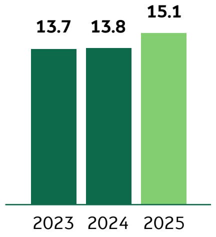
-0.4%p

SCOPE 3 OWNER MILK EMISSIONS PER KG OF MILK DEVELOPMENT IN 2025



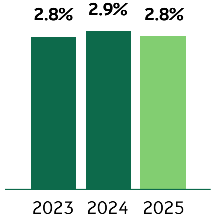
15.1

REVENUE EUR BILLION



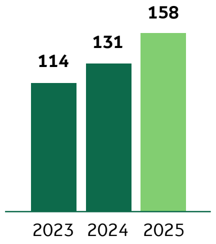
2.8%

PROFIT SHARE[2] OF REVENUE



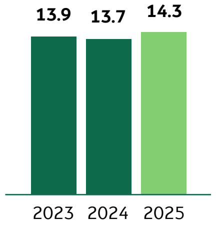
158

NET EFFICIENCIES EUR MILLION



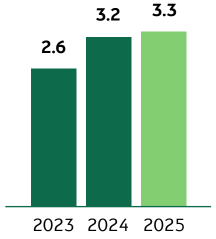
14.3

MILK VOLUME[3] BILLION KG



3.3

LEVERAGE



F26

Read more about our Future26 strategy on page 16.

- Within guidance announced in our Half-Year Report 2025.
- KPIs without target and guidance.

[1] *Emissions related to forest, land and agriculture activities.*
[2] *Based on profit allocated to owners of Arla Foods amba.*
[3] *Standardised milk: 4.2% fat, 3.4% protein. The milk volume includes both owner milk and other milk.*

Five-year overview

Financial figures (EUR million)	2025	2024	2023	2022	2021
Performance price					
EUR-cent/kg owner milk	56.4	50.9	47.0	55.1	39.7
Income statement					
Revenue	15,066	13,770	13,674	13,793	11,202
EBITDA	1,156	1,109	1,079	1,001	948
EBIT	647	598	600	529	468
Net financials	-133	-135	-145	-80	-61
Profit for the year	433	417	399	400	346
Arla Foods amba's share of profit for the year	415	401	380	382	332
Profit appropriation for the year					
Individual capital	43	40	41	39	42
Common capital	76	69	69	74	83
Supplementary payment	296	292	270	269	207
Balance sheet					
Total assets	9,427	9,330	8,299	8,746	7,813
Investments in property, plant and equipment	570	557	445	373	452
Investments in right of use assets	75	132	88	56	69
Non-current assets	5,366	5,354	4,788	4,611	4,668
Current assets	4,061	3,976	3,511	4,135	3,145
Equity	3,016	3,138	3,052	3,168	2,910
Non-current liabilities	3,309	3,105	2,650	2,915	2,446
Current liabilities	3,102	3,087	2,597	2,663	2,457
Net interest-bearing debt including pension liabilities	3,766	3,533	2,850	2,986	2,466
Net working capital	1,521	1,519	1,104	1,442	810
Cash flows					
Cash flow from operating activities	862	652	1,151	184	780
Cash flow from investing activities	-630	-887	-519	-443	-482
Free cash flow	232	-235	632	-259	298
Cash flow from financing activities	-241	186	-592	269	-330

	2025	2024	2023	2022	2021
Financial ratios					
Profit share[1]	2.8%	2.9%	2.8%	2.8%	3.0%
EBIT margin	4.3%	4.3%	4.4%	3.8%	4.2%
Leverage	3.3	3.2[2]	2.6	3.0	2.6
Interest cover	8.0	7.5	11.1	19.6	23.7
Equity ratio	32%	34%	37%	36%	37%
Inflow of standard milk (mkg)					
Inflow from owners in Denmark	5,467	5,279	5,277	5,185	5,185
Inflow from owners in the United Kingdom	3,714	3,449	3,412	3,360	3,345
Inflow from owners in Sweden	2,008	1,901	1,925	1,876	1,896
Inflow from owners in Germany	1,574	1,554	1,646	1,637	1,683
Inflow from owners in the Netherlands, Belgium and Luxembourg	814	790	798	757	749
Inflow from others	752	762	816	858	968
Total inflow of raw milk	14,329	13,735	13,874	13,673	13,826
Number of owners					
Owners in the United Kingdom	1,852	1,919	1,981	2,053	2,127
Owners in Sweden	1,848	1,938	1,996	2,108	2,236
Owners in Denmark	1,713	1,828	1,948	2,105	2,274
Owners in Germany	1,159	1,218	1,329	1,429	1,497
Owners in the Netherlands, Belgium and Luxembourg	693	721	745	797	822
Total number of owners	7,265	7,624	7,999	8,492	8,956

[1] *Calculated as Arla Foods amba's share of profit for the year/revenue.*
[2] *Leverage adjusted for the temporary effect of M&As in 2024 was 2.9.*

More details in the Financial Statements, starting from page 91.

Five-year overview

Sustainability key figures	Target	Target year	2025	2024	2023	2022	2021
Climate							
Scope 1+2 emission reductions compared to baseline year 2015	-63%	2030	-43.6%	-38.0%	-34.0%	-30.5%	-26.5%
Scope 3 FLAG emission reductions compared to baseline year 2020	-30.3%	2030	-3.7%	-8.1%	-5.4%	-2.5%	0.4%
Scope 3 owners' milk emission reductions per kg of milk compared to baseline year 2020			-9.9%	-9.5%	-8.4%	-6.7%	-1.8%
Scope 3 supplier and partner engagement[1]	82.6%	2029	42.5%				
Renewable electricity in Europe[2]	100%	2025	82.2%	71.6%	66.0%	50.2%	38.9%
Biodiversity							
Direct soy to be deforestation and conversion free (DCF)	100%	2025	100%	94%	69%		
Direct palm to be DCF	100%	2025	77%	96%	79%		
Direct forest fibre to be DCF	100%	2025	98%	96%	96%		
Indirect soy (feed) to be DCF	100%	2025	82%	48%	27%		
Indirect palm (feed) to be DCF[3]	100%	2028	Not available	Not available	Not available		
Circularity							
Packaging designed for recycling (branded products)	100%	2025	94%	94%	95%	93%	
Food waste reduction at our production sites	-50%	2030	10%	-2%			
Employees and workers in the value chain							
Average number of full-time employees			22,052	21,895	21,307	20,907	20,617
Gender diversity in management (director+)	40%	2030	32.4%	30.9%	29.3%	28.9%	27.2%
Lost-time accidents per million working hours (LTA)	0	Ongoing	2.9				
Consumers – healthy and safe nutrition							
Branded products that qualify as healthy under Health Star Rating	80%	Ongoing	79.5%				
Product recalls	0	Ongoing	2	2	1	1	0

Note: Certain figures in the table above have been restated from numbers presented in historical reports.

[1] *Suppliers measured by emissions for which have science-based targets are in place.*

[2] *From December 2025 onwards we will only use renewable electricity in Europe.*

[3] *Data is not made available from feed companies.*

More details in the Sustainability Statements, starting from page 34.

New incentive model points
From January 2026, our FarmAhead™ Incentive Model will introduce new points to strengthen efforts in nature and biodiversity. Read more on page 53.

ARLA AND DMK GROUP

Creating the future of dairy together

The intended merger between Arla and DMK Group marks a bold step towards creating Europe's strongest dairy cooperative, driving forward nutritious, high-quality products and innovation.

In April 2025, Arla Foods and DMK Group announced their plan to merge, aiming to form a joint cooperative and shape the future of dairy. This was reaffirmed mid-year when the BoR of the three cooperative units: Arla Foods, DMK Group and DOC Kaas (together forming the DMK cooperative) voted in favour of the proposed merger, marking a key milestone in bringing together the farmer-owned organisations under shared values and complementary strengths. Regulatory approval of the merger is still pending and expected in the first half of 2026. Until then, both companies will continue to operate independently.

Why this matters

With the merger, we will continue to build resilience for the farmer owners of both dairy groups, to support food security and healthy food habits and to advance sustainability through data, science and technology.

The move is expected to accelerate innovation, improve efficiency and ensure a competitive milk price for farmer owners. By pairing Arla's international reach and innovation capabilities with DMK Group's diversified product portfolio, craftsmanship and strong presence in the German market, we aim to strengthen our relevance to consumers and customers. As one joint supplier, we will offer well-known brands, including Europe's leading dairy brand, alongside a broader and stronger product portfolio. This combination also brings greater innovation capacity and new opportunities for growth and partnership. In addition, whey volumes from expanded cheese production will increase, creating further opportunities for AFI to deliver high-value solutions and drive growth in our ingredients business.

Shared commitment and foundation

The intended merger builds on a strong business fit and a long-term partnership between the two companies, including the ArNoCo joint venture. The companies share a commitment to cooperative values and a unified vision for the future of dairy.

Clear support for the merger from farmer representatives on both sides signals confidence in the strategy and readiness to jointly drive growth and consumer trust.

In addition, both companies pursue a robust sustainability agenda, anchored in science-based targets with reduction ambitions across scope 1, 2 and 3 emissions.

If approved by the regulatory authorities, the merged entity will carry the Arla name and be headquartered in Viby, Denmark. Jan Toft Nørgaard will be chair, Peder Tuborgh will be CEO, and Ingo Müller will join the Arla Executive Management Team (EMT) as EVP of Post-merger Integration.

Towards a stronger cooperative
Arla and DMK Group aim to form a joint cooperative to shape the future of dairy.

ARLA FOODS

Arla is owned by farmers across seven European countries and is the world's largest producer of organic dairy products, with strategic brands including Arla®, Lurpak®, Castello®, Puck® and Starbucks® chilled coffee.

DMK GROUP

DMK is Germany's largest dairy cooperative, producing a wide range of dairy and food products under brands such as MILRAM, Oldenburger, Uniekaas, Alete bewusst and Humana.

	Arla 2025	DMK Group 2024
REVENUE EUR BILLION	15.1	5.1
MILK VOLUME BILLION KG	14.3	5.3
OWNERS NUMBERS	7,265	4,600
EMPLOYEES (FTE) NUMBERS	22,052	6,800
TOTAL ASSETS EUR MILLION	9,427	1,526
NET INTEREST-BEARING DEBT EUR MILLION	3,766	442

Calculations are prepared under different accounting frameworks: Arla applies International Financial Reporting Standards (IFRS) while DMK follows Handelsgesetzbuch (HGB), the German financial standards.

HIGHLIGHTS

Celebrating 25 years as Arla Foods

In 2025, we marked 25 years as a cross-border, farmer-owned cooperative, built on democratic values and a collective ambition that can be traced back to the 1880s. Over the past quarter-century, we have grown into one of the world's leading dairy companies, delivering essential nutrition, advancing sustainability and creating long-term value for our farmer owners, colleagues, customers and consumers.

Throughout this journey, we have consistently invested in innovation, expanded our global footprint and strengthened our brands, foodservice and whey business in close collaboration with our partners. We remain committed to creating the future of dairy and to bringing health and inspiration to the world, naturally.

Our cooperative milestones: 25 years of growth

2000
Swedish Arla and Danish MD Foods merge, becoming the world's first cross-border dairy cooperative, owned by farmers in both countries

2003
Launch of the Arlagården®, a shared set of principles to ensure milk quality, animal welfare and care for the climate, the environment and the people working on Arla farms

2006
Acquire of Tholstrup Cheese, adding the Castello® brand to Arla, and Finnish dairy Ingman Foods Oy Ab

2007
Acquire Express Dairies in the UK, creating the UK's leading dairy supplier under Arla Foods UK plc

2008
Join the UN Global Compact and publish our first Corporate Social Responsibility report

2009
Acquire Friesland Fresh Food in Nijkerk, Netherlands, giving access to a new market in Europe

2011
Merge with German cooperative Hansa-Milch eG. Acquire Allgäuland-Käsereien, Southern Germany and Swedish Milko, Sweden

2012
Merge with German Milch-Union Hocheifel and British Milk Link, expanding cooperative ownership to six countries

2014
Open the Aylesbury dairy, the United Kingdom (UK) and begin production in Falkenberg, Sweden. Approximately 1,300 British AMCo members join as owners, establish a joint venture with DMK for whey processing

2017
Open Arla's Global Innovation Centre in Aarhus, Denmark. Merge with Swedish Gefleortens cooperative

2018
Acquire Mondeléz International's Middle East and Africa branded cheese business, including full ownership of its cheese production site in Manama, Bahrain

2019
Announce the climate ambition of reducing scope 1 and 2 emissions in our own value chain by 63% and scope 3 emissions by 30% per kg of milk and whey by 2030

2020
Introduce Climate Checks (now FarmAhead™ Check) to calculate farm-specific climate and environmental impact. More on page 42

2022
Major expansion at Pronsfeld dairy in Germany, a key driver in meeting the growing international demand for sustainable, affordable and nutritious dairy products

2023
Launch of FarmAhead™ Incentive to incentivise farmers' sustainability initiatives and FarmAhead™ Customer Partnership programme to enable customers to partner in climate reduction projects on our owners' farms

2024
Acquire Volac's Whey Nutrition business and its production facility in Felinfach, Wales

2025
BoR in Arla and DMK Group vote in favour of the intended merger (pending regulatory approval). Launch of our new corporate brand Feed Life™ to build one strong brand position for company and consumers

HIGHLIGHTS

High CapEx investments for tomorrow's growth

Reaffirming our long-term vision, we made strategic investment decisions in 2025 to advance transformative projects and secure future growth. In February, we decided to invest in creating a UHT Centre of Excellence at Lockerbie, Scotland, to increase UHT and lactofree milk capacity. Mid-year, we committed to advancing Holstebro Dairy in Denmark, boosting cream cheese production by an additional 16,000 tonnes annually, following a 27,000-tonne increase earlier in the year, while Linköping Dairy in Sweden set plans for a new skyr line launching in 2028 to broaden our Nordic portfolio. In August, we initiated a strategic expansion of the Puck® jar line in Bahrain, reinforcing our ambitions in the Middle East.

Scope 3 target update

In 2025, we strengthened our scope 3 ambition and aligned it with the Science Based Targets initiative (SBTi) Forest, Land and Agriculture (FLAG) guideline and the 1.5°C pathway under the Paris Agreement, adopting absolute emission reductions. At the same time, we set a target for our suppliers and partners across the value chain to be aligned with SBTi by 2029. Read more on page 44.

A new health strategy to enable good food choices

We believe that good food choices make life better. Yet many lack access, knowledge or inspiration to make them.

A desire to help change this has driven us to create a new global health strategy, which was developed and launched internally in 2025.

As one of the world's largest food and beverage manufacturers, Arla has been benchmarked by the independent Access to Nutrition Initiative (ATNi) in its Global Health Index. In 2024, we moved up from #14 in 2016 to #3. We also use the Health Star Rating (HSR) system to assess our branded portfolio, aiming for 80% of products to meet the health standard of 3.5 stars or above.

With the new health strategy, we aim to fuel our product innovation, our food inspiration and our engagement in co-solving societal challenges. The strategy rests on three pillars:

- Nourish health through wholesome dairy
- Empower people to live well with life-long healthy food habits
- Secure the future of sustainable diets and food security with dairy

In the years to come, elements of the strategy will be implemented at global level, such as in product innovation, while other activities will be driven at market level defined by the most culturally relevant route and the maturity of our position and portfolio.

Meeting global protein demand through strategic brands and integration

Consumer preference for protein continued to deliver strong results. Arla® Protein achieved solid volume-driven revenue growth of 19.5%, including a 69.2% increase in our International segment. Similarly, our Starbucks® Protein Drink with Coffee has been very well received across markets, particularly in Europe, and is showing strong early momentum.

Against this backdrop, AFI marked one year since fully integrating AFI Felinfach, formerly referred to as Volac's Whey Nutrition, into our whey business. This integration has also contributed to an increase in AFI sales by 43.1%. These results highlight our strategic focus on high-protein nutrition to meet the evolving needs of customers and consumers worldwide. More details about our performance on page 23.

Recipe for Change won global awards

Recipe for Change from Puck® earned three Cannes Lions in 2025 and other international awards. These global recognitions celebrated a campaign rooted in deep local insight and the spirit of generosity and togetherness that defines the Ramadan season. It brought six authentic home-cooked recipes, each created by a resilient Lebanese woman, into some of the most renowned Lebanese restaurants in Canada, Australia and the United Arab Emirates (UAE), where in the UAE, 50% of proceeds from each dish sold were donated to support Lebanese families in need.

More green choices
To promote healthier lifestyles, we launched a recipe book in Denmark to inspire people to cook easy-to-make everyday meals with more vegetables.

ABOUT ARLA

In this section

Innovating for chefs worldwide

Combining decades of dairy expertise with deep insight into foodservice and chefs' needs, Arla® Pro creates products designed specifically for professional kitchens. The portfolio spans more than 300 products sold in over 100 countries, and in 2026 a refreshed packaging look and feel will be unveiled. Building on strong momentum, Arla® Pro achieved 7.4% volume-driven revenue growth in 2025.

Business model

At the heart of our cooperative is a clear mission: to secure the highest value for our farmers' milk while creating opportunities for their growth.

Arla is more than a dairy company. It is a farmer-owned cooperative built on shared purpose. Every kg of milk is treated as an opportunity to create value. Through essential nutrition, positive contributions to society and value creation for all stakeholders, we strive to create the future of dairy.

As a cooperative, our focus is on maximising the value from our milk. With our cooperative structure, all profits generated from our products are distributed among the owners via the milk payment system. They invest to drive growth and actively engage in sustainability initiatives.

Sourcing raw materials 1 2

Our story begins on the farm

Our cooperative consists of 7,265 farmer owners who oversee more than 1.3 million cows. Their goal is to produce milk in a sustainable and profitable manner, ensuring the well-being of the cows and preserving the surrounding environment. Their actions are recognised through our farm management Arlagården® programme and the FarmAhead™ Incentive. Read more on page 42.

Other ingredients

Our value chain extends far beyond the farm. We source a variety of ingredients, including whey, sugar, vegetable oil, salt, fruits and essential packaging materials like plastic and forest fibre from partners around the globe.

Milk collection 3

We collect approximately 14.3 billion kg of raw milk each year, sourced mainly from our owners across seven countries: Denmark, Sweden, the United Kingdom (the UK), Germany, Belgium, the Netherlands and Luxembourg.

Innovation, production and packaging 4

Together with our 22,052 employees worldwide, we are committed to continuous improvement, combining efforts to reduce our climate impact with developing products that support a nutritious and sustainable diet.

Innovation

Guided by our vision, we strive to innovate products that are nutritious and natural, adding value to our owners' milk through strong branding and marketing, enabling good food choices that make life better.

Production and packaging

Through our 58 production and packaging sites and 50 distribution centres, we bring our products to life and connect them with the people we serve globally. Each year, these facilities enable us to deliver 6.4 billion kg of nutritious dairy products. They also provide employment across multiple countries, where we remain committed to ensuring fair wages and benefits for all employees. More on page 64.

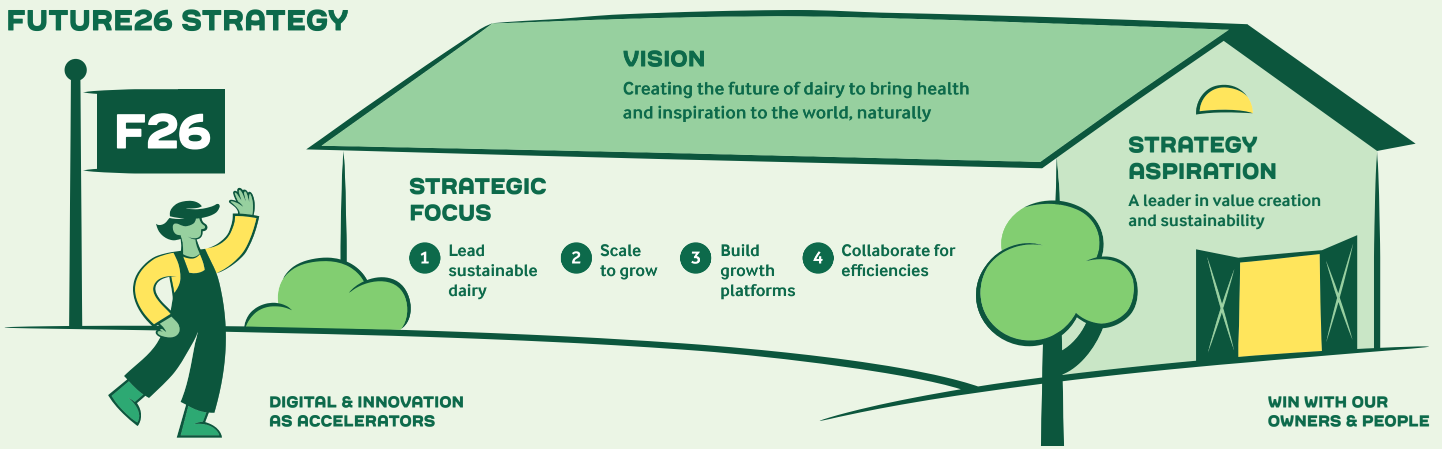
Customers 5

We serve 166 countries, partnering with supermarket chains, foodservice providers, business-to-business clients and e-commerce platforms. Our success is built on collaboration, anticipating market shifts and responding with agility. We work together with our customers to reduce the environmental footprint across the value chain. More on page 44.

Consumers 6

We help people eat well by providing inspiration and sharing the benefits of dairy with millions of individuals. Through innovative solutions, promoting good food choices and making nutrition accessible to all, we Feed Life™. More on page 62.

FUTURE26 STRATEGY



PEER GROUP INDEX
103 – 107

We aspire to have a competitive milk price compared to our peers

BRANDED VOLUME GROWTH
1 – 4%

We aim to create brands and products that bring value to our costumers' life through health and nutrition

CO_2E REDUCTION
SCOPE 1+2: -63%
SCOPE 3 FLAG: -30.3%

We are committed to the 1.5°C ambition and the FLAG sector pathway

INVESTMENTS
600 – 800 mEUR ANNUALLY

We invest to support owners and value creation

EFFICIENCIES
70 – 100 mEUR ANNUALLY

We fund our future by having an end-to-end focus on becoming both more efficient and more effective in the way we work

Strategy

As Future26 enters its final phase, we remain committed to our aspiration of leading in value creation and sustainability, shaping the future of dairy through health and inspiration.

Future26: our long-term growth strategy

Future26 strategy sets out how we secure healthy, sustainable growth and long-term stability in a rapidly changing world. Since its launch in 2022, the strategy has guided us through geopolitical tensions, inflationary pressures and fluctuating commodity markets. Despite these challenges, we continue to deliver competitive milk prices for our farmer owners and strengthen our position. F26 is built upon four strategic pillars:

Lead sustainable dairy 1

We are working towards our 2030 goals and continue to reduce emissions across the value chain. Our belief in the FarmAhead™ programme is steadfast and close collaboration with our farmer owners is fundamental, though we recognise the need to intensify our efforts. The FarmAhead™ Customer Partnership programme now covers up to 4.5 billion kg of milk. Going forward, our agenda will be guided by Feed Life™. More about our sustainability strategy on page 35.

Scale to grow 2

Our branded portfolio has delivered solid volume-driven revenue growth across the strategy period to date. Recovery in 2024 marked a turning point following cost-of-living pressures, and while 2025 reflected softer market conditions, the overall trajectory remains robust, reflecting continued consumer trust in our brands. Innovation has continued to support this momentum, with Arla® Protein and Starbucks® chilled coffee successfully capturing demand for convenient, high-protein options, while Lurpak®, Puck® and Castello® sustained their leadership.

We have also strengthened our market presence across key regions. Strong commercial execution has supported volume-driven revenue growth in the UK and Germany. The Netherlands, Belgium and France have continued their upward trajectory, delivering double-digit growth in 2025. Beyond Europe, South-East Asia has shown strong progress and the Middle East and North Africa have delivered consistent year-on-year gains. To support future growth at scale, we continued to invest across a range of initiatives, including the expansion of mozzarella production at Taw Valley in the UK and Puck® jar production in Bahrain.

Build growth platforms 3

We continue to build the platforms that support long-term growth. Arla® Pro has strengthened its position as the preferred brand in foodservice, while enhanced e-commerce offerings have expanded our reach to both consumers and customers. The successful integration of AFI Felinfach has strengthened AFI as one of our key growth platforms, supported by strong demand for protein ingredients and favourable market conditions.

Over 2022–2025, we invested EUR 2.9 billion across a broad range of initiatives, from capital expenditure to mergers and acquisitions.

Collaborate for efficiencies 4

Efficiencies have been a consistent source of value creation throughout Future26. From 2022 to 2025, our initiatives delivered cumulative savings of EUR 504 million, with savings surpassing EUR 100 million in every year of the period. This performance exceeded annual savings targets and enabled reinvestment in growth, innovation and operational resilience. Strengthening efficiency through digitalisation and agile operating models has remained central to our competitiveness and to delivering our strategic ambition.

Sharpening focus for 2026

As the strategy nears its conclusion, we aim to sharpen our focus on securing an attractive milk price for our owners, to continue driving brand momentum and to advance the shift towards more sustainable farming. We will leverage and follow through on the many investments made, while maintaining efficiency. The potential merger with DMK Group has also represented a bold step towards creating Europe's strongest dairy cooperative. We remain alert and adaptable; if the intended merger materialises, we will update our strategic direction to ensure continued relevance and growth.

Risk management

We take a proactive approach to risk management, prioritising what matters most whilst adapting our methods to ensure resilience, clarity and value creation across the business.

Approach to risk management

Arla takes a holistic and proactive approach to risk management, integrated into our business planning and decision-making processes. We aim to identify and mitigate risks that could impact our business while also recognising opportunities that could enhance our value creation.

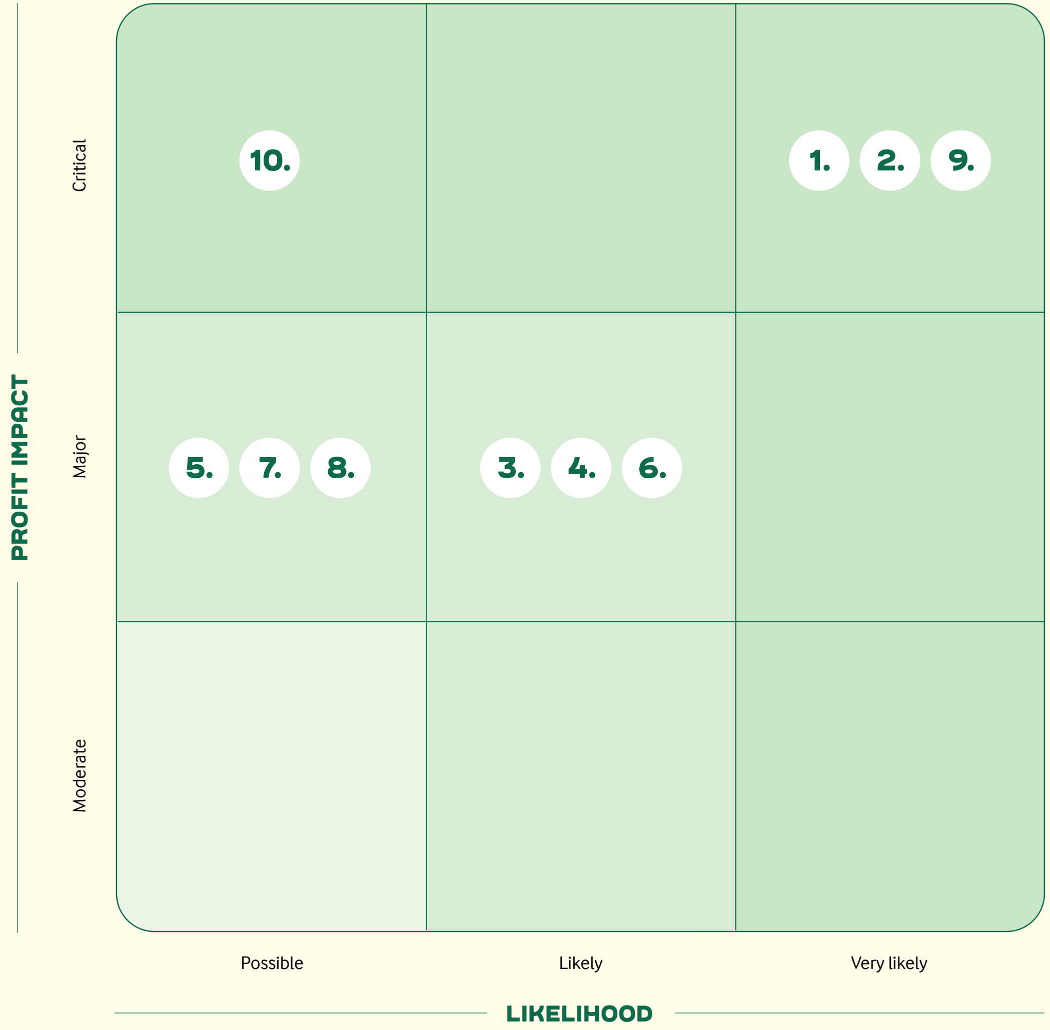
Dedicated risk owners in each business area continuously monitor emerging trends and key risk exposures. We evaluate these risks using a structured methodology to quantify potential financial impact and likelihood over short (less than a year), medium (one to five years) and long (more than five years) term. This consistent framework allows us to prioritise the most significant risks and develop effective responses. We continually refine our risk management tools and practices to adapt to changes in our environment and to ensure clarity and transparency in how risks are communicated and managed across the company.

Governance and oversight

Oversight of risk management is embedded in Arla's governance structure. The Board of Directors (BoD) holds ultimate responsibility for risk oversight and ensures that robust risk management, compliance and internal control systems are in place. The Executive Management Team (EMT) is accountable for implementing the risk management framework and managing the enterprise risks on a day-to-day basis. Management regularly reviews the consolidated risk profile of the business and discusses material risks along with mitigation actions, with the BoD.

To strengthen accountability, each risk has a clearly designated owner within the EMT. The BoD monitors the effectiveness of our risk management processes and controls by regularly reviewing key risks, mitigation activities and by engaging in dialogue with the EMT on emerging exposures. This governance setup fosters close collaboration between the BoD and EMT in identifying, evaluating and addressing risks in a timely manner, while preserving the flexibility to respond quickly to emerging issues or changing conditions.

PERIPHERAL RISKS	**1. Regulatory and agricultural risks impacting milk production** **2. Geopolitical instability and economic turmoil**
MARKET-SPECIFIC RISKS	**3. Transformation of consumer behaviour** **4. Loss of competitiveness in branded portfolio** **5. Loss of international competitiveness due to increased production costs**
ARLA-SPECIFIC RISKS	**6. IT disruptions, including major cyber attacks** **7. Major product supply, quality and safety issues** **8. Supply of raw materials** **9. Currency volatility** **10. M&A integration**



RISK MANAGEMENT

Category		Risk description	Impact development	Timeframe	Potential impact	Mitigating actions
PERIPHERAL RISKS	**1. Regulatory and agricultural risks impacting milk production** More about climate-related risks on page 36.	European government proposals on sustainability financial levers, such as the international emissions trading system and climate taxes, could increase costs for both farmers and processors. Denmark's government nitrate agreement, along with the EU's implementation of nature legislation, could drive land-use changes and reduce milk production. The EU's Common Market Organisation proposal and other market-focused legislation could raise the cost of doing business and further erode the EU's single market	Stable	Short, medium and long	• Higher production costs on farms • Lower milk volumes • Increased investment in farm barn infrastructure • Reduced flexibility of operations	• Continuously implement on-farm activities that reduce emissions • Incentivise farmers to lower their emissions and minimise their impact on land use change • Actively reduce emissions in our own operations and remain alert to changes in milk intake • Play various roles in addressing disease impacts and act in line with our continuity plan to stay resilient
	2. Geopolitical instability and economic turmoil	Global political and economic instability, including trade barriers and regional conflicts, may disrupt supply chains and affect demand in key markets	Stable	Short and medium	• Economic instability and recession could reduce the demand for dairy, affect exchange rates and increase commodity prices, impacting profitability • Political unrest or wars might disrupt the global food value chain, potentially leading to shortages of animal feed and disruptions in logistics networks. These disruptions could affect our milk volumes and profitability	• Balance our growth between higher-risk and lower-risk markets in our International segment • Strengthen supply chain resilence and contingency planning
MARKET-SPECIFIC RISKS	**3. Transformation of consumer behaviour**	Consumer preferences in the food industry are always evolving. The increasing speed and unpredictability of these changes could pose a risk that significantly impacts our business	Stable	Medium	• Loss of market share and sales volumes if our sustainable transformation does not match the speed of changing consumer trends	• Understand and closely track consumer needs • Provide a wide range of options to consumers who seek more sustainable meal choices • Highlight nutritional and health benefits, backed by our new health strategy
	4. Loss of competitiveness in branded portfolio	Due to the uncertainty of consumer spending power in some key markets, consumers might opt for more affordable alternatives	Stable	Short	• Price pressure on our branded products could make our brands less competitive in the market • Our brands are at the core of our value generation model. Slow development in branded revenue will negatively impact profitability	• Keep our branded portfolio relevant and affordable for our consumers through innovation and strong sales execution
	5. Loss of international competitiveness due to increased production costs	Most of our dairies are based in Europe, where high production costs challenge the competitiveness of our products in international markets	Stable	Short	• In our key growth market in the international region, we often compete with dairy companies based outside Europe. These companies have a competitive edge over us if the current level of input costs is maintained	• Maintain a cost-efficient supply chain to reduce dependence on our European sites and explore possibilities in production and sourcing for our international markets where we have strategic commercial interests
ARLA-SPECIFIC RISKS	**6. IT disruptions, including major cyber attacks**	Dependence on IT systems and rising cyber threats expose Arla to operational disruptions and data security risks	Stable	Short	• Interruptions in production and distribution • Financial and reputational damage from data breaches	• A dedicated cybersecurity team and incident response plans • Regular penetration testing and employee training
	7. Major product supply, quality and safety issues	Maintaining high standards of product quality and food safety is essential to protect consumer trust and brand reputation	Stable	Short	• Major product quality and/or food safety issues may lead to a loss of brand reputation and reduced trust in our products • Downgrade of products may lead to financial losses	• Constantly improve our quality and food safety management programmes • Prioritise food safety and compliance with health and safety regulations across our supply chain
	8. Supply of raw materials	Given that milk and whey are essential raw materials in our production, our supply chain is exposed to risks related to availability and timing of deliveries	New	Short	• Disruptions in production planning and fulfilment • Increased operational costs due to supply volatility • Potential delay in delivery	• Close collaboration with farmer owners and suppliers • Scenario planning for supply fluctuations • Flexible production setups to manage timing variability
	9. Currency volatility	Given that a significant portion of our revenue comes from currencies other than EUR or DKK, our primary financial risk arises from currency fluctuations in global markets	Stable	Short	• Currency changes that increase sales prices in individual markets can affect our competitiveness and potentially impact revenue and profit • Purchasing owner milk and operating in countries outside the euro zone means that we expose our performance price, measured in EUR, to fluctuations in currencies such as GBP, USD, SEK, NGN, ARS and BDT	• A team dedicated to manage currency exposure • Reduce short-term exposure through hedging activities More about our currency risk in Note 4: Funding on page 125.
	10. M&A integration	The intended merger with DMK Group represents one of the largest structural transformations in Arla's recent history. The intended merger requires many resources and management attention, potentially affecting the pace of other strategic initiatives and day-to-day operations	New	Short, medium and long	• Increased organisational complexity during the transition • Pressure on day-to-day operations and key functions • Slower execution of strategic initiatives	• A dedicated integration team with clear governance anchored at BoD level • Focus on cultural alignment and process harmonisation • Proactive stakeholder communication and structured execution planning

PERFORMANCE REVIEW

In this section

When data meets taste

As part of the product development journey, we run panel and consumer tests to guide us towards the tastes consumers love the most. At Arla® Skyr, we are now leveraging machine learning and data to anticipate consumer preferences. If successful, this approach will minimise repeated testing, accelerate decision-making and focus research where it delivers the greatest impact, making innovation faster, smarter and tastier.

EXECUTIVE SUMMARY

Robust performance amid global market dynamics

Arla delivered a robust performance in a year impacted by strong market forces. Tight supply and firm demand kept commodity prices elevated in the first half of the year. However, prices fell significantly in the second half, particularly in the fourth quarter, following an unanticipated increase in milk availability globally, including Europe. This broader shift in market conditions had a direct effect on our performance. In the wider context, dairy demand remained strong and we achieved robust results across markets and channels.

Overall, our performance price increased by 10.8% to 56.4 EUR-cent/kg (2024: 50.9 EUR-cent/kg), reflecting the higher value created from our owners' milk through strong market and brand positions as well as profitable growth in the protein and sports nutrition segment. However, the rise in milk availability put pressure on global commodity prices and this fed through to our pre-paid milk price, contributing to a lower performance price for the second half of the year.

Elevated commodity prices in the first half also had a clear impact on our brand performance as well. Market movements shaped the trajectory of our brand volume-driven revenue growth, with high price levels constraining growth before momentum strengthened in the second half. Even so, our branded portfolio held a solid position, supported by stable retail volumes and a strong foodservice performance. Our total revenue rose by 9.4% to EUR 15.1 billion. Arla Food Ingredients (AFI) was a major contributor, delivering EUR 1.5 billion in revenue on the back of the successful integration of AFI Felinfach and the robust global demand for value-added protein.

Our efficiency programme delivered EUR 158 million, the highest outcome achieved to date, driven by broad-based efficiencies across our supply chain, commercial areas and central functions.

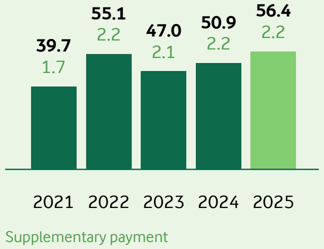
In sustainability, we achieved a 5.6%p year-on-year reduction in scope 1 and 2 emissions, down 43.6% from 2015, reflecting continued energy-efficiency gains and our transition to low-carbon operations. Arla farmer owners reduced emissions intensity per kg of milk by 0.4%p and emissions on farms have decreased by 9.9% compared to the 2020 baseline. However, the increased milk supply drove our farm-related emissions, which increased by 4.4%p year on year. We continued to scale actions under the FarmAhead™ framework and supported our farmer owners in adopting proven practices, such as feed optimisation, herd management and manure handling.

TORBEN DAHL NYHOLM
CFO of Arla

F26

56.4

PERFORMANCE PRICE EUR-CENT/KG



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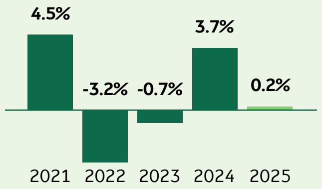
0.2%

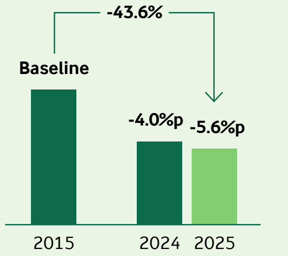
STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH



F26

-5.6%p

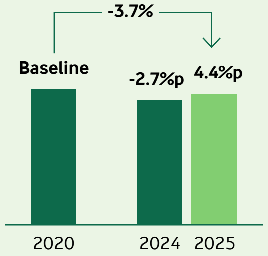
SCOPE 1+2 EMISSIONS DEVELOPMENT IN 2025



F26

4.4%p

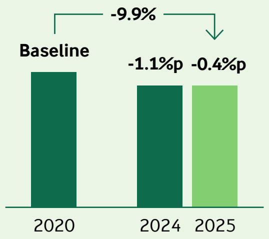
SCOPE 3 FLAG EMISSIONS[1] DEVELOPMENT IN 2025



F26

-0.4%p

SCOPE 3 OWNER MILK EMISSIONS PER KG OF MILK DEVELOPMENT IN 2025



[1] Emissions related to forest, land and agriculture activities.

External market overview

A rapid surge in milk supply in the second half of the year reshaped global commodity prices, set against a backdrop of geopolitical uncertainty and normalising inflation throughout 2025.

Geopolitical turmoil persisted, yet global growth held firm

The war in Ukraine and the Israel–Hamas conflict continued to shape the global outlook, contributing to a persistently fragile environment.

Frequent tariff announcements in early 2025 raised expectations of softer global output and trade. From a European perspective, concerns over the potential impact of US import tariffs eased after the European Union (EU) and the US agreed in August to set a 15% tariff rate. Although not favourable, it provided a degree of clarity, even if the broader policy outlook remained uncertain.

Despite geopolitical turmoil and trade uncertainties, the global economy broadly held firm, with real gross domestic product (GDP) growth of 3.2%, only 0.1%p below 2024. In the EU, growth improved to 1.4%, up from 1.1% in 2024[1].

Inflation returned to pre-COVID levels

Since peaking in 2022, inflation has steadily declined, a trend that continued through 2025 as supply chains normalised. European inflation settled at 2.1% in 2025, down from 2.4% in 2024. Projections for 2026 point to 1.9%[1], though these remain highly sensitive to tariff implementation. Outside Europe, inflationary pressures persisted. Africa and the Middle East recorded rates of 13.6% and 10.4% respectively, pushing global inflation to 4.2% in 2025 (2024: 5.8%)[1].

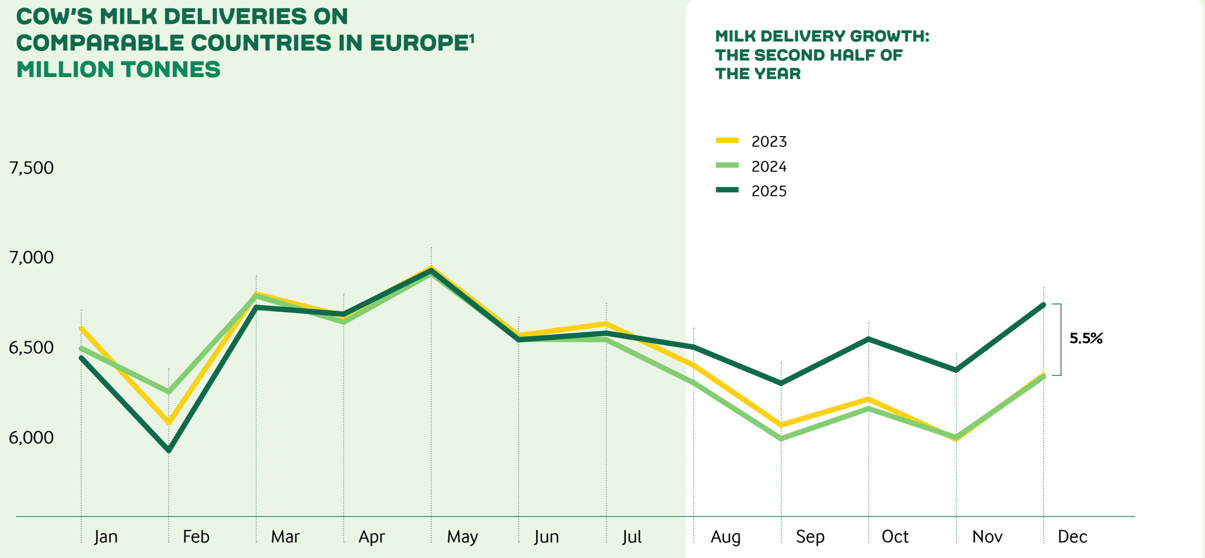
Strong wage sustained demand

Normalising inflation combined with wage growth of 3.2%[2] in 2025 increased purchasing power for European consumers[1]. Dairy sales volumes rose by 0.7%, led by the milk, yoghurt and cooking (MYC) category, which recorded volume growth of 0.9% and cheese, which grew by 0.8%. In contrast, butter, spreads and margarine (BSM) volumes declined by 2.1%, caused by the generally high price level of BSM products[1].

Global commodity prices reacted to surging milk supply

The year 2025 stood out for its global market dynamics, driven by the forces of supply and demand. Tight milk supply and continued strong demand in the first half of the year

COW'S MILK DELIVERIES ON COMPARABLE COUNTRIES IN EUROPE[1] MILLION TONNES

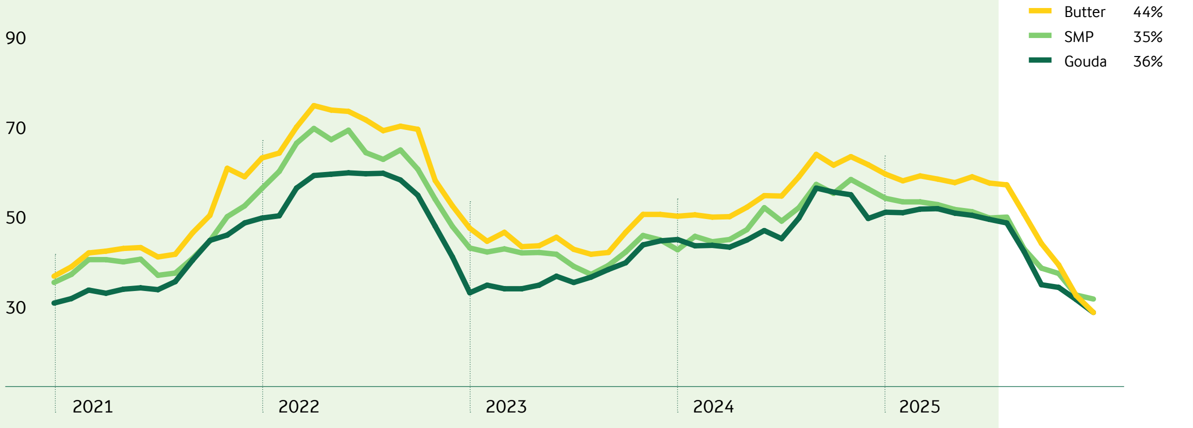


Source: CLAL

[1] Sweden, Denmark, the UK, Germany, Belgium, the Netherlands, Finland.

COMMODITY PRICES[1] EUR-CENT/KG, MILK UTILISATION EQUIVALENT

Average prices[1]	2024	2025
Butter	55.1	51.9
SMP	49.6	46.4
Gouda	47.4	44.8



Source: GDT, Trigona Dairy Trade, CLAL

[1] A change in methodology has been applied to the calculations. The figures for 2024 differ from those published in Annual Report 2024.

supported firm commodity prices. In the second half, especially in the fourth quarter, market conditions changed drastically. A season of exceptionally good weather resulted in a strong feed harvest globally. With better feed availability, farms were able to increase milk production within their existing capacity. As milk supply rose while demand remained broadly stable, a clear supply–demand imbalance emerged, driving commodity prices down. The decline began in August and accelerated into the fourth quarter. From August to December, butter prices fell by 44%, gouda by 36% and skimmed milk powder (SMP) fell by 35%. However, because these declines occurred late in the year, their impact on the 2025 annual averages was limited, with effects likely to continue into 2026.

Farmgate milk prices remained high before softening late in the year

The dynamics in commodity markets were reflected in the farmgate milk prices in Europe. Prices were at a stable and relatively high level throughout the first half of the year before declining in the second half. With dropping commodity prices, EU farmgate milk prices started declining 5% to 10% from August to December[3].

The total milk supply to Arla reached 14.3 billion kg this year, compared with 13.7 billion kg last year, an increase of 4.3%. Related to our owners' milk, supply increased in every owner country. The UK (7.7%) and Denmark (3.6%) delivered the strongest uplift, supported by additional growth from Sweden, Germany and the Benelux markets.

Mixed currency movements in 2025

Foreign exchange developments also shaped the year, with notable shifts across major currencies. We saw unfavourable currency movements in GBP and USD, which were mitigated by an improvement in SEK. On average, SEK increased by 3.4%, while GBP and USD decreased by 1.2% and 4.1%, respectively. The movement in year was even more pronounced. From December 2024 to December 2025, we saw a 6.2% increase in SEK, while GBP and USD declined by 4.9% and 11.4%.

Sustainability regulation is changing

In 2025, key markets experienced substantial shifts in sustainability regulation. In the EU, regulations such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Deforestration Regulation (EUDR) were postponed. Whereas China and emerging markets accelerated their transition from voluntary to mandatory sustainability reporting, several Asian countries introduced or expanded Emission Trading Systems (ETS). This highlights a growing divergence in global regulatory momentum, with emerging economies taking a more assertive stance on sustainability.

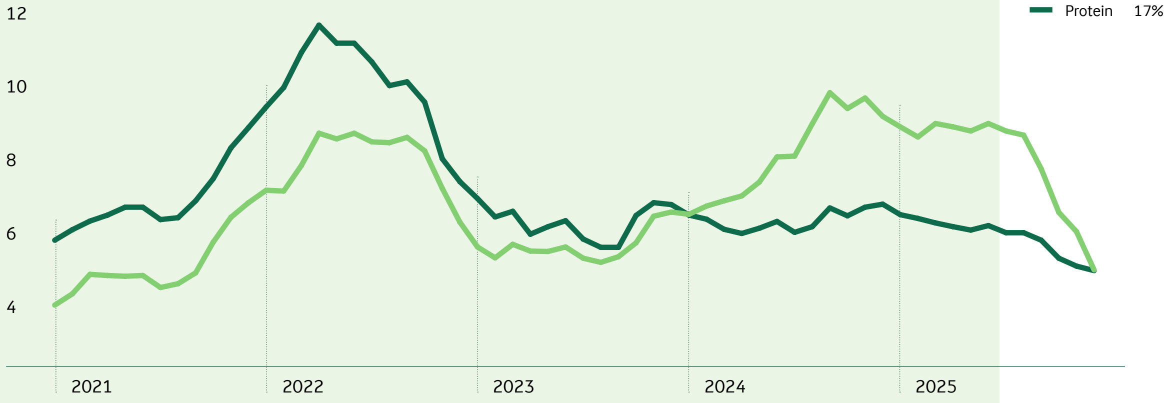
[1] *Source: IMF, World Economic Outlook, October 2025*
[2] *Source: ECB*
[3] *Source: CLAL*

FAT AND PROTEIN COMMODITY PRICES EUR/KG

Average prices	2024	2025
Fat	7.9	7.8
Protein	6.2	5.8

DECREASE FROM AUGUST TO DECEMBER 2025

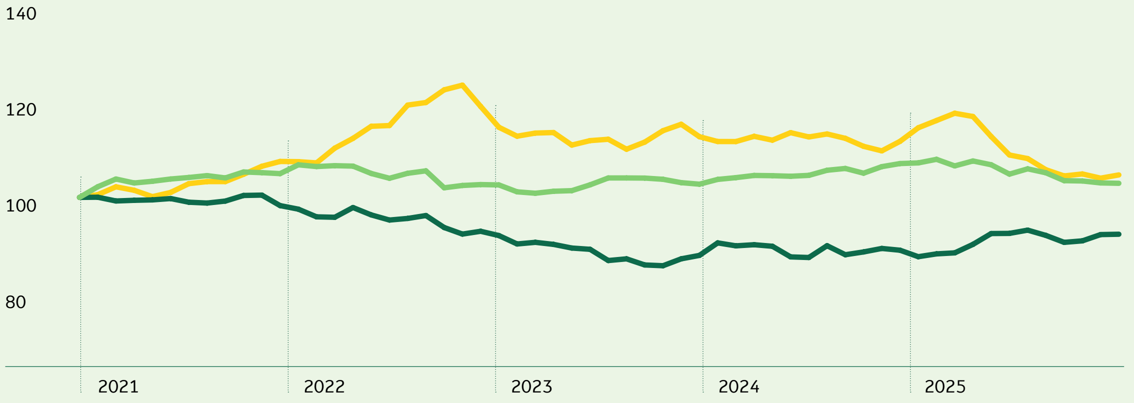
Fat	42%
Protein	17%



Source: ZMB

DEVELOPMENT IN FOREIGN EXCHANGE RATES INDEX, JAN 2021 = 100

Average prices[1]	2024	2025
USD	112.8	108.3
GBP	105.7	104.6
SEK	88.6	91.6



Source: Danmark Nationalbank
[1] *The 2024 figures presented this year differ from those reported in Annual Report 2024, as the index year has been updated against EUR.*

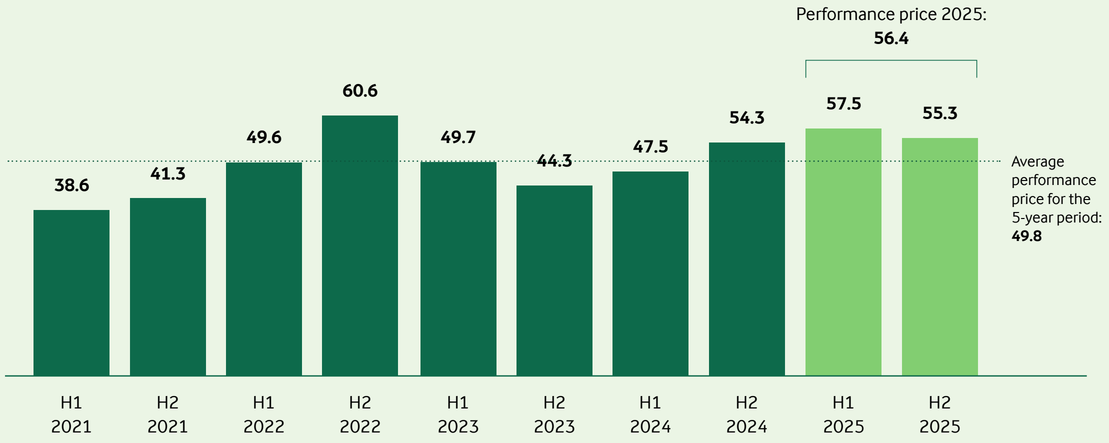
Performance overview

Amid volatility and shifting market dynamics, we delivered a robust performance, reflecting solid global dairy demand supported by continued investment, innovation and progress in sustainability.

Milk prices remained firm before declining in the second part of the year

The milk price developments of 2025 offered a clear reflection of the year's shifting market dynamics. Arla's average pre-paid milk price increased by 11.6% to 53.4 EUR-cent/kg (2024: 47.8 EUR-cent/kg). The performance price, which reflects the value Arla generates per kg of owners' milk, rose by 10.8% to 56.4 EUR-cent/kg (2024: 50.9 EUR-cent/kg). The uplift was driven by high dairy commodity prices through the first half of the year, supported by strong market and brand positions, profitable growth in the protein and sport nutrition segment and continued efficiency gains. However, in line with market movements, the increased milk availability in the second half of the year drove commodity prices down.

PERFORMANCE PRICE EUR-CENT/KG



Growth highlight
Arla® Skyr recorded solid volume-driven revenue growth of 17.8%, making it one of the strongest-performing Arla® sub-brands in 2025.

Revenue growth supported by commercial prices and higher trading volumes

Our revenue grew by 9.4% to EUR 15.1 billion in 2025, compared to EUR 13.8 billion in 2024. The increase was driven mainly by higher average price levels in our retail, foodservice and whey businesses, including new business from AFI Felinfach. Global Industry Sales (GIS) recorded higher revenue as additional milk became available even as sales prices eased in the second half of the year.

Branded volume-driven revenue followed the market dynamics

Our branded volume-driven revenue landed at 0.2% in 2025. Although growth was modest, it indicated strong underlying consumer purchasing power and firm demand, as high price levels present in the first half of the year constrained growth, of the BSM category in particular. As such and expectedly, branded volume-driven revenue decreased by 1.5% in the first half of the year before growth momentum returned in the second half of the year at 1.8%.

Performance varied across regions and channels as well. Branded volume-driven revenue declined by 0.8% in Europe, whereas it increased by 2.4% in the International segment. Retail was more exposed to market pressures, resulting in a 1.7% decline in branded volume-driven revenue, while foodservice maintained growth and achieved a 2.7% increase.

Substantial savings from our efficiency programme

Our Fund our Future programme delivered efficiencies of EUR 158 million, which is the highest outcome achieved under the initiative to date. This was driven by many initiatives across the value chain, such as AFI's continued work on value-add products, recipe refinements, smarter distribution choices and assortment optimisations.

Net profit within target range

We recorded a net profit of EUR 415 million in 2025, equal to 2.8% of revenue, which was within the target range of 2.8-3.2%. Together with our robust financial position, the Board of Directors (BoD) proposes a supplementary payment to our owners of 2.2 EUR-cent/kg of milk.

Other comprehensive income

Other comprehensive income of EUR -196 million (2024: EUR -11 million) was driven by value adjustments of investments in associates and joint ventures of EUR -107 million and by EUR -103 million exchange differences from translation of foreign operations.

Robust financial position

This year, we maintained our robust financial position in the volatile market. Our leverage ratio settled at 3.3 compared to 3.2 last year. The ratio was impacted by increased net interest-bearing debt due to a continued high level of investments in production facilities supporting our strategic ambitions. The reported leverage level was within our target range of 2.8-3.4.

Improved operating cash flow

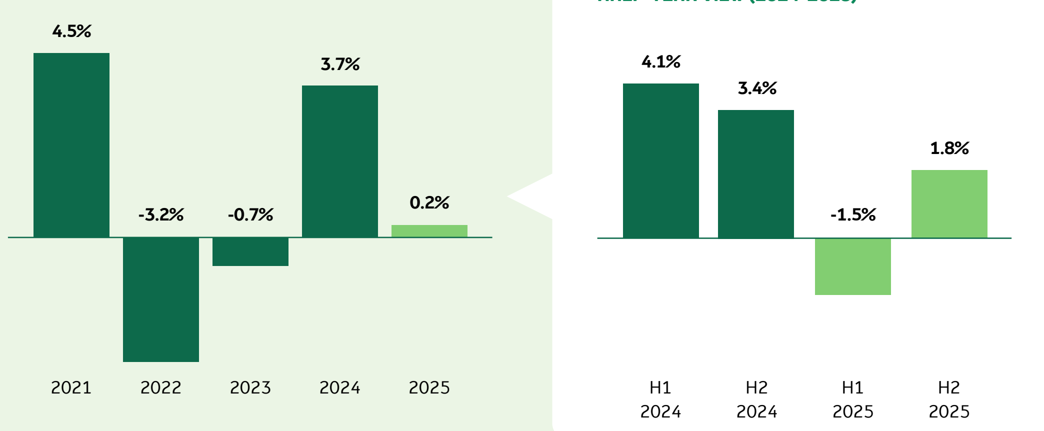
Cash flow from operating activities was EUR 862 million (2024: EUR 652 million), representing an improvement of EUR 210 million compared to last year. EBITDA improved EUR 47 million, while net working capital and other adjustments to the operational cash flow improved by EUR 163 million compared to last year. EBITDA landed at EUR 1,156 million compared to EUR 1,109 million in 2024.

Investing for future growth

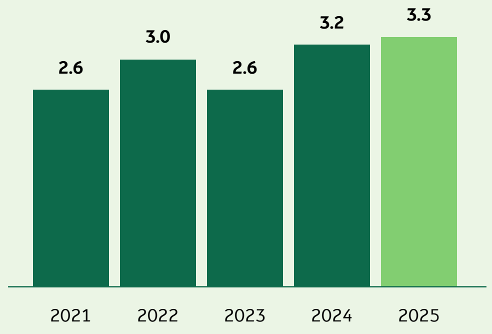
We have continued to invest in significant projects to support future growth within our strategic business areas. This year, our total investments, including intangibles, property, plant and equipment as well as right-of-use assets, totalled EUR 731 million, compared to EUR 763 million in 2024.

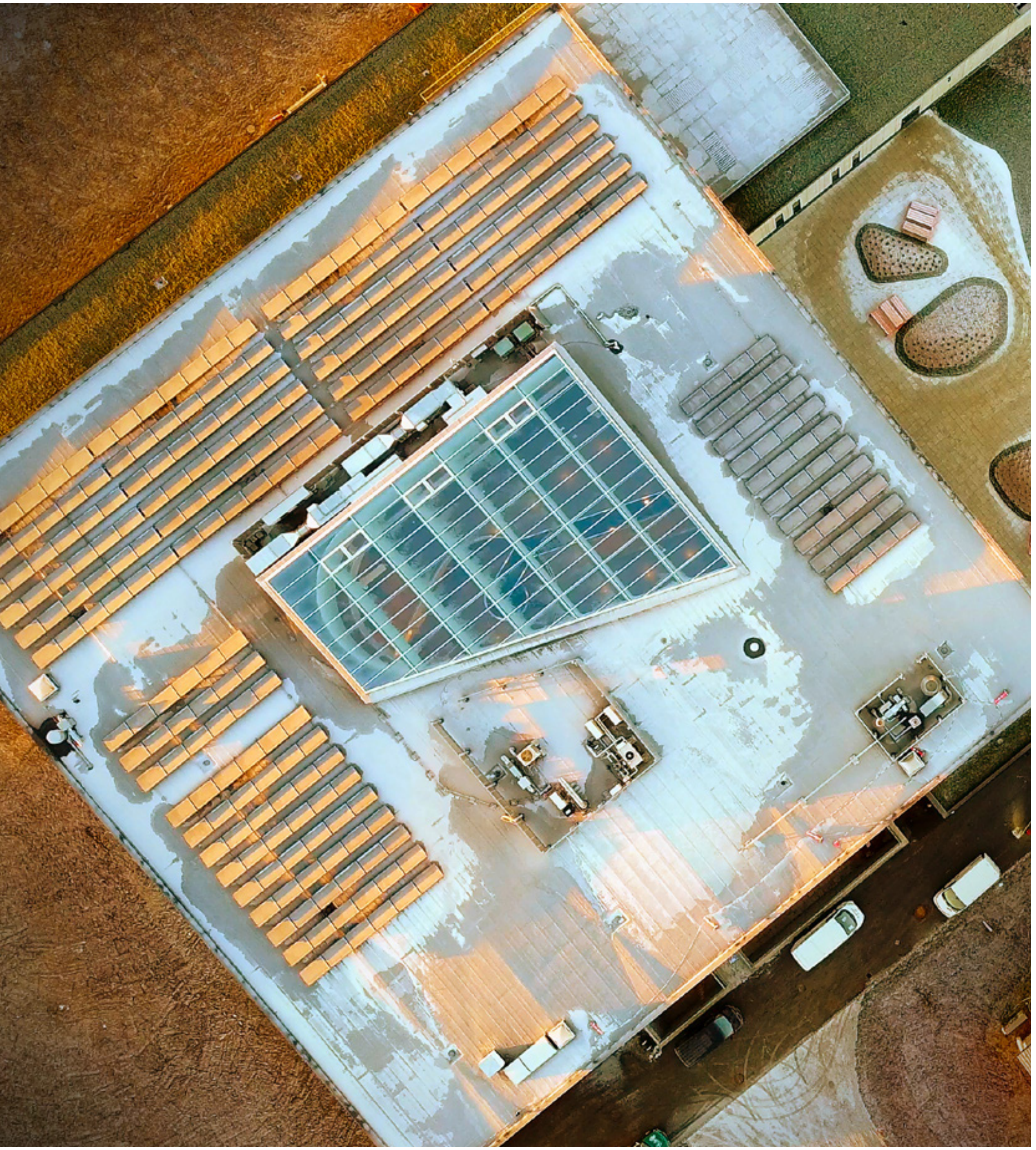
Key investments related to the cheddar production facilities in Taw Valley Dairy, UK and investments in AFI to support growth in the value-add segment.

STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH



FINANCIAL LEVERAGE DEVELOPMENT TARGET RANGE: 2.8-3.4





Renewable sources electricity
Starting in December 2025, our dairies in Europe use electricity generated from renewable energy.

Updated Double Materiality Assessment

The reporting scope on sustainability is in line with the Corporate Sustainability Reporting Directive (CSRD) guided by a double materiality assessment (DMA). In 2025, we updated our DMA to align with new regulatory guidance and Arla's Enterprise Risk Management (ERM) process. Our previous DMA was carried out before regulatory standards and guidance were finalised. Thus, the revision refined our scope of reporting, while aligning with CSRD requirements. Read more on page 36.

New emission reduction targets

We updated our scope 3 emission reduction targets to align with the new FLAG emissions guideline from the Science-Based Targets initiative (SBTi). Going forward, we are committed to reducing absolute scope 3 FLAG emissions with 30.3% by 2030 from a 2020 baseline year. We also introduced a new scope 3 supplier and partner engagement target for scope 3 non-FLAG emissions, where 82.6% of suppliers across key categories, measured by emissions, should have science-based targets in place by 2029. We remain committed to reducing scope 1 and 2 emissions by 63% by 2030 from a 2015 baseline year. All three targets are validated by SBTi.

Reducing emissions in our value chain

In 2025, we achieved a 5.6 %p reduction in scope 1 and 2 emissions, totalling a 43.6% decrease from 2015 levels. The continued reduction was accomplished by further optimisations, investment in heat pumps, e-boilers and increased use of renewable energy. From December 2025, we exclusively rely on electricity generated from renewable sources for our production sites in Europe.

Arla farmer owners reduced emissions intensity per kg of milk by 0.4%p in 2025, but due to a significant increase in deliveries of owner milk to Arla in the second half of 2025, emissions under the scope 3 FLAG target increased by 4.4%p in 2025. Nevertheless, this still marks an absolute reduction of -3.7% compared to our 2020 baseline.

FarmAhead™ is on track

The FarmAhead™ Incentive points increased from an average of 53 in 2024 to 55 in 2025, demonstrating that it is a valuable tool for reducing emissions on farms. In 2025, we laid the groundwork for broadening the impact of FarmAhead™ starting in 2026. Going forward, the expanded scope will include ammonia emissions, carbon sequestration, semi-natural grassland and multi-species swards.

We have continued to advance towards our target of achieving fully deforestation and conversion free (DCF) sourcing for soy, palm and forest fibre. In 2025, 82% of soy used as feed at farm level was DCF, and our FarmAhead™ Incentive continued to play a central role in driving change, rewarding farmers for reducing soy use or sourcing DCF soy.

New health strategy and safety metrics

In 2025, we expanded our internal accident reporting system, ensuring that it now covers all facilities, and introduced new health and safety metrics like, for example, total recordable accidents. During the year, we recorded a lost-time accident (LTA) rate of 2.9. This is an improvement compared to last year on a like-for-like scope, which was driven by strong progress within Danish logistics.

Our employee head count declined primarily due to the outsourcing of transport activities in the UK. However, our Full-Time Equivalents (FTEs) increased slightly, from 21,895 in 2024 to 22,052 in 2025. The increase was due to the full-year effect of the AFI Felinfach acquisition in November 2024.

In 2025, we also launched a new health strategy focused on improving the health profile of our product portfolio. To track progress, we introduced a new KPI based on the Health Star Rating methodology. We have an ongoing target of 80% of our branded products qualifying as being healthy, and in 2025 we achieved 79.6%.

PERFORMANCE OVERVIEW

Global brands

Our business is built around strategic global brands that power a significant part of Arla's value creation.

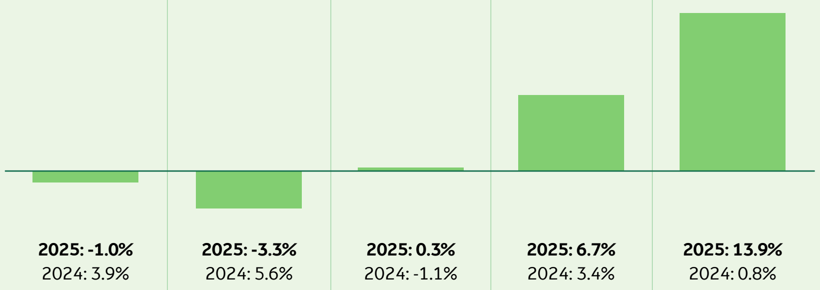
OUR BRANDS

F26

STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH

0.2%

2024: 3.7%

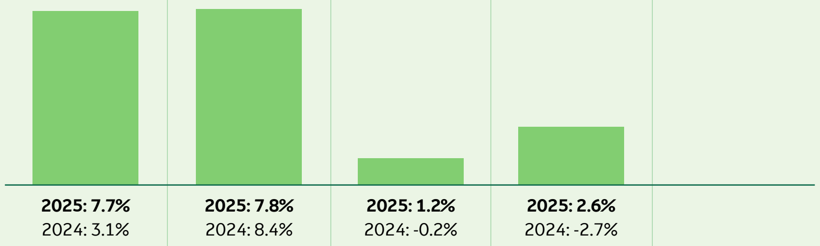


F26

STRATEGIC BRANDED NET REVENUE GROWTH

6.9%

2024: 3.1%



Global brands

Total branded revenue reached EUR 7,029 million (2024: EUR 6,589 million), marking a 6.9% increase driven by higher average price levels, while our strategic branded volume-driven revenue growth was a modest 0.2% (2024: 3.7%). As expected, the high price levels during the first half of the year weighed on overall growth, with branded volume-driven revenue declining by 1.5% in the first half. Growth momentum returned in the second half as price levels eased and category consumption improved, with a growth of 1.8%.

Arla® brand

The Arla® brand spans multiple categories such as milk, yoghurt and cheese, supported by various sub-brands. Higher price levels lifted total brand revenue by 7.7% to EUR 4,027 million (2024: EUR 3,737 million). The higher price levels helped offset the decline in branded volume-driven revenue, which decreased in the first half of the year and was partially balanced by growth in the second half, resulting in a full-year decrease of 1.0% (2024: 3.9%). Among sub-brands, Arla® Protein and Arla® Skyr delivered impressive volume-driven revenue growth of 19.5% and 17.8%, as did our foodservice brand Arla® Pro, which saw growth of 7.5%. At market level, branded volume-driven revenue growth continued to be prominent in the Netherlands, Belgium and France cluster, reaching 5.2%.

Lurpak®

Lurpak® delivered revenue growth of 7.8% to EUR 903 million (2024: EUR 837 million), despite a 3.3% decline in branded volume-driven revenue (2024: 5.6%). Elevated butter retail prices throughout the year weighed on performance.
In Europe, branded volume-driven revenue fell by 7.6%, driven mainly by the UK. International markets showed growth, with branded volume-driven revenue up 4.5%, led by a 9.9% demand increase in the Middle East and North Africa (MENA). In key markets, such as Denmark, UAE and Greece, the strong Lurpak® brand grew volumes steadily and remained in leading position. The new plant-based range strengthened the brand by attracting younger consumers and widening its reach.

Castello®

Our specialty cheese brand Castello® delivered a revenue increase of 1.2%, reaching EUR 248 million (2024: EUR 245 million). Branded volume-driven revenue for the whole year increased by 0.3% (2024: -1.1%), following strong volume-driven revenue growth in the second half of the year. In Europe, volume-driven revenue edged up 0.1%, however with underlying strong consumer demand for aged havarti products, while mould and cream cheeses declined. International volume-driven revenue grew by 0.5%, mainly influenced by strong performance in the US in the second half of the year. Category trends were mixed, with an increase in yellow cheese volumes being partly offset by a decline in mould cheese volumes amid intensified price competition in certain markets.

Puck®

Puck® delivered strong growth in 2025 with revenue rising 2.6% to EUR 528 million (2024: EUR 514 million). Revenue growth was positive in both halves of the year, with a strong second half of 10.7%. Being a leading dairy brand in the Middle East, volume-driven growth in the MENA region of 6.3% ensured overall volume-driven growth of 6.7% (2024: 3.4%). A key contributor was the strong demand in the cooking category, particularly for creams and shredded cheese, with further support from the spreadable segment, including processed cream cheese and labneh.

Starbucks® chilled coffee

Our Starbucks® chilled coffee assortment, available in more than 50 countries across Europe, the Middle East and Africa, delivered branded volume-driven revenue growth of 13.9% (2024: 0.8%), driven by Starbucks® chilled classics and the launch of Starbucks® Protein Drink with Coffee. Europe led the performance, with volume-driven revenue up by 15.7%, supported by efficient distribution and channel execution, particularly in France and Belgium where Arla has taken over distribution from Starbucks™. International segment volume-driven revenue grew 9.1%, lifted by strong results in the Rest of the World (RoW), which grew by 12.8%, offsetting a decline of 11.8% in MENA amid continued regional disruptions.

PERFORMANCE OVERVIEW

Europe

Our European commercial segment spans eight countries across Northern and Western Europe, creating value for our farmer owners by bringing trusted brands such as Arla®, Lurpak® and Starbucks® chilled coffee to millions of consumers.

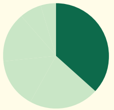
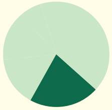
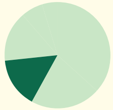
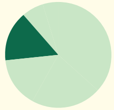
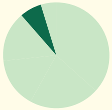
IIn 2025, revenue in Europe increased by 7.9% to EUR 8,704 million (2024: EUR 8,066 million), driven primarily by higher average price levels. While this pricing environment weighed on branded volume-driven growth, which declined by 0.8%, performance followed a varied trajectory. Early headwinds from elevated prices eased over the year, and momentum strengthened towards year-end, with branded volume-driven revenue growing by 0.6% in the second half of the year as market conditions normalised.

The decline in branded volume-driven revenue growth was driven primarily by Lurpak®, pressured by high retail butter prices, leading to a volume-driven revenue decrease of 7.6%. Arla® saw a modest drop of 1.0%, also pressured by higher price levels. This was partly offset by volume-driven revenue growth for Starbucks® chilled coffee at 15.7%, as we took over distribution for France and Belgium while capturing category growth.

From a market perspective, Sweden and the UK experienced headwinds, while the Netherlands, Belgium and France cluster delivered robust growth.

7.9%	-0.8%	8,704	57.8%
REVENUE GROWTH	STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH	REVENUE EUR MILLION	SHARE OF TOTAL ARLA REVENUE
2024: 1.0%	2024: 4.1%	2024: 8,066	2024: 58.6%

Bringing health through the gut
Arla® Cultura offers natural, fermented dairy products with unique bacteria mixes. Long established in Denmark, the brand broadened its presence in 2025 to include Sweden, the Netherlands and the UK. In the Europe segment, Arla® Cultura delivered 7.4% volume-driven revenue growth.

Market	Revenue growth	Strategic branded volume-driven revenue growth	Share of Europe revenue	Description
THE UNITED KINGDOM	**5.0%** 2024: -0.2%	**-3.2%** 2024: 7.6%	 **EUR 3,207 million** 2024: EUR 3,055 million	Our UK business' revenue increased by 5.0% to EUR 3,207 million (2024: EUR 3,055 million). This increase reflected broader dynamics in the EU region, where elevated pricing lifted revenue despite a 3.2% decline in branded volume-driven revenue and a negative currency impact from a weaker GBP. Lurpak® volume-driven revenue fell by 11.5%, while Arla® Pro and Starbucks® chilled coffee grew 19.4% and 4.4% respectively, partly offsetting the decline.
SWEDEN	**16.2%** 2024: 3.6%	**-2.9%** 2024: 2.0%	 **EUR 1,849 million** 2024: EUR 1,592 million	Revenue in Sweden climbed 16.2% to EUR 1,849 million (2024: EUR 1,592 million), supported by a strong SEK and the increased price levels. Strategic branded volume-driven revenue declined by 2.9% (2024: 2.0%), pressured by high price levels and increased competition from imports in cheese and butter. The yellow cheese category saw a volume decrease of 5.7%, whereas the decline in the butter category was driven mainly by Arla® Svenskt Smör, which fell by 13.7%, while Arla® Protein and Arla® Kvarg recorded positive volume growth of 51.9% and 35.9%, respectively.
DENMARK	**7.7%** 2024: -1.3%	**1.8%** 2024: 0.5%	 **EUR 1,336 million** 2024: EUR 1,241 million	Arla Denmark's revenue grew to EUR 1,336 million, up 7.7% (2024: EUR 1,241 million), driven by pricing and a 1.8% increase in branded volume-driven revenue (2024: 0.5%), which was offset by lower private-label volumes. Castello® delivered a substantial 21.8% increase in volume-driven revenue, accompanied by solid growth from Cheasy® at 11.9% and Lurpak® at 4.0%.
GERMANY	**4.8%** 2024: 1.5%	**-0.3%** 2024: 7.0%	 **EUR 1,333 million** 2024: EUR 1,272 million	Revenue in Germany increased by 4.8% to EUR 1,333 million (2024: EUR 1,272 million). This result reflected higher prices, accompanied by a minor branded volume-driven revenue decline of 0.3% (2024: 7.0%). Arla® Skyr and Arla® Buko delivered volume-driven revenue growth of 35.4% and 11.9%, respectively, largely offset by declines in Arla® Finello and Arla® Kærgården of 27.1% and 8.9%, respectively.
THE NETHERLANDS, BELGIUM AND FRANCE	**11.5%** 2024: 4.1%	**10.9%** 2024: 7.4%	 **EUR 568 million** 2024: EUR 509 million	Our business in the Netherlands, Belgium and France increased its revenue to EUR 568 million, up 11.5% (2024: EUR 509 million). Our Starbucks® chilled coffee and Arla® Pro brand delivered volume-driven revenue growth of 84.4% and 11.4%, respectively. The exceptional performance of Starbucks® chilled coffee reflected, in part, Arla's new role as distributor of Starbucks™ in this region, contributing to an overall branded volume-driven revenue growth of 10.9%.
FINLAND	**3.4%** 2024: 2.4%	**-1.1%** 2024: 6.9%	**EUR 411 million** 2024: EUR 397 million	In Finland, revenue landed at EUR 411 million (2024: EUR 397 million), which was an increase of 3.4%. Arla® Protein and Arla® Luonto+ contributed volume-driven revenue growth of 24.9% and 13.7%, respectively, whereas overall, Arla® saw a branded volume-driven revenue decrease of 3.7%. This resulted in a branded volume-driven revenue decrease of 1.1%.

PERFORMANCE OVERVIEW

International

Our international segment spans to more than 140 countries across six continents, reflecting the global reach of our business. Leading brands include Arla®, Puck®, Lurpak®, Castello® and Starbucks® chilled coffee.

In 2025, revenue from the International segment returned to growth, achieving a 1.0% increase to EUR 2,460 million (2024: EUR 2,435 million). A resilient performance despite headwinds from escalating geopolitical tensions, trade barriers, supply chain constraints and negative currency impacts.

Our strategic branded portfolio delivered volume-driven revenue growth of 2.4%. Despite limited growth in the first half of the year, the International segment accelerated and sustained growth through to year-end, achieving a robust result against a backdrop of high price levels, particularly in the first half of the year.

Geographically, branded volume-driven growth was achieved across all sub-segments except China. The largest increase came from our biggest region, MENA, with growth of 4.8%.

From a brand perspective, Arla® Protein delivered exceptional volume-driven revenue growth of 69.2%, followed by Starbucks® chilled coffee at 9.1%, Puck® at 6.5% and Lurpak® at 4.5%.

Changes to zones

Adjustments have been made to the International organisational structure. West Africa has been dissolved and integrated to the RoW region, with the RoW name retained. Australia and New Zealand have been moved from RoW to the South-East Asia (SEA) region. Canada, the US and China have been clustered together for financial reporting purposes. These changes have been incorporated into the 2024 and 2025 figures presented in this annual report.

1.0%
REVENUE GROWTH
2024: -1.5%

2.4%
STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH
2024: 2.9%

2,460
REVENUE EUR MILLION
2024: 2,435

16.3%
SHARE OF TOTAL ARLA REVENUE
2024: 17.7%

More presence in International
Lurpak®, available in 107 markets, continues to expand its footprint across our international markets. With a legacy rooted in quality and taste, Lurpak® brings the joy of cooking, spreading and baking to more consumers around the world.

Sub-segments	Revenue growth	Strategic branded volume-driven revenue growth	Share of International revenue	Description
MIDDLE EAST AND NORTH AFRICA (MENA)	**2.1%** 2024: -2.4%	**4.9%** 2024: 2.7%	**EUR 992 million** 2024: EUR 972 million	Revenue in MENA increased by 2.1% to EUR 992 million (2024: EUR 972 million), driven by higher prices and volume growth. Branded volume-driven revenue grew 4.9% (2024: 2.7%), led by the strong performance of Lurpak® and Puck®, which grew by 9.9% and 6.3%, respectively, while our Dano® brand saw a volume decrease of 41.5%. The region also faced adverse effects from foreign exchange movements, as local currencies pegged to the USD weakened following its depreciation in 2025.
REST OF THE WORLD (ROW)	**5.9%** 2024: 8.0%	**2.1%** 2024: 3.9%	**EUR 679 million** 2024: EUR 641 million[1]	Covering more than 80 countries, the RoW cluster delivered revenue of EUR 679 million, up 5.9% (2024: EUR 641 million1), supported by branded volume-driven growth of 2.1% and higher price levels. Growth was led by Starbucks® chilled coffee with an increase of 12.8% and Lurpak® with a rise of 1.9%, while the Arla® brand portfolio saw a decline of 1.5%. The newly launched Milka® chocolate also perfomed well with a high volume-driven growth rate. From a country perspective, it was driven by Spain (11.4%) and Nigeria (3.8%).
SOUTH-EAST ASIA (SEA)	**2.5%** 2024: 1.6%	**1.6%** 2024: 3.1%	**EUR 378 million** 2024: EUR 369 million[1]	Revenue in SEA increased by 2.5% to EUR 378 million (2024: EUR 369 million) despite currency headwinds from the Bangladeshi taka (BDT) and the Australian dollar (AUD). Branded volume-driven growth reached 1.6%, driven mainly by Arla® Pro, which achieved 9.9% growth. Across SEA distributor sales, branded volume-driven revenue rose by 23.1%. From a country perspective, the Philippines delivered a solid performance with a 5.9% increase in volume-driven revenue.
SINGLE MARKETS (CANADA, THE US AND CHINA)	**-9.2%** 2024: -6.1%	**-3.3%** 2024: 3.8%	**EUR 411 million** 2024: EUR 453 million	Both Canada and the US faced headwinds from currency movements. However, excluding currency effects, both markets recorded positive developments in revenue and branded volume growth. In Canada, the launch of the Puck® brand was a key contributor, while in the US, growth was driven by the Arla® and Castello® brands. China saw a revenue decline, mainly due to lower volumes resulting from a challenging competitive environment and the discontinuation of two of our three early-life nutrition brands.

[1] *The Annual Report 2024 reported RoW revenue of EUR 649 million, which at the time included Australia and New Zealand. In contrast, the SEA figure of EUR 261 million excluded these markets.*

Bringing joy to the kitchen

Puck® originated as a spreadable cream cheese in Germany and was introduced to the Middle East in 1983 with a selection of processed dairy products, primarily cheese. As our leading brand in MENA, Puck® delivered 6.5% growth in 2025, supported by strong demand in the cooking category and continued momentum in cream and processed cheese.

PERFORMANCE OVERVIEW

Arla Foods Ingredients (AFI)

AFI plays a key role in whey-based solutions globally, serving categories from infant, clinical and sports nutrition to dairy, confectionery and bakery.

Revenue in AFI climbed 43.1% to EUR 1,452 million (2024: EUR 1,015 million). The growth was driven by a strong global demand for protein ingredients, leading to favourable market conditions, and the successful integration of AFI Felinfach (previously referred to as Volac's Whey Nutrition), which was acquired at the end of 2024. Sales of value-added whey protein ingredients rose 29.3%, bringing the value-add share to 79.8%. This continued shift towards specialty ingredients strengthened margins and reinforced AFI's position as a global leader in advanced whey solutions.

In 2025, AFI advanced several strategic initiatives, sharpening its R&D focus on casein proteins. It made significant progress in developing a pipeline of innovative casein-based ingredients through targeted projects and close customer collaborations.

To develop its global manufacturing footprint, AFI entered a contract manufacturing agreement with Valley Queen Cheese, a leading US dairy processor, to produce Nutrilac® ProteinBoost, our patented microparticulated whey protein concentrate. The partnership boosted capacity in North America and positions us to meet surging demand for protein-enriched dairy products in the US.

Overall, 2025 was a milestone year. AFI combined strong financial results with strategic expansion, capturing booming demand for high-protein nutrition while investing in innovation and partnerships.

29.3%[1]
GROWTH OF THE VALUE-ADD SEGMENT
2024: 5.6%[2]

79.8%
VALUE-ADD SHARE
2024: 79.5%[2]

1,452
REVENUE EUR MILLION
2024: 1,015

9.6%
SHARE OF TOTAL ARLA REVENUE
2024: 7.4%

[1] *Growth excluding effects from M&A was 12.8%.*
[2] *With AFI Felinfach now fully integrated, the 2024 figures have been restated to reflect the new setup. In the Annual Report 2024, we reported a value-add share of 80.1% and value-add segment growth of 2.5%.*

Protein-enriched soft drink

Answering emerging market needs, AFI launched the Protein Soda concept in 2025. As a formulation, the concept is designed for AFI's customers to adapt and commercialise under their own end-user brands. It offers the speciality whey protein Lacprodan® BLG-100 and provides a high-quality, clear-label alternative to traditional soft drinks. The concept consists of a zero-sugar formulation with 10g of protein per serving, supporting demand for healthier beverage options.

PERFORMANCE OVERVIEW

Global Industry Sales (GIS)

GIS is Arla's global trading business that sells milk-based ingredients and products to industry customers which are fit for purpose. The trading business further allows us to balance milk supply and demand throughout the year.

Through GIS, we supply a broad portfolio including milk powder, caseinate, mozzarella, yellow cheese and bulk butter to more than 60 countries, either directly or via dairy platforms. This business allows us to balance our milk supply and demand throughout the year.

Firm commodity prices in the first half reflected tight milk supply and strong demand. In the second half of the year, a strong feed harvest boosted feed availability, allowing farms to increase milk production rapidly and triggering price declines across several categories. Butter, gouda and skimmed-milk powder saw sharp corrections, down 44%, 36% and 35% from August to December 2025, with average prices slightly below last year's level.

With more milk available later in the year, a larger share of milk solids was channeled to GIS, lifting the share to 30.6% (2024: 24.8%). This growth in supply of 604 million kg of owners milk occurred mainly in the second half of the year and came from Denmark and the UK. Along with the higher share of milk solids, the increased supply lifted revenue to EUR 2,450 million, a 8.7% rise from EUR 2,254 million in 2024.

8.7%
REVENUE GROWTH
2024: -0.1%

30.6%
MILK SOLIDS SOLD THROUGH GIS
2024: 24.8%

2,450
REVENUE EUR MILLION
2024: 2,254

16.3%
SHARE OF TOTAL ARLA REVENUE
2024: 16.3%

2026 outlook

Uncertainties deepen as the global environment continues to shift. We must stay alert to navigate persistent volatility with a disciplined strategy and global adaptability.

Looking into 2026, geopolitical uncertainty is set to linger, demanding sharp strategic focus and business agility. Macroeconomic indicators are stable, with European inflation easing and GDP growth expected to remain steady, supporting consumer purchasing power and demand. We therefore expect consumer demand for Arla's nutritious and natural products to remain firm.

The supply surge seen in the second half of 2025, particularly in the fourth quarter, is expected to persist into 2026, putting pressure on dairy price levels. The supply pressure from late 2025 will continue to affect the first half of the new year. However, lower price levels are expected to support volume growth for our brands, and we are well-positioned to capture this momentum.

Overall, lower price levels expected in 2026, combined with persisting firm demand, are expected to continue the growth momentum from the second half of 2025 into 2026. We therefore expext branded volume growth in the range of 1.0% to 3.0%, depending on how prices evolve during the year.

Revenue is expected to be below 2025 levels, at approximately EUR 13.3 million to EUR 14.1 billion, driven by the lower price levels. Profit share is expected to remain within our target range of 2.8-3.2%. Our efficiency programme, Fund our Future, is expected to deliver estimated net savings of EUR 90 million to EUR 110 million, supported by a solid pipeline and disciplined execution.

We remain committed to reducing our climate impact across the value chain. We work towards our 2030 scope 1, 2 and scope 3 emission reduction targets and anticipate reductions in 2026, supported by our FarmAhead™ Incentive and Customer Partnership.

Our full-year 2026 guidance does not include the potential merger of DMK Group, which is expected to be completed in the first half of 2026. If the merger is approved, we will provide updated guidance for the combined business.

	2025 outlook[1]	2025 results	2026 outlook
F26 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH	-0.5~0.5%	0.2%	1.0-3.0%
REVENUE EUR BILLION	14.7-15.2	15.1	13.3-14.1
PROFIT SHARE	2.8-3.2%	2.8%	2.8-3.2%
EFFICIENCIES EUR MILLION	100-120	158	90-110
LEVERAGE	2.9-3.3	3.3	3.0-3.4
F26 SCOPE 1+2 EMISSIONS PERCENTAGE POINTS	REDUCTION	-5.6%P	REDUCTION
F26 SCOPE 3 FLAG EMISSIONS PERCENTAGE POINTS	REDUCTION	4.4%P	REDUCTION

[1] *As announced in the half-year report 2025.*

SUSTAINABILITY STATEMENTS

The sustainability statements cover our Environmental, Social and Governance (ESG) reporting and reflect our strategic priorities. The statements are inspired by but not yet compliant with the Corporate Sustainability Reporting Directive (CSRD), which we are obliged to comply with from 2027. Our report is guided by our material impacts, risks and opportunities.

In this section

The story behind each glass of our organic milk
We are the largest producer of organic dairy products, and there is a story behind every glass of Arla® Organic product. In organic milk production, cows are fed a 100% organic diet and allowed to roam on lush green fields during the grazing season. Our organic farmers are also constantly working to learn more about soil health.

Sustainability strategy

Sustainability in Arla

Our vision is to shape the future of dairy to bring health and inspiration to the world, naturally. Alongside ensuring long-term growth and business resilience, we have in the past two decades worked strategically to increase our contributions to a healthy and sustainable future for people and planet. Our group strategy Future26 positions sustainability as one of four strategic pillars and a core driver of growth and long-term value creation. During 2025, our sustainability strategy was strengthened further with our new health strategy and updated scope 3 targets.

Stronger People – Leading healthy food

With our new ambition to Lead Healthy Food, we want to make a lasting positive impact on people's health by enabling good food choices. Too many people lack the access, knowledge and inspiration to make good food choices, and we want to help change that.

Securing good food habits in society, not least amongst children and young people, require a strong collaboration across multiple stakeholders. We will leverage our presence in many markets and our strong customer relationships to increase the scale and reach of our activities. We also aim to increase science-based knowledge about food habits and the role of dairy in healthy, sustainable diets.

Stronger Planet – Leading sustainable dairy

We recognise our role in ensuring a healthier planet. Our climate and nature initiatives are designed not only to reduce emissions but to future-proof dairy farming and secure supply chain stability. Our commitment includes lowering carbon emissions through improved dairy farming practices, with the goal of leaving farms in a better condition for future generations. Our initiatives focus on biodiversity, reducing emissions and using resources responsibly. We prioritise circularity and renewable energy to limit environmental impact and are committed to reducing food waste.

Developing the strategy and sustainability governance

The Board of Directors (BoD) owns our strategy, which is shaped in close partnership with our farmer owners, ensuring shared ownership of our future. This inclusive approach embeds sustainability priorities, such as climate resilience and biodiversity, into decisions that drive Arla's long-term growth and impact. When creating Future26 and its sustainability pillar, we actively engaged farmer owners through meetings and forums, fostering collaboration and trust. Our Executive Management Team (EMT) and our BoD ensured major stakeholder views were considered.

The CEO holds overall responsibility for sustainability within the EMT, which sets and approves company-wide targets for material sustainability topics, with progress on climate goals reported monthly to both the EMT and the BoD. Functional heads are responsible for meeting goals in their areas and provide regular updates on other objectives, reinforcing accountability across the organisation. Company-wide policies translate strategy into clear rules. Materiality assessment outcomes are integrated into strategy updates, including into major transactions subject to due diligence. This governance model positions sustainability as a lever for innovation and market leadership, enabling us to seize opportunities while managing risks.

For details on risks and opportunities see pages 36-38, for governance see page 81 and for remuneration related to sustainability see page 88.

Double Materiality Assessment

Sustainability-related impacts, risks and opportunities (IROs) exist across Arla's entire value chain. Through our double materiality assessment (DMA), we took a structured approach to identifying and prioritising these factors, considering both financial materiality and impact materiality. Our reporting scope is guided by the results of the DMA. Read more about the material IROs in the respective chapters.

ENVIRONMENTAL IMPACTS, RISKS AND OPPORTUNITIES

Topics			Type	Value chain
CLIMATE	1	Scope 1+2 GHG emissions from production and logistics	ANI	Own operations
	2	Scope 3 GHG emissions from our value chain	ANI	Farm
	3	Regulations to reduce emissions in the dairy sector	R	Farm, own operations
	4	FarmAhead™ Customer Partnership	O	Customers
	5	Consumers turning away from dairy due to climate impact	R	Consumers
BIODIVERSITY	6	Biodiversity loss from climate change	ANI	Suppliers, farm, own operations
	7	Water pollution from nutrient runoff	ANI	Farm
	8	Nitrogen regulation on farms	R	Farm
	9	Acidification from ammonia emissions	ANI	Farm
	10	Soil degradation from farming practices	ANI	Farm
	11	Land use change and biodiversity, natural capital and carbon loss	PNI	Farm
CIRCULAR	12	Use of packaging material	ANI	Own operations, consumers
	13	Generation of food waste	ANI	Own operations, consumers

PNI Potential Negative Impact | ANI Actual Negative Impact | PPI Potential Positive Impact | API Actual Positive Impact | O Opportunity | R Risk

SOCIAL IMPACTS, RISKS AND OPPORTUNITIES

Topics			Type	Value chain
CONSUMERS AND END-USERS	14	Health benefits due to consumption of our healthy products	API	Consumers
	15	Potential harm to health due to food safety	PNI	Consumers
OUR EMPLOYEES	16	Fair and good working conditions	API	Own operations
	17	Inability to recruit or retain skilled employees	R	Own operations
	18	Potential discrimination or harassment	PNI	Own operations
	19	Occupational accidents or ill-health	PNI	Own operations
	20	Human and labour rights outside of the EU	PNI	Own operations
WORKERS IN THE VALUE CHAIN	21	Potential inadequate working conditions	PNI	Suppliers, farm
	22	Occupational accidents or ill-health	PNI	Suppliers, farm
	23	Potential violence or harassment	PNI	Suppliers
	24	Human and labour rights outside of the EU	PNI	Suppliers

GOVERNANCE IMPACTS, RISKS AND OPPORTUNITIES

Topics			Type	Value chain
ANIMAL WELFARE	25	Inadequate management of animal welfare	PNI	Farm
	26	New regulations on stable size	R	Farm
	27	Consumers shifting away from dairy driven by animal welfare concerns	R	Consumers
	28	Loss of milk due to animal diseases	R	Farm
POLITICAL ENGAGEMENT	29	Accusations of unethical conduct or lobbying by consumers	R	Own operations
CORRUPTION AND BRIBERY	30	Non-compliance with corruption and bribery regulation	R	Own operations

PNI Potential Negative Impact | ANI Actual Negative Impact | PPI Potential Positive Impact | API Actual Positive Impact | O Opportunity | R Risk

DOUBLE MATERIALITY ASSESSMENT (continued)

Methodology

Our 2025 double materiality assessment (DMA) builds on the 2023 assessment and reflects updated European Financial Reporting Advisory Group (EFRAG) guidance. Key improvements include a refined scope, with some previously identified material impacts, risks and opportunities now deemed immaterial, while others have been merged or reworded for clarity. Financial impact scales are further aligned with Arla's process (see page 17), and ERM results will inform future updates. Linking materiality outcomes to Future26 priorities ensures strategic decisions are guided by sustainability risks and opportunities.

Stakeholder engagement

We engage continuously with key affected stakeholders and experts. Key stakeholder groups include:

- **Farmer owners:** Represented through the Board of Representatives (BoR), which for example, discusses concerns about climate change and biodiversity risks.
- **NGOs and academia:** We collaborate with local NGOs, universities and external experts to understand our impacts on nature, climate and communities.
- **Customers:** Our commercial and sustainability teams maintain regular dialogue with customers through initiatives like the FarmAhead™ Customer Partnership programme.
- **Consumers:** Feedback is gathered to shape commercial strategies and sustainability priorities.
- **Employees and value chain workers:** Engagement occurs via daily interactions, union discussions and our annual barometer survey. Human rights due diligence includes direct interviews.
- **Suppliers:** We engage in ongoing collaboration with our suppliers to address environmental and social issues throughout the entire supply chain. Our procurement teams ensure regular communication, fostering strong and transparent relationships.
- **Financial institutions:** Dialogue focuses on climate transition strategies and low-carbon economy financing.
- **Government and regulators:** We engage through industry associations to address sector challenges and regulatory developments.

These engagements are not only ongoing but also systematically integrated into our DMA process.

Process

We mapped Arla's value chain across five stages: suppliers, farm, production, customers, consumers. While our 2023 assessment included direct interviews with external stakeholders, the 2025 update used internal proxies with stakeholder expertise, supported by human rights due diligence, risk assessments and climate data, while building on extensive external input from 2023. Proxies were selected based on their roles and knowledge, and most stakeholder groups were represented by multiple proxies to ensure diverse perspectives. A comprehensive list of impacts, risks and opportunities was compiled using proxy input, ERM results and sector guidance. Scoring and validation involved interviews and workshops as well as EMT and BoD approval.

Results

In 2025, reporting was triggered where material impacts, risks and opportunities were identified. Water pollution in our own operations and affected communities did not meet the materiality threshold for standalone reporting, though pollution in our value chain is addressed under biodiversity. For animal welfare, food safety and packaging, we use entity-specific metrics, while the remaining impacts, risks and opportunities are covered by ESRS disclosure requirements. None of the material risks are expected to cause adjustments to liabilities in the next reporting period. Find our material impacts, risks and opportunities with further explanations on the previous pages and in the topic-specific chapters.

Climate-related risks

Identifying and assessing Arla's key climate risks is essential for executing our climate strategy. We conducted a scenario analysis following the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, which has informed our DMA. This is not only compliance-driven but critical for safeguarding Arla's long-term competitiveness and supply security, and thus our assessment involved both the EMT and the BoD. The climate-related risk assessment for the consolidated financial statements uses the same scenario as the sustainability statements. Find more information in the introduction to the notes on page 102.

Transitional climate risks

In line with ESRS E1, we consider a strict regulatory scenario in line with the UN Paris Agreement's 1.5°C target throughout Europe.

In the transitional risk assessment we consider our dependencies. We are still transitioning from fossil fuels to renewables and thus are at present still reliant on fossil-based energy related to our production and packaging materials. We further depend on our farmer owners' milk production, which is a major driver of our climate emissions. The risk assessment is updated twice a year. Find results of identified material transitional risks on page 41.

Physical climate risks

When assessing physical climate risks for our double materiality assessment, we used the scenarios with highest temperature increase SSP5 (or RCP 8.5), where the climate would warm by over 2°C by 2050. The assessment was conducted at the level of biogeographical regions. For background on methodology and assessment, see Guzmán-Luna, P.M., 2023. Evaluation of the spatio-temporal future effects of climate change on the European dairy sector. See also Guzmán-Luna, P.M. et al., 2021. Analyzing the interaction between the dairy sector and climate change from a life cycle perspective: A review.

The time horizon chosen is 2050, which is considered to be a long-term period, since the impacts of climate change are expected to become significant then. Short-term and medium-term assessments lack scientific evidence, therefore our focus is long-term.

Milk is our most important raw material, with dairy farming being the most vulnerable part of our value chain, while our production is more resilient to climate change. Thus, we have not assessed physical climate risks for our own operations, focusing instead on key raw material impacts.

Major physical hazards identified through a literature review are water stress, floods, crop pests, climate variability, cow heat stress and cow diseases, causing milk and crop losses. None of these hazards met the threshold for materiality in our 2025 DMA. The physical risk assessment is updated when scientific evidence suggests changes.

Uncertainties and limitations

Due to the uncertainty of future legislation, we have not quantified financial impacts. Therefore, we use a qualitative scale (moderate to critical) to illustrate the expected profit impact.

Basis of preparation

General accounting policies

The sustainability statements follow the financial control approach and the same financial year as the consolidated financial statements, unless otherwise specified in accounting policies for specific KPIs. Entities such as joint ventures and associates without controlling influence are excluded. For a list of subsidiaries, please refer to the group chart on page 153. The metrics are based on regular monthly and annual reporting procedures and prepared on a consolidated basis. Definitions of applied time horizons, including for climate risks, can be found on pages 18 and 38.

We obtain reasonable assurance from our group auditors for key metrics (energy, climate, food safety, animal welfare, lost-time accidents and certain employee metrics) and limited assurance for the remaining content of the sustainability statements. Read more on page 161 in the auditor's assurance report.

Reporting scope

Our environmental KPIs cover all production and logistics sites. In line with our consolidation methodology, only entities acquired more than six months before year-end are included. In 2025, data from two 2024 acquisitions – the Götene powder tower (Sweden) and the production site Arla Food Ingredients (AFI) Felinfach (UK) – were added. Social KPIs cover all employees, including employees from entities acquired during the year, unless otherwise specified.

We also report ESG data for significant value chain activities such as farm activities, purchased whey, ingredients, packaging, waste handling and transport, reflecting our ambition to manage impacts across the entire value chain.

All revenue, EUR 15.1 billion, comes from the food and beverage manufacturing sector, with value chain impacts linked to agriculture and farming.

Uncertainties and estimates

We prioritise the use of primary measured data in our reporting, sourcing information on our operations from meter readings or invoices and direct data from our suppliers, including supplier-specific emission factors. For specific ESG KPIs, we rely on estimates or extrapolations. These and any other measurement uncertainties are outlined in the accounting practices of the corresponding metric. Metrics further along the value chain carry higher error risks. We have implemented the necessary controls to mitigate these risks to an acceptable level.

Restatement principles

Our Restatement Policy, updated in 2025, covers all ESG KPIs and sets out guidelines for adjusting baselines and historical figures. Restatements occur when changes exceed materiality thresholds due to data errors, methodology updates, inorganic scope changes like acquisitions etc. Each KPI has a specific threshold (e.g. 2% for GHG emissions). The policy is reviewed annually to update thresholds for new and existing KPIs. Find more information on page 80.

In 2025, we restated historical figures for scope 1, 2 and 3 climate emissions, total energy and food waste. The primary reasons were methodology updates and the alignment of reporting scope for entities acquired after the original reporting years. Where restatements were made, we disclose the differences and underlying reasons. For details, see the relevant chapters on pages 48-51 and 59.

ESG reporting risk management

Managing ESG data quality is essential to protecting reputation and stakeholder trust. We ensure accuracy through an internal ESG accounting manual, defined processes and KPI-specific controls. Risk mitigation is guided by the materiality of each KPI and identified data risks. Annual reviews and auditor findings inform action plans, which are reported to the BoD, and we maintain ongoing dialogue with KPI owners on risks and control needs.

ESG reporting is covered by our risk-based compliance review of reporting processes, though it was not selected for examination in 2025. Results of compliance reviews are reported to the EMT and the BoD.

Other reporting standards

The sustainability statements include statutory reporting on Corporate Social Responsibility (CSR) under section 99a of the Danish Financial Statements Act. See page 15 for business model, pages 36-38 for materiality assessment and pages 40-80 for policies, actions, management systems and key ESG metrics.

Climate-related risks and opportunities follow TCFD's recommendations and are disclosed in the double materiality assessment and climate chapters (pages 36-51). Progress towards the UN Sustainable Development Goals (SDGs) is outlined on page 79.

ENVIRONMENT

→ Climate

→ Biodiversity

→ Circularity

Concrete action to reduce emissions

Pronsfeld dairy, Arla's largest production site, processes milk from around 1,500 farmers and employs more than 850 people. Supporting our goal of reducing scope 1 and 2 emissions by 63% by 2030, the site installed two electric heat pumps this year to recycle waste heat from cooling processes. This EUR 14 million initiative is expected to cut around 5,000 tonnes of CO_2e emissions annually.

In picture: Pronsfeld dairy, located at Rhineland-Palatinate, Western Germany.

Climate

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

FARM
2 3

OWN OPERATIONS
1 3

CUSTOMERS
4

CONSUMERS
5

	Impact, risk and opportunity	Type	Description
1	Scope 1 and 2 GHG emissions from production and logistics	Actual negative impact	We contribute directly and indirectly to greenhouse gas emissions through the production and distribution of our products, which require energy. The combustion of this energy results in greenhouse gas emissions.
2	Scope 3 GHG emissions from our value chain	Actual negative impact	As a dairy producer, our operations result in greenhouse gas emissions across our value chain, particularly in the upstream stages. Methane emissions from cows and nitrous oxide from crop production are the main contributors to our overall carbon footprint.
3	Regulations to reduce emissions in the dairy sector	Transitional risk	Regulatory measures may raise production costs and reduce milk output while sourcing milk elsewhere could increase local prices and transportation costs.
4	FarmAhead™ Customer Partnership	Opportunity	Through the FarmAhead™ Customer Partnership initiative, we provide detailed carbon footprint data to customers for transparency, and customers co-finance climate and nature projects on farms, reducing emissions in their own value chains.
5	Consumers turning away from dairy due to climate impact	Transitional risk	Consumers may turn away from dairy products due to concerns about climate impact, which would impact sales.

Material impacts, risks and opportunities

As a dairy company, we contribute to greenhouse gas emissions, primarily through scope 3 emissions like methane (CH4) from cow digestion and nitrous oxide (N_2O) from crop production, alongside scope 1and 2 emissions from fossil fuel use in production and logistics. At the same time, our business relies on favourable climate conditions for growing feed. This dual reality creates both an imperative and an opportunity for us to lead the transition towards more sustainable dairy practices.

Strategy and policies

Our Future26 strategy places sustainability at the heart of our business, addressing both challenges and opportunities across the value chain. As one of the world's largest dairy companies, we have the scale and influence to drive meaningful progress in sustainability. Therefore, tackling climate change and aligning our goals with the Paris Agreement is a top priority.

To achieve this, we are committed to the 1.5˚C climate ambition. In 2025, we strengthened our approach to measuring scope 3 emissions by integrating the latest Forest, Land and Agriculture guidance (FLAG) from the Science Based Targets initiative (SBTi) and included this in our external reporting. Our scope 3 emission targets were updated accordingly. Find more details on pages 43-44.

From 2025 onwards, we report on our soil carbon sequestration and will include it in Arla's FarmAhead™ Check towards farmers in 2026.

Our approach acknowledges potential regulatory and reputational risks, such as consumer concerns about dairy's climate impact, and seeks to mitigate them through clear commitments and continuous action. Our climate ambition is also reflected in our Environmental Policy, which aims to reduce environmental impact and combat climate change across the value chain. This policy focuses on key areas such as climate change, energy and resource efficiency, waste reduction, biodiversity, water stewardship and sustainable sourcing.

Read more about our policies on page 80.

The climate change mitigation targets (see page 17) and strategy have been formally approved by the BoD.

CLIMATE (continued)

Actions

Reduction in scope 1 and 2 emissions

Our production sites

We continue to advance our sustainability agenda by implementing innovative energy solutions across our operations, targeting significant reductions in scope 1 and 2 greenhouse gas emissions. These efforts are in line with Arla's ambition.

Our production site Pronsfeld Dairy in Germany has taken a major step towards reducing emissions in production in 2025 by installing two large electric heat pumps to replace natural gas boilers for milk heating. The heat pumps are expected to cut CO_2e emissions by about 5,000 tonnes per year from 2026. Our production site Sipoo in Finland replaced their gas boiler with an electric boiler, delivering high efficiency at all load levels and ensuring stable costs regardless of capacity. This translates into lower energy consumption and operating costs, expected to save approximately 6,300 tonnes of CO_2e and with projected annual savings of EUR 700,000, when fully operational. Looking ahead, the project provides the infrastructure needed to meet growing steam and energy demands. In the UK, the Oswestry cheese packing site is transitioning to fossil-free operations. The site replaced liquefied petroleum gas (LPG)-fuelled hot water boilers with electric boilers and now utilises a solar array to maintain hot water during daylight hours. Together with further planned enhancements in 2026, these upgrades are expected to reduce CO_2e emissions significantly.

Starting December 2025, all our production sites in Europe will operate on 100% renewable electricity, via contractual instruments or self-generation, marking a major milestone on our sustainability journey. To ensure the availability of renewable electricity, we actively support the development of new solar and wind farms by purchasing electricity directly or through energy attribute certificates and the continuous signing of Power Purchase Agreements (PPAs). Read more about PPAs on page 103.

Logistics and fuel efficiency

In recent years, we have steadily expanded our fleet of electric and gas-powered vehicles, a development that continued in 2025. In Denmark, parts of the fleet were converted from diesel to battery electric vehicles. The UK introduced liquefied biomethane vehicles, while Finland began replacing some diesel trucks with compressed biogas models. Sweden also added new biogas and electric trucks to its fleet. Additionally, all inbound and outbound vehicles in Germany are fully running on hydrotreated vegetable oil since April 2025, now saving 3,600 tonnes of fossil CO_2e annually.

Climate actions scope 3 emissions on farms

FarmAhead™

In 2025, we continued to strengthen our commitment to sustainable dairy farming through FarmAhead™ Technology, a data-driven toolbox supporting our farmer owners in their sustainability transition. It includes three components: FarmAhead™ Check, Incentive and Innovation. In addition, FarmAhead™ covers our Customer Partnership programme. Together, they enable measurement, action and collaboration on farm-level climate and nature goals.

FarmAhead™ Check helps farmers understand their carbon footprint by collecting over 200 data points per farm, verified by third-party advisors. In 2025, it covered 99% of our milk pool, offering insights across seven Northern European countries. Farmers submitting data receive 1 EUR-cent/kg of milk.

Through the FarmAhead™ Incentive, farmers earn up to 81 points across 6 categories containing 20 levers like efficient feeding, manure handling and renewable electricity use. Each point increases payment by 0.03 EUR-cent/kg. We allocate up to EUR 500 million of total milk payments annually to reward these efforts (see page 108 for details on total milk cost). In 2025, we introduced a new climate lever regarding the depositing of nitrogen on grassland during grazing to close gaps in the existing manure handling category.

Our FarmAhead™ Innovation programme continued to explore new solutions, including a four-year regenerative farming pilot with the animal behavioural science and technology partner FAI Farms involving Arla farmers across Europe.

The FarmAhead™ Customer Partnership programme was expanded in 2025, enabling customers to invest in on-farm climate and nature projects across Denmark, the UK and Sweden, including business-to-business customers. Additional European markets are expected to join the programme in early 2026. Current agreements cover more than 4.5 billion kg of milk. In 2025, the FarmAhead™ Customer Partnership programme achieved limited assurance for the system and process used to generate customer reports from the programme. The first assurance statement is not available for Danish customers.

Climate impact of our investments

In Arla, we use a carbon pricing scheme to incorporate the carbon impact into investment decisions for all investments above EUR 500,000. By calculating the carbon footprint of the potential investment, we can assess whether the investment aligns with our climate trajectory as planned. Furthermore, by demonstrating the carbon impact to the investment decision-making board, we aim to make investments with a positive carbon impact more attractive.

POINTS ACHIEVABLE IN OUR FARMAHEAD™ INCENTIVE IN 2025

BIG 5
49 POINTS

SUSTAINABLE FEED
11 POINTS

BIODIVERSITY & CARBON FARMING
8 POINTS

MANURE HANDLING
7 POINTS

RENEWABLE ELECTRICITY
5 POINTS

KNOWLEDGE BUILDING
1 POINTS

TOTAL
81 POINTS

Total GHG emissions

25,075 TOTAL EMISSIONS mkg CO_2e

SCOPE 1+2

2% OF TOTAL EMISSIONS

SCOPE 3

98% OF TOTAL EMISSIONS

SCOPE 3 FLAG

90% OF TOTAL EMISSIONS

SCOPE 3 NON-FLAG

8% OF TOTAL EMISSIONS

			mkg CO_2e
WITHIN SCOPE 1+2 TARGET	Scope 1	2%	456
WITHIN SCOPE 1+2 TARGET	Scope 2	<1%	112
WITHIN SCOPE 3 FLAG TARGET	Raw milk	66%	16,434
WITHIN SCOPE 3 FLAG TARGET	Sourced whey	13%	3,253
OUTSIDE TARGETS (FLAG)		12%	2,928
WITHIN SCOPE 3 ENGAGEMENT TARGET	Packaging[1]	2%	445
WITHIN SCOPE 3 ENGAGEMENT TARGET	Capital goods	2%	448
WITHIN SCOPE 3 ENGAGEMENT TARGET	Upstream transportation and distribution	2%	512
WITHIN SCOPE 3 ENGAGEMENT TARGET	Waste generated in operation	<1%	21
WITHIN SCOPE 3 ENGAGEMENT TARGET	Downstream transportation and distribution[2]	<1%	86
WITHIN SCOPE 3 ENGAGEMENT TARGET	Investments[3]	<1%	69
OUTSIDE TARGETS (NON-FLAG)		1%	311

87% of scope 3 FLAG emissions

84% of scope 3 NON-FLAG emissions

[1] Includes only Non-FLAG emissions from packaging [2] Includes only emissions from distribution centres and retail [3] Includes only Non-FLAG emissions from investments

CLIMATE (continued)

Metrics and targets

In 2025, we set two new scope 3 targets aligned with the SBTi-based target FLAG pathway, shifting from our previous milk and whey intensity target to one absolute scope 3 FLAG emissions reductions target and one scope 3 supplier and partner engagement target. 2024 was the final year reported against the former target, achieving a 13% reduction from the 2015 baseline, nearly halfway to the original 2030 goal of 30%. The new targets replace the previous scope 3 target, and future reporting will focus exclusively on these.

We now have two emission reduction targets and one scope 3 supplier and partner engagement target, supported by detailed roadmaps outlining specific levers, expected impact and individual contributions.

Scope 1 and 2

The scope 1 and 2 target intends to reduce 63% of absolute emissions by 2030. The target follows the 'Absolute Contraction' approach and is aligned with limiting global warming to 1.5°C with a baseline year of 2015. It is calculated using a market-based approach. The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 FLAG emissions

In order to align with the new FLAG guidance (published in 2022), we updated our scope 3 target in 2025 and moved from an intensity target to an absolute one. With the new near-term target, we commit to reducing absolute scope 3 FLAG GHG emissions by 30.3% by 2030 from a 2020 baseline year. It covers emissions from farm and externally sourced whey and is aligned

with limiting global warming to 1.5°C and the FLAG sector pathway. In addition, it includes a commitment to no deforestation across our primary deforestation-linked commodities, with a commitment date of 2025 (read more on page 54).

Scope 3 supplier and partner engagement

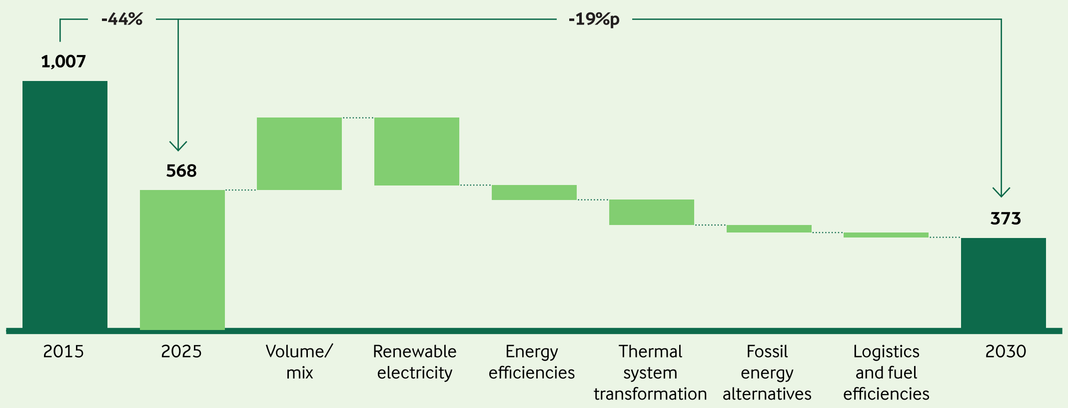
In 2025, we introduced a new target for scope 3 supplier and partner engagement. By the end of 2029, 82.6% of suppliers and partners measured by emissions, covering purchased goods and services, capital goods, upstream and downstream transportation and distribution, waste generated in operations, and investments, should have science-based targets in place. The target boundary includes land-related emissions and removals from bioenergy feedstocks.

All three targets are validated and approved by SBTi.

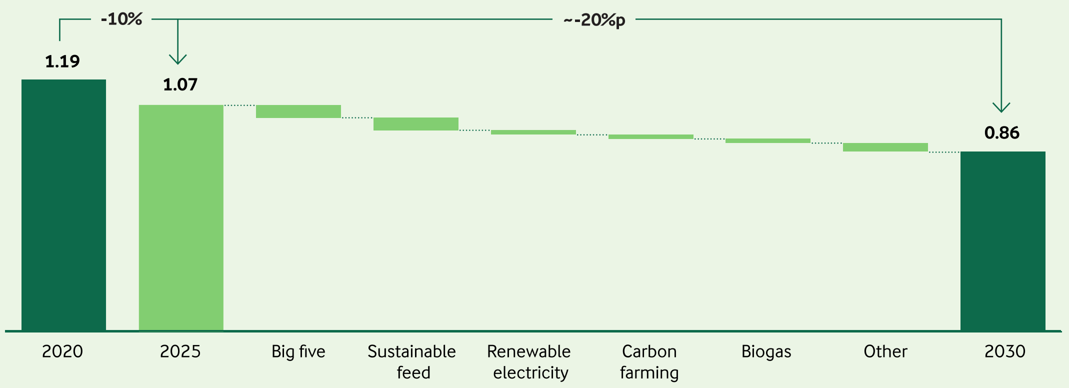
Renewable electricity

Switching from fossil to renewable energy is an important lever to fulfil our scope 1 and 2 reduction ambition. Our key focus is to secure renewable electricity for all our production sites in Europe. Therefore, by 2025, our target was to secure 100% renewable electricity across our European sites.

SCOPE 1+2 DECARBONISATION LEVERS THOUSAND TONNES (MKG)



SCOPE 3 OWNER MILK EMISSIONS PER KILO OF MILK 2020-2030 KG CO_2E/KG OF MILK



CLIMATE (continued)

Progress towards carbon reduction targets

We continued to deliver solid scope 1 and 2 reductions, achieving an additional 5.6%p decrease compared to last year. This brings our total reduction to 43.6% compared to our 2015 baseline, driven by optimisations, investments in heat pumps and increased use of renewable energy (read more on page 47).

In 2025, Arla farmer owners reduced emissions intensity per kg of owner milk by 0.4%p, achieved through a continued increase in the use of renewable electricity, improvements in emissions from digestion, increased biogas utilisation and lower peatland emissions – all supported by FarmAhead™ Technology and the continued dedication of our farmers. Average GHG emissions from Arla farmer owners, including soil carbon sequestration, were 1.07 kg CO_2e per kg of owner milk, representing a 9.9% decrease from the 2020 baseline.

Arla is developing customer-specific product carbon footprints through our FarmAhead™ Customer Partnership programme for use in customers' emissions reporting. It would be incorrect for customers to use Arla's average CO_2e per kg of owner milk as this reflects only on-farm emissions and not cradle-to-gate life-cycle emissions. In addition, the CO_2e per kg of owner milk is an average across all markets and cannot be used for market-specific product carbon footprints.

The average FarmAhead™ points increased to 55 in 2025, up from 53 in 2024 and 50 in 2023, driven by improvements in manure management and renewable electricity use. A new point introduced in 2025 rewards grazing practices that reduce methane emissions. Points and climate emissions do not align perfectly because some incentive points are based on prior-year data (e.g. 2025 points use 2024 checks reflecting 2023 production). Some actions are rewarded immediately,

Progress against scope 1 and 2 emissions target[1]

Thousand tonnes (mkg) CO_2e	2025	2024	2023	2015
Scope 1 and 2 market-based	568	624	665	1,007
Reduction scope 1 and 2 (baseline: 2015)	-43.6%	-38.0%	-34.0%	

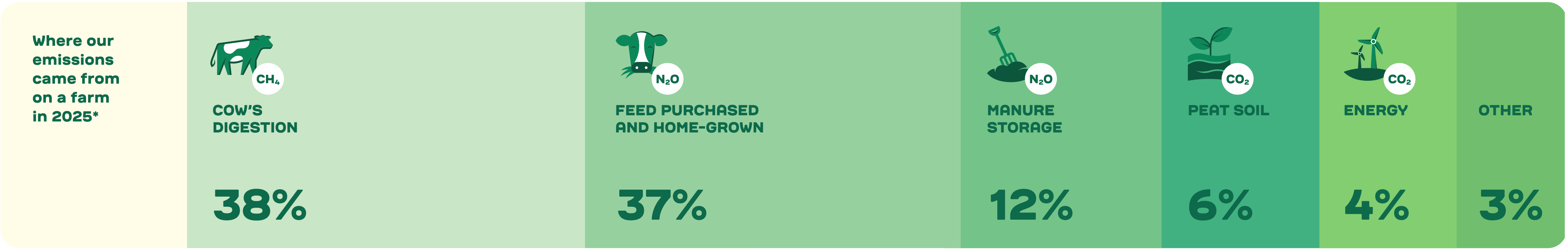
[1] The historical figures have been restated, read more on page 48.

Progress against scope 3 FLAG and non-FLAG emissions targets

Thousand tonnes (mkg) CO_2e	2025	2024	2023	2020
Scope 3 total FLAG emissions	22,615	21,565	22,341	22,301
Scope 3 FLAG emissions from raw milk and sourced whey	19,687	18,785	19,448	20,259
Scope 3 FLAG emissions in scope of FLAG target[1]	18,993	18,128	18,662	19,733
Reduction scope 3 FLAG emissions in scope of FLAG target (baseline: 2020) (%)[2]	-3.7%	-8.1%	-5.4%	
Scope 3 supplier and partner engagement (%)	42.5%			

[1] Includes scope 3 FLAG emissions from raw milk and whey less total sequestration in the upstream and downstream value chain.

[2] Total reduction is calculated based on the development from the baseline year 2020 of scope 3 FLAG emissions in scope of FLAG target (net).



** Share of emissions does not include carbon sequestration*

CLIMATE (continued)

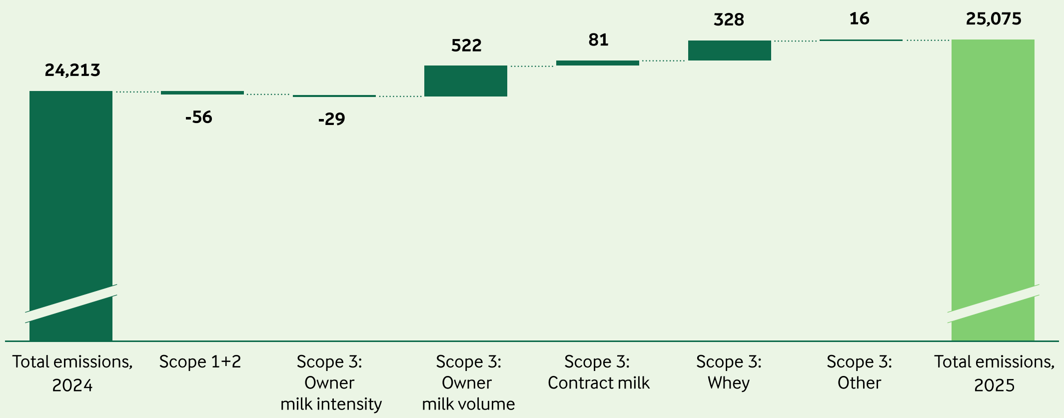
while formal reductions in CO_2e per kg milk appear only after the next annual FarmAhead™ Check, creating a temporary timing gap. In total, EUR 354 million was paid out through the FarmAhead™ Incentive, including an additional 1 EUR-cent/kg of milk for submitting FarmAhead™ Check data.

In the second half of 2025, we saw a significant increase in delivery of owner milk to Arla in line with market developments. This volume growth outweighed the per-kg reductions, resulting in a 4.4%p increase in absolute emissions under the scope 3 FLAG emissions from raw milk and whey target. Nevertheless, this still marks an accumulated reduction of 3.7% compared to our 2020 baseline. We continuously assess options to accelerate progress towards our scope 3 FLAG emissions target.

In 2025, 42.5% of our suppliers and partners measured in emissions had science-based targets.

While we saw strong reductions in emissions from Arla's own operations and continued to improve scope 3 emissions per kg of owner milk, the increase in owner milk volumes resulted in a total scope 1-3 emissions increase of 3.5%p compared to 2024.

CO_2 EMISSIONS DEVELOPMENT 2024-2025 THOUSAND TONNES (MKG)



Greenhouse gas emissions (scope 1, 2 and 3)[1]

Thousand tonnes (mkg) CO_2e	2025	2024	2023
Scope 1[2]	**456**	**479**	**503**
Production	380	397	418
Transport	76	82	85
Scope 2 – market-based	**112**	**145**	**162**
Scope 2 – location-based	196	174	199
Scope 3	**24,507**	**23,589**	**24,323**
1 Purchased goods and services	22,003	21,001	21,870
Raw milk	16,434	15,860	16,441
Sourced whey	3,253	2,925	3,007
Milk-based raw material and other ingredients	1,564	1,422	1,626
Packaging	502	544	550
Contract manufacturing	214	205	203
Other Services and IT	36	45	43
2 Capital goods	448	470	407
3 Fuel and energy-related activities	144	153	149
4 Upstream transportation and distribution	512	553	586
5 Waste generated in operations	21	20	21
6 Business travel	5	5	4
7 Employee commuting	36	36	35
9 Downstream transportation	106	107	108
10 Processing of sold products	1	1	1
12 End-of-life treatment of sold products	37	38	40
15 Investments	1,194	1,205	1,102
Total scope 1, 2 and 3 emissions - market-based	**25,075**	**24,213**	**24,988**
Total scope 1, 2 and 3 emissions - market-based (historically reported)		18,710	18,801
Total scope 1, 2 and 3 emissions - location-based	25,159	24,242	25,025

[1] The historical figures have been restated. Read more on pages 48-51. For comparison, total emissions up to 2024 are shown as reported last year.

[2] The scope 1 emission factor for biogas is close to 0 which includes biogas purchased under different gas certification schemes like Grexel in Denmark or the Green Gas Certification Scheme in the UK.

CLIMATE (continued)

Soil carbon sequestration

Thousand tonnes (mkg) CO_2	2025	2024	2023
Total sequestration from own operations	0	0	0
Total sequestration in the upstream and downstream value chain	694	657	786

Biogenic emissions[1]

	2025		2024		2023	
Thousand tonnes (mkg)	Emissions	Removals	Emissions	Removals	Emissions	Removals
Biogenic CO_2 emissions scope 1	551	551	463	463		
Biogenic CO_2 emissions scope 2 - market-based	117	117	109	109		
Biogenic CO_2e emissions scope 3[2]	44	39	44	39		
Total biogenic CO_2e emissions	**712**	**707**	**616**	**611**		

[1] Not included in greenhouse gas emissions (scope 1, 2 and 3) table.
[2] As per SBTi requirements, biogenic emissions within scope 3 categories that are not included in Arla's target boundary must be excluded from the reported biogenic emissions. Since cat. 3 is not included in Arla's scope 3 non-FLAG target boundary, the biogenic emissions from this category shall be excluded from this table. These emissions are, however, still quantified and tracked internally in Arla.

Soil carbon sequestration
In 2025, we started reporting on soil carbon sequestration, which is a carbon removal mechanism whereby carbon is stored in organic matter in the soil. Soil carbon sequestration fluctuates across years due to various factors (see page 49). In 2025, 694 thousand tonnes of CO_2 were stored in the soil.

Biogenic emissions
As per the GHG Protocol, biogenic CO_2 is not reported as part of the GHG inventory, but reported separately. Biogenic CO_2 emissions increased mainly due to higher consumption of compressed biogas (CBG) as an alternative fuel for trucks within logistics.

Progress towards renewable electricity target
The renewable electricity share at our European production sites increased to 82% in 2025 compared to 72% the year before. The increase was attributable to new power purchase agreements and investments in on-site solar plants. To a small degree this was also explained by the purchase of renewable electricity certificates. Read more about the accounting treatment of PPAs on page 103.

From December onwards, all European production sites have been operating exclusively on renewable electricity, reaching the level we aimed for. However, we have a one-year delay on reaching the target.

Energy consumption[1]

Thousand MWh	2025	2024	2023
Coal and coal products	-	-	-
Crude oil and petroleum products	306	348	467
Natural gas	1,833	1,897	1,855
Other fossil sources	-	-	-
Purchased or acquired electricity, heat, steam, or cooling from fossil sources	206	265	323
Total energy consumption from fossil sources	**2,345**	**2,510**	**2,646**
Total energy consumption from nuclear sources	**20**	**44**	**57**
Renewable sources including biomass, biofuels, biogas, hydrogen from renewable sources, etc.	674	658	575
Purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,276	1,109	1,017
Self-generated non-fuel renewable energy	6	5	4
Total energy consumption from renewable sources	**1,956**	**1,773**	**1,596**
Total energy consumption	**4,322**	**4,326**	**4,299**
Renewable sources in total energy consumption share (%)	45.3%	41.0%	37.1%

[1] The historical figures have been restated. Read more on page 55.

Electricity consumption in Europe[1]

Thousand MWh	2025	2024	2023
Non-renewable sources	211	320	376
Renewable sources	975	808	731
Total electricity consumed	**1,186**	**1,128**	**1,107**
Renewable electricity share (%)	82.2%	71.6%	66.0%

[1] The historical figures have been restated. Read more on page 55.

CLIMATE (continued)

§ Accounting policies

Greenhouse gas emissions (CO_2e)

We apply the Greenhouse Gas Protocol Corporate Standard (GHG Protocol) to account for emissions across our value chain. The emissions are categorised into three scopes based on control and location in our value chain. In dairy production, the main greenhouse gases are carbon dioxide (CO_2), methane (CH_4) from digestion and manure storage and nitrous oxide (N_2O) from fertiliser and manure production and use as well as crop production. All gases are converted to carbon dioxide equivalents (CO_2e) using global warming potentials from the IPCC Sixth Assessment Report (2021). These factors were updated in 2025 from the previous IPCC assessment, which mainly affects methane-intensive farm emissions. Historical farm emission factors were adjusted, while other categories remain unchanged due to insignificant impact.

1 kg carbon dioxide (CO_2)= 1 kg CO_2e

1 kg methane (CH_4) = 27 kg CO_2e

1 kg nitrous oxide (N_2O) = 273 kg CO_2e

Data is essential for guiding our emission-reduction efforts. As science evolves, we apply the best available data, technology and methodologies, and reflect updates in our reported figures.

RESTATEMENT

In 2025, we restated emissions in line with our Restatement Policy to align with best-practice methodology updates and revised operational boundaries. All significant changes to operational boundaries have been adjusted back to the baseline. The historical figures for scope 1, 2 and 3 are restated for all historical years shown in the tables all the way back to the baseline year.

We do not purchase carbon credits, and in line with our science-based targets, Arla does not reduce its greenhouse gas emissions with carbon credits. Additionally, we do not make carbon neutrality claims for commercial use dependent on carbon credits.

Scope 1 – All direct emissions

Scope 1 emissions relate to activities in Arla's own operations. This includes transport using our own vehicles and direct emissions from our production sites. Only primary consumption data is used for both. Of the total scope 1 emissions, 32% were covered by the EU Emissions Trading System in 2025. Emission factors are received from the UK Department for Environment, Food & Rural Affairs (DEFRA).

The scope 1 emission factor for biogas is close to 0, which includes biogas purchased under different gas certification schemes.

RESTATEMENT

In 2025, scope 1 figures for historical years were restated. The 2015 baseline increased by 4%, mainly due to the addition of the UK AFI Felinfach production site, the correction of energy data at specific sites and the inclusion of business travel by leased cars previously omitted as immaterial. These factors were partly offset by lower natural gas emissions after aligning calorific values across markets. For 2023 and 2024, scope 1 emissions decreased by 1% on average as the natural gas reduction outweighed increases from the new production site and leased cars.

Scope 2 – Indirect emissions

Scope 2 emissions relate to the indirect emissions caused by our purchase of energy, i.e. electricity and heat. We report scope 2 emissions using the market-based methodology, which reflects our energy purchasing choices. In line with the GHG Protocol, we also disclose emissions using the location-based method. We use only primary consumption data, with emission factors sourced from ecoinvent v3.11 and the Association of Issuing Bodies (AIB).

Out of the renewable electricity, heat, steam and cooling volumes, 0.5% are self-generated and 99.5% are accounted for through contractual instruments. Of these, 64% come from bundled renewable energy instruments, such as power purchase agreements, where the electricity and its renewable certificate are purchased together. The remaining 36% come from unbundled instruments, where certificates are bought separately from the physical electricity.

RESTATEMENT

In 2025, scope 2 figures for historical years have been restated. The 2015 baseline increased by 0.2%. While the increase was driven by the inclusion of the new production sites AFI Felinfach in the UK and Götene in Sweden, it was nearly fully offset by corrections to previously overstated energy data. In 2023 and 2024, only minor corrections to historical data were made, and thus the average increase is 7%, driven by the inclusion of the two new sites.

Scope 3 – Emissions in the value chain

Scope 3 relates to emissions in our value chain, i.e. emissions from sources that we do not directly own or control. In 2025, we updated our scope 3 climate accounting to include 11 out of the total 15 categories introduced by the GHG Protocol. In previous years, only four emission categories were reported. This aligns with our continuous goal of increasing the transparency and accuracy of our climate reporting. We are reporting GHG emissions as per the minimum boundaries defined in the GHG Protocol. Following these minimum boundaries, we have no emissions to report in categories 11 (use of sold products), 13 (downstream leased assets) and 14 (franchises) as these are outside the scope of our inventory boundary. In addition, we have no emissions to report under category 8 (upstream leased assets) as leased cars are reported in scope 1.

RESTATEMENT

In 2025, scope 3 figures for historical years and the baseline year have been restated and are, on average, 31% higher per year than previously reported. The new scope 3 categories account for an average 18% increase in annual emissions. The remaining increase stems mainly from methodology and scope changes for the reporting of farm and whey emissions. Please see detailed descriptions under sections 'Scope 3 – Emissions from raw milk' and 'Scope 3 – Emissions from sourced whey'.

Scope 3 – Emissions from raw milk

In 2025, we updated our methodology for calculating scope 3 emissions from raw milk to reflect the latest guidance and best practice. We now follow the International Dairy Federation's Carbon Footprint of Dairy Products guidelines (IDF 2022), replacing the previous IDF 2015 approach.

The tool used for calculating the carbon footprint of milk is based on an attributional life-cycle assessment (LCA) that was developed during the last decade in collaboration with 2-0 LCA, a Danish consultancy firm formed by academics. A detailed methodology is available in Erjavec, A. et al., 2026 Methodology report for Arla Foods FarmAheardTM Check on the 2-

CLIMATE (continued)

0 LCA website. Farm-level emission factors are sourced from 2-0 LCA consultants.

Emissions from raw milk include both on-farm and off-farm activities, linked to cow digestion, feed production and purchases, manure storage, energy use, capital goods and peat soils. Feed-related emissions involve fertiliser for home-grown and purchased feed as well as feed transport. Manure storage can result in methane and nitrous oxide emissions. Emissions vary depending on how manure is covered or stored, and whether it is used for biogas production. Peat soils are wetlands with a high carbon content. When soils are drained and used for crop production, CO_2 and N_2O are released.

In this report, scope 3 emissions for raw milk are a weighted average of greenhouse gas emissions per kg of milk. They are calculated based on primary data from the farmers' latest financial year – generally a year prior to the reporting year – validated by external environmental experts, multiplied by the fat- and protein-adjusted milk intake from the reporting year. Farm data validated by external climate experts is statistically representative of all Arla farms.

RESTATEMENT

As a result of the methodology update, historical figures were restated back to the 2020 baseline. For 2025, the restatement led to an average uplift of 7% in milk emissions for the years 2020, 2023 and 2024, contributing to an average 6% increase in scope 3 emissions. The main driver of this change, accounting for roughly half of it, was the adoption of the updated allocation factor between milk and meat introduced by the new IDF standard (IDF 2022). This revised factor allocates a greater proportion of joint emissions to milk relative to meat. The effect is most noticeable on farms with lower annual milk volumes, where the updated allocation method shifts more emissions to milk. Another key factor was a correction in feed energy content data, which had previously underestimated feed intake and related emissions. This adjustment increased reported feed-related emissions. A minor additional increase came from updated emission factors.

These increases were partially offset by several methodological improvements that reduced emissions. First, global warming potentials were updated to align with the latest IPCC submission. Second, lower milk loss assumptions reduced emissions associated with milk not going to market. Third, a revised methodology for calculating enteric methane led to a modest decrease in reported methane emissions compared with the previous approach.

We also refined total on-farm emissions by adopting a more prudent approach to milk swaps with competitors, applying a higher emission factor to this milk. For contract milk, we replaced static 2015 emission factors for non-owner milk with annual emission factors from the World Food LCA Database to reflect national milk emissions trends. Figures were recalculated back to the 2020 baseline.

Scope 3 – Soil carbon sequestration

In 2025, we began reporting on soil carbon sequestration for the first time. Aligned with the SBTi FLAG guidance, soil carbon sequestration is included as a net effect in our scope 3 FLAG emissions target. Soil carbon sequestration, a key carbon removal mechanism, stores carbon in soil organic matter, improving soil health, water retention and resilience. The level of sequestration is influenced by soil properties, local weather conditions and land management practices such as choice of cover crops, manure application and grazing.

To calculate the sequestration on Arla owner farms, farm locations are first mapped via GPS, and a GIS smart mapping tool is used to layer soil and data for each location. Soil properties for the specific land area are derived from EU open-access datasets (ESDAC/LUCAS). Using established empirical equations for soil (pedotransfer functions), we establish a baseline for soil organic carbon (SOC) stocks down to a depth of 1 metre, where direct measurements are not available. Farm management data (grazing, crop types and yields, cover crops and manure application) is collected through Arla's FarmAhead™ Check, which is also the data used for the carbon footprint. The farm management data is then converted into an estimate of yearly carbon input to soil using the Bolinder/bze method (Bolinder et al., 2007, Jacobs et al., 2018), which sums carbon inputs from plants and manure.

With data from the farm's carbon input and local climate (monthly temperatures and annual rainfall) from Copernicus datasets (ERA5/EOBS), the Yasso20 model (Yasso, FMI), a peer-reviewed model developed by the Finnish Meteorological Institute and used in several national inventories, is used to calculate the annual change in carbon. This includes simulations of how soil carbon changes over time, meaning how much is stored (sequestered), how much is lost in the form of emissions from decomposition, and thus how stocks change year by year. After this, each farm's annual absolute change in carbon stocks is expressed as sequestration per kg of milk, then multiplied by the farm's total milk volume for the Climate Check period in the FarmAhead™ tool to obtain total sequestered carbon. This approach aligns with the GHG Protocol Land Sector and Removals Guidance as well as SBTi FLAG, and applies IDF (2022) allocation for dairy.

When a farmer leaves Arla, previously reported removals are reversed since permanence cannot be guaranteed. As precise measurement of reversals is not yet possible, we apply a conservative buffer meaning that 7% of reported removals are deducted annually to account for potential reversals.

Please read more about methodology used here in Arla Foods, 2026, Nielsen, C., 2026. Arla's Soil Organic Carbon Sequestration Methodology.

Scope 3 – Emissions from sourced whey

Emissions from sourced whey relate to externally purchased whey for Arla Foods Ingredients.

RESTATEMENT

In 2025, we updated the methodology for external whey and restated historical data. For the baseline year 2020, whey emissions more than doubled, mainly due to the addition of historical whey volumes for the new UK AFI Felinfach production site and direct sales activities. Emissions from sourced whey in Argentina also increased following a methodology update for calculating whey dry matter and a revision to the emission factor, which is significantly higher than in European markets. The increase was only slightly offset by Arla's new whey methodology, which standardises volumes to dry matter to reflect differences in quality and fractions purchased, and more fairly allocates emissions to waste products in the value chain. Arla also moved from a single emission factor across all markets to country-specific factors from the World Food LCA Database (WFLDB) for milk.

For 2023 and 2024, the increases were smaller, 50% and 25% respectively, mainly because revised allocation of waste products had a larger offsetting effect given the whey types purchased and the suppliers used in these years. In addition for 2024 a reduction in Argentina's emission factor was applied compared with the previously stagnant factor.

CLIMATE (continued)

Scope 3 – Emissions from other categories
We prioritise primary data wherever feasible and apply spend-based methods only where activity data is not available. Emissions from milk-based raw material and other ingredients (category 1), contract manufacturing (category 1) and waste generation in operations (category 5) are calculated using primary volume data combined with emission factors from WFLDB, ecoinvent and DEFRA. Business travel (category 6) is based on activity data using the U.S. Environmental Protection Agency's (EPA) factors, while employee commuting (category 7) is estimated from average commuting distances (Eurostat) assuming employees commute by either passenger car (90%) or public transport (10%), and Full-Time Equivalents (FTEs) multiplied with DEFRA emission factor. Downstream transportation (category 9), processing of sold products (category 10) and end-of-life treatment of sold products (category 12) are calculated from product and packaging volumes with relevant emission factors from ecoinvent and PEF scenarios. Category 10 emissions are calculated based on an average electricity consumption assumption, while category 12 emissions are calculated based on assumptions regarding waste treatment from Quantis and Eurostat. Investments (category 15) include proportional scope 1, 2 and 3 emissions for holdings above 1%. Scope 1 and 2 emissions are based on reporting from investee, while scope 3 emissions are estimated based on investee's production using average emission intensity for China.

For other services and IT within category 1 (such as marketing and professional services), capital goods (category 2) and upstream transportation and distribution (category 4), emissions are calculated spend-based using emission factors from the EXIOBASE database.

RESTATEMENT

In 2025, upstream transportation and distribution (category 4) shifted from supplier activity data to a spend-based method to improve alignment and coverage, while scope 3 supplier and partner engagement continues to enhance future data quality. As a result of the methodology shift, historical transport emissions increased by approximately 60%. Packaging (category 1) methodology was also updated, moving from supplier activity data to Arla's own procured volumes and detailed packaging specifications, improving accuracy and reporting efficiency. In addition, plastic packaging emission factors were revised, still using the same sources as previous years (ecoinvent). As a result, historical packaging emissions were restated back to the baseline, leading to an average historical increase of 24%. Energy consumption was restated (read more below), leading to a restatement in fuel- and energy-related emissions (category 3), while the methodology for calculating emissions from waste in operations was updated. The total effect of restating these two categories contributes to a change in total emissions by less than 0.1%.

Uncertainties and limitations
In 2025, 96% of Arla's active farmer owners, covering 99% of Arla's owner milk volume, submitted a detailed FarmAhead™ Check questionnaire. Their responses were validated by external environmental experts.

Farmer owners complete the FarmAhead™ Check annually using data from their latest financial year. This varies from farm to farm, some have financial years running from January to December, while others run from, for example, July to June. Therefore, the figures presented are not necessarily based on farm data covering the same period. The majority of data, 63%, relates to the period 1 January 2024 to 31 December 2024, while 9% relates to earlier periods.

An uncertainty analysis was carried out to understand the biggest areas of uncertainty related to self-reported farm emission data. The analysis was centred around the four key levers herd, feed, crops and manure handling, and addressed the parameters with the highest impact on emissions on farm. The analysis concluded that results on individual farms could be misstated by a maximum of 10-12%, but only if the farmer owner had a starting point of high emissions and claimed to change from no biogas treatment to full biogas treatment of slurry.

We have a robust control process in place to reduce uncertainties and improve data quality. The control process is twofold, including the validation by external environmental experts and an internal control performed by Arla to catch statistical outliers or abnormalities in data. All outliers are flagged and need to be investigated before the result of the FarmAhead™ Check is available for reporting. Numbers are only released for reporting after thorough investigation.

Small farms and farmer owners using extensive grazing systems do not always measure the amount of feed eaten by their cows or the dry matter content of the grass on their fields. To enable these farmer owners to report, the system contains a model which calculates feed consumption based on herd size and milk yield.

Reporting on peat soils is a developing field and still subject to higher uncertainty than other areas. Due to their relatively high impact on the carbon footprint, uncertainties related to peat soils could have a significant impact on the total reported greenhouse gas figure. The risk of errors is minimised by external environmental experts validating the data, supported by detective analytical controls, and we will continue to refine this area in future reporting.

Carbon sequestration was first reported in 2025. As this is new for Arla and corporate reporting, methods will evolve with science and practice. Soil carbon accounting is not fully standardised, and choices like reporting period, data bases, sequestration model and responsibility window affect results. A 20-year window, as used by Arla (guided by IDF 2022), can make annual sequestration levels appear up to ten times higher than with a 100-year amortisation, which smooths variability and generally shows lower annual values. Over the full period, both methods yield the same total sequestration. Sequestration is not calculated for non-owner milk, and milk swaps with competitors are not accounted for.

Scope 3 supplier and partner engagement

The scope 3 supplier and partner engagement metric measures the share of suppliers with SBTi-aligned targets measured by emissions. The target includes non-FLAG scope 3 emissions related to non-FLAG emissions from purchase of packaging materials (category 1), capital goods (category 2), upstream transportation (category 4), waste generated in operations (category 5), downstream transportation (category 9) and non-FLAG emissions from investments (category 15). For downstream transportation, we include emissions from distribution centres and retail, while excluding emissions from retail to consumer. The scope 3 supplier and partner engagement target covers 84% of our total non-FLAG scope 3 emissions.

Biogenic emissions and removals

We report biogenic CO_2 emissions and removals separately from fossil-based CO_2 emissions and biogenic CH_4 and N_2O. Biogenic emissions include emissions from combustion of biofuels or biobased material for electricity or heating. Biogenic emissions are generated from the release of carbon compounds by living organisms as part of natural life cycles.

CLIMATE (continued)

Following an estimate by SBTi, we assume biogenic CO_2 emissions equal biogenic removals. Additionally, following SBTi, we also include biogenic CH_4, N_2O and any fossil CO_2 associated with the production of biofuels (both transport and processing emissions). Because these non-biogenic CO_2 elements are included, the biogenic emissions and removals do not fully net to zero. Emission factors for biogenic emissions are retrieved from DEFRA, AIB and Our World in Data.

Energy consumption and mix

Energy used at Arla's production sites and warehouses originates from different sources, including biomass, biogas, natural gas, district heating and grid electricity. Electricity from renewable sources includes certificates related to self-produced electricity from biogas, solar, electricity certificates purchased from farmer owners and open market certificates. Arla follows market-based accounting and accounts for the purchase of green electricity by contractual agreement, i.e. certificates.

Energy data is registered monthly and primarily based on invoice information and automated meter readings at each site, and therefore there is little uncertainty associated with these figures.

RESTATEMENT

In 2025, energy figures for historical years have been restated for the baseline year, 2023 and 2024 and are, on average, 5% higher per year than previously reported. The increase is mainly driven by the inclusion of our new production sites, AFI Felinfach and Götene Powder. The overall increase is partially offset by a reduction in MWh of natural gas following an update to harmonise caloric values across markets.

Renewable sources in total energy consumption share

To calculate the share of renewables, renewable energy use is divided by the group's total energy use. We do not account for energy losses, therefore all energy purchased is included in the figures. The energy sold was not deducted in the calculation of the renewable energy share.

Renewable electricity share

The renewable electricity share is calculated as the share of consumed electricity, both purchased and self-produced, that originates from renewable energy sources or renewable electricity certificates. The renewable electricity share follows the Renewable Energy 100% (RE100) guidelines. Some Arla production sites produce and sell excess electricity. The electricity sold was deducted from the calculation of the renewable electricity share. Renewable electricity in the grid mix not covered by contractual instruments is not counted as renewable.

RESTATEMENT

In 2025, the renewable electricity share was restated, due to the restatement of energy figures, and are, on average, 5% lower.

EU Taxonomy disclosures

The EU Taxonomy Regulation (EU) 2020/852 aims to increase transparency and alignment across companies and sectors and provides a scientific definition of what is 'sustainable'. It sets reporting obligations for businesses, reporting on EU Taxonomy-eligible and aligned revenue, OpEx and CapEx, with eligibility referring to inclusion in the EU Taxonomy Regulation and alignment referring to fulfilling specific technical criteria.

Revenue

Currently, the food and beverage manufacturing industry is not included in the EU Taxonomy, resulting in 0% eligible revenue for Arla.

CapEx and OpEx

The analysis of CapEx and OpEx has been initiated, however, we do not plan to pre-implement the elements before 2027 when reporting will become mandatory as part of the EU's Corporate Sustainability Reporting Directive (CSRD).

Minimum safeguards

Minimum safeguards require companies to meet specific social standards in addition to technical environmental criteria to align with the EU Taxonomy. This includes adherence to labour laws, human rights conventions, and anti-corruption measures to ensure sustainability and social responsibility. The framework references international labour laws, such as the International Labour Organisation's (ILO) core conventions, covering rights like the abolition of child labour, elimination of forced labour, non-discrimination and freedom of association. It also aligns with human rights conventions like the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Biodiversity

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

SUPPLIERS
6 11

FARM
6 7 8 9 10 11

OWN OPERATIONS
6

	Impact, risk and opportunity	Type	Description
6	Biodiversity loss from climate change	Actual negative impact	Through our contribution to the emission of greenhouse gases, we indirectly affect ecosystems and species resilience since climate change is a major driver of biodiversity loss.
7	Water pollution from nutrient runoff	Actual negative impact	Our milk production requires the use of fertilisers in feed production and handling of manure from the cows. The use of fertilisers results in nutrient runoff, and manure handling can lead to eutrophication. Both harm aquatic ecosystems and reduce water quality.
8	Nitrogen regulation on farms	Risk	Stricter requirements for improving surface and groundwater quality across the EU may affect how nutrients are managed on farms. While these changes could influence milk production volumes and potentially increase sourcing from other regions (with related transportation emissions and costs), our main approach is to work within the regulation by supporting farmers in implementing compliant nutrient management practices.
9	Acidification from ammonia emissions	Actual negative impact	Our milk production requires manure handling and the use of fertilisers, which leads to ammonia emissions that can acidify soils, harm plant growth, and degrade biodiversity. They also contribute to air pollution and freshwater acidification.
10	Soil degradation from farming practices	Actual negative impact	Arla farmers' cows require feed production, and intensive farming can degrade soil through compaction, erosion and loss of organic matter.
11	Land use change and biodiversity, natural capital and carbon loss	Potential negative impact	Our sourcing of soy, palm oil for feed and ingredients as well as forest fibre for packaging has a risk of being linked to global land-use change, driven by agriculture, causing habitat loss and biodiversity decline, particularly in regions with high deforestation and conversion pressures.

Material impacts, risks and opportunities

We depend on biodiversity and healthy ecosystems. For Arla, biodiversity refers to the variety of plants, animals and micro-organisms near our production and logistics sites, on dairy farms and throughout our value chain.

These ecosystems sustain the natural cycles that provide our raw materials. Healthy and resilient biodiversity is therefore essential to our holistic approach to sustainability.

Strategy and policies

Milk and dairy products have been essential to human diets for thousands of years. Six of nine planetary boundaries are exceeded globally, with climate change being one of the most critical.

In Arla, we focus on addressing the key pressures on biodiversity most relevant to our operations through our Green Ambition: Climate (Better Climate), pollution (Clean Air and Water) and habitat loss (Healthy land and soil). Through FarmAhead™, we encourage our farmer owners to adopt practices that reduce emissions, enhance carbon sequestration and promote sustainable farming methods, including optimising fertiliser use, sourcing conversion-free soy and implementing soil health measures such as grazing and perennial crops. We encourage our farmers to nurture ecosystems like grasslands and peatlands to create resilient agricultural landscapes, and we source responsible ingredients from global supply chains.

BIODIVERSITY (continued)

We are committed to ensuring that our direct and indirect use of primary risk commodities (palm oil, soy and forest fibre) is deforestation- and conversion-free. This commitment covers both the raw materials we source and embedded soy and palm in animal feed used on farms, with an extended timeline for palm in feed.

Producing dairy can impact nature if not managed responsibly. We recognise our dependence on environmental cycles and diverse species for essential resources. We set science-based targets on climate through the Science Based Targets initiative (SBTi), developed roadmaps and created the FarmAhead™ Technology, including the FarmAhead™ Incentive, which incentivises on-farm actions to drive not onlycarbon reductions but also support biodiversity through improvements in soil, water and air quality.

Data is crucial for our sustainability transition. While we initially aimed to introduce a new biodiversity strategy and targets by 2025, this has not been possible due to the lack of robust and widely accepted methods for measuring relevant biodiversity indicators. The science and methodologies in this area are still evolving, making it challenging to set meaningful and credible global targets at this stage. As a first step, we are collaborating with science-based targets for nature and have completed their first two steps to understand materiality and identify improvement areas.

Biodiversity is inherently local, which is why we focus on driving several local projects that reflect the unique ecological contexts of the areas where we operate. Our priority remains to establish a solid measurement framework and reliable data foundation before committing to specific targets and actions. In the meantime, we continue to engage with local NGOs, academic partners and industry experts to build knowledge and ensure that future targets are based on sound science and practical feasibility. Examples of these local initiatives can be found under 'Projects and collaborations'.

Our biodiversity aspirations are anchored in our Environmental Policy, our Code of Conduct for Suppliers and Business Partners (CoCS) and Arla's Responsible Sourcing Policies.

Read more about our policies on page 80.

Actions

FarmAhead™: Driving sustainable feed and biodiversity

Deforestation- and conversion-free (DCF) sourcing

In 2025, we continued advancing towards our commitment to deforestation- and conversion-free sourcing of soy, palm and forest fibre, even as regulatory timelines shifted beyond our influence. The EU Deforestation Regulation (EUDR) was postponed to the end of 2026, but we upheld our original ambition and intensified efforts to secure robust documentation and traceability across our supply chain.

This year, we focused on improving verification for soy in feed, particularly in Denmark and the UK, our largest soy markets. The FarmAhead™ Incentive remained central to driving change, rewarding farmers for reducing soy use or sourcing deforestation- and conversion-free soy. In this model, a total of 11 points are available for sustainable feed actions, equating to 0.33 EUR-cent/kg of milk paid to Arla farmer owners sourcing deforestation-free soy. Payments to farmers for sustainable feed improvements increased slightly in 2025, totalling EUR 41.5 million.

Collaboration was essential. We strengthened engagement with various stakeholders, including local feed associations, suppliers, traders and industry platforms to address systemic challenges in soy traceability and leverage for upcoming regulatory requirements. Persistent challenges remain, including limited availability of segregated palm oil and the complexity of traceability within soy supply chains. To address these, we leveraged partnerships and internal task forces to improve transparency and data quality.

Expanding biodiversity impact

Originally developed to incentivise farm-level actions that primarily reduce carbon emissions, FarmAhead™ also supports biodiversity, soil health, water quality and air quality through incentivising biodiversity-enhancing practices. Both semi-natural grasslands and multi-species swards foster functional diversity, supporting ecosystems that reduce the environmental footprint of livestock production. Payments to farmers for biodiversity and carbon farming remained stable in 2025, totalling EUR 19.8 million.

In 2025, we laid the groundwork to broaden its impact starting in 2026, introducing new measurement criteria and incentive points to deepen the connection between climate action and nature-positive outcomes. The expanded scope will include:

- **Ammonia emissions:** Monitoring NH_3 released from stables, manure storage and fertiliser application.
- **Carbon sequestration:** Measuring carbon captured and stored in soil.
- **Semi-natural grassland**: Tracking habitats such as meadows, heathlands and diverse grasslands.
- **Multi-species swards:** Quantifying perennial crops seeded with at least five species, including grasses, legumes and herbs/wildflowers.

Read more on FarmAhead™ in our Climate chapter on page 42.

Projects and collaborations

To deepen our understanding of how biodiversity interacts with soil, water and climate, we accelerate efforts through the Innovative Farm Network, where farmers test and share regenerative practices that improve soil health, boost carbon sequestration and create wildlife habitats, fostering resilient ecosystems.

BIODIVERSITY (continued)

On a global scale, we collaborate through the SAI Platform, a coalition of leading companies committed to defining and measuring regenerative agriculture principles and driving their adoption across industries. This initiative advances farming systems that protect natural resources and habitats while reducing emissions and strengthening biodiversity.

In Denmark, the Nature Check (Naturtjek) project with Arla® Øko enables all organic farmers in Denmark to assess their biodiversity baseline and receive recommendations to preserve or restore natural areas, ensuring long-term tracking and integration into dairy production. The project covers 143 farms, with a total of around 55,000 ha. The initial assessment concluded that Arla® Øko farmers dedicate 8% of their land to natural areas. The Nature Connect project brings farmers and local partners together to protect and expand cohesive nature areas by taking land out of production and applying sustainable practices on farms, including those from Naturtjek and regenerative practices, to enhance biodiversity, water quality and soil health.

In the UK, we partner with the Royal Society for the Protection of Birds (RSPB), Senus and Arla Organic Farmers to establish biodiversity baselines and farm action plans. Bird surveys and satellite mapping identify threatened species and habitats, enabling farmers to work on targeted improvements and gain insights for future projects.

Our farmers manage about one fifth of semi-natural pastures in Sweden, which rely on grazing animals for preservation. In 2025, we launched a programme to support members in restoring overgrown grasslands and keeping existing pasture open through grazing. This protects habitats and strengthens soil health, in line with national and international sustainability goals.

Direct purchase of deforestation and conversion-free ingredients and forest fibre

	2025			2024			2023		
Tonnes	Direct soy	Direct palm	Direct forest fibre	Direct soy	Direct palm	Direct forest fibre	Direct soy	Direct palm	Direct forest fibre
Total volumes	**693**	**45,308**	**122,479**	**916**	**37,071**	**152,430**	**695**	**40,033**	**198,812**
Certified, segregated	669	34,930	118,061	855	35,540	139,136	-	31,715	189,322
Verified	-	-	-	-	-	-	477	-	-
Low-risk origin	24	-	1,422	6	-	7,325	-	-	1,509
DCF share (%)	**100.0%**	**77.1%**	**97.6%**	**94.0%**	**95.9%**	**96.1%**	**69.0%**	**79.0%**	**96.0%**
Non-DCF volumes	-	10,378	2,995	55	1,531	5,969	218	8,318	7,981

Metrics and targets

We aim to avoid negative biodiversity impacts, and our target was for our primary risk commodities (palm, soy and forest fibre) to be deforestation- and conversion-free by the end of 2025. This covers direct and indirect soy and palm in products and feed as well as forest fibre used in packaging and energy. For palm in feed, the target for eliminating deforestation was set for end of 2025, while no-conversion extends to the end of 2028 due to high uncertainty in the availability of appropriate documentation.

Progress towards DCF target

In 2025, 100% of soy, 77% of palm and 98% of forest fibre directly purchased by Arla achieved deforestation- and conversion-free status. Our focused sourcing made us achieve our target for soy and brought us very close to our target for forest fibre, though we narrowly missed this target. The DCF share for directly sourced palm decreased by 19%p versus last year due to business resilience needs in the Middle East, where local suppliers were unable to meet DCF requirements. We will continue striving for full DCF coverage.

Indirect purchase of deforestation and conversion-free feed by our farmers

	2025		2024		2023	
Tonnes	Indirect soy	Indirect palm	Indirect soy	Indirect palm	Indirect soy	Indirect palm
Total volumes[1]	**226,144**	**59,857**	**183,212**	**34,545**	**178,060**	**34,223**
Certified, segregated	15,332	113	10,136	71	7,355	Not available
Verified	42,905	Not available	914	Not available	6,813	Not available
Low-risk origin	112,372	Not available	66,663	Not available	29,022	Not available
Organic[2]	14,765	Not available	10,388	Not available	5,462	Not available
DCF share (%)	**82.0%**	**0.2%**	**48.1%**	**0.2%**	**27.3%**	**0.0%**
Non-DCF volumes	40,769	59,744	95,111	34,474	129,407	34,223

[1] Data related to feed volumes covers the 2024 calendar year
[2] Organic certification as a criteria of deforestation- and conversion-free only applied to soy

Soy in feed accounts for 98% of Arla's total direct and indirect soy volumes, and palm in feed for 57%. The share of indirect deforestation- and conversion-free soy rose to 82% compared to 48% last year, driven mainly by increased DCF sourcing transparency in Denmark. The relatively low performance in historical years is partially due to lack of transparency in the soy supply chain in Denmark. Despite strong progress, we did not reach 100% DCF soy by 2025. This additionally means we

BIODIVERSITY (continued)

did not fulfil our SBTi FLAG commitment on no deforestation across our primary deforestation-linked commodities, with a target date of 2025. The 2025 soy volume is not directly comparable to 2024 due to an updated internal estimate for soy in compound feed. We report higher soy volumes in 2025 due to this change in methodology, but the total deforestation- and conversion-free percentage is not affected for prior years, so no restatement was required.

For palm in feed, there are ongoing transparency challenges for deforestation- and conversion-free data from the feed industry, so the table shows "Not available" with the exception of minor certified volumes, and we report close to 0% meeting the criteria, meaning the target was not reached.

Regulatory delays and ongoing uncertainty around deforestation-free rules have slowed market transition, making this an industry-wide challenge. We continue to advance the agenda through industry initiatives (e.g. roundtables, manifestos) as well as our FarmAhead™ Incentive, and we keep working with stakeholders to achieve the targets.

§ Accounting policies

Deforestation is defined as the loss of natural forest as a result of conversion to agriculture or other non-forest land use, conversion to a plantation or severe or sustained degradation. Conversion is the change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function. We use the definitions of the Accountability Framework Initiative, which is recommended by SBTi.

Commitment scope

We focus on the most relevant risk commodities to make the greatest impact: Palm, soy and forest fibre.

Soy in feed and ingredients includes all soy-based products and derivatives, including soy meal, cake, hulls and soy oil. Palm in feed and ingredients includes all palm-based products and derivatives, including palm oil, palm kernel and other derivatives. Embedded soy and palm associated with externally sourced whey or milk powder and soy and palm products used in milk replacers are not included. Forest fibre includes all wood and forest fibre-based materials that we purchase for packaging components, energy production and office material.

All Arla's own operations are in scope for the commitment on ingredients and forest fibre, including manufacturing of third-party or licensed products at Arla production sites. Manufacturing of Arla products at the site of third-party companies is not included. The commitment on indirect purchase of feed includes all Arla owner farms and non-owner milk.

All companies/partners/traders (referred to as suppliers), both direct and indirect, are included in our DCF commitment. Direct suppliers are those from whom we source ingredients and forest fibre for our operations. Indirect suppliers include upstream third-party suppliers as well as providers of feed products to the farms that supply our milk. The latest cut-off date at the group level is 31 December 2020. This is in line with the European Union Deforestation Regulation (EUDR). Some commodities may be subject to earlier cut-off dates depending on the sourcing region, national legislation or certifications. These are outlined in our Responsible Sourcing Policies for Palm, Soy and Forest Fibre.

Definition of DCF

As per the Accountability Framework Initiative, we consider soy, palm and forest fibre as DCF when they are physically segregated and certified or verified DCF, organically produced (for soy) or originate from areas that are not high-risk according to the World Wildlife Fund (Deforestation Fronts 2021). This means that we report only segregated chain of custody models as DCF. Chain of custody models where there is no physical segregation, such as book and claim (soy or palm credits) or mass balance, do not qualify. We only accept certification bodies that have high enough standards that meet DCF criteria from the SBTi and the Accountability Framework Initiative: Round Table on Responsible Soy Association (RTRS), ProTerra, ISCC Plus, Europe Soya and Donau Soja for soy, Round Table of Sustainable Palm Oil (RSPO) and ISCC Plus for palm products, and Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI) for forest fibre when controlled wood is sourced from low-risk areas. Organic soy ingredients or in feed on organic farms are considered as DCF due to the low-risk origins of organic soy supply chains. As we don't have volumes for directly purchased organic soy, this is not reported.

Although credits/book and claim models do not count towards DCF claims, we purchase RTRS and RSPO credits to cover soy and palm volumes with an unknown risk of deforestation and conversion to support the development of more responsible production. No biodiversity offsets are used in relation to the DCF target.

Feed

Volumes of soy and palm used in feed are estimated based on input to the FarmAhead™ Check and relate to the farmer owners' use of feed during their 2024 financial year. Our DCF commitment scope also includes contract milk (non-farmer owner milk), however, associated feed volume data is not collected directly. Instead, volumes of soy and palm for non-owner milk are estimated by the volumes of fat and protein-corrected milk (FPCM) solids using a feed conversion factor based on average FarmAhead™ Check data for each market, or industry averages for other markets supplying Arla milk.

To determine the proportion of DCF soy and palm in feed in each market, we collect aggregated industry information for each market, as it is not currently possible to trace feed purchased on farms back to the supplier company and beyond. Therefore, for soy in feed, 2025 data is sourced from:

- **Denmark**: Dansk Korn og Foder (DAKOFO), based industry agreement with DAKOFO securing FEFAC-certified soy means all high-risk origin, non-GMO soy is certified/verified and segregated
- **Sweden:** Foder och Spannmål
- **Germany:** The Ministry of Agriculture (Bundesanstalt für Landwirtschaft und Ernährung)
- **Belgium:** Belgian Feed Association (BFA)
- **Netherlands:** UN Comtrade
- **UK:** The UK Soy Manifesto (2025 report unavailable at reporting time, therefore 2024 report used).

BIODIVERSITY (continued)

These industry factors are applied to the physical volumes of soy. No industry data for soy is included for Luxembourg. For the US and Canada, soy is assumed to be sourced domestically and classified as low-risk origin.

For palm, the only data available is received form the Dutch Alliance for Sustainable Palm Oil.

Ingredients and forest fibre

Soy, palm and forest fibre volumes sourced directly by Arla reflect consumption during the 2025 financial year and are collected in our internal procurement systems. We determine the level of DCF for these commodities through a combination of supplier surveys and direct requests for documentation of origin and/or certification. Volumes from non-respondent suppliers are considered to have an 'unknown' DCF risk. Forest fibre volumes embedded in office material are only collected from Arla's main offices.

Cocoa

Cocoa is outside the reporting scope of our DCF commitment, however, our policy is to use 100% UTZ/Rainforest Alliance-certified cocoa for our branded products, and we continue to comply with this goal. During the coming year, cocoa will be reconsidered for potential inclusion in Arla's DCF ambition.

Uncertainties and limitations

Feed volumes vary from farm to farm. Soy and palm volumes from the small number of farmer owners who do not submit data to FarmAhead™ Check are not considered.

Reporting on DCF commodities is a developing field and is subject to a degree of uncertainty. We are making progress to improve the transparency of supply chains, for example through the FarmAhead™ Incentive. However, industry average data on the level of DCF soy and palm in feed is still used. This will likely generate conservative estimations of soy and palm proportions that achieve DCF.

We expect the industry average information to give a fair view as Arla has such a large market share in the countries where we operate. However, we plan to move towards using information directly from suppliers gathered through our FarmAhead™ Check as soon as we deem data quality to be adequate.

To determine the level of DCF achievement for forest fibre, we rely on certification information submitted from suppliers of such materials. We have limited ability to verify such data.

Circular

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

OWN OPERATIONS

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Material impacts, risks and opportunities

As a producer of food and beverages that require packaging to protect the food and minimise food waste, we recognise our influence on resource use and waste generation. We identified impacts from our activities and risks related to our transition to a circular economy.

Impact, risk and opportunity		Type	Description
12	Use of packaging material	Actual negative impact	We rely on our packaging to protect our products from contamination, preserve freshness and quality, and extend shelf life during storage and transport. Our packaging material often requires materials that are not always recyclable across all markets and, in the case of materials such as virgin fossil-based plastic, lead to the depletion of natural resources. Arla will continue to improve the recyclability of our packaging materials where possible and explore alternatives to virgin fossil materials but availability of legally approved, food-grade options remain limited.
13	Generation of food waste	Actual negative impact	Our production of dairy products results in food waste both during processing and transport, retail and at the consumer level. Food waste contributes to greenhouse gas emissions, resource loss and biodiversity impacts.

Strategy and policy

'Towards fully circular packaging' reflects our commitment of utilising resources effectively to minimise our climate and environmental impact. This ambition encompasses enhancing the recyclability of our packaging and decreasing the reliance on virgin fossil-based plastic. We utilise around 300 thousand tonnes of packaging materials annually. Our packaging solutions must ensure the safety and quality of food products while maintaining the lowest possible environmental footprint and minimising food waste.

The design of packaging is complex due to strict legal requirements concerning food safety and hygiene. Additionally, it must protect our products during distribution, both in stores and at home. It is also crucial for ensuring global access to our nutritious offerings. We supply our products worldwide, reaching 166 countries with varying collection and recycling systems, and in some markets, certain materials are not yet recyclable yet.

Food waste is often seen as discarded finished products, however, our main goal is prevention. We continuously strive to reduce waste at our production sites by optimising processes, driving innovation and utilising waste streams. Most food waste comes from cleaning equipment to maintain the highest quality or from side streams that today go to biogas. We support the UN Sustainable Development Goal (SDG) of halving food waste in our production sites by 2030. When prevention is not possible, we redirect food waste to animal feed or donate it to charity before using it in biogas plants for energy production. In our dairies, we optimise processes through advanced technology and close collaboration with customers and suppliers, ensuring alignment with the waste hierarchy.

Our circularity ambition is anchored in Arla's Environmental Policy. The policy addresses minimising the use of virgin fossil-based plastic in our packaging and aims for it to be recyclable in markets where our products are sold. It describes our ambition of preventing food waste within our operations and of prioritising disposal at the highest level possible within the food waste hierarchy. Additionally, it encourages a circular approach to waste management, treating waste as a resource to be reused, recovered or recycled.

Read more about our policies on page 80.

Actions

Reducing the use of packaging materials

In 2025, we advanced our commitment to reducing non-recyclable packaging by introducing mono-material solutions designed for recycling. In Sweden, selected shredded cheese products transitioned from traditional multi-material packaging to a recyclable mono-material foil. This change represents a significant step towards improving packaging recyclability and supporting a circular economy.

In 2025, we implemented measures to reduce the use of virgin plastic and increase recycled content in packaging. For our Yeo Valley 2-litre milk bottles, plastic weight was reduced by 2g per bottle.

For our 500ml fresh drinking yoghurt bottles, recycled polyethylene terephthalate (rPET) content – excluding cap and sleeve – was raised from 50% to 100%. These actions contribute to lowering reliance on non-renewable resources and support our ambition for more sustainable packaging solutions.

CIRCULAR (continued)

Reducing food waste in our production through Chemical Oxygen Demand (COD) monitoring

We are committed to halving food waste at our production sites by 2030. To achieve this, we focus on measuring COD as an indicator of product loss during production and cleaning processes. COD measures the amount of organic material in wastewater with high COD levels meaning more milk or food residues going to drain instead of being used. By monitoring and reducing COD, we not only minimise food waste but also reduce environmental impact, as lower COD levels lead to cleaner wastewater and less strain on treatment systems. Currently, 17 sites covering around 50% of our milk pool have implemented the Operational Mass Balance COD solution fully or partially across production lines, including cleaning processes, with more sites being added in 2026. The solution is a performance report-based tool for identifying and analysing the root cause of material lost to drains from tanks and pipelines, and measures effects from mitigating actions made by the site teams. The implementation progress has been possible through already existing or newly installed sensors detecting solids going to drain. Through this initiative, approximately 1.6 thousand tonnes of raw milk equivalents are expected to be saved.

Recently, our Hobro production site in Denmark installed inline sensors to identify patterns in product losses, enabling software improvements that increased the recovery of reusable products. Aylesbury in the UK similarly used advanced digitalisation and sensor data to eliminate multiple minor loss sources. Together, these data-driven optimisations helped the sites achieve a total reduction in COD milk equivalents of more than 2,000 tonnes.

Metrics and targets

Target on reducing the use of packaging

Our goal is to achieve 100% recyclability across our operations. As an initial step, our target for 2025 was to ensure that all packaging used for Arla's branded products is designed for recycling. Considering the various conditions, particularly in our international markets, we assess our progress towards packaging recyclability based on two criteria:

- **Designed for recycling:** This criterion ensures that a packaging or specific material component can be recycled in at least one of Arla's European core markets.
- **Recyclable in the market where sold**: This ensures that a packaging or specific material component can be recycled in the market where the product is sold.

The two packaging-related metrics are framed by Arla due to the lack of agreed global standards.

Progress on packaging target

In 2025, 297 thousand tonnes of total packaging materials were purchased by Arla, of which 92 thousand tonnes, so 31%, were recycled packaging materials.

As in 2024, over 94% of the packaging used for our branded products was designed for recycling this year, which was below our 2025 target of 100% recyclability. Some packaging solutions require longer development timelines, which is a challenge faced across the industry.

It is important to note that recyclability is defined differently in different markets. For example, in our markets outside Europe, some materials that are widely recyclable in Europe, such as glass or metal, are not collected for recycling. For this reason, even though a high percentage of Arla's branded packaging sold in markets outside Europe was designed for recycling, in 2025 none of it was recorded as recyclable in the market where sold.

The upcoming PPWR will introduce a harmonised framework for assessing recyclability, requiring all packaging in all markets to be recyclable by 2030. We welcome this development as it will drive transparency and innovation across the industry and push all companies to find better solutions. We are committed to aligning our methodology and future KPIs with this new framework, ensuring that our progress is measured consistently and credibly. This shift will also boost further developments and help us focus on the most impactful solutions.

In the meantime, we remain transparent about our methodology for assessing recyclability and are working towards setting new KPIs that reflect the harmonised approach once it is in place.

Plastic remains an important packaging material for our products. However, our current virgin fossil-based plastic reduction target is no longer feasible due to technological and market availability constraints. We will therefore discontinue reporting against the existing virgin fossil-based plastic target. As plastics continue to play a key role in packaging, we will reassess our options and set a new target supported by a clear action plan.

Designed for recycling, branded products

%	2025	2024	2023
Europe	96%	95%	96%
International	92%	91%	95%
Total	**94%**	**94%**	**95%**

Recyclable in market where sold, branded products

%	2025	2024	2023
Europe	82%	85%	83%
International	0%	0%	0%
Total	**52%**	**54%**	**45%**

CIRCULAR (continued)

Food waste

Milk equivalents in thousand tonnes (mkg)	2025	2024	2023
Food waste directed to disposal	**45**	**18**	**34**
Food waste directed from disposal	**842**	**769**	**771**
Liquid waste for biogas	547	479	488
Hard waste for biogas	36	39	38
Sludge before COD measurement for biogas	16	12	10
Waste water COD for biogas	243	239	235
Total	**887**	**787**	**805**
Reduction food waste (baseline: 2023)	10.2%	-2.2%	

Progress towards food waste target

We continuously strive to find ways of reducing food waste within our own productions through optimising processes, innovations or utilising the waste streams. Our ambition is to reduce our own food waste by 50% by 2030 compared to our baseline year 2023, but in 2025 food waste increased by 12%p.

Food waste increased significantly to 887 thousand tonnes in milk equivalents, mainly due to higher whey intake at our ingredients sites in the UK and Argentina, as well as challenges concerning the continued reuse of food waste for insect feed in Denmark.

In Argentina, substantially higher milk volumes in 2025 led to increased whey processing, and with drying capacity and feed outlets fully utilised, surplus permeate had to be disposed of on agricultural soil. A drying tower currently under construction will enable most of this permeate to be used for food and feed going forward.

A similar situation occurred in the UK, where an increased whey intake resulted in surplus permeate being sent to biogas, as feed outlets and powder capacity were fully utilised. A new liquid-feed collaboration is expected to increase UK feed allocation towards 2030.

§ Accounting policies

Generation of non-recyclable packaging

Recyclability refers to the ability of a material or product to be collected, processed and transformed into new materials or products through recycling processes. We split the recycling KPIs according to our commercial segments Europe and International. Please see description of our commercial segments on pages 27-30.

Recyclability of branded products

These measures are applied to packaging used for our branded products. A material is recyclable when there is a proper infrastructure for packaging waste collection and sorting and a market for the recycled material. The share of packaging material made from recycled material is reported separately.

Designed for recycling, branded products

Packaging is designed for recycling if the packaging is recyclable in at least one of our core markets in Europe. The assessment and calculation of designed for recycling follows the same logic as stated below under recyclable in market where sold.

Recyclable in market where sold

Recyclable in market where sold means that the packaging of a branded product or a specific material share thereof is recyclable in the market where the product is sold. A comprehensive assessment is made for each material to determine whether it is recyclable in a given market based on commonly acknowledged references for recyclable packaging design and recycling systems in that market. The references used include the 'Mindeststandard' issued by Zentrale Stelle Verpackungsregister in Germany, the 'Plastic Packaging Recycling Manual' published by the Swedish Näringslivets Producentansvar (NPA), the 'Recycle Checks' developed by Verpact in the Netherlands and the UK RAM scheme. Each assessed product packaging unit is converted into weights of different components used and multiplied by sales volumes. The consolidated number is calculated as the weight of recyclable packaging material sold compared to the total weight of packaging materials sold. Due to materiality, product units that make up less than 0.25% of finished product sales volumes within the subcategory of that product are excluded. By subcategory we mean butter blends, yellow cheese, milk etc. The coverage in 2025 was 89.4%.

Uncertainties and limitations

In 2025, the assessment was performed based on the recyclability status in December. There is a risk that a certain material combination was not recyclable earlier in 2025 but became recyclable in December. In this case, the material combination was counted as recyclable for the full year.

Generation of food waste

Food waste includes all material waste along the value chain that was originally intended for human consumption, excluding inedible parts. This definition aligns with the recommendations provided by the UK-based NGO Waste and Resources Action Programme (WRAP) for quantifying dairy food loss and waste. The food waste can either be liquid or solid. Food waste comprises only non-hazardous waste.

RESTATEMENT

In 2025, food waste for historical years has been restated and is, on average, 44% higher per year than previously reported. The increase is driven mainly by the inclusion of our new whey processing site, AFI Felinfach. This type of site generally produces significant food waste volumes in the form of permeate that is not sold.

CIRCULAR (continued)

We report only food waste from our own operations, as consumer-level waste cannot be reliably measured. Household waste accounts for ~55% of EU food waste (Eurostat 2024), but we focus on what we can influence. Tracked categories are:

- **Liquid waste:** Includes any liquid waste that includes milk, fat and protein. It encompasses various types of liquid waste, including milk with quality issues (e.g. antibiotic contamination), which is considered part of the liquid waste at the dairy responsible for managing its disposal.
- **Solid food waste:** Includes waste from finished and semifinished goods, which refers to the disposal of products that have completed the production process but are not considered solid waste.
- **Sludge before COD measurement:** Refers to the solid waste material that is separated from wastewater before it undergoes treatment. Examples of sludge include the quantities obtained from fat trays, filters or separators, and for Arla it primarily consists of fat.
- **Wastewater COD:** Includes all organic material that is left in the wastewater after sludge is separated. This is assessed by the COD in the wastewater. COD is a measure of the amount of oxygen required to decompose organic material in water.

The density of food waste varies significantly both across and within the different waste categories. To ensure comparability, the food waste volumes have been converted into milk equivalents, following the International Dairy Federation (IDF) guidelines. It provides a standardised measurement approach for assessing the environmental impact of waste within Arla.

Uncertainties and limitations

Estimating fat and protein percentages for waste materials like liquid waste and sludge can lead to uncertainties. These uncertainties depend on data quality, variations in product mix and deviations from average percentages.

Furthermore, quantifying waste, such as COD in wastewater, relies on sampling and analysis methods. While efforts are made to ensure representative samples and timely analysis, potential variations in sampling techniques and laboratory processes as well as delays beyond the recommended 12-hour timeframe may introduce data variations.

SOCIAL

- → Consumers and end-users
- → Employees
- → Workers in the value chain

From employees to employees

We hosted the first Global Careers Fair, a three-day event created by employees, for employees, to explore career paths, share experiences, and gain practical tips for growing within Arla. At our headquarters, 35 departments showcased their work and 50 speakers shared insights with more than 2,700 online attendees.

In picture: Employees gathered around the booth at the careers fair at Arla headquarters, Viby, Denmark.

Consumers and end-users

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

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Impact, risk and opportunity	Type	Description
14 Health benefits due to consumption of our healthy products	Actual positive impact	Dairy is considered part of a healthy diet in European guidelines due to its nutrient density and benefits from pre- or probiotics. By producing nutrient-rich dairy products, we help increase the availability of healthy options on the market, which, when consumed, can contribute to improved health outcomes for consumers.
15 Potential harm to health due to food safety	Potential negative impact	Although we care deeply about food safety in our products, we cannot guarantee that food safety issues like contamination, allergens, foreign objects or mislabelling that can harm consumer health never occurs.

Material impacts, risks and opportunities

Arla's ambition is to create the future of dairy to bring health and inspiration to the world, naturally. The identified material impacts for our consumers and end-users focus on our products' health benefits as well as food safety.

Strategy and policies

We believe dairy plays an important role in supporting a healthy diet and enabling good food choices. Feed Life™, our new Arla corporate platform, is designed to educate people on balanced diets and healthy lifestyles, amplifying our ambition to inspire healthier habits and empower informed food choices. Balancing environmental protection with the need to provide adequate nutrition for a growing global population is one of the biggest challenges for the food industry. Through Feed Life™, we address this challenge by integrating sustainability and health considerations to maintain impact in a changing market.

Arla wants all to live longer, healthier and happier lives. Science shows that sharing healthy food fosters well-being. We want to be part of the journey by providing healthy choices, inspiring healthy food preparation and making nutrition accessible. Therefore, we invested time and resources into preparing a new Health Strategy that will focus on the healthiness of our product portfolio, and further accelerate sugar and salt reductions in our products. To monitor the healthiness of our product portfolio, we track the percentage of total branded sales volume with a Health Star Rating (HSR) score of 3.5 stars or more (see page 63).

Inspiring healthy food preparation is another key component of our health agenda, particularly for future generations. Through educational and inspirational programmes, partnerships and campaigns, we empower people to eat and live well.

Ensuring product safety remains our highest priority. Guided by our Global Quality and Product Safety Policy and QEHS Manual, we continually strengthen our quality culture and food safety standards. We provide accurate labelling, especially for vulnerable groups, which is reflected in our Micronutrient Fortification Policy and Responsible Marketing Policy.

Arla's overall vision on health and nutrition is represented in our Code of Conduct. Read more about our policies on page 80.

Actions

Further increasing the healthiness of our products

To make products healthier and align indulgent items with health criteria, we constantly work on finding solutions or innovations to increase our products' nutritional value without compromising on taste or texture.

In line with our health share guidance, we aim to offer natural ways to reduce added sugars while still meeting consumers' taste and product expectations. We do this by understanding our consumers' preferences, attitudes towards and usage of free sugars (added sugars and those naturally present in honey, syrups and juices) and sweeteners. We also identify, develop and test new solutions and technologies, while building knowledge about the health effect of sugars and sweeteners in dairy.

As part of our commitment to healthier choices for consumers, we improved the processed cheese Puck Blue Jar recipe in 2025 by enriching it with more calcium, initiating sodium reduction in line with World Health Organisation (WHO) recommendations for processed cheese and enhancing its nutritional profile to achieve a Health Star Rating above 3.5.

Launch of Feed Life™

In 2025, we launched Feed Life™ to strengthen engagement with consumers and encourage balanced diets. The launch included a nationwide campaign in Denmark showcasing our full dairy portfolio under one unified brand, and initiatives addressing declining cooking skills among children and families. Through partnerships with schools, chefs and community programmes, we delivered hands-on cooking education to improve food literacy.

Engaging with consumers

Our mission is to inspire consumers by offering products that meet diverse needs and encouraging engagement in activities that promote balanced eating and awareness of product origins. We believe that inspiration and knowledge about cooking are key to developing good food habits, which is why we focus on supporting sustainable and healthy eating habits among children, as early food skills are essential for lifelong health and responsibility. Through the Arla Foundation (Arla Fonden), we support initiatives that promote healthy eating and food skills among young people. Programmes such as Madlejr® food camps for Danish teenagers and Arla Foodmovers X Madklubben, where professional chefs teach school classes in restaurant kitchens, aim to make healthy eating easier and equip youth with essential food skills. In 2025, more than

CONSUMERS AND END-USERS (continued)

114,000 Danish children participated in activities related to cooking, food waste reduction and food education.

To stay connected with consumers, we conduct regular surveys and set up focus groups to understand preferences, monitor brand reputation and improve products. Therefore, we prioritise providing multiple channels for consumers to voice concerns and complaints about our products. Our branded packaging prominently displays the physical address, phone number and email address of relevant Arla offices, ensuring consumers know how to reach us. Consumer complaints are managed by individual markets and tracked through a centralised database.

Increasing our food safety through Artificial Intelligence

With the increasing availability of Artificial Intelligence (AI), we continuously investigate how to utilise it for food safety purposes. Arla's Science & Technology team is leveraging digital innovation to set new standards in food safety. By integrating advanced technologies, they optimise processes and improve risk assessment through predictive modelling and AI tools. Recent projects in 2025 include developing models to predict *Bacillus cereus* growth in collaboration with the Technical University of Denmark (DTU) and Arla Foods Ingredients.

Metrics and targets

Healthiness of our products

We are assessing the nutritional quality and healthiness of our portfolio through the Health Star Rating (HSR), which is also used by the Access to Nutrition initiative (ATNi). In a benchmarking of global food and beverage manufacturers and retailers, ATNi uses the HSR to assign ratings from 0.5 to 5 stars to packaged foods and beverages. The star rating is based on factors like total energy, saturated fat, salt and sugar content, which lower the score, while fibre, protein, fruit, vegetables, nuts and legumes increase it. The number of points needed for a certain rating depend on the product category. To be considered healthy, a product must achieve at least 3.5 stars, regardless of its category. We aim at upholding 3.5 stars or more for 80% of our branded product portfolio.

In 2025, we reported for the first time the share of branded products that qualify as healthy under the HSR, which was 79.5%. The products that mainly drive this good rating are plain milks and yoghurts, family nutrition and some of our milk-based beverages.

Food safety – product recalls

A core responsibility is to ensure that our products are safe for consumers to eat and drink. The target for recalls is by default zero.

In 2025, Arla had two public product recalls. The first one involved complaints about mould in Protino Blueberry 250 ml, affecting around 1,700 consumer units in the Danish market. The second recall was initiated for Arla Protein Quark Blueberry 200 g for the Finnish market, after visible mould was detected on the surface of the product making it unsuitable for consumption. The recall affected approximately 10,000 consumer units. Both incidents were handled promptly to protect consumer health and maintain product quality standards.

Healthiness of our branded products	2025	2024	2023
Products that qualify as healthy under HSR share (%)	79.5%		

Recalls	2025	2024	2023
Number of recalls	2	2	1

§ Accounting policies

Healthiness of our products

The healthiness of our product portfolio is tracked using the Health Star Rating (HSR) system, reporting the percentage of total branded sales volume in tonnes that score 3.5 stars or higher.

The KPI covers all Arla-owned brands and strategic partnership brands. Excluded from scope are industry and bulk sales, including Early Life Nutrition, Arla Foods Ingredients (AFI) products and customer private label products. These exclusions are due to limited control over final product composition or because the products fall outside the scope of the HSR system. The HSR system assigns scores based on a nutrient profiling method. Points are added for 'nutrients to limit' (energy, saturated fat, total sugars, sodium) and subtracted for 'nutrients to encourage' (protein, fibre, fruits, vegetables, nuts, legumes), resulting in a star rating from 0.5 to 5 stars in Health Star increments.

Powder nutritionals are adjusted for dilution to reflect actual consumption following the methodology of the HSR guidance.

Uncertainties and limitations

Powder nutritional data is only updated annually and is not integrated manually. Additionally, the exclusion of private label and bulk sales limits the KPI's coverage to less than half of total revenue and sales tonnage, which should be considered when interpreting results.

Out of branded products within scope, 95,5% is included in the calculation of the share. Missing products are due to incomplete data. The reliance on the HSR system, while widely recognised, may also present limitations in applicability across all markets and product categories.

Food safety – product recalls

All product incidents are handled promptly to safeguard consumer safety as well as to ensure compliance with legal requirements and product quality. The management of public recall incidents follows a detailed and standardised process. Additionally, the handling of product incidents is subject to annual testing to maintain preparedness and effectiveness.

A public recall is initiated when products available to the consumer pose a material food safety, legal or brand integrity risk. It is relevant only when the affected products are accessible to consumers in the marketplace. Public recalls are promptly reported as they occur, and an incident report must be completed within two weekdays from the initial notification of the issue. The total number of public recalls is disclosed externally on an annual basis in accordance with reporting requirements. Recalls for all Arla products in all markets are included.

Employees

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

OWN OPERATIONS

16 17 18 19 20

	Impact, risk and opportunity	Type	Description
16	Fair and good working conditions	Actual positive impact	In Arla, we support fair working conditions by providing contractual security and upholding employees' rights. We promote well-being and high motivation, creating positive value for our employees.
17	Inability to recruit or retain skilled employees	Risk	Competition for skilled employees is intensifying, and if our employer reputation declines, it may become harder to attract and retain talent, leading to higher recruitment costs and reliance on premium wages or consultants.
18	Potential discrimination or harassment	Potential negative impact	Our business spans many different locations and markets, and we acknowledge that it poses a risk of discrimination and harassment among our employees based on gender, nationality or ethnicity, including uneven gender representation and pay gaps.
19	Occupational accident or ill health	Potential negative impact	A significant portion of our workforce is employed in production, warehouse or logistics roles, where the risk of occupational accidents or work-related ill health is higher due to heavy machinery, transport vehicles and physically demanding tasks.
20	Human and labour rights outside of the EU	Potential negative impact	We operate in a number of countries outside Europe, where labour rights are less strict. Thus, our employees in some countries are prone to an increased risk of e.g. forced labour. It primarily concerns local contractors and migrant workers engaged through third-party agencies, classified as non-employees within our own workforce, which increases the risk of issues like forced labour.

Material impacts, risks and opportunities

As an employer of around 20,000 people, we recognise our impact on our employees' physical safety and psychological well-being at the workplace.

Strategy and policies

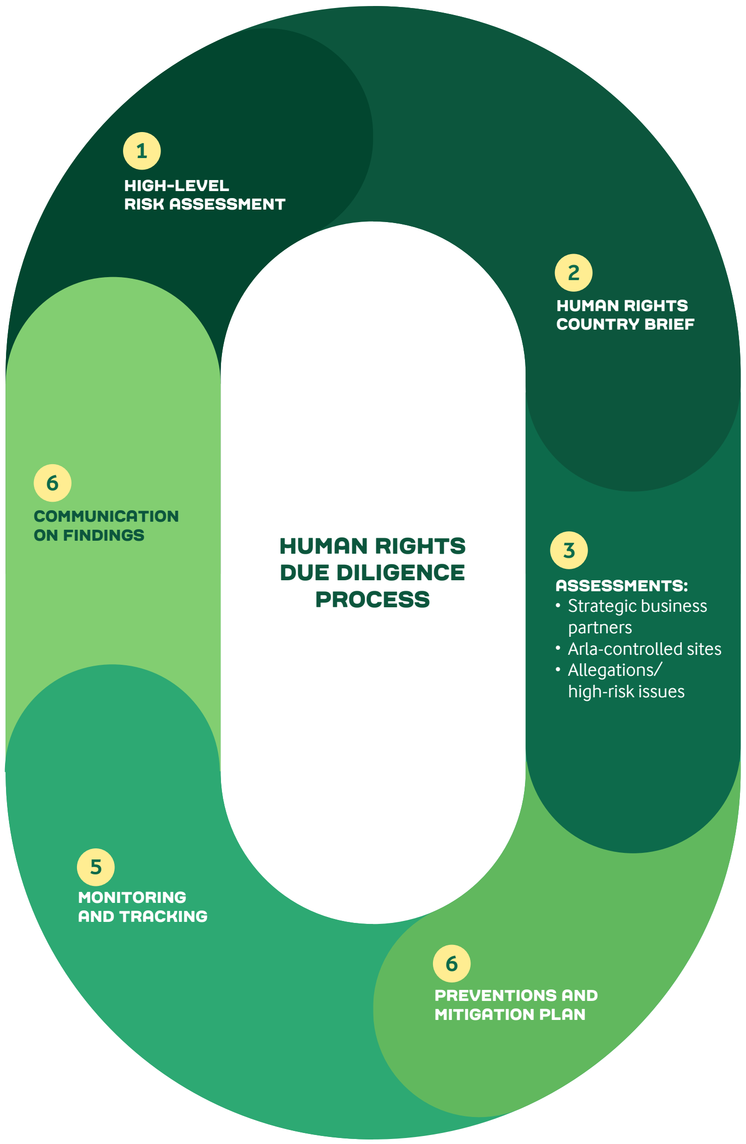
Arla's strategic ambition is to ensure fair and favourable working conditions for all employees across our global operations. We aim to provide a safe, healthy and inclusive work environment that supports personal growth and development. Our approach is guided by our commitment to respect human rights, promote diversity and inclusion, and uphold high health and safety standards.

We are committed to respecting human rights throughout our value chain, including our own operations and those of our suppliers and business partners. Our approach is guided by the UN Guiding Principles on Business and Human Rights (UNGP) and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Our work is anchored in Arla's Code of Conduct (CoC), Human Rights Policy and our Code of Conduct for Suppliers and Business Partners (CoCS).

Additionally, we support employees' rights to unionise and freely form and join organisations of their choice and to engage in collective bargaining, aligned with international human rights standards, as well as parental leave, remote working for more flexibility and adequate working hours. Our commitment to these principles is embedded in our CoC, Human Rights Policy, Parental Leave Policy, Remote Working Guideline and Working Hours Policy.

In 2025, we updated our CoC to better reflect current practices and ways of working. The code will be rolled out in 2026. The revised CoC strengthens our commitments and provides clearer guidance for employees. It also introduces new policy content related to digital and data responsibility. The policies described above cover all our own employees and other people working on our premises and thus impact over 20,000 people. All policies are available to our employees on the intranet and communicated as part of onboardings and the implementation of new internal programmes.

EMPLOYEES (continued)



Through our due diligence, risk assessments and stakeholder dialogue, we have identified the following salient human rights issues:

- Right to enjoy **just and favourable conditions** of work
- Right to **adequate standard of living**
- Right to **health**
- Right to **non-discrimination and privacy**
- Right to **not be subject to slavery, servitude, forced or child labour, or restrictions on freedom of movement**

These issues were reviewed in 2025, and as a result the right to non-discrimination and privacy was included.

Arla's commitment to respecting human rights as well as diversity and inclusion is represented in our Code of Conduct, Human Rights Policy, Working Hour Policy, QEHS Manual, Recruitment Policy, Anti-Harassment Policy and our Diversity Policy.

Read more about our policies on page 80.

Actions

'Barometer' – annual employee engagement survey

Our annual global engagement survey 'Barometer' is an important tool for gathering valuable feedback from employees and ensuring that Arla remains a great place to work at. In 2025, over 18,000 employees participated in the survey, achieving a response rate of 88% globally. We assess employee engagement using the employee engagement index, which is derived from employees' responses to questions about their satisfaction, engagement and feelings towards Arla as a workplace. In 2025, the index reached 87%, surpassing the average engagement index for companies of our size.

Union collaboration

Our works councils operate at local, national and European levels, serving as robust platforms for social dialogue on issues related to employee well-being and safety as well as ensuring the necessary conditions for the company's continuous development. Twice a year, members of the EMT meet with our European Works Council, which consists of 17 employee representatives representing all 15,000+ employees in Europe. This council is the highest forum for collaboration between employees and Arla. Meeting minutes are published on our intranet.

We also engage with international industry-specific union representatives on topics aligned with our salient human rights. The work is led by our Human Resource function.

Agency and third-party workers engaged by Arla

Agency and third-party workers operate at Arla production and logistics sites and are exposed to similar risks as our own employees, particularly in production and logistics. They are included in our health and safety management system and covered by our behavioural safety programme 'Cornerstones'. We

EMPLOYEES (continued)

also work with manpower agencies to ensure compliance with our Code of Conduct, including the prohibition of passport retention and the provision of fair employment terms.

Employee development and talent recruitment

We acknowledge the strategic risk of not being able to recruit or retain skilled employees amid shifting workforce demographics and rising competition for talent. With declining birth rates and Generation Z projected to comprise 30% of our workforce by 2030, we took proactive steps to remain an attractive, future-ready employer. Under the Arla Futures umbrella, we launched initiatives supporting colleagues early in their career, including a unified career universe, expanded leadership development for managers and a two-year learning journey combining formal learning, peer networking and performance conversations.

We also continued supporting apprentices through the European Excellence in Dairy Learning project, spanning nine countries and benefiting apprentices and students in dairy technology.

Employee health and well-being

Our employees are crucial to Arla's success, and we are committed to providing safe and healthy working conditions for everyone. Therefore, all Arla employees are covered by our internal accident reporting system.

In 2025, we continued our behavioural safety programme 'Cornerstones' at our production sites. Systematic reporting enables trend analysis, sharing best practices and identifying critical areas for improvement. We monitor our efforts, detect hotspots and intervene early to ensure progress.

Health and safety also remained a priority in our international business, with Environment, Health and Safety (EHS) reporting procedures in place and near misses or accidents documented through Arla's internal system. Health and safety committees for logistics and production were established, supported by a dedicated email address for information sharing. These actions aim to reduce potential negative impacts such as occupational accidents or ill health and mitigate labour rights concerns outside the EU.

Diversity and inclusion

Following Arla's 2024 'Barometer' survey, a key focus in 2025 was addressing unacceptable behaviour in line with our zero-tolerance approach.

We continued offering workshops on diversity and inclusion from different perspectives. 'Inclusion starts with I' focused on the personal perspective – understanding individual biases and leading oneself before leading others. 'Inclusive culture starts with US' shifted to the team perspective – creating psychological safety and belonging. These initiatives helped embed inclusion in Arla's everyday culture. In autumn 2025, we introduced 'Inclusive Business means sustainable growth', a global workshop linking inclusion to business performance, addressing groupthink, unconscious bias and inclusive leadership in practice.

We also uphold fair and equal pay for the same role regardless of gender, supported by structured salary bands and regular reviews to maintain balance across job levels and departments.

Human rights due diligence approach

We apply a risk-based human rights due diligence process to identify and address the potential and actual impacts of our business. This includes:

- Conducting human rights impact assessments in high-risk regions, particularly non-European growth markets
- Performing due diligence prior to entering new strategic partnerships or when allegations arise
- Maintaining and promoting access to our Ethics Line grievance mechanism, available in 30 languages for employees, suppliers and other stakeholders.
- In accordance with the guidance for our Ethics Line, we make sure to provide remediation appropriate to the grievance.

Our due diligence process is aligned with the UNGP and OECD guidelines and is continuously updated to reflect emerging risks and international best practices.

Human rights governance is overseen by Arla's EMT and governed by our human rights experts in the Sustainability Strategy team, who are responsible for implementing our human rights commitments across relevant business functions including Human Resources, Legal, Procurement, Supplier Assurance and QEHS. We engage with stakeholders such as unions, NGOs and right-holders to ensure transparency and accountability.

Strengthening international human rights

Throughout 2025, we continued to strengthen Arla's human rights due diligence processes across international operations. We maintained regular follow-ups on action plans with a focus on the Middle East and West Africa. During the year, our business setup in Ghana and Senegal changed, and production activities ceased. Consequently, our risk profile in these markets shifted, and we completed the related follow-up actions by year-end.

In Asia and Africa, we implemented targeted initiatives to address salient human rights risks and build capacity within the dairy value chain. We hosted a human rights workshop with participants from government, business, academia and NGOs, resulting in a three-year action plan to strengthen practices in the dairy sector.

In the Middle East, we strengthened employee rights and well-being by replacing employer-provided housing in Qatar with housing allowances to ensure equal employment terms. In Saudi Arabia, we maintained open dialogue with employees and promoted our grievance mechanism, Ethics Line, via multiple channels. Our ongoing engagement with diverse stakeholders helps prevent discrimination and harassment, reinforcing our commitment to respect human rights and create positive impacts across our global value chain.

EMPLOYEES (continued)

Metrics and targets

Number of employees development

The total number of employees, measured as headcount, decreased by 0.6% compared to the previous year. This can be attributed to outsourcing of transport activities in the UK. FTEs increased by 0.7% compared to the previous year.

In 2025, we report on the number of non-employees and non-guaranteed hours for the first time, for which reason no comparative figures are provided.

Employee turnover development

Employee turnover reflects the fluctuation within our workforce. Arla strives for a stable turnover rate, recognising that a certain level of turnover is necessary for maintaining competitiveness and fostering innovation.

The turnover rate increased to 13.6% compared to 12.1% last year. Like for the decline in total number of employees and decrease in UK collective agreement coverage, the increase in involuntary leavers was caused by the fact that more than 360 FTEs from the UK warehouse Hatfield RDC were transferred to an external employer during 2025, and these are counted as involuntary leavers.

Number of employees by contract type

	2025			2024	2023
Number	Women	Men	Total	Total	Total
Permanent employees	6,019	15,595	21,614	21,833	21,243
Temporary employees	793	1,095	1,888	1,799	1,686
Full-time employees	5,567	14,783	20,350	20,632	20,088
Part-time employees	1,245	1,907	3,152	3,000	2,841

Non-employees

Number	2025	2024	2023
	1,874		

Non-guaranteed hours employees

Number	2025	2024	2023
	1,296		

Employee headcounts

	2025			2024	2023
Number	Women	Men	Total	Total	Total
Denmark	2,884	6,121	9,005	8,896	8,722
United Kingdom	695	2,927	3,622	4,037	3,810
Sweden	1,124	2,603	3,727	3,616	3,554
Germany	435	1,194	1,629	1,635	1,592
Saudi Arabia	71	870	941	934	941
Poland	584	371	955	932	805
North America	214	368	582	559	562
United Arab Emirates	83	383	466	453	441
Netherlands	130	300	430	422	422
Finland	192	228	420	426	374
Bahrain	51	308	359	330	330
Other countries[1]	349	1,017	1,366	1,392	1,376
Total headcount	**6,812**	**16,690**	**23,502**	**23,632**	**22,929**
Total FTEs			**22,052**	**21,895**	**21,307**

[1] Other countries include, among others, Bangladesh, Argentina, Kuwait, Iraq, Oman, China and Nigeria.

Employee turnover

	2025	2024	2023
Number of voluntary leavers	1,712	1,797	1,868
Number of involuntary leavers	1,305	846	901
Total employee turnover	**3,017**	**2,643**	**2,769**
Voluntary turnover share (%)	7.7%	8.2%	8.7%
Involuntary turnover share (%)	5.9%	3.9%	4.4%
Total employee turnover share (%)	**13.6%**	**12.1%**	**13.1%**

EMPLOYEES (continued)

Employees' health and safety development

From 2025, we report new health and safety metrics aligned with ESRS, alongside a lost-time accidents rate. Following the rollout of our internal accident reporting system to all offices last year, the system now covers all production and logistics sites and offices. Consequently, only the 2025 health and safety metrics are presented, as prior data is not comparable.

We are committed to reducing the number of workplace accidents. Our target is zero lost-time accidents per million working hours each year. In 2025, we recorded 117 lost-time accidents, resulting in a lost-time accident rate of 2.9. We have seen the greatest improvements in lost-time accidents within Danish logistics, an area that previously faced challenges. This progress reflects special attention and ambitious reduction targets. Production has also shown a notable decrease in lost-time accidents.

Overall, improvements across Arla have been driven by the rollout of clear targets and an updated safety programme, supported by data-driven processes, additional tools and enhanced practices across all production sites and warehouses.

Health and safety metrics

	2025
Employees covered by health and safety management system (%)	100%
Lost-time accidents	117
Lost time accidents rate	2.9
Recordable accidents	362
Recordable accidents rate	8.8
Days lost to work-related injuries and accidents	2,163
Fatalities	0

Gender diversity development

We aim to have at least 40% of the underrepresented gender in management positions from director level and upwards by 2030. In 2025, this share increased by 1.4 percentage points to 32.4%.

Collective agreement development

At the end of 2025, 59.8% of our workforce was covered by collective agreements. All of our employees in the European Economic Area are covered by employee representatives through the European Works Council. Outside of the European Economic Area, this share is 0%. However, regardless of where we operate in the world, and whether our employees are represented, Arla is invested in offering fair wages and benefits for all employees.

In the United Kingdom, the share of the workforce covered decreased by 5.9% percentage points to 50.1%. This decrease was caused by a transfer of more than 360 full-time equivalents (FTEs) from the UK warehouse Hatfield RDC to an external employer during 2025.

Employees covered by collective agreements per country (EEA) share

%	2025	2024	2023
Denmark	73.3%	73.4%	
United Kingdom	50.1%	55.5%	
Sweden	100.0%	100.0%	
Germany	72.8%	72.8%	
Poland	0.0%	0.0%	
Netherlands	90.5%	91.2%	
Finland	80.2%	81.2%	

Gender diversity for all employees

	2025	2024	2023
Number of men	16,690	16,848	16,380
Number of women	6,812	6,784	6,549
Total share of women	**29.0%**	**28.7%**	**28.6%**

Gender diversity in management

	2025	2024	2023
Number of men	248	253	260
Number of women	119	113	108
Share of women at or above director level (%)	**32.4%**	**30.9%**	**29.3%**

Gender diversity in top-management

	2025	2024	2023
Number of men	6	7	7
Number of women	2	1	1
Share of women in the Executive Management Team (EMT) (%)	**25.0%**	**12.5%**	**12.5%**

Distribution of employees by age group

		2025	2024	2023
<30	Number	4,970	4,945	4,473
	Share	21.1%	20.9%	19.5%
30-50	Number	11,557	11,619	11,753
	Share	49.2%	49.2%	51.3%
>50	Number	6,975	7,068	6,703
	Share	29.7%	29.9%	29.2%
Total	**Number**	**23,502**	**23,632**	**22,929**

EMPLOYEES (continued)

Grievances on Ethics Line

Number	2025	2024	2023
Reports related to unacceptable behaviour (including harassment and discrimination)	46	44	36
Reports related to other topics	71	56	60
Total reports submitted	**117**	**100**	**96**

Fines for human rights violations and harassment

EUR million	2025	2024	2023
Human rights	-	-	-
Harassment	-	-	-
Total	**-**	**-**	**-**

Gender pay gap

	2025
Gender pay gap[1]	-3.1%

[1] Since 2025, Arla's gender pay metric covers all employees. Historically, figures covered only office-based staff and are not comparable, so no historical comparison is provided. In 2024 (under the old scope), Arla reported a gender pay gap of 0% (pay ratio of 1.00).

Total remuneration ratio

	2025
Total remuneration ratio	69

Grievances on Ethics Line and human rights

In 2025, 117 reports were submitted to Ethics Line. Please see the Grievance Policy for more information about Ethics Line and the process of handling grievances.

In 2025, we did not receive any reports of severe human rights incidents in Arla or in our value chain.

Gender pay gap and total remuneration development

The gender pay ratio was -3.1% in 2025. The gender pay ratio is explained by the fact that male employees are more frequently represented in frontline roles, while female employees are more frequently represented in office-based roles, which typically are compensated at different rates.

§ Accounting policies

Employees

The number of employees by country, gender, contract type and age distribution is based on the headcount as at 31 December for 2025 and all historical years. The headcount refers to the total number of employees, regardless of whether they are on a full-time or a part-time contract. Each individual employed by Arla is counted as 1.0 in the headcount numbers. Additionally, we report on total full-time employees (FTE). FTE is a measure of an employee's contractual working hours in relation to a full-time contract for the same position and country. This figure is used to quantify the active workforce in terms of full-time positions. An FTE of 1.0 represents a full-time employee, while an FTE of 0.5 indicates a workload equivalent to a part-time employee working 50% of a full-time position. The average FTE figure is calculated as the average value for each legal entity throughout the year. These averages are derived from quarterly measurements taken at the end of each quarter.

The headcount and FTE figure include all employees, regardless of whether they are on permanent or temporary contracts. However, employees on long-term leave, such as maternity leave or long-term sick leave, are excluded from the calculation. This ensures that the figure accurately represents the active workforce.

Employee data is managed centrally in compliance with the General Data Protection Regulation (GDPR) guidelines. In our current system, employees have the option to choose from the gender categories man, woman or other. To safeguard anonymity in cases where category sizes are very small, and to avoid skewing our gender KPIs, responses listed as 'other' gender were grouped with the men category.

The FTE figure is reported internally on a monthly basis. To enhance the accuracy and reliability of the data, each legal entity validates the information on a quarterly basis.

Non-employees

Non-employees include agency workers and IT consultants, which are the most common categories at Arla. Prior to 2025, only agency workers were in scope. Most non-employees are agency workers and are reported as FTEs as of 31 December 2025. IT consultants represent a smaller share; only headcount data are available and have been used.

Employee turnover

Employee turnover is categorised as either voluntary turnover (when an employee chooses to leave the company) or involuntary turnover (when an employee is dismissed).

Turnover serves as a measure of talent retention in Arla and also reflects the efficiency of our operations. To calculate employee turnover, we divide the total number of employees who leave during a specific period by the total number of employees in that same period. It is important to note that this calculation is based on the headcount of employees and not on FTEs. Turnover is calculated for all employees on permanent contracts and encompasses various reasons for their departure, including retirement, dismissal and resignation. Departures are included in the calculation starting from the month when remuneration is no longer provided. For instance, some tenured employees may receive remuneration for a few months after their dismissal, and their departure would be considered in the turnover calculation after this period.

EMPLOYEES (continued)

Health and safety metrics
All safety metrics cover production sites, logistics sites, warehouses and offices under Arla's control. All workers, i.e. Arla employees, external agency workers engaged in Arla-related work and contractors, must promptly report any workplace injury or illness to their team leader or manager, regardless of severity. Accidents are reported via our internal tool using mobile devices within 24 hours of occurrence.

Our reporting covers both own employees and non-employees. All rates are calculated per one million working hours. We collect working hours for employees and non-employees, while visitors and value-chain workers are excluded.

A lost-time accident is a work-related injury that results in one or more scheduled days or shifts lost. An accident is classified as a lost-time accident when the employee cannot perform regular duties, requires time off for recovery or is assigned modified duties. This metric includes incidents across all production and logistic sites under Arla's control. Until 2025, data covered production, logistics and head offices; from 2025 onwards, the scope expanded to all global offices, providing full coverage. Recordable accidents include fatalities, lost-time accidents, restricted work accidents (cases that limit full performance of regular duties after the injury) and medical treatment cases.

Fatalities reporting covers fatalities from work-related injuries for our own workforce and work-related ill health among employees.

Uncertainties and limitations
Accidents involving agency workers and contractors are recorded in the reporting system but may have different considerations in terms of inclusion in the lost-time accident rate and total recordable accident rate calculations.

Days lost due to work-related injuries and accidents are not recorded until the employee returns to work. This means that days lost due to incidents occurring late in the year are registered in the following year.

Gender diversity
Gender diversity for all employees refers to the proportion of women in relation to the total number of headcounts. The measurement of gender diversity, both for all employees and in management, is based on the headcount as at 31 December for 2025 and all historical years. Gender diversity in management provides insight into the representation of women in management positions within the organisation.

Arla's gender diversity in management is determined by measuring the proportion of women in director positions or above.

Gender diversity in top management is quantified by the proportion of women in the EMT. This measurement provides insight into the representation of women in executive management positions within the organisation.

Collective agreements
We support employees' rights to unionise and freely form and join organisations of their choice and to engage in collective bargaining, aligned with international human rights standards. Our commitment to these principles is embedded in our Code of Conduct and Human Rights Policy. In the table displaying the share of employees covered by collective agreements per country within the European Economic Area (EEA), we have included the three countries with significant employment, defined as representing at least 10% of the total number of employees. Additionally, four other European countries are included, as they are also featured in the employee headcount breakdown.

The collective agreement coverage is calculated based on headcount as at 31 December for each year.

Ethics and grievances
Our grievance and whistleblower service Ethics Line allows employees and stakeholders to report concerns such as legal violations, Code of Conduct breaches, fraud, bribery, harassment, food safety, environmental issues and intellectual property disclosure. We report externally the total amount of reports received during the year separately for unacceptable behaviour, including harassment and discrimination, fraud and bribery allegations and other grievances. See the Grievance Policy for more information about Ethics Line and the process of handling grievances.

Ethics Line reports include reports related to fraud and bribery allegations reported in the corruption and bribery section (see page 76).

Uncertainties and estimates
It is possible that some work-related discrimination and harassment incidents are reported directly to HR and not captured by the Ethics Line. The significant increase in reports between 2022 and 2023 is attributed to enhanced communication and a general rise in awareness about grievance reporting.

Gender pay gap and total remuneration ratio
The gender pay gap is calculated as the average gross hourly pay of all male employees subtracted by the average gross hourly pay of all female employees divided by the average gross hourly pay of all male employees. Hierarchy variances are not considered in the metric.

As of 2025, Arla is including all employees in the gender pay calculation. For historical years, only office-based employees were covered, thus the result is no longer comparable with the new calculation and no historical comparison is made available for the metric.

In 2025, we report on total remuneration ratio for the first time. The total remuneration ratio is calculated as the ratio between the median total remuneration for employees excluding the highest paid individual as a ratio of the highest paid individuals total remuneration.

Both remuneration metrics include contractual base salaries, pensions, cash allowances and other benefits based on salary data end of year.

Workers in the value chain

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

SUPPLIERS

21 22 23 24

FARM

21 22

	Impact, risk and opportunity	Type	Description
21	Potential inadequate working conditions	Potential negative impact	We are aware that some entities in our value chain use migrant and seasonal workers. Especially in less regulated regions, these workers are prone to a larger risk of facing poor working conditions and lack of secure employment protection.
22	Occupational accident or ill health	Potential negative impact	A large share of workers in our value chain work within agriculture, manufacturing and distribution, which tend to present higher health and safety risks compared to other industries. Migrant and seasonal workers are particularly vulnerable to these risks due to language barriers and limited training.
23	Potential violence or harassment	Potential negative impact	In Arla, we are part of a global value chain, and some entities in our value chain operate in regions, where there is a risk of harassment, discrimination and even violence. Migrant and seasonal workers in less regulated regions are particularly vulnerable to these risks. Some workers in the upstream value chain may also face violations of local working time laws.
24	Human and labour rights outside of the EU	Potential negative impact	As part of a value chain with global sourcing – even if unlikely – a risk of child and forced labour in the upstream value chain exists, especially outside the EU.

Material impacts, risks and opportunities

Workers of our global suppliers and on our farmer owners' farms are impacted by Arla's business. These groups include particularly vulnerable migrant workers. Value chain workers are not included in the employee metrics of this report.

Strategy and policies

Arla is committed to respecting human rights for all workers in our value chain. This includes employees of our farmer owners and workers employed by suppliers and business partners. Our approach is guided by our Human Rights Policy and Code of Conduct for Suppliers and Business Partners (CoCS) as well as international standards such as the UN Guiding Principles on Business and Human Rights (UNGP) and the Organisation for Economic Cooperation and Development (OECD) Guidelines. We aim to prevent and mitigate risks related to labour rights, health and safety, and modern slavery, while promoting positive impacts through collaboration and capacity building.

All Arla farmer owners are obliged to adhere to our cooperative's farm management programme Arlagården®. People is one of the four focus areas of the programme. The dairy farm is a place to live and work. Respectful relations are part of the heritage of our cooperative and are just as important for the generations to come. The Arlagården® people requirements define a framework for how we ensure a fair and safe workplace for the farmer owner and the employees, forming the foundation for respectful relations between people on the farm, within the local community and in the value chain.

Our farmer owners are an essential part of our cooperative's supply chain and our joint commitment to eliminating forced labour. As per our general membership terms, our farmer owners are obliged to ensure that no forced labour is used in their production, and that as a minimum they comply with all applicable laws and industry standards relating to working hours and minimum wage. Farmer owners in the UK are specifically obliged to comply with the provisions of the Modern Slavery Act.

WORKERS IN THE VALUE CHAIN (continued)

Actions

Due diligence approach

As part of our human rights due diligence process to identify and address potential and actual impacts, as described on page 65, for workers in our value chain this process includes us engaging with suppliers and their workers during audits and production and logistics site visits to assess working conditions and awareness of grievance mechanisms.

Ensuring human rights and ethical standards in our value chain

We require compliance with our Code of Conduct for Suppliers and Business Partners (CoCS), which covers a wide range of environmental, social, ethical and human rights standards. Signing the CoCS is a key criterion in our supplier selection process and to become a preferred supplier. By signing our purchasing agreements, suppliers commit to our commercial and legal terms, which also include our sustainability goals, measures to reduce environmental impact, as well as IT security requirements.

Our global Purchasing Policy outlines the standards essential for engaging with suppliers. Employees are advised to use preferred suppliers and submit written purchase orders through our systems to safeguard our company and brands, while also reducing risks for our company and maximising process efficiency. Buying responsibly helps to prevent fraud, drive legal compliance and meet food safety standards.

During 2025, we ran a 'Responsible Purchasing' campaign for our employees addressing fraud prevention by ensuring that payment of invoices is made only to verified suppliers and verified bank accounts, reducing the risk of fraud. The campaign also reinforced legal compliance, as Arla's approved suppliers have agreed to follow legal, environmental and human rights requirements, and highlighted quality assurance by promoting the use of preferred suppliers to ensure food safety standards are met and that we receive high-quality products and services.

Through the work with our CoCS, we promote the possibility for suppliers and their workers to report any concerns about misconduct to our grievance and whistleblower service Arla Ethics Line. Read more about it on page 69.

Agricultural labour is often seasonal and labour-intensive, creating inherent health and safety risks and reliance on migrant workers. We emphasise the importance of fair working conditions on farms and engage with farmer owners to raise awareness of labour rights and responsible employment practices. Arla is a member of AIM-Progress, which is a global forum of FMCG companies and suppliers collaborating on reward .

The mandatory components of Arlagården® include Arlagården® and a farm information survey. The Arlagården® farm management programme and its verification process consist of two steps, each designed to further strengthen transparency and trust: a self-assessment survey and a third-party audit. At the current stage, the people agenda is not part of the third-party audit.

Metrics and targets

Supplier audits

When a supplier signs the Code of Conduct for Suppliers and Business Partners, it allows Arla to audit them on sustainability matters as part of our human rights due diligence assessments.

Each year, we conduct supplier audits based on risk evaluations. In 2025, we performed 71 physical and virtual audits, compared to 97 in the previous year. The number of supplier audits varies from year to year, since they are applied to new suppliers, new processes, new lines and contract manufacturers as per schedule, or if performance issues, claims or other concerns arise.

The audits are coordinated by our Supplier Assurance function to ensure alignment with our standards. During the audits and visits, we engage with suppliers' workers to discuss working conditions and awareness of grievance channels including Arla's Ethics Line. Input from these efforts can feed into the update of our Human Rights Policy.

GOVERNANCE

→ Animal welfare

→ Political engagement, corruption and bribery

Focus on animal welfare

Healthy, well looked after cows are essential to strong herd performance and high milk quality. The farming school in Havredal, Denmark, supplies organic milk to Arla. It holds the three heart level under the Better Animal Welfare label (Bedre Dyrevelfærd), a governmental scheme in Denmark that assesses animal welfare across three levels, with three hearts representing the highest standard.

In picture: Havredal Vocational School, Viborg, Denmark.

Animal welfare

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

FARM

25 26 28

CONSUMERS

27

	Impact, risk and opportunity	Type	Description
25	Inadequate management of animal welfare	Potential negative impact	As a dairy producer, our production relies heavily on the welfare of dairy cows. However, we do acknowledge that a risk of poor housing conditions, improper handling practices and inadequate management exists, which could negatively affect the physical and psychological well-being of dairy cows, and in the worst case lead to early death of cows.
26	New regulation on stable sizes	Risk	Future regulations on the housing of cows will require upgrades for many Arla farmer owners. While these changes may lead to increased costs and adjustments in operations, they also present an opportunity to modernise farming practices. If investments are delayed, however, there could be some impact on productivity and yields. Taken together with other upcoming regulations, these changes may shape the long-term future of dairy farming.
27	Consumers shifting away from dairy driven by animal welfare concerns	Risk	Consumers may turn away from dairy products due to negative publicity or concerns about animal welfare, which would impact sales. Growing consumer concern for animal welfare is influencing farming, policy and ethics.
28	Loss of milk due to animal diseases	Risk	The spread of animal diseases, such as the bluetongue and foot and mouth diseases, among our farmer owners could lead to higher mortality and lower milk yields, as seen previously in some regions. There is a risk of similar outbreaks affecting other key markets, potentially reducing milk production.

Material impacts, risks and opportunities

Milk is Arla's core raw material, so animal welfare is central to our business. Healthy, well-cared-for cows support strong herd performance, milk quality and our reputation. Our farmer owners are committed to high standards, and animal welfare remains a key focus as expectations from consumers and regulators continue to grow.

Strategy and policies

Animal welfare is a priority for Arla, reflecting our ethical commitment and growing expectations from consumers, regulators and stakeholders. Arla recognises cattle as sentient beings capable of experiencing pain and distress, and we take responsibility for ensuring their needs are met across farms. To support this, Arla has a dedicated global team focused on defining robust welfare standards and driving continuous improvement in collaboration with our farmer owners. Our current strategic focus areas include responsible antibiotic use, comfortable housing, cow-calf connection, reducing close confinement and mitigating climate-related impacts on farms. These efforts help reduce risks related to herd health, milk quality and public trust, while also creating opportunities to strengthen our brand, meet evolving market demands and lead in sustainable dairy production. By investing in high welfare standards, Arla aims to future-proof its business and contribute positively to the dairy sector's development.

Arla prioritises training and development for employees and external auditors conducting animal welfare audits. Training includes topics such as cow signals, animal-based indicators and animal welfare requirements. External auditors undergo training, calibration and annual alignment. Arla also leverages the knowledge of animal welfare experts to improve standards on farms and encourages farmer owners to implement tether-free systems and provide enrichment tools for animals.

The Arlagården® programme, the Code of Conduct (CoC) and our Animal Welfare Statement underline our commitment to animal welfare. The Arlagården® farm quality assurance programme to support animal welfare is regularly updated to reflect changing expectations and farm conditions. Arla farmer owners must submit regular herd health reports and undergo external animal welfare audits at least every three years, with extra audits if issues arise. The programme uses four science-based welfare indicators and aims for no major findings, continually strengthening its requirements. New farmer owners are informed of these standards upon joining.

Read more about our policies on page 80.

ANIMAL WELFARE (continued)

Actions

FarmAhead™ Check and Incentive

Animal robustness, which Arla defines as an animal's health and well-being, is a key focus in Arla's FarmAhead™ Check and Incentive programmes. Payments to farmers for improving animal robustness remained stable, totalling EUR 9,6 million. Many Arla cows now wear monitoring devices, enabling early detection of health issues and supporting better animal welfare.

Factsheets on cow diseases

In order to stay ahead of the risk that infectious cow diseases pose to our business, we provide our farmers with factsheets on the cow diseases that are most relevant to Arla. They contain information on the transmission, clinical signs in cattle, differential diagnosis, economic impact, prevention and control, vaccination, and how to report suspected cases. Currently, the sheets cover bluetongue in dairy cattle, epizootic haemorrhagic disease, avian influenza, foot and mouth disease, lumpy skin disease and Q fever. The sheets are available for all farmers on the Arla Farmers portal and will be expanded further.

Update of our Animal Welfare Statement

In 2025, we updated our Animal Welfare Statement that publicly describes our commitment on the topic. The commitments added new criteria such as ending long distance animal transport and prohibiting growth promoting substances.

Metrics and targets

Animal welfare indicators

Four science-based indicators are used to assess the overall well-being of our farmer owners' herds:

- **Cleanliness:** Clean cows have a lower risk of being infected by disease.
- **Mobility:** Cows walk without any problems, and have no pain in their legs or hooves.
- **Good body condition:** Fit cows have the perfect amount of fat reserves on their bodies; not too little and not too much.
- **No injuries:** An injury on a cow can be a lump, bump, ulcer or sore.

We aim for 100% share of farmer owners in all categories with no major animal welfare issues.

The number of audited farmers with no major issues was largely unchanged compared to last year, however with a small decrease in relation to injuries. We aim for no major findings. Even if we are satisfied with our results, we continuously assess how to improve animal welfare and also ensure that we identify potential issues.

In 2025, the percentage of audited farms was 35%, corresponding to 2,540 audited farmer owners.

Somatic cell count

Animal welfare KPIs include somatic cell count (SCC), which is a good indicator of disease and stress in cows.

The average SCC across Arla fell to 175 thousand cells/ml in 2025 from 183 thousand, mainly due to delayed effects of the 2023-2024 bluetongue outbreak. Fertility issues and delayed pregnancies led to older cows being culled without immediate replacement, creating a younger milking herd in 2025. Younger cows produce milk with a lower SCC, driving this improvement. The effect is expected to fade as the herd ages.

Animal welfare indicators

	2025	2024	2023
Somatic cell count (thousand cells/ml)	175	183	184
Share of audited farmers with no major cleanliness issues (%)	99.2%	99.1%	99.1%
Share of audited farmers with no major mobility issues (%)	99.8%	99.9%	99.8%
Share of audited farmers with no major injury issues (%)	98.7%	99.6%	99.7%
Share of audited farmers with no major issues related to body condition (%)	99.7%	99.7%	99.9%

§ Accounting policies

Somatic cell count (average)

Somatic cells in milk are primarily white blood cells. An elevated level of somatic cells can indicate inflammation (mastitis) of the cow's udder, which causes the animal pain and stress and also lowers milk quality. Arla monitors the somatic cell count (SCC) by analysing milk at bulk tank level each time milk is collected from the farms. Levels are continuously reported to safeguard milk quality. The figure reported is a weighted average of Arla's owner milk intake in a given year, excluding contract milk and milk swaps. An exception is contract milk in the UK, which is also taken into consideration. The SCC is received from several laboratories across owner countries and is measured in thousand cells per millilitre. A SCC above 300 thousand reduces the milk price to the farmer owner, while a supplement is given for a SCC below 300 thousand.

Audit on farms and animal-based indicators

Animal welfare on Arla farms is audited, covering herd health, well-being, feeding and housing, based on WelfareQuality® criteria. Audits evaluate four animal-based indicators: body condition, mobility, cleanliness and injuries. These indicators were developed based on scientific research on the most common dairy cattle issues. Audits include routine audits (performed at least every three years), spot checks, start-up visits, attention and special attention audits. Audited farmer owners are those who received at least one audit in the reporting year.

Animal-based indicators evaluated by auditors

The KPIs show the share of audited farmer owners with no major issues in each category. During audits, the auditor assesses the cattle on the farm, and identifies whether there are any welfare concerns. If concerns are identified, the cattle are scored according to Arla's welfare indicators. The auditor scores the cows on the four core welfare indicators on a scale of 0-2, where 0 means no issues identified, 1 means minor issues and 2 means major issues. The results are reported to Arla. Major welfare incidents are reported if over 5% of cows are too thin, over 25% too dirty, over 15% lame or over 10% injured.

Uncertainties and estimates

Farms are audited every three years, so year-over-year comparisons may vary since different farms are audited each year. Only Arla owner farms are included; contract milk or milk from third-party farms delivering to Arla production sites under milk swaps are not covered by animal welfare indicators.

Political engagement, corruption and bribery

HOW OUR IMPACTS, RISKS AND OPPORTUNITIES LINK TO OUR VALUE CHAIN

OWN OPERATIONS

29 30

Impact, risk and opportunity		Type	Description
29	Accusations of unethical conduct or lobbying by consumers	Risk	There is a risk of accusations of unethical conduct or lobbying related to climate risks and Arla as a dairy company, which could impact sales.
30	Non-compliance with corruption and bribery regulation	Risk	While we as part of the dairy industry have a lower inherent risk of corruption and bribery due to strong regulation and fewer high-value contracts, we remain vigilant, particularly as anti-bribery regulations strengthen in the UK and the EU. If occurring, corruption and bribery can cause legal costs, fines, lost business and reputational damage, especially affecting customer trust.

Regular training and onboarding integration ensure that our corporate values are embedded throughout the organisation. Internally, policies are managed via a dedicated portal on our intranet.

Read more about our policies on page 80.

Material impacts, risks and opportunities

Maintaining integrity in all business dealings is fundamental to Arla’s operations. We have zero tolerance for corruption, bribery and fraud, as these practices undermine trust, damage reputations and can lead to severe legal and financial consequences.

Our ability to influence legislation and collaborate with policymakers plays a vital role in supporting the sustainable transition of the dairy sector. However, this also exposes us to reputational risks, such as accusations of unethical lobbying or misalignment with climate goals. Managing these dynamics responsibly is essential to protect trust and create long-term value for our farmer owners and stakeholders.

Strategy and policies

As a leading dairy cooperative, Arla's political engagement is essential to driving meaningful change and shaping legislation that supports the sustainable transition of the dairy sector. Our involvement ensures representation on issues that directly affect our farmer owners, enhances collaboration and helps mitigate risks. We do not make political contributions – whether direct or indirect, monetary or in-kind – to politicians, parties, campaigns or fundraising events.

Our Responsible Political Engagement Policy ensures that all activities are conducted transparently, ethically and in compliance with relevant regulations. It aligns with Arla's Code of Conduct (CoC), the UN Global Compact principles (see page 79), and the EU Transparency Register's Code of Conduct.

We maintain a strong stance against breaches of our CoC or applicable regulations. Employees and stakeholders are encouraged to report concerns or misconduct through our confidential whistleblower system, Ethics Line, available in 30 languages on the Arla website. Reports can also be made to local HR, Risk and Compliance or Legal functions. The Ethics Line Committee, which oversees this grievance channel, reports directly to the CEO.

To prevent fraud, we operate a robust system of internal controls, regularly assessed for effectiveness. We pay particular attention to higher-risk regions, including the Middle East, Nigeria, Central and Southern Africa, Bangladesh, Indonesia and South America, as well as business areas such as sales, marketing and procurement. These are also monitored closely to uphold human rights and labour rights, supported by our human rights due diligence process (see page 79).

All relevant policies are clearly communicated and accessible. CoC, available in 12 languages, our Anti-bribery Policy and Lobbying Policy as well as the Reward Policy set clear responsibilities for preventing misconduct across all operations. These policies apply to everyone working for or on behalf of Arla and are governed by the EMT and the Legal function.

POLITICAL ENGAGEMENT, CORRUPTION AND BRIBERY (continued)

Actions

Political engagement

In 2025, our external political engagement continued to support us in delivering a healthy and sustainable food system. This included the Danish Green Tripartite Agreement, the Swedish and UK national food strategies, and regenerative and carbon farming. We also worked with NGOs and dairy industry partners on enhancing biodiversity and promoting a healthy, sustainable diet. Our engagement is aligned with our risk and opportunity management and directed by our Future26 strategy, focusing on delivering on our climate, health and sustainability ambitions.

Corruption and bribery

To mitigate the risk of non-compliance with corruption and bribery regulations, Arla has taken a series of coordinated actions across markets and functions. In the UK, for the second year in a row, a comprehensive training session was held, covering over 100 employees, including new starters and colleagues from our newly integrated production site AFI Felinfach.

At a broader level, updated anti-bribery and corruption policies were circulated by market heads during the summer, forming part of a structured short, medium and long-term compliance strategy. A working group has been established to develop a proposal for mandatory training, tailored to different categories of employees based on risk exposure and role relevance.

An anti-corruption and bribery awareness campaign targeting people managers took place at the end of the year. While participation was voluntary, the campaign aimed to strengthen awareness and reinforce a culture of integrity. Targeted trainings have also been conducted in several international markets.

We also reviewed and updated key governance documents, including the Code of Conduct (read more on the update on page 64), the anti-bribery policy, and guidelines on gifts and hospitality. These resources are now consolidated on a dedicated SharePoint site, Arla's internal platform for document management and collaboration, ensuring easy access for employees and promoting consistent understanding across the organisation.

Ethics Line reports related to fraud and bribery allegations are included in total Ethics Line reports in the Employees section (see page 69).

Metrics and targets

Development of corruption and bribery

In 2025, we received no convictions for violations of anti-corruption or anti-bribery laws. See page 69 for the number of reports submitted to Ethics Line. The responsibility of anti-corruption and bribery investigations lies with our Legal function, which has local coverage of all markets.

Corruption and bribery

	2025	2024	2023
Ethics Line reports related to fraud and bribery allegations	29	23	29
Number of convictions for corruption and bribery laws	-	-	-
Fines for corruption and bribery in EUR million[1]	-	-	-

[1] Arla Foods Ingredients Brazil has been investigated for purchasing confidential foreign trade data. We cooperated fully with authorities and expect a non-material leniency fee, and have planned for corrective actions to strengthen local controls.

SUSTAINABILITY APPENDIX

Whey to Value project

AFI partnered with the Global Alliance for Improved Nutrition (GAIN) Pakistan, local dairies and other stakeholders on the 'Whey to Value' project. This initiative converts discarded whey into nutritious drinks and animal feed, aiming to reduce the environmental footprint, promote circularity and improve nutrition for vulnerable groups.

In picture: A girl in Pakistan tasted the whey-based products.

Other disclosures

Sustainability due diligence

The following table shows where to find information about our due diligence process within the sustainability statements.

For us, due diligence means identifying, assessing and resolving both actual and potential social and environmental impacts associated with business operations, value chain and investments. Our primary goal is to protect and uphold human rights, labour rights and the environment. This involves setting policies and targets, performing risk assessments and thorough evaluations, taking appropriate actions to prevent and manage negative impacts and offering effective remedies when needed.

You can learn more about the key aspects of our due diligence process on the pages listed in the table.

UN Global Compact

In early 2008, Arla signed up to the Global Compact, a UN initiative to promote ethical business practices. As a signatory, we are committed to observing the Global Compact's 10 fundamental principles.

Human rights

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that we are not complicit in human rights abuses

Labour

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Eliminate all forms of forced and compulsory labour
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation

Environment

7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

10. Work against corruption in all its forms, including extortion and bribery

Since 2008, Arla has been a participant of the Global Compact's Nordic Network. In May 2009, Arla signed up to Caring for Climate, a voluntary and complementary action platform seeking to demonstrate leadership around the issue of climate change. In 2010, Arla's CEO signed a CEO Statement of Support for the Women's Empowerment Principles, an initiative from the Global Compact and the UN Development Fund for Women (UNIFEM).

Read more about the Global Compact and its principles at www.unglobalcompact.org and more about Arla's Code of Conduct at arla.com.

WE SUPPORT

Core elements of due diligence		Section in sustainability statements	Pages
a	Embedding due diligence in governance, strategy and business model	Business model Sustainability strategy Employees	15 35 64-65
b	Engaging with affected stakeholders in all key steps of the due diligence	Double materiality assessment - Methodology	38
c	Identifying and assessing adverse impacts	Double materiality assessment Impact, risk and opportunity tables for climate, biodiversity, circular, consumers and end-users, employees, workers in the value chain, animal welfare and political engagement, corruption and bribery	36-38 41, 52, 57, 62, 64, 71, 74, 76
d	Taking actions to address adverse impacts	Actions for climate, biodiversity, circular, consumers and end-users, employees, workers in the value chain, animal welfare and political engagement, corruption and bribery	42, 53, 58, 62, 65, 72, 75, 77
e	Tracking the effectiveness of these efforts and communicating	Metrics and targets for climate, biodiversity, circular, consumers and end-users, employees, workers in the value chain, animal welfare and political engagement, corruption and bribery	44-47, 54-55, 58-59, 63, 67-69, 72, 75, 77

OTHER DISCLOSURES (continued)

Policy	Description	Pages
Animal Welfare Statement	Outlines Arla's approach to animal welfare using the Five Domains framework. Includes commitments on housing, antibiotic use, cow-calf connection, and climate impact. Compliance is checked through Arlagården® audits and farmer training.	74, 75
Anti-bribery Policy	Establishes zero-tolerance for bribery and corruption. Applies to all employees and third parties globally. Covers definitions, prohibited practices, gifts & hospitality rules, charitable donations, reporting obligations, and disciplinary actions.	76, 77
Anti-harassment Policy	Ensures a workplace free from harassment, bullying, and discrimination. Defines harassment types and outlines grievance process, responsibilities, confidentiality, training, and disciplinary measures.	65
Code of Conduct	Arla's overarching ethical framework covering business principles, food safety, environmental care, animal welfare, workplace standards, human rights, and community relations. Aligns with UN Global Compact and OECD guidelines.	62, 64, 65, 66, 70, 74, 76, 77
Code of Conduct for Suppliers and Business Partners	Sets expectations for suppliers regarding compliance with laws, human rights, labour standards, anti-bribery, health and safety, environment, and grievance mechanisms. Requires adherence to Arla's sustainability and ethical standards.	53, 54, 64, 71, 72
Diversity Policy	Promotes diversity and inclusion across Arla. Defines diversity broadly and sets team composition targets. Ensures unbiased recruitment, equal pay and inclusive culture, and includes monitoring and reporting.	65
Environmental Policy	Covers Arla's commitment to reducing environmental impact and combating climate change. Focus areas include climate change, resource efficiency, waste reduction, biodiversity, water stewardship, and sustainable sourcing.	41, 53, 56
General Membership Terms for Arla Foods amba	Outlines the general membership terms for Arla Foods amba, governing the relationship between the cooperative and its members. It covers rules for joining and resigning, milk delivery and quality standards, payment principles, retention of capital, data protection, and dispute resolution. Members must comply with cooperative policies, quality programmes, and legal obligations while participating in its democratic governance.	71
Grievance Policy	Framework for reporting concerns including fraud, bribery, harassment, food safety, and environmental issues. Applies to employees and external stakeholders. Details reporting channels, investigation process, confidentiality, and protection against retaliation.	69, 70
Human Rights Policy	Covers Arla's commitment to respecting human rights across operations and supply chain. Aligns with UN and OECD guidelines. Covers due diligence, remediation and grievance mechanisms, and prohibits child labour, forced labour, and human trafficking.	64, 65, 70, 71, 72
Lobbying Policy	Defines principles for lobbying and stakeholder engagement. Aligns with Arla's values and international standards. Prohibits political contributions and bribery. Sets governance and monitoring structure.	76
Micronutrient Fortification Policy	Guidelines for fortifying products with vitamins and minerals. Based on WHO guidance. Requires justification, adherence to nutritional standards, and safe fortification levels. Applies to all Arla brands except infant and medical products.	62
Parental Leave Policy	Establishes global minimum parental leave: 14 weeks paid for primary caregiver, 2 weeks for secondary caregiver, plus unpaid leave options. Includes employment protection, breastfeeding support, and flexible work arrangements.	64
Quality and Product Safety Policy	Ensures safe, high-quality products across operations. Requires HACCP principles, GFSI certification, risk assessments, traceability, and compliance. Emphasises continuous improvement and quality culture.	62
Recruitment Policy	Sets global standards for hiring processes. Covers planning, sourcing, screening, interviews, assessments, onboarding, and equal opportunities. Promotes internal mobility and compliance with anti-discrimination laws.	65
Remote Working Guideline	Principles for remote work emphasizing flexibility and balance. Covers responsibilities, compliance with local legislation, IT support, and health considerations. Remote work allowed only within country of employment.	64
Responsible Political Engagement Policy	Principles for engaging with political stakeholders transparently and ethically. Aligns with UN and EU standards. Prohibits bribery and political contributions. Emphasises integrity and compliance.	76
Responsible Sourcing Policy for Fibre	Covers Arla's commitment to responsible sourcing of fibre materials. No deforestation or conversion by 2025. Requires certification, traceability, and human rights compliance. Applies to packaging, energy, and other fibre uses.	53, 55
Responsible Sourcing Policy for Palm	Covers Arla's commitment to responsible palm oil sourcing. No deforestation or conversion by 2025 (2028 for cattle feed). Requires certification, traceability, human rights compliance, monitoring, and reporting.	53, 55
Responsible Sourcing Policy for Soy	Covers Arla's commitment to responsible soy sourcing. No deforestation or conversion by 2025. Prefers certified sources. Applies to feed and ingredients. Includes monitoring and reporting.	53, 55
Reward Policy	Defines global approach to remuneration and benefits. Covers salary, variable pay, allowances, pensions, and other benefits. Ensures fairness, market alignment, and compliance. Includes governance for reviews and promotions.	76
Working Hours Policy	Establishes global standards for working hours. Limits regular hours to 48/week, total to 60/week with exceptions. Ensures voluntary overtime with premium pay and rest days. Includes monitoring, audits, and deviation approval.	64

OUR GOVERNANCE

In this section

Investment in Bahrain site to grow market leading position

The glass jar with the deep blue Puck® logo on the front is an iconic staple in countless homes across the MENA region, where the product is a clear market leader in its category. To strengthen our leadership in the region, we are investing EUR 50 million to expand our Bahrain facility and increase Puck® spreadable cheese production by 30%. This investment, which commenced at the end of 2025, will support regional growth, particularly during peak seasons.

In picture: Our employee at the Bahrain site. Demand is especially high during Ramadan and back-to-school seasons, and during these peaks, production at the site is almost at capacity.

Governance framework

As a dairy cooperative owned by farmers across seven countries, Arla operates under a strong and inclusive governance structure that gives every member a voice and ensures their interests are well represented.

4 AREA FORUMS
DK, SE, CE, UK

MEMBERS
DK 72
CE 26
SE 47
UK 30

FUNCTIONAL HEADS
- Agriculture, Sustainability, Communications
- Supply Chain
- Human Resources
- Marketing and Innovation

COOPERATIVE GOVERNANCE

BOARDS OF DIRECTORS
14 elected owners
3 employee representatives
2 external members

REGIONS
14 regions

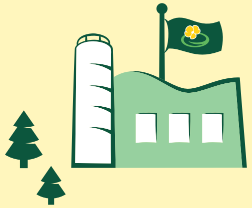
DISTRICTS
111 districts

BOARD OF REPRESENTATIVES
175 owners
12 employee representatives

OWNER NATIONALITIES
7,265 dairy farmers

DK	SE	CE	UK
1,713	1,848	1,852	1,852

CORPORATE GOVERNANCE



EXECUTIVE BOARD
CEO and CFO

EMPLOYEES
22,052

EXECUTIVE MANAGEMENT TEAM
- Executive Board
- Managers for European and International commercial segments
- Functional heads

In short

Our governance model places decision-making power directly in the hands of our farmer owners, ensuring their voices shape our future. As a farmer-owned cooperative, every member is both a supplier and an owner. We place high value on a governance system that is clear, dependable, amplifying member voices and representation.

Two governing bodies steer our cooperative: the Board of Representatives (BoR) and the Board of Directors (BoD). The BoR elects the BoD, which works closely with the Executive Board to shape Arla's strategic direction. For a detailed overview of our governance principles, please refer to our Article of Association.

Cooperative governance

Arla is a cooperative dairy company, owned by milk-producing farmers across seven countries: Denmark, Sweden, Germany, the UK, Belgium, the Netherlands and Luxembourg. We organise our cooperative into four geographic areas: Denmark, Sweden, Central Europe and the UK, each further divided into regions and member districts. This structure ensures every farmer has a voice, with clear channels for participation and influence.

We rely on two key bodies to represent our farmer owners: the BoR and the BoD.

Board of Representatives (BoR)

The BoR is the cooperative's highest decision-making authority. The members gather at least twice a year to deliberate on pivotal matters, including the distribution of annual profits and the election of the BoD.

It comprises 187 members, with 175 being farmer owners and 12 representing our employees. Farmer owners elect their representatives every two years. Seats are allocated based on each area's cumulative contribution to the cooperative in the year preceding the election. Following the equity assessment on 31 December 2023, the BoR's seat distribution was finalised and formally confirmed in May 2024. The next election period will begin in May 2026, based on the equity distribution as at 31 December 2025.

Owners

As of 31 December 2025, we counted 7,265 farmer owners in the cooperative (2024: 7,624). The decline is primarily driven by farmers discontinuing milk production, selling their farms to other members, or starting to supply other dairy companies. This pattern highlights broader structural changes within the dairy industry in recent years.

District meetings

Each Arla owner belongs to the member district where their farm is located. In March or April, they attend the annual ordinary district meeting to review the annual report and exercise their democratic rights. In even-numbered years, these meetings also serve to elect the district council and BoR representatives.

Regional boards

In Denmark and Sweden, regional boards consist of BoR members elected from those regions. In Central Europe and the UK, regional boards include the Chairs and Vice Chairs of the district councils. These boards meet shortly after the district assemblies to discuss matters relevant to their regional owners.

Board of Directors (BoD)

Selected by the BoR, the BoD is responsible for managing Arla in the best interests of the farmer owners. In line with the Rules of Procedure for the Boards of Directors of Arla, the BoD defines the strategic direction, remains fully informed on significant topics and risks, oversees operations and assets, maintains proper accounting practices and appoints the Executive Board. It also safeguards the interests of wider stakeholders, including lenders, bond investors and employees.

The BoD comprises 14 farmer owners, three employee representatives elected by Arla's workforce and two external members elected by the BoR. The allocation of 14 seats is based on the equity contribution of each area, with the current distribution as shown in the box.

Denmark	Sweden	Central Europe	The UK
6	4	2	2

Area forums and Joint Area Council

Arla has four area forums, each linked to a specific member area. These forums connect district council members, the BoD and the management team. Forum members act as spokespeople for farmer owners, maintaining open lines of communication with the BoD and management. They meet twice a year to exchange updates and raise concerns.

A Joint Area Council brings together four BoR members from each area. This council addresses cross-area issues, ensuring consistency and alignment throughout the cooperative.

Corporate governance

Arla's governance structure relies on close collaboration between the Executive Board and the BoD. Together, they set the strategic direction, supervise operations and ensure compliance with relevant regulations and standards.

Executive Board

Appointed by the BoD, the Executive Board drives Arla's long-term growth and sets the strategic course for the business. Its remit includes developing group-wide policies, monitoring progress against objectives and ensuring the cooperative remains resilient and forward-looking.

The Executive Board also leads risk management efforts and enforces compliance with legal and internal standards. It consists of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Executive Management Team (EMT)

Appointed by the Executive Board, the EMT oversees Arla's daily operations and plays a key role in shaping strategies and planning future operating structures. The team includes the Executive Board, commercial segment managers for Europe and International, and four functional heads: Supply Chain (CSO), Agriculture, Sustainability and Communications (CASO), Marketing and Innovation (CMO), and Human Resources (CHRO).

To foster collaboration, the EMT meets regularly to share updates and coordinate initiatives. Each member also addresses material risks, opportunities and impacts within their area of responsibility, driving progress towards strategic targets and advancing Arla's long-term ambitions. More about sustainability governance on page 35.

Our governance model places decision-making power in the hands of our farmer owners, ensuring their voices shape our future.

Employees

Arla employs 22,052 full-time equivalents (FTEs) globally (2024: 21,895). Three elected employees represent the workforce on the BoD, while twelve serve on the BoR. Beyond these roles, employee interests are voiced through work councils, which bring together both employee and employer representatives. One of them is the European Works Council, which serves as a forum for strategic dialogue between management and employees on matters affecting the company as a whole. In 2025, the Council focused on initiatives that foster collaboration and support employee wellbeing. Key areas included establishing national and local councils, preparing the supply chain for winter conditions and advancing psychological safety, including efforts to prevent unacceptable behaviour.

Sharing voices for impact
In BoR meetings, representatives ensure farmer perspectives are heard in cooperative decision-making.

Board of Directors

Arla's BoD is a dynamic group of experienced professionals, united by a clear purpose: to guide the cooperative's sustainable growth with clarity and integrity.

Working in close collaboration with the Executive Board, our BoD defines Arla's long-term strategic direction. Their remit includes interpreting global market signals, evaluating risks and making sound decisions that secure the cooperative's future.

Election of the BoD

Every two years, the BoR elects the BoD through a structured process. Candidates register, complete a self-assessment and undergo two interviews: first with the local Evaluation Committee (EC) then with an external consultant for aligned assessment. The Regional Board or area forum reviews the feedback and the nominees are presented for election at the BoR meeting.

The upcoming election is set for May 2026, and in early 2026 the Board agreed to launch new initiatives to improve candidate evaluation from 2026 onwards and strengthen gender diversity across Arla's democratic bodies.

BoD competencies

The BoD is expected to bring a balanced mix of skills and values, including a strong cooperative spirit, global business insight, clear communication leadership and sustainability. To further strengthen digitalisation and brand awareness, the BoR appointed two external, independent non-executive members, who now make up 11% of the Board. BoD members also take part in ongoing training to sharpen their expertise and remain responsive to Arla's evolving needs.

Diversity

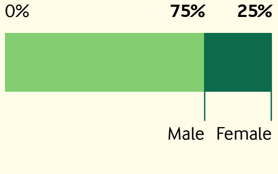
We recognise that diverse perspectives and experiences drive success, including at Board level. To broaden perspectives and strengthen decision-making, Arla introduced a gender diversity target in 2023 and began reporting on female representation on the BoD. Our goal is 30% female representation by the end of 2026. When measurement began in 2023, representation was 25%, and it remains at 25% today.

The Board brings a balanced mix of skills and values to secure the cooperative's sustainable growth.

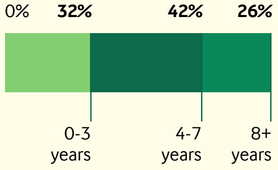
Meetings and key topics in 2025

In 2025, the BoD held 11 ordinary meetings and three extraordinary meetings. Among these, four meetings were held in-person, while the remaining meetings took place online. Discussions covered a range of topics, including the potential merger with DMK Group, annual legal compliance update, climate, nature and biodiversity as well as health.

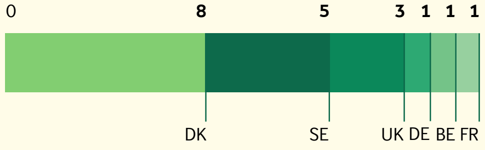
GENDER COMPOSITION OF THE BOD[1]



TENURE OF THE BOD



NATIONALITIES OF THE BOD



[1] *Only members elected at the company's general meeting are included.*

MEMBER BIOGRAPHIES

● Owner

● Employee

● External

1-19 Link to the group photo

All roles in public administration or similar held currently or in the previous two years are listed in the biographies.

1. Jan Toft Nørgaard ●

Member since: 1998
Occupation: Dairy farmer
Internal positions: Chair of the Board of Directors and the Nomination Committee. Member of the Remuneration Committee, and the Accounting and Audit Panel
External positions: Member of the Governing Board of the Danish Agriculture & Food Council (2009)
Born: 1960

2. Inger-Lise Sjöström ●

Member since: 2017
Occupation: Dairy farmer
Internal positions: Vice Chair of the Board of Directors. Area Chair for Sweden. Chair of the Joint Area Council and the Member Relations Group. Member of the Remuneration Committee, the Nomination Committee, and the Accounting and Audit Panel
External positions: Chair of the Board of Directors of the Swedish Dairy Association (2022). Chair of the LRF Milk Delegation (2024). Board member of Tillväxtbolaget (2022)
Born: 1973

3. Arthur Fearnall ●

Member since: 2018
Occupation: Dairy farmer
Internal positions: Area Chair for the UK. Member of the Joint Area Council and the Member Relations Group. Chair of the Remuneration Committee. Member of the Nomination Committee and the Global Appeals Committee
Born: 1963

4. Bjørn Jepsen ●

Member since: 2011
Occupation: Dairy farmer
Internal positions: Chair of the Organic Committee Denmark and the Global Organic Committee
External positions: Vice Chair of Skjern Bank (2012) and the Danish Dairy Board (2019). Member of the cattle section of the Danish Agriculture & Food Council (2009) and the Board of Directors of the Danish Milk Levy Fund (2019)
Born: 1963

5. Daniel Halmsjö ●

Member since: 2022
Occupation: Dairy farmer
Internal positions: Chair of the Organic Committee Sweden. Chair of the Preparatory Working Group. Vice Chair of the Currency Working Group. Member of the Global Organic Committee and the Global Appeals Committee
Born: 1982

6. George Holmes ●

Member since: 2024
Occupation: Dairy farmer
Internal positions: Chair of the Organic Committee UK. Member of the Global Organic Committee. Member of the Accounting and Audit Panel
Born: 1965

7. Gustav Kämpe ●

Member since: 2021
Occupation: Dairy farmer
Internal positions: Vice Chair of the Sustainability Working Group
External positions: Member of the Board of the Swedish Dairy Association and Copa Cogeca Working Group for Dairy Products (2021). Member of the LRF Milk Delegation (2024). Dairy ambassador representing the Global Dairy Platform at the UN High-Level Political Forum (2024)
Born: 1977

8. Jørn Kjær Madsen ●

Member since: 2019
Occupation: Dairy farmer
Internal positions: Member of the Nomination Committee
External positions: Vice Chair of the Board of Directors of GLS-A (2018)
Born: 1967

9. Marcel Goffinet ●

Member since: 2019
Occupation: Dairy farmer
Internal positions: Area Chair for Central Europe. Member of the Joint Area Council and the Member Relations Group. Chair of the Organic Committee Central Europe. Member of the Global Appeals Committee and the Global Organic Committee
External positions: Chair of the Board of Directors of Agra Ost Agriculture Research (2016). Member of the Bauernbund Farmer Association (2012) and the city council of St. Vith (2024)
Born: 1988

10. Marita Wolf ●

Member since: 2021
Occupation: Dairy farmer
Internal positions: Chair of the Global Training Committee. Member of the Nomination Committee
External positions: Member of the Board of Directors of the Swedish Dairy Association (2003), the Swedish Farmers Foundation for Agriculture (2022) and Cooperatives Sweden (2024). Member of LRF Milk Delegation (2012)
Born: 1959

11. Markus Hübers ●

Member since: 2017-2019. Re-elected in 2024
Occupation: Dairy farmer
Internal positions: Member of the Nomination Committee and the Remuneration Committee
Born: 1975

12. René Lund Hansen ●

Member since: 2019
Occupation: Dairy farmer
Internal positions: Chair of the Currency Working Group and the Preparatory Working Group
External positions: Member of the cattle section of the Danish Agriculture & Food Council (2019), member of the Governing Board and the Executive Committee of the Danish Agriculture & Food Council (2019)
Born: 1967

13. Simon Simonsen ●

Member since: 2017
Occupation: Dairy farmer, Valuation Consultant at DLR Kredit A/S
Internal positions: Chair of the Accounting and Audit Panel. Member of the Remuneration Committee
External positions: Dairy Ambassador representing the Global Dairy Platform at the UN High-Level Political Forum (2017)
Born: 1970

14. Steen Nørgaard Madsen ●

Member since: 2005
Occupation: Dairy farmer
Internal positions: Area Chair for Denmark. Member of the Joint Area Council and the Member Relations Group. Chair of the Sustainability Working Group and the Global Appeals Committee
External positions: Chair of the Danish Dairy Board (2012). Vice Chair of the Governing Board and the Executive Committee of the Danish Agriculture & Food Council (2014). Chair of the Danish Milk Levy Fund (2012) and the Agro Food Park Steering Committee (2016)
Born: 1956

15. Anders Olsson ●

Member since: 2022
Occupation: Technical Coordinator at Götene Dairy, Sweden
External positions: Member of the Swedish workers' union
Born: 1966

16. Holger Steen Lund ●

Member since: 2024
Occupation: Production Operator at Esbjerg Dairy, Denmark
External positions: Shop steward of the Danish Trade Union NNF
Born: 1964

17. Paul Cullen ●

Member since: 2024
Occupation: Bulk farm driver at Aylesbury Dairy, UK
External positions: Shop steward of Usdaw
Born: 1962

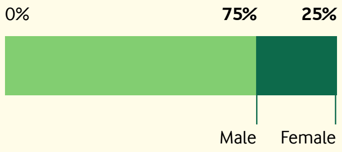
18. Florence Rollet ●

Member since: 2019 as an advisor. Full membership since 2022
Occupation: Head of the MSc in Luxury Marketing and Management, EMLyon, France
External positions: Member of the Board of Directors of Anora (2023), member of the Board of Directors of Attica (2024)
Born: 1966

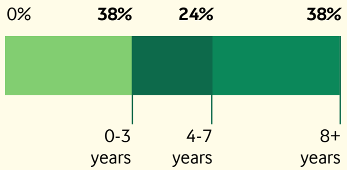
19. Nana Bule ●

Member since: 2019 as an advisor. Full membership since 2022
Occupation: Operating Advisor, Goldman Sachs Asset Management
External positions: Chair of the Board of Directors of the Danish Centre for AI Innovation (2024). Chair of the Board of Directors of Carbfix (2023). Member of the Board of Directors of the Novo Nordisk Foundation (2023). Chair of the Danish Agency for Digital Government (2022), member of the Board of Directors of Energinet (2018-2024)
Born: 1978

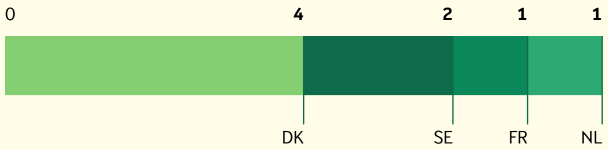
GENDER COMPOSITION OF THE EMT



TENURE OF THE EMT



NATIONALITIES OF THE EMT



Executive Management Team

Leadership at Arla begins with clarity and purpose. The EMT defines our strategic direction, ensures alignment across markets, maintaining focus on long-term growth and sustainable performance.

The EMT comprises senior leaders with diverse expertise. It includes two Executive Board members: the Chief Executive Officer and the Chief Finance Officer, two Commercial Managers who lead European and International markets and four specialists with deep functional knowledge.

The EMT shapes strategy and ensures effective operations while keeping Arla competitive and aligned with its long-term ambitions.

Working collaboratively, the EMT shapes Arla's strategic direction and ensures the effective implementation of daily operations, keeping the company agile, competitive and aligned with its long-term ambitions.

MEMBER BIOGRAPHIES

All roles in public administration or similar held currently or in the previous two years are listed in the biographies.

1. Peder Tuborgh

Position: Chief Executive Officer (CEO), member of the Executive Board and representing Global Trading & Planning and AFI on the Executive Management Team
Experience: Peder's story with Arla began in 1987 at MD Foods, long before he took the role as Chief Executive Officer in 2005. Over the years, he has navigated a series of senior leadership roles – Marketing Director, Divisional Director and Executive Group Director – leaving his mark on Arla's growth in markets as diverse as Germany, Saudi Arabia and Denmark
Education: Master's degree in Economics and Business Administration from the University of Southern Denmark, Odense
External positions: Member of the Global Dairy Platform (2006), Chair of AgriFoodTure (2022) and Chair of Food & BioCluster (2025)
Born: 1963

2. Torben Dahl Nyholm

Position: Chief Financial Officer (CFO), Executive Vice President, Finance, Legal, IT and Strategy and member of the Executive Board
Experience: Torben joined Arla in 2012 after several years in M&A consultancy. He built his career in Corporate Finance as a Business Controller and drove progress through key leadership roles at the intersection of finance and strategy. Known for his strength in financial strategy and performance management, he later led the Group Performance Management team before taking on his current role as Chief Financial Officer and Executive Vice President for Finance, Legal, IT and Strategy in 2020. In December 2024, he was appointed by the BoD to serve on the Executive Board
Education: MSc in Finance and International Business from Aarhus University
Born: 1981

3. Ola Arvidsson

Position: Chief Human Resources Officer (CHRO), Executive Vice President, HR
Experience: Ola started at Arla in 2006 as Corporate HR Director and advanced to Chief HR Officer the following year. Before Arla, he shaped HR strategies at Unilever across Europe and the Nordics as Vice President of HR. Drawing on his strength in building high-performing, people-focused organisations, Ola brings his leadership approach rooted in his early career as an officer in the Royal Combat Engineering Corps of the Swedish Army
Education: Master's degree in HR Management from Lund University
External positions: Member of the Board of Directors of AP Pension (2014), Central Board member of the Confederation of Danish Industry (2018)
Born: 1968

4. Hanne Søndergaard

Position: Chief Agriculture, Sustainability and Communications Officer (CASO), Executive Vice President, Agriculture, Sustainability and Communications
Experience: Hanne started her Arla journey in 1989 with MD Foods and played a pivotal role in expanding Arla UK, where she rose to Vice CEO. She later moved into global marketing as Senior Vice President of Brands and Categories before becoming Chief Marketing Officer and Executive Vice President in 2016. Leveraging her strength in brand leadership and sustainable transformation, she has, since 2021, led Agriculture, Sustainability and Communications, driving Arla's global sustainability agenda
Education: Business degrees from the Aarhus University School of Business and Social Sciences, and Harvard Business School
External positions: Board member of the Danish Climate Forest Fund (Klimaskovfonden) established by the Danish Ministry of Environment and Gender Equality (2021), Board member of the Danish Agriculture & Food Council (2022)
Born: 1965

5. David Boulanger

Position: Chief Supply Chain Officer (CSO), Executive Vice President, Supply Chain
Experience: David joined Arla in 2020, bringing 26 years of supply chain expertise. Before becoming Chief Supply Chain Officer, he held senior roles at Mars, Mondelēz and Danone, where he managed global operations in Early Life and Medical Nutrition. Recognised for his strength in operational excellence and global supply chain leadership, David focuses on future proofing Arla's Supply Chain, investing for the future while driving resilience and efficiency across Arla's end-to-end supply chain
Education: Engineering degree from École Civil des Mines de Paris and Master's degree in Mathematics
External positions: Member of the Board of Directors of Global Baby SAS (2021)
Born: 1970

6. Patrik Hansson

Position: Chief Marketing and Innovation Officer (CMO), Executive Vice President, Marketing and Innovation
Experience: Patrik brought extensive consumer goods experience to Arla in 2011 as Vice President of Marketing and Sales in Sweden after 13 years at Procter & Gamble. In 2015, he established Arla's South-East Asia headquarters in Kuala Lumpur, Malaysia, then returned to Europe as Managing Director for Sweden and Germany. With a strong focus on market expansion and commercial strategy, he assumed his current role as Chief Marketing Officer in 2022, driving global brands, Innovation and Marketing
Education: Master's degree in Engineering Physics from Chalmers and a master's degree in Business from Gothenburg University
Born: 1967

7. Mark Boot

Position: Executive Vice President, Europe
Experience: Mark joined Arla Foods in 2016 as head of South-East Asia, based out of Malaysia. After years of accelerated growth in Asia, Mark moved to the Netherlands as Senior Vice President of Benelux and France in 2021. There, he sustained the growth journey with impact across all markets. As of January 2025, he joined the EMT as Executive Vice President Europe. Before joining Arla, Mark worked at Unilever and Royal Friesland Campina. He has held local, regional and global roles in general management, marketing and sales across Europe, the US and Asia, spending 19 years abroad
Education: Master's degree in Business Economics from Erasmus University Rotterdam
External positions: Board member of the FoodService Institute Netherlands (2021), Board member of AIM, the European Brands Association (2025)
Born: 1969

8. Lillie Li Valeur

Position: Executive Vice President, International
Experience: Lillie has built more than two decades of leadership experience within Arla, taking on senior roles across Asia, Europe and global markets. She led the German business as Managing Director and headed the Global Milk-Based Beverages division, driving growth in China, South-East Asia and Africa. As of April 2025, she serves as Executive Vice President, International, and is part of the EMT. Recognised for her strength in international expansion and strategic leadership, she served as CEO of Good Food Group A/S from 2020 to 2022 and earlier held roles with Lundbeck and Novartis Consumer Health after starting her career at Bain & Company
Education: Medical degree from Shanghai Medical University, MBA from China Europe International Business School (CEIBS)
External Positions: Board member of Plus Pack (2022) and Board member of China Mengniu Dairy Company Ltd (2025)
Born: 1970

Management remuneration

Our executive compensation framework is crafted to inspire high performance and foster value creation. By aligning rewards with strategic priorities, we empower our leadership to deliver outcomes that serve the long-term interests of our farmer owners.

VARIABLE PAY COMPONENTS EXECUTIVE BOARD AND EMT

	Profit	Efficiencies	Sustainability	Branded volume-driven revenue growth	Leadership	Performance versus peer group
SHORT-TERM INCENTIVE (STI)	●	●	●	●	●	●
LONG-TERM INCENTIVE (LTI)				●		●

Remuneration governance

At Arla, we believe that transparent and well-structured remuneration is essential to attracting and retaining the right leadership. Our approach is shaped by the BoD, which regularly reviews remuneration practices to ensure they remain relevant and effective. It considers the recommendations from Arla's Remuneration Committee (RemCo), which includes the Chair and Vice Chair meeting quarterly. Acting as a preparatory body for both the BoD and the BoR, RemCo advises on remuneration matters for the BoD, the BoR and the Executive Board. Its role is to ensure that our remuneration principles and incentive programmes align with Arla's strategic ambitions, strengthening the foundation for sustainable growth within our cooperative.

Executive Practices

Our remuneration packages are structured to attract, engage and retain senior leaders with the expertise and drive to deliver results. They support performance across both immediate goals and long-term strategic outcomes.

Board of Directors (BoD)

Committed to Arla's long-term vision, members of our BoD receive a fixed annual fee with no performance-based incentives. Aside from a modest travel per diem, no additional compensation is granted for attending meetings or committee sessions. Those who take on extra responsibilities in cross-area BoR working groups or committees are recognised with an additional fixed yearly fee. This approach keeps the Board's focus firmly on guiding our cooperative's future. Remuneration is reviewed every two years and approved by the BoR, with the latest adjustment made in 2024. For details, see page 150.

Executive Board

To keep our Executive Board's remuneration competitive, we benchmark against leading European and global Fast-Moving Consumer Goods (FMCG) companies every two years, using an independent expert. Any adjustments are agreed by the RemCo, ensuring our approach stays relevant and fair. The package itself blends fixed and variable elements.

Fixed remuneration

The fixed pay for our Executive Board reflects the impact and value each leader brings to Arla. Any annual adjustments are discussed with the Chair of the Board and approved by the RemCo.

Short and long-term incentive plans

- *Short-Term Incentive (STI):* This plan is linked to Arla's annual business targets. The standard payout is 40% of base salary, with a maximum of 100%, depending on peer group performance. Payouts are adjusted by a factor of ±1.25 and combine company-wide results, including a sustainability component, with individual leadership performance. The sustainability component is tied to scope 1 and 2 GHG reductions, and 10% of the STI is linked to this progress. KPIs are set at group level and reviewed annually, and final targets and payouts are approved by the RemCo.

- *Long-Term Incentive (LTI):* Designed to support strategic value creation, the LTI plan offers a target payout of 60% of base salary, with a maximum capped at 120%. It spans a three-year performance period and is based on two KPIs: Strategic Branded Volume-Driven Growth and Peer Group Index. Targets are set at the start of each cycle, and payouts are based on average performance across the period. The RemCo approves all programme elements and final payouts.

Executive Management Team (EMT)

EMT remuneration reflects market standards and includes both fixed and variable elements.

Fixed remuneration

Fixed pay is determined by each member's impact and contribution. Adjustments are made at the discretion of the CEO.

Short and long-term incentive plans

In addition to the fixed remuneration, all members of the EMT are included in Arla's STI and LTI schemes, under the same structure as the Executive Board.

Business ethics

TAX MATTERS

As a corporate citizen, we recognise our responsibility within transparent and responsible tax matters. Rooted in our cooperative DNA, our social responsibility ensures a firm foundation for fair and sustainable tax practices.

Dialogue-driven approach

We actively strive to maintain an open dialogue with tax authorities and tax communities. To support this, we have enhanced relationship programmes with the tax authorities in our largest markets and proactively contribute to public consultation responses on relevant tax legislation in cooperation with industry-relevant business groups and corporate peers. We welcome legislative initiatives that aim to drive fair and consistent global tax standards.

Tax governance

Our experienced tax function is structured to ensure robust tax governance across our global operations. We design and implement clear tax policies, in line with our Key Tax Principles, and establish and maintain effective tax controls and processes to secure adherence.

The roles and responsibilities related to our tax function and tax governance policies are defined in our internal Global Tax Policy, which is continually reviewed and approved by our CFO.

Responsible and transparent tax practices

We carefully analyse and ensure that transactions between our entities are conducted on market terms and implement arm's length policies in line with the OECD's Transfer Pricing Guidelines.

We continuously evaluate any available tax incentives and reliefs to ensure that their use is always anchored in business substance. For example, our UK group will benefit from full tax expensing of qualifying capital expenditure in 2025, in line with the UK Capital Allowances Act.

In accordance with the 2016 EU Directive on country-by-country reporting of tax data, Arla files its country-by-country data with the Danish tax authorities. The rules require making the data available to the tax authorities in other countries as well. The data contains information on revenues, profits, assets, number of employees and taxes paid and accrued in the countries in which Arla does business.

For the financial year 2025, Arla will publish tax data of the Group by 31 December 2026, according to the 2021 EU Directive on public country-by-country reporting. Arla supports this legislative initiative, as it will enhance tax transparency for stakeholders of all larger groups.

Presence in non-cooperative jurisdictions

Arla has no presence in the jurisdictions determined as non-cooperative jurisdictions for tax purposes by the Council of the European Union (as per the latest update, 10 October 2025).

Cooperative and corporate tax

As a dairy cooperative, our farmer owners are also our suppliers. This means that earnings are distributed to our owners in the form of the highest possible price for the milk supplied. As a Danish-based cooperative, Arla Foods amba is subject to the Danish tax regulations for cooperatives, which are taxable based on the tax value of their equity.

OUR KEY TAX PRINCIPLES

Our tax practices align with Arla's global Code of Conduct, supported by a set of essential tax principles approved by the BoD.

- We aim to report the right and proper amount of tax according to where value is created
- We are committed to paying taxes legally due and to ensuring compliance with legislative requirements in all jurisdictions in which we operate
- We will not use tax havens to reduce Arla's tax liabilities
- We will not set up tax structures intended for tax avoidance which have no commercial substance and do not meet the spirit of the law
- We are transparent about our approach to tax and our tax position
- Our disclosures are made in accordance with relevant regulations and applicable reporting standards, which include IFRS
- We build on good relations with the tax authorities and trust that transparency, collaboration and proactiveness minimise the extent of disputes

We operate multiple subsidiaries worldwide, primarily as limited liability and private limited companies, all of which are subject to standard corporate taxation.

Value and taxes generated

In 2025, Arla generated a total value of EUR 8 billion from the milk supplied. Milk sourced from our farmer owners accounted for EUR 7.5 billion in milk payments, while other farmers received milk payments totalling EUR 390 million. Consequently, 98% of the value generated directly from the milk supplied is subject to tax at the farm level, in accordance with local tax regulations.

In addition to the value and taxes generated directly from the milk supplied, our operations extend and generate value into societies through various types of tax payments, either borne or collected by Arla.

Global Minimum Tax (Pillar Two)

Arla falls within the scope of the Pillar Two rules, according to which Arla Foods amba is the Ultimate Parent Entity (UPE) of the group. As a result, we are liable to pay taxes for the difference between the effective tax rate per jurisdiction and the global minimum tax rate of 15%. Any tax payments under the Global Pillar Two rules will be made to Denmark (the tax jurisdiction of the group's parent company, Arla Foods amba). Any tax payments due under Domestic Minimum Taxes introduced in several jurisdictions will be made to the respective jurisdiction.

Based on our analyses, it has been determined that our effective tax rate is well above 15% in most of the jurisdictions where we operate. We have, however, identified a few jurisdictions, mainly in the Middle East, where the effective tax rate is below 15%. This is primarily due to the national laws in these jurisdictions that either do not impose corporate income tax or impose a corporate tax rate below the minimum of 15%.

Given the substantial size of our operations in the Middle East, the related Pillar Two top-up taxes have been materially reduced by the substance-based income exclusion rule.

In net terms, our 2025 Pillar Two tax cost amounts to approximately EUR 2.5 million, primarily relating to domestic minimum tax on our operations in the United Arab Emirates and Qatar.

To assess the potential future financial effects of the Pillar Two rules and other related local tax regulations, we continuously follow the development and enactment of these rules in the countries where we operate.

For further financial tax details, please refer to Note 5.1 on page 147.

DATA ETHICS

In our ongoing commitment to ethical and compliant data management, we recognise the growing importance and possible implications associated with data usage. The Data Ethics Policy articulates the standards of data ethics we strive to meet, highlighting our dedication to the responsible handling of data in all our operations. This is guided by principles centred on human dignity, responsibility, equality and fairness, progressiveness and diversity.

The policy is overseen by the EMT, and a data ethics committee evaluates and offers recommendations on data ethics issues.

During 2025, we updated our Data Ethics Policy to also include the use of artificial intelligence (AI). We will evaluate our practices to determine how best to continue embedding awareness of data ethics and the use of AI within the business. No information has been reported under local legislation.

Data Ethics Policy
We updated our Data Ethics Policy this year to also include the use of AI.

→ Primary statements
→ Notes

CONSOLIDATED FINANCIAL STATEMENTS

PRIMARY STATEMENTS

In this section

Protein-powered coffee experience

The latest addition to our Starbucks® chilled coffee portfolio, Starbucks® Protein Drink with Coffee, is designed for active, health-conscious consumers seeking convenient energy. It features 20 gr of protein, low-fat milk, no added sugar, and the signature espresso taste. In 2025, Starbucks® chilled coffee delivered 13.9% branded volume-driven revenue growth.

Income statement

(EUR million)	Note	2025	2024	Development
Revenue	1.1	15,066	13,770	9%
Production costs	1.2	-12,068	-10,803	12%
Gross profit		**2,998**	**2,967**	**1%**
Sales and distribution costs	1.2	-1,913	-1,824	5%
Administration costs	1.2	-535	-508	5%
Other operating income	1.3	135	48	181%
Other operating costs	1.3	-68	-118	-42%
Share of results after tax in joint ventures and associates	3.3	30	33	-9%
Earnings before interest and tax (EBIT)		**647**	**598**	**8%**
Specification:				
EBITDA		1,156	1,109	4%
Depreciation, amortisation and impairment losses	1.2	-509	-511	0%
Earnings before interest and tax (EBIT)		**647**	**598**	**8%**
Financial income	4.2	175	183	-4%
Financial costs	4.2	-308	-318	-3%
Profit before tax		**514**	**463**	**11%**
Tax	5.1	-81	-46	76%
Profit for the year		**433**	**417**	**4%**
Attributable to:				
Arla Foods amba		415	401	3%
Non-controlling interests		18	16	13%
Total		**433**	**417**	**4%**

Comprehensive income

(EUR million)	Note	2025	2024
Profit for the year		**433**	**417**
Other comprehensive income			
Items that will not be reclassified to the income statement:			
Remeasurements of defined benefit schemes	4.7	8	-33
Tax on remeasurements of defined benefit schemes		1	8
Share of other comprehensive income of associates and joint ventures measured by the equity method	3.3	-107	-9
Items that may be reclassified subsequently to the income statement:			
Value adjustments of hedging instruments		5	-27
Fair value adjustments		-3	-2
Exchange differences on translation of foreign operations		-103	53
Tax on items that may be reclassified to the income statement		3	-1
Other comprehensive income, net of tax		**-196**	**-11**
Total comprehensive income		**237**	**406**
Attributable to:			
Arla Foods amba		219	390
Non-controlling interests		18	16
Total		**237**	**406**

Financial comments

Comprehensive income comprises the profit for the year and other value adjustments recognised outside the income statement. The profit for the year was EUR 433 million (2024: EUR 417 million), while other comprehensive income totalled EUR -196 million (2024: EUR -11 million). For further details and commentary on the income statement, please refer to the relevant notes. Other comprehensive income primarily reflected the share of fair value and foreign exchange rate adjustments in associates of EUR -107 million (2024: EUR -9 million), exchange rate differences arising from translation of foreign operations of EUR -103 million (2024: EUR 53 million) and remeasurement of defined benefit schemes of EUR 8 million (2024: EUR -33 million).

Profit appropriation

(EUR million)	2025	2024
Profit for the year	433	417
Non-controlling interests	-18	-16
Arla Foods amba's share of profit for the year	**415**	**401**
Profit appropriation:		
Supplementary payment for milk	282	274
Interest on contributed individual capital	14	18
Total supplementary payment	**296**	**292**
Transferred to equity:		
Common capital (capital account)	76	-
Common capital (reserve for special purposes)	-	69
Individual capital (contributed individual capital)	43	40
Total transferred to equity	**119**	**109**
Appropriated profit	**415**	**401**

Financial comments

The supplementary payment for 2025 was EUR 296 million, including interest (2024: EUR 292 million). This corresponded to 2.19 EUR-cent/kg of owner milk (2024: 2.24 EUR-cent/kg). Contributed individual capital carried interest of 4.0% in 2025 (2024: 5.0%), corresponding to EUR 14 million. The Board of Directors approved an interim supplementary payment of EUR 68 million based on the first six months of owner milk deliveries. The remaining amount, corresponding to EUR 228 million, will be paid out in March 2026, subject to approval of the annual report by the Board of Representatives.

Arla's Retainment Policy prescribes a maximum of 1.00 EUR-cent/kg of owner milk minus interest on contributed individual capital to be retained. In 2025, this equalled a retainment of 0.87 EUR-cent/kg of owner milk (2024: 0.84 EUR-cent/kg), corresponding to EUR 119 million (2024: EUR 109 million). According to the Retainment Policy, the retained earnings was split 1/3 on individual capital (contributed individual capital) and 2/3 on common capital (on the capital account in 2025 and on reserves for special purposes in 2024). The amount allocated to common capital is reduced by EUR 14 million corresponding to the interest paid out in connection with the supplementary payment. In addition, the contributed individual capital was adjusted for amounts paid out to members who reached a limit of 7.8 EUR-cent of individual capital per kg of owner milk.

RETAINMENT

0.87 EUR-cent/kg — **119** mEUR

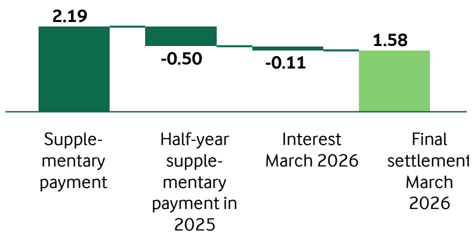
	EUR-cent/kg	mEUR
Individual capital	0.31	43
Common capital	0.56	76

SUPPLEMENTARY PAYMENT

2.19 EUR-cent/kg — **296** mEUR

	EUR-cent/kg	mEUR
Supplementary payment	2.08	282
Interest	0.11	14

SUPPLEMENTARY PAYMENT FOR 2025 (EUR-CENT/KG)



PROFIT FOR THE YEAR

3.1 EUR-cent/kg — **415** mEUR

STANDARD PRE-PAID MILK PRICE

53.3 EUR-cent/kg

[1] *Please refer to Note 1.4.1 for further information about the performance price.*

Balance sheet

(EUR million)	Note	2025	2024	Development
Assets				
Non-current assets				
Goodwill	3.1	897	938	-4%
Intangible assets	3.1	287	269	7%
Property, plant and equipment and right-of-use assets	3.2	3,646	3,521	4%
Investments in associates and joint ventures	3.3	462	560	-18%
Deferred tax	5.1	23	31	-26%
Pension assets	4.7	23	11	109%
Other non-current assets		28	24	17%
Total non-current assets		**5,366**	**5,354**	**0%**
Current assets				
Inventory	2.1	1,743	1,635	7%
Trade receivables	2.1	1,247	1,317	-5%
Derivatives	4.5	117	90	30%
Other receivables	2.2	327	266	23%
Securities	4.5	551	577	-5%
Cash and cash equivalents	4.1	76	91	-16%
Total current assets		**4,061**	**3,976**	**2%**
Total assets		**9,427**	**9,330**	**1%**

Financial comments

For details and commentary on the individual asset and liability positions, please refer to the relevant notes. For details and commentary on the equity statement, please see the following pages.

(EUR million)	Note	2025	2024	Development
Equity and liabilities				
Equity				
Common capital		2,049	2,230	-8%
Individual capital		834	570	46%
Other equity accounts		-161	44	-466%
Supplementary payment to owners		228	228	0%
Equity, attributable to Arla Foods amba		2,950	**3,072**	**-4%**
Non-controlling interests		66	66	0%
Total equity		**3,016**	**3,138**	**-4%**
Liabilities				
Non-current liabilities				
Pension liabilities	4.7	159	166	-4%
Provisions	5.2	54	30	80%
Deferred tax	5.1	106	101	5%
Loans	4.3	2,990	2,808	6%
Total non-current liabilities		**3,309**	**3,105**	**7%**
Current liabilities				
Loans	4.3	1,221	1,194	2%
Trade payables and other payables	2.1	1,469	1,433	3%
Provisions	5.2	20	31	-35%
Derivatives	4.5	22	64	-66%
Other current liabilities	2.2	370	365	1%
Total current liabilities		**3,102**	**3,087**	**0%**
Total liabilities		**6,411**	**6,192**	**4%**
Total equity and liabilities		**9,427**	**9,330**	**1%**

Equity

(EUR million)	Common capital			Individual capital					Other equity accounts				Suppl. payment	Total equity		
	Capital account	Reserve for special purposes	Total	Merger reserve	Contributed individual capital	Delivery-based owner certificates	Injected individual capital	Total	Reserve for value adjustment of hedging instruments	Reserve for fair value through OCI	Reserve for foreign exchange adjustments	Total	Total	Equity attributable to the owners of Arla Foods amba	Non-controlling interests	Total equity
Equity at 1 January 2025	**845**	**1,385**	**2,230**	**-**	**390**	**46**	**134**	**570**	**43**	**1**	**-**	**44**	228	**3,072**	**66**	**3,138**
Profit for the year	**76**	**-**	**76**	**-**	**43**	-	**-**	**43**	**-**	**-**	-	**-**	296	**415**	**18**	**433**
Other comprehensive income	9	-	9	-	-	-	-	-	5	-74	-136	-205	-	-196	-	-196
Total comprehensive income	**85**	**-**	**85**	**-**	**43**	**-**	**-**	**43**	**5**	**-74**	**-136**	**-205**	**296**	**219**	**18**	**237**
Transactions with owners	1	-	1	-	-22	-4	-7	-33	-	-	-	-	-	-32	-	-32
Transactions with non-controlling interests	-7	-	-7	-	-	-	-	-	-	-	-	-	-	-7	-11	-18
Transfer to merger reserve	-260	-	-260	260	-	-	-	260	-	-	-	-	-	-	-	-
Half-year supplementary payment	-	-	-	-	-	-	-	-	-	-	-	-	-68	-68	-	-68
Supplementary payment regarding 2024	-	-	-	-	-	-	-	-	-	-	-	-	-234	-234	-	-234
Foreign currency translation adjustments	-	-	-	-	-2	1	-5	-6	-	-	-	-	6	-	-7	-7
Total transactions with owners	**-266**	**-**	**-266**	**260**	**-24**	**-3**	**-12**	**221**	**-**	**-**	**-**	**-**	**-296**	**-341**	**-18**	**-359**
Equity at 31 December 2025	**664**	**1,385**	**2,049**	**260**	**409**	**43**	**122**	**834**	**48**	**-73**	**-136**	**-161**	**228**	**2,950**	**66**	**3,016**
Equity at 1 January 2024	**895**	**1,316**	**2,211**	**-**	**372**	**51**	**134**	**557**	**70**	**3**	**-60**	**13**	**207**	**2,988**	**64**	**3,052**
Profit for the year	**-**	**69**	**69**	**-**	**40**	**-**	**-**	**40**	**-**	**-**	**-**	**-**	**292**	**401**	**16**	**417**
Other comprehensive income	-42	-	-42	-	-	-	-	-	-27	-2	60	31	-	-11	-	-11
Total comprehensive income	**-42**	**69**	**27**	**-**	**40**	**-**	**-**	**40**	**-27**	**-2**	**60**	**31**	**292**	**390**	**16**	**406**
Transactions with owners	1	-	1	-	-20	-4	-5	-29	-	-	-	-	-	-28	-	-28
Transactions with non-controlling interests	-5	-	-5	-	-	-	-	-	-	-	-	-	-	-5	-18	-23
Half-year supplementary payment	-	-	-		-	-	-	-	-	-	-	-	-64	-64	-	-64
Supplementary payment regarding 2023	-	-	-	-	-	-	-	-	-	-	-	-	-209	-209	-	-209
Foreign currency translation adjustments	-4	-	-4	-	-2	-1	5	2	-	-	-	-	2	-	4	4
Total transactions with owners	**-8**	**-**	**-8**	**-**	**-22**	**-5**	**-**	**-27**	**-**	**-**	**-**	**-**	**-271**	**-306**	**-14**	**-320**
Equity at 31 December 2024	**845**	**1,385**	**2,230**	**-**	**390**	**46**	**134**	**570**	**43**	**1**	**-**	**44**	**228**	**3,072**	**66**	**3,138**

EQUITY (continued)

Understanding equity

Equity accounts regulated by the Articles of Association comprise three categories: common capital, individual capital and other equity accounts. The characteristics of each category are outlined below.

Common capital

Common capital is not allocated to individual members and consists of the capital account and the reserve for special purposes. The capital account provides a strong foundation for the cooperative's equity, as the non-impairment clause (described in the accounting policies below) ensures it cannot be used for payments to owners. The reserve for special purposes can be used in extraordinary situations to compensate owners for losses or impairment affecting the profit for appropriation.

Individual capital

Individual capital is equity instruments issued to each owner based on their delivered milk volumes. It comprises contributed individual capital, delivery-based owner certificates and injected individual capital. Subject to approval by the BoR, amounts in these accounts will be paid out if owners leave the cooperative. Interest is credited to contributed individual capital and disbursed annually together with the supplementary payment.

In relation to the approval of the intended merger with the DMK Group, on 18 June 2025 the BoR authorised the BoD to transfer EUR 260 million from Arla Foods amba's common capital to a new capital instrument reserved for Arla's existing members at the merger date. The amount corresponds to 1 EUR cent per kg milk and is planned for payment in March 2027 and 2028 together with the annual supplementary payment. The payment is subject to final merger approval by the authorities and approval by the BoR.

Other equity accounts

Other equity accounts required by IFRS include reserves for value adjustments of hedging instruments, fair value adjustments of certain financial assets and foreign currency translation adjustments. The accounts include proportionate amounts of similar value adjustments in associates and joint ventures.

Supplementary payment

The proposed supplementary payment account reflects transactions during the year and the carrying amount, including interest on contributed capital, to be paid after BoR approval of the annual report.

Non-controlling interests

Non-controlling interests represent the portion of group equity attributable to holders of non-controlling interests in group companies.

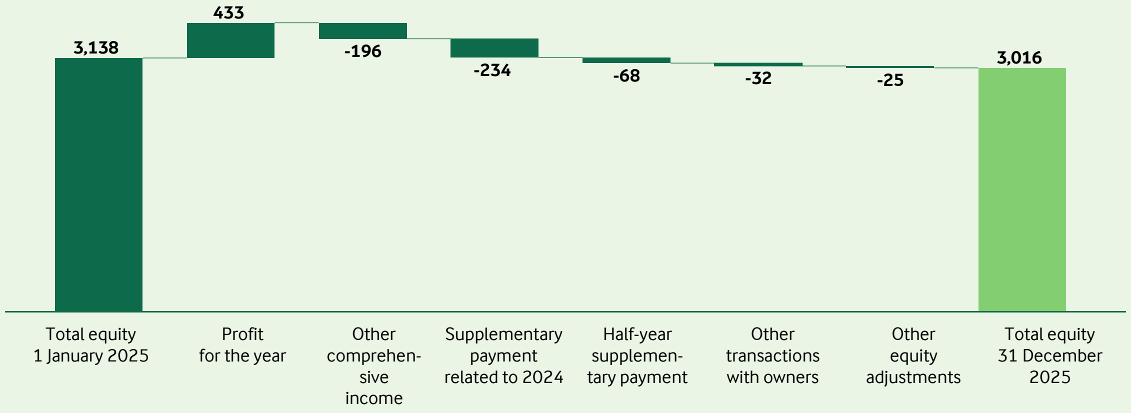
Financial comments

Equity decreased by EUR 122 million in 2025 and totalled EUR 3,016 million at 31 December 2025 (2024: EUR 3,138 million). The equity share was 32%, calculated as total equity of EUR 3,016 million divided by total assets of EUR 9,427 million.

Comprehensive income

Profit for the year amounted to EUR 433 million (2024: EUR 417 million), and other comprehensive income amounted to EUR -196 million (2024: EUR -11 million). Other comprehensive income included income and expenses as well as gains and losses that are excluded from the income statement and not realised at the balance sheet date. Other comprehensive income primarily reflected the share of fair value and foreign exchange rate adjustments in associates of EUR -107 million (2024: EUR -11 million), exchange rate differences arising from translation of foreign operations of EUR -103 million (2024: EUR 55 million) and remeasurement of defined benefit schemes of EUR 8 million (2024: EUR -33 million).

DEVELOPMENT IN EQUITY (EUR MILLION)



Transactions with farmer owners

In August 2025, the BoD approved an interim supplementary payment of EUR 68 million for milk deliveries in the first six months of the year. An additional supplementary payment of EUR 228 million was proposed to be paid in March 2026, subject to the BoR's approval of the annual report. In total, the supplementary payment for 2025 amounted to EUR 296 million, including interest on contributed individual capital.

A supplementary payment related to 2024 totalling EUR 234 million was paid in March 2025.

Other transactions with farmer owners resulted in a net outflow of EUR 32 million, comprising EUR 33 million paid to owners resigning or retiring from the cooperative and EUR 1 million received from new members.

In 2026, payments of EUR 32 million to owners resigning or retiring are expected, subject to the BoR's approval.

Other equity adjustments

Other equity adjustments amounted to EUR -25 million (2024: EUR -19 million), specified as transactions with non-controlling interests of EUR -18 million and foreign exchange rate adjustments of EUR -7 million.

EQUITY (continued)

§ Accounting policies

In this section, it is described how the group's Articles of Association and IFRS regulations are reflected in the accounting policies.

Common capital

The capital account includes technical items like the remeasurement of defined benefit pension schemes, effects from the disposals and acquisitions of non-controlling interests in subsidiaries and exchange rate differences in equity instruments issued to owners. Additionally, the capital account is affected by contributions from new cooperative owners.

According to article 20.1(iii) of the Articles of Association, this reserve can be used, upon the BoD's proposal, by the BoR to fully or partially offset substantial extraordinary losses or impairments.

The annual profit appropriation on common capital was included in the capital account in 2025 and in the reserves for special purposes in 2024.

Individual capital

Individual capital instruments are governed by article 20 of the Articles of Association and the general membership terms.

Equity instruments issued as *contributed individual capital* relate to amounts transferred during the annual profit appropriation. These balances earn interest at CIBOR 12 months + 1.5%, which is approved and paid with the supplementary payment as part of the annual profit appropriation.

Delivery-based owner certificates are equity instruments issued to Danish and Swedish owners until 2010 when these instruments were discontinued.

Injected individual capital refers to equity instruments issued during cooperative mergers and when new owners join the cooperative.

Balances on delivery-based owner certificates and injected individual capital instruments do not carry interest.

Balances on contributed individual capital, delivery-based owner certificates and injected individual capital can be paid out over three years upon termination of the Arla Foods amba membership, in line with the Articles of Association and subject to the BoR's approval. Balances are denominated in the relevant currency of the owner's country. Foreign currency translation adjustments occur annually, with effects transferred to the capital account.

Merger reserve is an instrument for existing members at the date of merger with DMK Group. It is recognised separately in equity. Payout is subject to final merger approval and BoR approval.

Proposed supplementary payment to owners is recognised separately in equity until approved by the BoR.

Other equity accounts

The reserve for value adjustments of hedging instruments includes the fair value adjustment of derivatives classified as hedging of future cash flows, where the hedged transaction is not yet realised.

The reserve for fair value adjustments through other comprehensive income includes fair value adjustments of mortgage credit bonds classified as financial assets measured at fair value through other comprehensive income.

The reserve for foreign currency translation adjustments includes differences arising during the translation of financial statements of foreign companies.

Non-impairment clause

According to the Articles of Association, Arla Foods amba cannot make payments to owners that would impair the sum of the capital account and legally required equity accounts under IFRS. The non-impairment clause is evaluated based on the most recent annual IFRS report. Individual capital and the reserve for special purposes are not covered by this clause.

No payout of individual capital can occur without retaining a corresponding amount in the cooperative's unallocated equity, the individual capital accounts or the reserve for special purposes, as specified in article 20.1(i), (ii) and (iii) of the Articles of Association.

Non-controlling interests

Subsidiaries' income and expenses and assets and liabilities are fully recognised in the consolidated financial statements. Non-controlling interests' share of the profit for the year and of the equity in subsidiaries is recognised as part of the consolidated profit and equity, respectively, but is presented separately.

On initial recognition, non-controlling interests are measured at either the fair value of the equity interest or the proportional share of the fair value of the acquired companies' identified assets, liabilities and contingent liabilities. The measurement of non-controlling interests is selected on a transaction by transaction basis.

Milk payment to owners

The on-account settlement of owner milk is recognised as a production cost in the income statement.

The supplementary payment is based on the profit for the year and is part of the profit appropriation. The supplementary payment is recognised as a reserve in the equity statement until approved by the BoR, based on a recommendation by the BoD.

The supplementary payment is settled as an interim supplementary payment based on the first six months of milk deliveries, and a final supplementary payment at year-end. The interim supplementary payment in the year was recognised in equity.

Cash flow

(EUR million)	Note	2025	2024
EBITDA		1,156	1,109
Reversal of share of profit in joint ventures and associates	3.3	-30	-33
Reversal of other operating items without cash impact		46	-36
Change in net working capital	2.1	-65	-379
Change in other receivables and other current liabilities		-88	145
Dividends received, joint ventures and associates	3.3	21	24
Interest paid		-152	-173
Interest received		25	34
Taxes paid		-51	-39
Cash flow from operating activities		**862**	**652**
Investments in intangible assets	3.1	-85	-74
Investments in property, plant and equipment	3.2	-570	-557
Sale of property, plant and equipment	3.2	4	2
Operating investing activities		**-651**	**-629**
Acquisition of financial assets		-15	-24
Sale of financial assets		36	56
Acquisition of enterprises	3.4	-	-290
Financial investing activities		**21**	**-258**
Cash flow from investing activities		**-630**	**-887**

(EUR million)	Note	2025	2024
Half-year supplementary payment		-68	-64
Supplementary payment regarding the previous financial year		-234	-209
Transactions with owners		-32	-28
Transactions with non-controlling interests		-18	-23
New loans obtained	4.3	254	54
Other changes in loans	4.3	-45	557
Payment of lease debt	4.3	-75	-78
Payment to pension plans	4.3	-23	-23
Cash flow from financing activities		**-241**	**186**
Net cash flow		**-9**	**-49**
Cash and cash equivalents at 1 January		91	138
Net cash flow for the year		-9	-49
Exchange rate adjustment of cash and cash equivalents		-6	2
Cash and cash equivalents at 31 December		**76**	**91**
Free operating cash flow			
Cash flow from operating activities		862	652
Cash flow from operating investing activities		-651	-629
Free operating cash flow		**211**	**23**
Free cash flow			
Cash flow from operating activities		862	652
Cash flow from investing activities		-630	-887
Free cash flow		**232**	**-235**

CASH FLOW (continued)

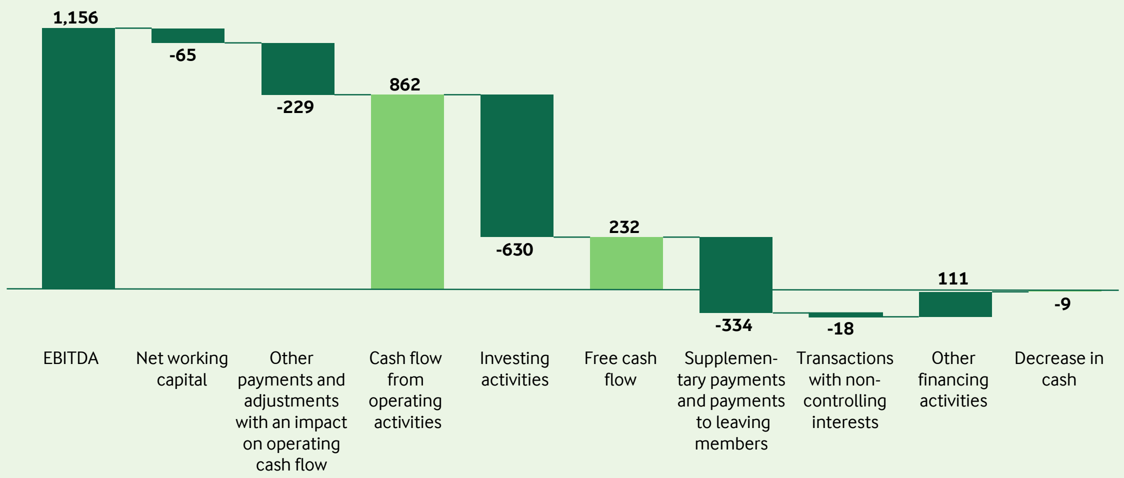
Financial comments

Cash flow from operating activities was EUR 862 million (2024: EUR 652 million), representing an improvement of EUR 210 million compared to last year. EBITDA contributed with EUR 1,156 million, an increase of EUR 47 million compared to last year. Net working capital, other working capital positions and other adjustments to the operational cash flow amounted to EUR -294 million compared to EUR -457 million last year, representing an improvement of EUR 163 million.

The net cash flow from investing activities amounted to EUR-630 million (2024: EUR -887 million). Cash flow from investment in property, plant and equipment amounted to EUR -570 million (2024: EUR -557 million), where continued investments in mozzarella and cheddar capacities in UK as well as a continued growth of Arla Foods Ingredients and capacity and logistics upgrades in Denmark were the main drivers. Cash flow from investments in intangible assets amounted to EUR -85 million (2024: EUR -74 million), consisting of continued investments in the SAP platform and general IT upgrades across the group.

The effect of financial investing activities was positive with EUR 21 million from sales of financial assets, compared to EUR -258 million last year, driven by acquisition of enterprises.

ILLUSTRATION OF CASH FLOW (EUR MILLION)



The cash flow from financing activities was EUR -241 million (2024: EUR 186 million), comprising the net effect of transactions with owners and funding activities including cash management.

Transactions with owners constituted a cash flow of EUR -334 million, specified as an interim supplementary payment of EUR -68 million, a supplementary payment regarding 2024 of EUR -234 million and net payment of individual capital instruments of EUR -32 million.

Transactions with non-controlling interests amounted to EUR -18 million (2024: EUR -23 million) and consisted of dividend payments and acquisition of non-controlling interests.

The net cash flow from funding activities was EUR 111 million and consisted of net cash from utilisation of loan facilities of EUR 209 million, payment of lease debt of EUR 75 million and settlement of pension liabilities of EUR 23 million. See Note 4.3 for more details.

Cash and cash equivalents at 31 December 2025 amounted to EUR 76 million (2024: EUR 91 million).

NOTES

In this section

From Dano® to Damau
We have been part of Nigeria's dairy journey since 1960 through the Arla Dano® brand, known for providing high-quality milk powder to Nigerian families. Currently, we have a state-of-the-art plant in Lekki and a processing facility in Kaduna, and we are commissioning the first Arla farm outside Europe in Damau, Nigeria.

In picture: Employees in Nigeria celebrating our 25th anniversary.

Notes Introduction

Basis for preparation

The consolidated financial statements are based on the group's monthly reporting procedures. Group entities are required to report using standard accounting principles in accordance with the IFRS Accounting Standards as adopted by the EU (IFRS).

The consolidated financial statements are prepared on a going concern basis. General accounting principles are disclosed in Note 5.7, while accounting policies for the respective areas are explained in the relevant note sections.

In response to the Guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authority (ESMA), we have provided additional information on the APMs used by the group. These APMs, and in particular the performance price, are deemed critical to understanding the financial performance and financial position of the group. As they are not defined by IFRS, they may not be directly comparable with other companies that use similar measures. Definitions are provided in the glossary and supported by calculations in Note 1.4.

Considering the potential future impact of strategic risks

When preparing the consolidated financial statements the going concern assumption was applied. Identified strategic risks and market and regulatory risks including sustainability-related risks were considered.

On top of a potential direct impact on Arla's performance, these risks could potentially also negatively impact future milk volumes delivered by the owners of Arla Foods amba and thereby indirectly impact the future value in use of certain parts of the asset base. These risks are monitored closely, and no material impairment losses were identified.

The assessment of risk and the potential impact on future performance is inherently judgemental, and different conclusions could materialise in the future. Read more on uncertainties and estimates in note 3.2 on page 119, in the risk management section on pages 17-18 and the section on climate-related risks and opportunities on pages 41-42.

Currency exposure

The group is exposed to foreign exchange risk due to transactions conducted in currencies other than EUR and due to the translation of foreign operations with other operating currencies than EUR. The most significant exposure relates to financial reporting from entities operating in GBP, USD or USD-pegged and SEK, and to transactions relating to sales in USD or USD-pegged currencies.

See Note 4.1.2 for more details on currency risks.

The following sections provide additional disclosures supplementing the primary financial statements

Note 1 Revenue and costs

Details on the group's performance and profitability.

Read more on page 105.

Note 2 Net working capital

Development and composition of the group's inventory and trade balances.

Read more on page 112.

Note 3 Capital employed

Details on production capacity, intangible assets and financial investments.

Read more on page 116.

Note 4 Funding

Details on funding of the group's activities.

Read more on page 125.

Note 5 Other areas

Other areas include tax and management remuneration.

Read more on page 147.

NOTES INTRODUCTION (continued)

Special focus areas for 2025

Comparability

2025 was a year characterised by a high level of volatility within the dairy industry and a continued high level of general macro-economic uncertainty. Commodity prices were elevated in the first half of the year due to tight supply and firm demand for dairy products, before falling in the second half of the year as milk availability grew across Europe.

The group's activity level is normally determined by the volume of milk delivered by the owners and by the success of moving milk volumes into branded positions and to international markets.

This also applied to 2025 with an overall activity increase due to more milk delivered by our owners and the successful integration of AFI Felinfach, an activity acquired late in 2024. Revenue increased with 9,4% to EUR 15,066 million driven by prices, strong commercial execution and the higher activity level.

Operational costs increased by 10,5% to EUR 14,516 million in 2025, driven by higher milk costs paid to farmers, inflationary pressure on input costs and higher staff-related expenses.

The performance price for 2025 totalled 56.4 EUR-cent/kg of owner milk, representing an increase of 10.8% compared to last year.

Cash flow from operating activities was EUR 862 million representing an improvement of 32% compared to last year. EBITDA contributed with EUR 1,156 million, an increase of 4,2% compared to last year, while improvements in net working capital, other working capital positions and other adjustments to the operational cash flow accounted for the rest of the improvement.

Net interest-bearing debt, including pension liabilities, increased 6,6% to EUR 3,667 million, primarily driven by investments in our operations such as dairies and warehouses. Leverage landed at 3.3, which is within our target range of 2.8 to 3.4. Read more in Note 4.3 on page 134.

The volatility and uncertainty experienced in 2025 was a continuity of the last three to four years, which makes comparison with previous years difficult. As uncertainty continues into 2026, predictability will continue to be difficult, and stakeholders should be careful about using reported results as projections for the future. The intended merger with the DMK Group will significantly impact the group's activity level and financial position. For more details, see page 11.

Valuation of inventory

The increased milk price volatility in 2025 required additional and more frequent focus throughout the year on the valuation of inventory positions. We frequently updated our standard cost model for individual cost components with special focus on the milk price component throughout 2025, and thoroughly reviewed the valuation at 31 December 2025.

The conversion from standard cost to actual cost at the time of production for the individual inventory categories was correspondingly carefully assessed.

Furthermore, net realisable value was assessed based on the price development for especially milk commodity products at the end of the year.

Read more about inventory in Note 2.1.

Valuation of certain assets and liabilities based on a projection of expected future cash flows

Interest rates stabilised on a lower average level compared to last year's level, but remain an important component to monitor. Therefore, the valuations of goodwill, gross pension liabilities and interest hedge instruments were carefully assessed in 2025.

Calculations confirmed adequate headroom and sensitivity calculations on discount rates, and anticipated future free cash flows indicated continued robustness of goodwill positions on all markets.

The fair value of interest hedge instruments increased by EUR 21 million as a result of stabilised and slightly increased interest levels, while net pension liabilities remained at the same level as last year.

Read more about goodwill in Note 3.1, hedge instruments in Note 4.4 and pension liabilities in Note 4.7.

FarmAhead™ Customer Partnership recognised as part of revenue

Our sustainability customer programme has now been launched across most of Arla's core European markets, enabling customers to participate in sustainability projects on farms, access customer data and receive customised reports and achieve claimable reductions for ESG reporting. Customers participating in the programme pay a premium on the products, recognised as part of revenue.

FarmAhead™ Incentive recognised as part of milk costs

The Incentive model facilitates the redistribution of up to EUR 500 million among farmers based on their engagement in sustainability initiatives on farms. Read more about the model on page 43 in the sustainability statements.

In 2025, a total of EUR 354 million was disbursed in relation to the FarmAhead™ Check and FarmAhead™ Incentive, and this amount was accounted for in the cost of owner milk. Read more in Note 1.2.

Classification of power purchase agreements

To support the reduction of scope 1+2 CO_2e emissions, Arla has entered power purchase agreements (PPAs) with a contractual annual energy volume of 549 GWh. Solar energy accounts for 290 GWh, and wind energy accounts for 259 GWh.

Through a structured process, the accounting classification of the individual contracts was rigorously assessed based on the latest available guidance and involvement of external expertise. All contracts are for the purpose of own use and classified as executory supplier contracts.

Read more about commodity price risk in Note 4.1.4 and contractual commitments in Note 5.5.

Climate-related risks in the consolidated financial statements

Climate-related risks are of great importance to Arla. The management has assessed the impact on the consolidated financial statements from such risks and initiatives taken or to be taken towards addressing them. There was no material impact on the consolidated financial statements 2025 from climate changes or the actions taken against climate-related risks. Potential future impacts were also evaluated. Read more on page 41.

Points of considerations are described below.

NOTES INTRODUCTION (continued)

Risk of decline in milk volumes
Climate-related risks that can potentially reduce milk volumes in the future are:

- Denmark's government nitrate agreement, along with the EU's implementation of nature legislation, could drive land-use changes, increase production costs on farms and reduce milk production.
- Extreme weather events like heat waves, draughts or floods which can have a negative impact on crop yields and cows' productivity.
- Land use regulations both following from the Danish Green Tripartite Agreement and EU level proposals to reach EU climate targets of converting agriculture to forest land which would potentially reduce the production of feed for cows.

Risk of increased production costs
Climate-related risks that could potentially affect the future of dairy operations are:

- Regulations to reduce emissions in production. European government proposals on sustainability financial levers, such as the international emissions trading system and climate taxes, could increase costs for both farmers and processors.
- Changes in consumer behaviour driven by costumers pushing for more sustainable products increase the need for sustainable dairy production to stay competitive.

Risk of impairment of production capacity
As a consequence of the above climate-related risks, Arla could face impairment of its production capacity due to:

- Equipment becoming outdated in the sustainability transformation.
- Excess production capacity if milk volumes and operations decline.

The potential consequences of the above were considered as part of our impairment test conducted during 2025 and our assessment of value in use for property, plant and equipment. Non-current assets in the balance sheet were not affected by such impairment in 2025. Sustainability is now an integral part of all investments in property, plant and equipment which ensure future investments to address the risks identified.

Significant accounting estimates and judgements
Preparing the group's consolidated financial statements requires management to apply accounting estimates and judgements that affect the recognition and measurement of the group's assets, liabilities, income and expenses. The estimates and judgements are based on historical experience and other factors. These are inherently associated with uncertainty and unpredictability which can have a significant effect on the amounts recognised in the consolidated financial statements. Areas of significant accounting estimates and judgements are listed below with reference to further comments in the notes.

Significant accounting estimates and judgements	Note	Estimate/judgement
Measurement of revenue and rebates	1.1	Estimate
Measurement of inventory	2.1	Estimate
Measurement of trade receivables	2.1	Estimate
Impairment test and measurement of goodwill	3.1	Estimate
Classification of investments	3.3	Judgement
Identification and valuation of assets and liabilities in business combinations	3.4	Judgement
Classification of power purchase agreements	4.1.4	Judgement
Measurement of pension plans	4.7	Estimate
Recognition and measurement of deferred tax positions	5.1	Estimate
Measurement of insurance provisions	5.2	Estimate

Note 1. Revenue and costs

1.1 REVENUE

Financial comments

Revenue increased by 9.4% to EUR 15,066 million (2024: EUR 13,770 million).

Sales prices contributed positively to revenue by EUR 1,079 million, mainly driven by higher average price levels in the retail, foodservice and whey businesses.

The volume/mix impact was positive with EUR 101 million, driven by higher volumes in Global Industry Sales (GIS) as the milk pool increased, partly offset by a volume decrease in private label and branded retail.

Business combinations added EUR 237 million to revenue and related to the acquisition of a whey nutrition business from Volac (now AFI Felinfach) in late 2024.

Arla's revenue was negatively impacted by currency effects of EUR 121 million, primarily driven by GBP and USD related exchange rates and partly offset by a positive impact from the SEK exchange rate.

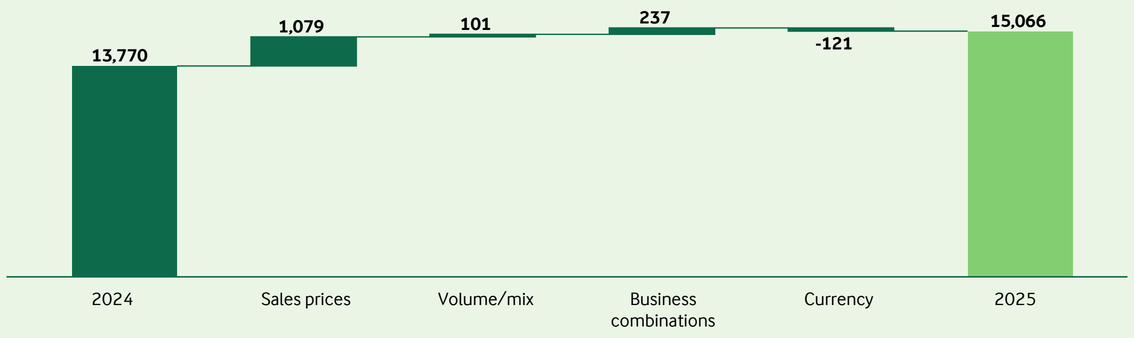


Table 1.1.a Revenue split by country[1]

(EUR million)	2025	2024	Share of revenue in 2025
United Kingdom	3,770	3,492	25%
Sweden	1,962	1,698	13%
Germany	1,712	1,683	11%
Denmark	1,409	1,345	9%
Netherlands	1,106	885	7%
Saudi Arabia	466	449	3%
Finland	411	397	3%
USA	386	296	3%
Oman	292	225	2%
Spain	275	204	2%
Other[2]	3,277	3,096	22%
Total	**15,066**	**13,770**	**100%**

[1] The figures in this table represent total revenue by country and includes all sales in the countries, irrespective of organisational structure. Therefore, the figures cannot be compared to the commercial segment review in the management review.

[2] Other countries include, among others, UAE, China, Canada, Belgium, France and Australia

Table 1.1.b - Revenue split by brand

(EUR million)	2025	2024
Arla®	4,027	3,737
Lurpak®	903	837
Puck®	528	514
Castello®	248	245
Milk-based beverages	436	393
Other supported brands	887	863
Strategic branded revenue	**7,029**	**6,589**
Private label and other	4,135	3,933
Retail and foodservice in Europe and International	**11,164**	**10,522**
Arla Foods Ingredients	1,452	1,015
Global Industry Sales	2,450	2,233
Total	**15,066**	**13,770**

1.1 REVENUE (continued)

In 2025, branded revenue growth remained positive, with a volume-driven revenue growth of 0.2% (3.7% in 2024) and a branded revenue increase of 6.7% to EUR 7,029 million (2024: EUR 6,589 million).

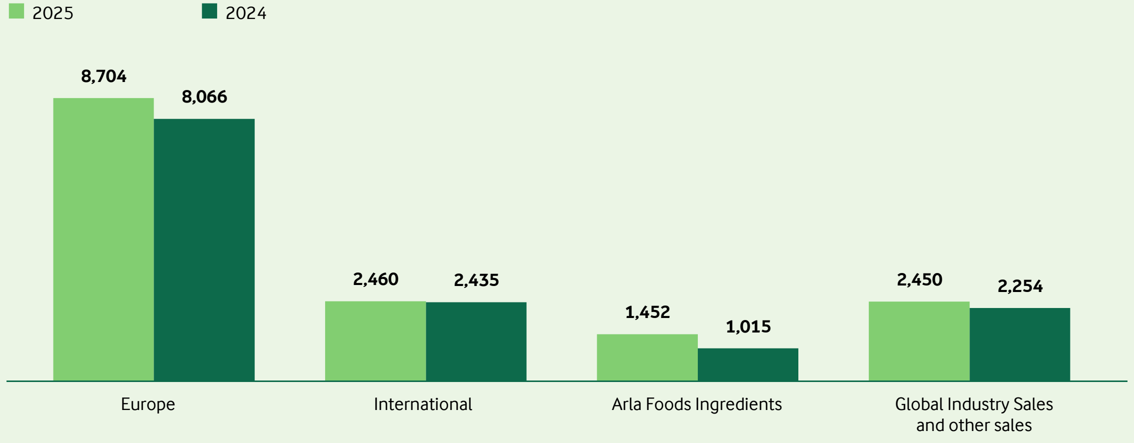
Europe is Arla's largest commercial segment, comprising 57.8% of total revenue (2024: 58.6%). Revenue in Europe increased by 7.9% to EUR 8,704 million (2024: EUR 8,066 million). The increase was primarily driven by higher average price levels. Affected by the high sale price levels, strategic branded volume-driven revenue decreased by 0.8% (2024: increase of 4.1%).

The International segment accounted for 16.3% of total revenue (2024: 17.7%). The revenue in International increased to EUR 2,460 million (2024: EUR 2,435 million), despite negative effects from currency fluctuations. Strategic branded volume-driven growth was 2.4% in International (2024: 2.9%), despite high price levels, particularly in the first half, and ongoing geopolitical uncertainty.

Arla Foods Ingredients accounted for 9.6% of total revenue (2024: 7.4%), amounting to EUR 1,452 million (2024: EUR 1,015 million), driven by strong global demand for protein ingredients, favourable market conditions and the successful integration of AFI Felinfach, which was acquired at the end of 2024. AFI maintained a high value-add share of 79.8% (2024: 79.5%).

The Global Industry Sales (GIS) and other sales segment represented 16.3% of total revenue (2024: 16.4%) and increased by 8.7% to EUR 2,450 million (2024: EUR 2,254 million), driven by higher volumes. The overall share of milk solids sold through GIS increased to 30.6% (2024: 24.8%) supported by more milk available in the second half of the year.

REVENUE SPLIT BY COMMERCIAL SEGMENTS (EUR MILLION)



§ Accounting policies

Revenue is recognised when there is a contract with a customer for producing and selling dairy products. Revenue by commercial segment or market is based on the group's internal financial reporting practices.

Revenue is recognised in the income statement when a performance obligation is satisfied, at the transaction price allocated to the obligation. This occurs when control of the goods is transferred to the customer, the amount can be measured reliably, and collection is probable. Transfer of control is determined by the relevant trade terms (e.g. Incoterms), which may vary by customer or transaction.

Revenue related to our FarmAhead™ Customer Partnership programme forms part of the sales price of the related products and is recognised in line with the general policy above.

Revenue is measured at invoiced sales for the year, net of customer-specific deductions such as rebates, cash discounts, listing fees, promotions, VAT and duties. Customer contracts may include various discounts. Historical experience is used to estimate these discounts to ensure accurate revenue recognition. Customer contracts are, in line with industry practise, in general below 12 months and therefore considered short-term.

Revenue is recognised only when it is highly probable that a significant reversal will not occur, typically when control transfers to the customer and after considering applicable rebates.

Most contracts have short payment terms, so a significant financing component is not present and the transaction price is not adjusted for financing.

Uncertainties and estimates

Revenue, net of rebates, is recognised when goods are transferred to customers. Estimates are used when measuring accruals for rebates and other sales incentives. Most rebates are calculated based on terms agreed upon with the customer. In some customer relationships, the final settlement of the rebate depends on future sales volumes, prices and other incentives. Therefore, estimating whether performance obligations are met involves some judgement. These estimates are based on historical experience and forecasted future sales.

1.2 OPERATIONAL COSTS

Financial comments

Operational costs increased to EUR 14,516 million in 2025 (2024: EUR 13,135 million). The increase was primarily driven by higher milk costs paid to farmers, inflationary pressure on input costs and higher staff-related expenses.

Production costs increased 11,7% to EUR 12,068 million (2024: EUR 10,803 million). The increase was mainly attributable to higher weighted-in raw milk costs, which rose to EUR 7,627 million (2024: EUR 6,565 million), reflecting higher milk prices. Excluding costs of raw milk, production costs increased to EUR 4,441 million (2024: EUR 4,238 million) representing an increase of 4,8%. Production-related costs was mainly driven by an increase in packaging, transportation and staff costs.

Sales and distribution costs increased by 4.9% to EUR 1,913 million (2024: EUR 1,824 million).

Administration costs increased by 5.3% to EUR 535 million (2024: EUR 508 million), mainly driven by an increase in staff costs, costs related to business combinations and inflation.

Operational costs include the consolidation effects from business combinations, mainly relating to the acquisition of AFI Felinfach, which increased operational costs by EUR 144 million in 2025.

In 2025, we achieved net savings of EUR 158 million in our efficiency programme, of which EUR 128 million related to operational costs, reducing our future cost base.

DEVELOPMENT IN OPERATIONAL COSTS (EUR MILLION)

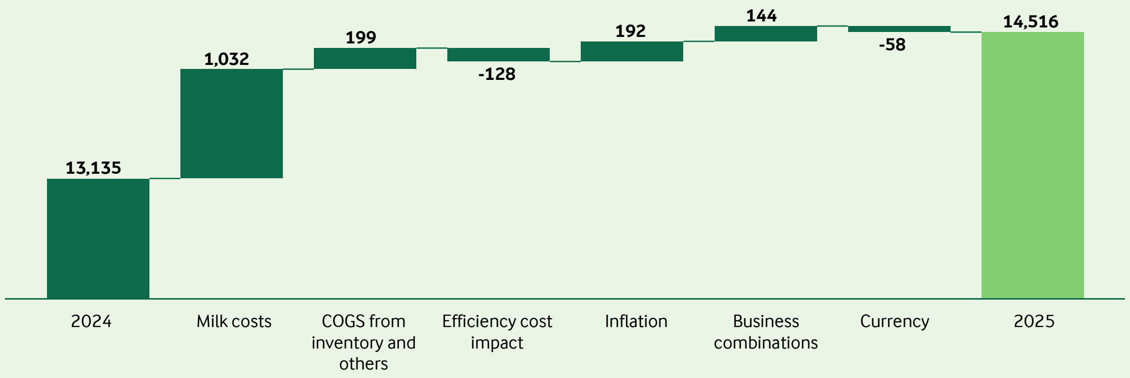


Table 1.2.a Operational costs split by function and type

(EUR million)	2025	2024
Production costs	12,068	10,803
Sales and distribution costs	1,913	1,824
Administration costs	535	508
Total	**14,516**	**13,135**
Specification:		
Weighed-in raw milk	7,627	6,565
Other production materials[1]	2,346	2,255
Staff costs	1,756	1,654
Transport costs	863	814
Marketing costs	275	271
Depreciation, amortisation and impairment	509	511
Other costs[2]	1,140	1,065
Total	**14,516**	**13,135**

[1] Other production materials include packaging, additives, consumables, variable energy and effects of cost of goods sold related to changes in inventory
[2] Other costs mainly include maintenance, utilities and IT

Table 1.2.b Weighed-in raw milk

	2025		2024	
	mkg	EUR million	mkg	EUR million
Owner milk	13,577	7,237	12,973	6,195
Other milk	752	390	762	370
Total	**14,329**	**7,627**	**13,735**	**6,565**

Milk volumes disclosed using standardised milk with a composition of 3.4% protein and 4.2% fat for weighed-in milk in Arla.

1.2 OPERATIONAL COSTS (continued)

Cost of raw milk
The cost of raw milk increased by 16.2% to EUR 7,627 million (2024: EUR 6,565 million), driven by a higher average milk price and increased milk volumes.

Owner milk
Costs related to owner milk increased by EUR 1,042 million due to a higher average pre-paid milk price and higher volumes. Arla's average pre-paid milk price increased to 53.3 EUR-cent/kg in 2025 (2024: 47.8 EUR-cent/kg), which constitutes a 11.5% increase.

In 2025, a total of EUR 354 million related to FarmAhead™ Check and the FarmAhead™ Incentive model (2024: EUR 337 million) was paid out. The amount was included in the cost of owner milk. See page 45 in the sustainability statements for further details.

Other milk
The cost of other milk increased by EUR 20 million due to higher prices, partly offset by lower volumes. Other milk consists of contract milk acquired to meet local market demands.

Staff costs and number of FTEs
Staff costs increased by 6.2% to EUR 1,756 million (2024: EUR 1,654 million). Staff costs increased due to regular salary increases and additional FTEs. The total number of FTEs increased to 22,052 (2024: 21,895). See the sustainability statements pages 64-70 for further details.

Depreciation, amortisation and impairment
At EUR 509 million, the amount of depreciation, amortisation and impairment was consistent with the year before (2024: EUR 511 million).

§ Accounting policies

Production costs
Production costs cover direct and indirect costs related to production, including volume movements in inventory and related inventory valuation. Direct costs comprise the purchase of milk from owners, including incentives related to FarmAhead™ Check and the new FarmAhead™ Incentive model, inbound transport costs, packaging, additives, consumables, energy and variable salaries directly related to production. Indirect costs comprise other costs related to the production of goods, including depreciation and impairment losses on production equipment and other supply chain-related costs. The purchase of milk from cooperative owners is recognised at pre-paid prices for the accounting period and therefore does not include the supplementary payment, which is classified as distributions to owners and recognised directly in equity.

Sales and distribution costs
Costs relating to sales staff, write-down of receivables, sponsorships, product development, depreciation and impairment losses are recognised as sales and distribution costs. Sales and distribution costs also include marketing expenses relating to investment in the group's brands such as the development of marketing campaigns, advertisements, exhibits and others.

Administration costs
Administration costs relate to management and administration, including administrative staff, office premises and office costs as well as depreciation and impairment.

Table 1.2.c Staff costs

(EUR million)	2025	2024
Wages, salaries and remuneration	1,504	1,430
Pensions – defined contribution plans	125	109
Pensions – defined benefit plans	1	-
Other social security costs	126	115
Total	**1,756**	**1,654**
Staff costs relate to:		
Production costs	943	895
Sales and distribution costs	484	477
Administration costs	329	282
Total	**1,756**	**1,654**
Average number of full-time employees	22,052	21,895

Table 1.2.d Depreciation, amortisation and impairment

(EUR million)	2025	2024
Intangible assets, amortisation	66	66
Property, plant and equipment and RoU, depreciation	443	445
Total	**509**	**511**
Depreciation, amortisation and impairment relate to:		
Production costs	368	356
Sales and distribution costs	59	70
Administration costs	82	85
Total	**509**	**511**

1.3 OTHER OPERATING INCOME AND COSTS

Financial comments

Other operating income increased to EUR 135 million (2024: EUR 48 million).

Income from the sale of excess electricity volumes from own power production plants was EUR 44 million (2024: EUR 28 million). The increase was due to higher market prices for electricity compared to last year.

Income from commodity hedging instruments related to diesel, natural gas and electricity reclassified from OCI was EUR 2 million (2024: EUR 3 million). Please refer to Note 4.4 for further details.

Income from currency hedging instruments reclassified from OCI was EUR 70 million (2024: EUR 4 million). Please refer to Note 4.4 for further details.

Other income items amounted to EUR 19 million (2024: EUR 13 million), mainly driven by biomass income of EUR 5 million.

Other operating costs decreased by 42.4% to EUR 68 million (2024: 118 EUR million).

Costs related to the sale of internally produced electricity remained stable and increased slightly to EUR 29 million (2024: EUR 27 million) in line with the previous year.

Costs of commodity hedging instruments reclassified from OCI amounted to EUR 4 million (2024: EUR 32 million). Please refer to Note 4.4 for further details.

Costs of currency hedging instruments reclassified from OCI were EUR 22 million (2024: EUR 29 million). Please refer to Note 4.4 for further details.

Other items amounted to EUR 13 million (2024: EUR 30 million). The decrease is due to one-offs in 2024, namely expenses following fire accidents and expenses relating to the Felinfach Whey Nutrition business acquisition.

§ Accounting policies

Other operating income and costs include items outside the usual dairy business activities. These items consist of gains and losses from the settlement of disputes, remeasurement gains from step acquisitions of entities, net results from financial hedging activities and net results from producing and selling energy from own biogas plants. Additionally, this category includes gains and losses from the disposal of non-current assets and the divestment of entities.

Table 1.3 Other operating income and costs

(EUR million)	2025	2024
Sale of electricity	44	28
Income from commodity hedging instruments reclassified from OCI	2	3
Income from currency hedging instruments reclassified from OCI	70	4
Other income items	19	13
Other operating income	**135**	**48**
Costs related to the sale of electricity	29	27
Costs of commodity hedging instruments reclassified from OCI	4	32
Costs of currency hedging instruments reclassified from OCI	22	29
Other cost items	13	30
Other operating costs	**68**	**118**

1.4 KEY PERFORMANCE INDICATORS

The alternative performance measures disclosed in this note are key performance indicators for the group. They are not defined by IFRS.

1.4.1 PERFORMANCE PRICE

Financial comments

Arla's performance price is a key measure of overall performance, reflecting the value added to each kilogramme of milk supplied by our farmer owners.

The performance price was 56.4 EUR-cent/kg of owner milk (2023: 50.9 EUR-cent/kg).

§ Accounting policies

The performance price is calculated by taking the standardised pre-paid milk price included in production costs, adding Arla Foods amba's share of profit for the year attributable to farmer owners and then dividing by the total milk volume weighed in for the year.

1.4.2 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH

Financial comments

Volume-driven revenue growth (VDRG) is defined as revenue growth resulting from increased volumes while keeping prices constant. VDRG of strategic brands is a performance measure used to support and understand the non-price revenue growth and performance of our branded business.

Strategic branded VDRG increased by 0.2% (2024: 3.7%).

§ Accounting policies

Strategic branded volume-driven revenue growth (SBVDRG) is a measure of the share of revenue growth relative to volumes.

Volume-driven revenue is calculated by keeping prices fixed year on year.

SBVDRG is calculated as the volume growth of EUR 15 million divided by total strategic branded revenue of EUR 7,029 million and equalled 0.2% in 2025.

Table 1.4.1 Performance price

	2025			2024		
	EUR million	mkg	EUR-cent/kg	EUR million	mkg	EUR-cent/kg
Owner milk (standard milk (4.2% fat, 3.4% protein))	7,237	13,577	53.3	6,195	12,973	47.8
Arla Foods amba's share of profit for the year	415	13,577	3.1	401	12,973	3.1
Total	**7,652**	**13,577**	**56.4**	**6,596**	**12,973**	**50.9**

Table 1.4.2 Strategic branded volume driven revenue growth

(EUR million)	2025	2024
Strategic branded revenue last year	6,589	6,375
Strategic branded volume-driven revenue growth	15	238
Price and exchange rate adjustments	425	-24
Strategic branded revenue	**7,029**	**6,589**
Strategic branded volume-driven revenue growth, %	**0.2%**	**3.7%**

1.4 KEY PERFORMANCE INDICATORS (continued)

1.4.3 PROFIT SHARE

Financial comments

The profit share of Arla is targeted at 2.8-3.2% of revenue, calculated on the basis of the profit attributable to our farmer owners.

For 2025, the profit attributable to our farmer owners amounted to EUR 415 million (2024: EUR 401 million). This corresponded to 2.8% of revenue, or 3.1 EUR-cent/kg of milk delivered, and was distributed to the supplementary payment and retainment as disclosed in the statement of profit appropriation.

§ Accounting policies

Profit share is a measure of profit relative to revenue calculated as Arla Foods amba's share of profit for the year divided by total revenue.

Profit share is calculated as EUR 415 million divided by EUR 15,066 million and equalled 2.8% in 2025.

Table 1.4.3 Profit share

(EUR million)	2025	2024
Revenue	15,066	13,770
Profit for the year	433	417
Profit relating to non-controlling interests	-18	-16
Profit attributable to farmer owners	**415**	**401**
Profit share	**2.8%**	**2.9%**

Note 2. Net working capital

2.1 NET WORKING CAPITAL

Financial comments

Net working capital of EUR 1,521 million (2024: EUR 1,519 million) is on par with last year.

A higher level of inventory was offset by lower trade receivable positions and higher trade payable and other payable positions.

DEVELOPMENT IN NET WORKING CAPITAL (EUR MILLION)

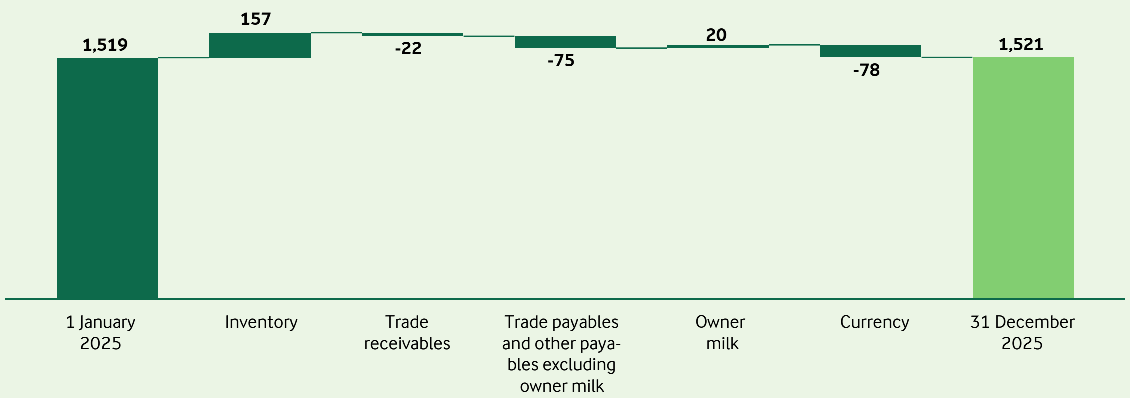


Table 2.1.a Net working capital

(EUR million)	1 January	Cash flow: Included in operating cash flow	Non-cash flow: Business combinations	Non-cash flow: Write-downs	Non-cash flow: Currency	31 December
2025						
Inventory	1,635	141	-	16	-49	1,743
Trade receivables	1,317	-21	-	-1	-48	1,247
Trade payables and other payables	-1,433	-55	-	-	19	-1,469
Total net working capital	**1,519**	**65**	**-**	**15**	**-78**	**1,521**
2024						
Inventory	1,384	233	16	-17	19	1,635
Trade receivables	1,145	121	28	-4	27	1,317
Trade payables and other payables	-1,425	25	-26	-	-7	-1,433
Total net working capital	**1,104**	**379**	**18**	**-21**	**39**	**1,519**

Table 2.1.b Inventory

(EUR million)	2025	2024
Inventory before write-downs	1,763	1,671
Write-downs	-20	-36
Total inventory	**1,743**	**1,635**
Raw materials and consumables	350	347
Work in progress	432	457
Finished goods and goods for resale	961	831
Total inventory	**1,743**	**1,635**

2.1 NET WORKING CAPITAL (continued)

Inventory

Inventory increased by 6.6% to EUR 1,743 million (2024: EUR 1,635 million), an increase of EUR 108 million. The increase was predominantly driven by a combination of increased volumes within our core countries, largely products containing high levels of fat, as well as higher whey prices within our AFI business.

Excluding currency effects, the carrying amount of inventory increased by EUR 157 million.

Trade receivables

Trade receivables decreased by 5.3% to EUR 1,247 million (2024: EUR 1,317 million), driven by a higher utilisation of the trade receivables finance programmes.

The utilisation of trade receivables finance programmes increased to EUR 405 million (2024: EUR 353 million). The group utilises these programmes to manage liquidity and reduce credit risk on trade receivables.

Managing credit risk exposure on trade receivables is guided by group-wide policies. Credit limits are set based on the customer's financial position and current market conditions. The customer portfolio is diversified in terms of geography, industry sector and customer size. In 2025, the group was not extraordinarily exposed to credit risk related to significant individual customers, but to the general credit risk in the retail sector. Read more about credit risk in Note 4.1.5.

Overdues above 30 days amounted to 7.2% of the trade receivables position (2024: 7.1%). Provision for expected losses was EUR 19 million (2024: EUR 21 million).

Excluding currency effects, the carrying amount of trade receivables decreased by EUR 22 million.

Trade payables and other payables

Trade payables and other payables increased by 2.5% to EUR 1,469 million (2024: EUR 1,433 million).

A number of Arla's strategic suppliers participate in supply chain finance programmes, where the supply chain finance provider and related financial institutions act as a funding partner. When suppliers participate in these programmes, the supplier has the option, at their own discretion and flexibility, to receive early payment from the funding partner based on invoices sent to Arla. This is conditioned by Arla's recognition and approval of received goods or services and an irrevocable acceptance to pay the invoice at the due date via the funding partner. The arrangement of early payment is an exclusive transaction between the supplier and the supply chain finance provider.

Extended payment terms are not embedded in the programmes themselves, but agreed with vendors directly.

The liquidity risk for Arla on termination of the programmes is limited. No securities or guarantees are provided. The payment terms for suppliers participating in the programmes are no more than 180 days. Utilisation of supply chain finance programmes at year-end increased to EUR 177 million (2024: EUR 165 million).

Excluding currency effects, the carrying amount of trade payables and other payables, including owner milk, increased by EUR 55 million.

Table 2.1.c Trade receivables

(EUR million)	2025	2024
Trade receivables before provision for expected losses	1,266	1,338
Provision for expected losses	-19	-21
Total trade receivables	**1,247**	**1,317**

Table 2.1.d Trade receivables age profile

(EUR million)	2025 Gross carrying amount	2025 Expected loss rate	2024 Gross carrying amount	2024 Expected loss rate
Not overdue	974	0%	1,026	0%
Overdue by less than 30 days	201	<1%	217	<1%
Overdue by between 30 and 89 days	51	<1%	53	<1%
Overdue by more than 90 days	40	43%	42	36%
Total trade receivables before provision for expected losses	**1,266**		**1,338**	

Table 2.1.e Supply chain finance programmes

(EUR million)	2025	2024
Trade payables and other payables	1,469	1,433
Of which owner milk[1]	287	305
Trade payables and other payables excluding owner milk	**1,182**	**1,128**
Of which is utilised for financing arrangement	**177**	**165**
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

[1] Owner milk due is not part of any supply chain finance programme.

In 2025, the average payment terms to farmers were 15 days.

2.1 NET WORKING CAPITAL (continued)

§ Accounting policies

Inventory

Inventories are measured at the lower of cost or net realisable value, calculated on a first-in, first-out basis. The net realisable value is determined by considering inventory marketability and estimating the sales price, minus completion costs and costs incurred to execute the sale.

The cost of raw materials, consumables and commercial goods includes the purchase price plus delivery costs. The pre-paid milk price to Arla's owners is used as the purchase price for owner milk.

The cost of work in progress and manufactured goods also includes an appropriate share of production overheads, including depreciation, based on the normal operating capacity of the production facilities.

Trade receivables

Trade receivables are recognised at the invoiced amount less expected losses, according to the simplified approach for amounts considered irrecoverable (amortised cost). Expected losses are measured as the difference between the carrying amount and the present value of anticipated cash flows.

Expected losses are assessed for major individual receivables or in groups at the portfolio level based on the receivables' age and maturity profile, as well as historical records of losses. Calculated expected losses are adjusted for specific significant negative developments in geographical areas.

Trade receivables are derecognised once the criteria for derecognition have been met, and all substantial risks and rewards are transferred.

Trade payables and other payables

Trade payables are measured at amortised cost, which typically corresponds to the invoiced amounts.

Amounts payable to suppliers that are included in supply chain finance programmes are classified as trade payables on the balance sheet and in the cash flow statement as cash flow from working capital. The liability is recognised in trade payables until the due date of the invoice.

Uncertainties and estimates

Inventory

The group uses monthly standard costs to calculate inventory and revises all indirect production costs at least once a year. Standard costs are also revised if they significantly deviate from the actual cost of the individual product. A key component in the standard cost calculation is the cost of raw milk from farmers, which is determined using the average pre-paid milk price that matches the inventory's production date.

Due to macroeconomic volatility and its effect on commodity prices, the valuation of individual cost components, such as milk-based components, energy, packaging, consumables and utilities, in our standard cost models was frequently updated throughout 2025 and thoroughly assessed as at 31 December 2025.

Conversion from standard cost to reflect the actual cost at the time of production for individual inventory categories was similarly assessed.

Indirect production costs are calculated based on relevant assumptions regarding capacity utilisation, production time and other factors characterising the individual product.

Assessing the net realisable value requires judgement, particularly when estimating the sales price of certain cheese stocks with long maturities and bulk products intended for sale on European or global commodity markets.

Receivables

Expected losses are calculated using several parameters, such as the number of days overdue, and are adjusted for significant negative developments in certain geographical areas.

The financial uncertainty related to the provision for expected losses is generally considered to be limited. However, if a customer's ability to pay deteriorates in the future, further write-downs may be necessary. Expected losses were carefully assessed.

Customer-specific bonuses are calculated based on actual agreements with retailers, however, some uncertainty exists when estimating the exact amounts to be settled and the timing of these settlements.

Finance programmes

The classification of trade receivables finance programmes and supply chain finance programmes involves judgement of the characteristics of the contracts, for example the payment terms and collaterals. The programmes are recognised as part of the net working capital positions.

2.2 OTHER RECEIVABLES AND OTHER CURRENT LIABILITIES

Financial comments

Other receivables

Other receivables increased by EUR 61 million to EUR 327 million (2024: EUR 266 million) and consisted mainly of VAT receivables, prepayments, income tax receivables and other items.

Other items amounted to EUR 79 million (2024: EUR 81 million), mainly driven by deposits and insurance recoveries.

Other current liabilities

Other current liabilities increased by EUR 5 million to EUR 370 million (2024: EUR 365 million). They mainly consist of employee-related accruals, income tax and VAT payables, accrued interests and other items.

Employee-related accruals amounted to EUR 189 million (2024: EUR 172 million), mainly driven by holiday pay, salary and bonuses and related salary cost accruals.

Other items amounted to EUR 108 million (2024: EUR 126 million), mainly driven by payables to finance partners of trade receivable finance programmes.

§ Accounting policies

Other receivables and other current liabilities

Other receivables and other current liabilities are measured at amortised cost usually corresponding to the nominal amount.

Table 2.2 Other receivables and current liabilities

(EUR million)	2025	2024
VAT	135	95
Prepayments	73	63
Income tax	31	17
Accrued interest	6	8
Amounts owed by associates and joint ventures	3	2
Other	79	81
Other receivables	**327**	**266**
Employee related liabilities	189	172
Income tax	30	20
Accrued interest	18	17
VAT	13	16
Deferred income	7	13
Amounts owed to associates and joint ventures	5	1
Other	108	126
Other current liabilities	**370**	**365**

Note 3.
Capital employed

3.1 INTANGIBLE ASSETS AND GOODWILL

Financial comments

Intangible assets and goodwill
Intangible assets and goodwill amounted to EUR 1,184 million compared to EUR 1,207 million last year.

Goodwill
The carrying amount of goodwill amounted to EUR 897 million (2024: EUR 938 million). The decrease of EUR 41 million was due to exchange rate adjustments, primarily relating to goodwill denominated in GBP.

Please refer to table 3.1.b for a specification of goodwill.

Licences and trademarks
The carrying amount of licences and trademarks amounted to EUR 57 million (2024: EUR 57 million). The carrying amount primarily relates to the recognition of trademarks from business combinations and includes Yeo Valley® and Svensk Mjölk®. The decrease in value was due to amortisation.

The strategic brands Arla®, Lurpak®, Castello® and Puck® are internally generated trademarks and are consequently not recognised in the balance sheet. Arla holds long-term licence agreements on Starbucks® chilled coffee, Kraft™, Galaxy®, Milka® and other brands in certain product categories and on certain markets. No values are recognised for these licence agreements.

IT and other development projects
The carrying amount of IT and other development projects was EUR 230 million (2024: EUR 212 million). The group continued investing in the SAP platform and general IT infrastructure, amounting to EUR 77 million in 2025.

Table 3.1.a Intangible assets and goodwill

(EUR million)	Goodwill	Licences and trademarks	IT and other development projects	Total
2025				
Cost at 1 January	938	162	559	1,659
Exchange rate adjustments	-41	-2	-1	-44
Additions	-	8	77	85
Disposals	-	-	-9	-9
Cost at 31 December	**897**	**168**	**626**	**1,691**
Amortisation and impairment at 1 January	-	-105	-347	-452
Exchange rate adjustments	-	1	1	2
Amortisation and impairment for the year	-	-7	-59	-66
Amortisation on disposals	-	-	9	9
Amortisation and impairment at 31 December	**-**	**-111**	**-396**	**-507**
Carrying amount at 31 December	**897**	**57**	**230**	**1,184**
2024				
Cost at 1 January	752	161	508	1,421
Exchange rate adjustments	29	1	-3	27
Additions	-	-	74	74
Business combinations	157	-	-	157
Disposals	-	-	-20	-20
Cost at 31 December	**938**	**162**	**559**	**1,659**
Amortisation and impairment at 1 January	-	-101	-310	-411
Exchange rate adjustments	-	3	1	4
Amortisation and impairment for the year	-	-7	-59	-66
Amortisation on disposals	-	-	21	21
Amortisation and impairment at 31 December	**-**	**-105**	**-347**	**-452**
Carrying amount at 31 December	**938**	**57**	**212**	**1,207**

3.1 INTANGIBLE ASSETS AND GOODWILL (continued)

§ Accounting policies

Goodwill

Goodwill represents the premium paid by Arla above the fair value of the identified net assets of an acquired company. On initial recognition, goodwill is recognised at cost. Goodwill is not amortised, but is subsequently measured at cost less any accumulated impairment. The carrying amount of goodwill is allocated to the group's cash-generating units, which align with the management structure and internal financial reporting. Cash-generating units are the smallest group of assets capable of generating independent cash inflows.

Licences and trademarks

Licences and trademarks are initially recognised at cost and are amortised on a straight-line basis over their expected useful lives, with a maximum period of 20 years.

IT and other development projects

Costs directly attributable to the development phase of IT and other projects such as design, programming and installation are recognised as intangible assets. Recognition is only made when the expenditure can be measured reliably, the project is technically and commercially feasible, future economic benefits are probable and the group intends to complete and use the asset and has the necessary resources to do so. These IT and development projects are then amortised on a straight-line basis over a period of five to eight years.

Costs incurred during the research or exploration phase, which involves general assessments of requirements and available technologies, are treated as expenses as they occur.

3.1.1 IMPAIRMENT TEST OF GOODWILL

Financial comments

Goodwill is allocated to relevant cash-generating units, primarily within the group's UK activities in the commercial segment Europe.

Basis for impairment test and applied estimates

Impairment tests are conducted using expected future cash flows derived from forecasts and long-term strategic targets. Projections for future cash flows and earnings targets are made for each individual cash-generating unit, considering expected developments identified in the Future26 strategy process and past experience. This includes costs related to sustainability initiatives undertaken as part of Arla's Future26 ambitions. The impairment tests do not include revenue growth in the terminal value.

Procedure for impairment tests

Impairment tests of goodwill are based on an assessment of the value in use. Milk costs in the forecast are recognised at a milk price that corresponds to the price at the time the test was performed and longer term. The key operational assumption is future profitability, which considers the impact of moving milk intake into value-add products and more profitable markets as well as operational efficiency initiatives.

Test results

In 2025, only limited changes to discount rates were identified across our markets, with underlying anticipated future cash flow supporting the goodwill positions. Goodwill positions and assessments of supporting business cases were closely monitored throughout the year, with no impairments identified.

Table 3.1.b Goodwill split by commercial segment and country

(EUR million)	2025	2024
UK	488	513
Finland	40	40
Sweden	21	19
Denmark	61	62
Europe	**610**	**634**
MENA	76	85
China	16	16
International	**92**	**101**
Argentina	8	9
UK	187	194
Arla Foods Ingredients	**195**	**203**
Total	**897**	**938**

Table 3.1.c Applied key assumptions

	2025		2024	
	Discount rate, net of tax	Discount rate, before tax	Discount rate, net of tax	Discount rate, before tax
UK	8.7%	9.9%	8.9%	10.2%
Finland	7.3%	8.3%	7.2%	8.1%
Sweden	7.2%	8.3%	6.8%	7.7%
Denmark	6.9%	7.9%	6.7%	7.7%
MENA	9.2%	10.6%	9.4%	10.7%
China	6.4%	7.1%	6.6%	7.2%
Arla Foods Ingredients	7.5%	8.6%	7.6%	8.6%

3.1 INTANGIBLE ASSETS AND GOODWILL (continued)

Calculations confirmed adequate headroom and sensitivity calculations on discount rates, and anticipated future free cash flows indicated continued robustness of goodwill positions on all markets.

§ Accounting policies

Impairment occurs when the carrying amount of an asset exceeds its recoverable amount through use or sale. For impairment testing, assets are grouped into the smallest cash-generating units that generate largely independent cash inflows. However, for goodwill, which does not generate independent cash inflows, impairment tests are conducted at the level where cash flows are considered to be largely independent.

The grouping of cash-generating units is determined based on the management structure and internal financial reporting, which is assessed annually.

The carrying amount of goodwill is tested for impairment together with other non-current assets in the cash-generating unit to which the goodwill is allocated. The recoverable amount of goodwill is calculated as the present value of the expected future net cash flows from the group of cash-generating units to which the goodwill is allocated, discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the asset or cash-generating unit.

The carrying amount of other non-current assets is assessed annually against their recoverable amount to identify any indications of impairment. Any impairment of goodwill is separately recognised in the income statement and cannot be reversed.

The recoverable amount of other non-current assets is determined as the higher value of the asset's value in use (present value of estimated future net cash flows from its use or the group of cash-generating units) and its market value (fair value) less expected disposal costs.

An impairment loss on other non-current assets is recognised in the income statement under production costs, sales and distribution costs or administration costs. Impairment recognised can only be reversed to the extent that the assumptions and estimates that led to the impairment have changed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Uncertainties and estimates

Uncertainties and estimates play a significant role in the goodwill impairment tests. The group of cash-generating units to which goodwill is allocated is defined based on the management structure and assessed annually.

Goodwill impairment tests are conducted at least once a year for each group of cash-generating units. The expected cash flow approach is used to determine the value in use, with key parameters including anticipated future free cash flows and assumptions on discount rates.

Anticipated future free cash flows

The anticipated future free cash flows are determined based on current forecasts and long-term 2029 targets derived from the Future26 process and current profitability. These forecasts and targets are established at the cash-generating unit level. External sources of information and industry-relevant observations, such as macroeconomic and market conditions, are considered in this determination.

All applied assumptions undergo scrutiny, relying on management's best estimates and expectations, which inherently involve judgement. These assumptions encompass expectations related to revenue growth, EBIT margins and capital expenditure. They also include moving milk intake into value-add products and more profitable markets and operational efficiency initiatives. Furthermore, future cash flow projections include cost and capital expenditures related to sustainability initiatives undertaken as part of Arla's sustainability strategy. For the growth rate beyond the strategy period, it has been set to the expected inflation rate in the terminal period, assuming no nominal growth.

Discount rates

A discount rate, specifically the weighted average cost of capital (WACC), is applied for each individual cash-generating unit. The rate is determined based on assumptions regarding interest rates and risk premiums. WACC is recalculated to a before-tax rate. Changes in future cash flow or discount rate estimates can lead to significantly different recoverable amounts.

3.2 PROPERTY, PLANT AND EQUIPMENT

Financial comments

Arla's main property, plant and equipment are located in Denmark, the UK, Germany and Sweden. The carrying amount was EUR 3,646 million (2024: EUR 3,521 million).

Additions amounted to EUR 645 million (2024: EUR 689 million).

Additions included continued investments in the cheddar production facilities in Taw Valley Dairy, the UK, and investments in Arla Foods Ingredients to support growth in the value-add segment.

In 2025, new investments were initiated, including investments in capacity and logistics upgrades in Denmark and transformation of the Lockerbie Dairy in the UK into a centre of excellence for UHT and Lactofree milk.

Depreciation amounted to EUR 443 million (2024: EUR 445 million), on par with last year.

PROPERTY, PLANT AND EQUIPMENT BY COUNTRY (EUR MILLION)

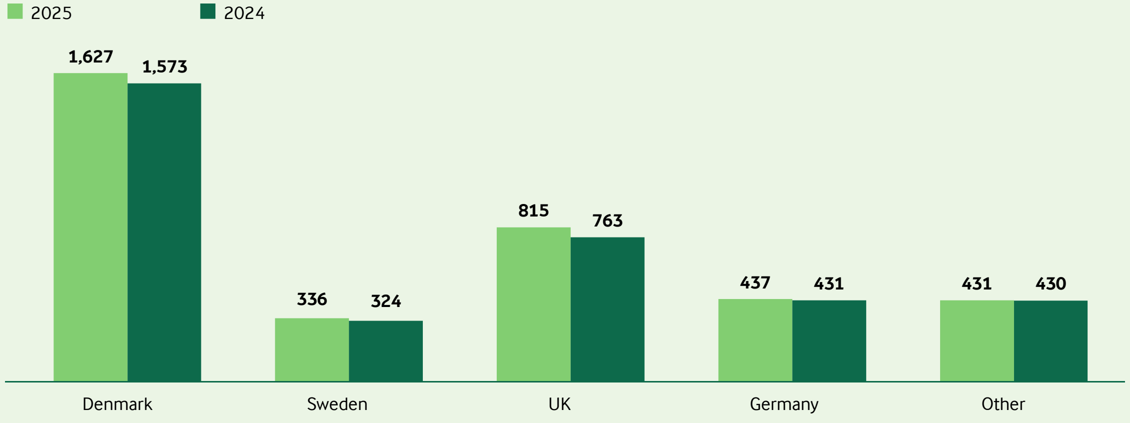


Table 3.2.a Property, plant and equipment including right-of-use assets

(EUR million)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction and payment on account	Total
2025					
Cost at 1 January	2,405	4,682	884	553	8,524
Exchange rate adjustments	-31	-33	-16	-16	-96
Additions	78	134	57	376	645
Transferred from assets in the course of construction	106	188	20	-314	-
Disposals	-50	-124	-39	-	-213
Cost at 31 December	**2,508**	**4,847**	**906**	**599**	**8,860**
Depreciation and impairment at 1 January	-1,103	-3,243	-657	-	-5,003
Exchange rate adjustments	10	17	10	-	37
Depreciation and impairment for the year	-110	-247	-86	-	-443
Depreciation on disposals	33	124	38	-	195
Depreciation and impairment at 31 December	**-1,170**	**-3,349**	**-695**	**-**	**-5,214**
Carrying amount at 31 December	**1,338**	**1,498**	**211**	**599**	**3,646**
2024					
Cost at 1 January	2,158	4,193	843	450	7,644
Exchange rate adjustments	18	28	11	-3	54
Additions	131	130	76	352	689
Business combinations	38	71	3	15	127
Transferred from assets in the course of construction	64	168	29	-261	-
Disposals	-56	-21	-58	-	-135
Reclassification	52	113	-20	-	145
Cost at 31 December	**2,405**	**4,682**	**884**	**553**	**8,524**
Depreciation and impairment at 1 January	-974	-2,883	-638	-	-4,495
Exchange rate adjustments	-7	-13	-5	-	-25
Depreciation and impairment for the year	-107	-253	-85	-	-445
Depreciation on disposals	37	19	51	-	107
Reclassification	-52	-113	20	-	-145
Depreciation and impairment at 31 December	**-1,103**	**-3,243**	**-657**	**-**	**-5,003**
Carrying amount at 31 December	**1,302**	**1,439**	**227**	**553**	**3,521**

3.2 PROPERTY, PLANT AND EQUIPMENT (continued)

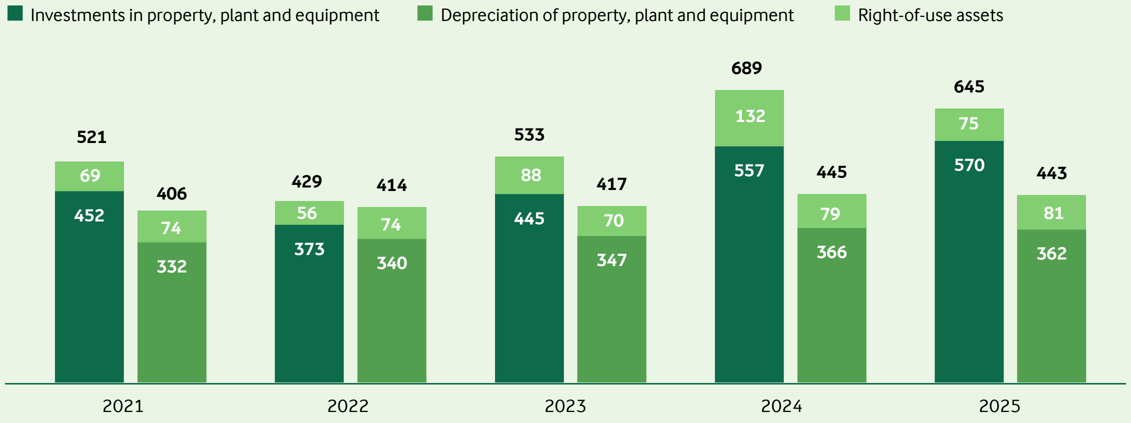
§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction, land and decommissioned plants are not depreciated.

Cost

Cost includes the acquisition price and any costs directly related to an asset until it is ready for its intended use. For self-constructed assets, cost covers both direct and indirect costs related to materials, components, payroll and borrowing costs from both specific and general borrowing directly associated with asset construction. Further, payment on account is included in the carrying amount of assets under construction. If significant parts of a property, plant or equipment item have different useful lives, they are recognised as separate items (major components) and depreciated individually. When component parts are replaced, any remaining carrying amount of the replaced parts is derecognised from the balance sheet and recognised as an accelerated depreciation charge in the income statement. Subsequent expenditure on property, plant and equipment is only added to the carrying amount of the item when it is likely that the cost will bring financial benefits to the group. Other expenses, such as general repairs and maintenance, are recognised in the income statement as they occur.

INVESTMENTS IN AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (EUR MILLION)



Depreciation

Depreciation allocates the cost of an asset, less its estimated recoverable amount at the end of its useful life, to the periods in which the group benefits from its use.

Property, plant and equipment are depreciated on a straight-line basis from the acquisition date or when the asset is ready for use, based on estimated useful lives.

The depreciation base is the asset's cost minus its residual value and any impairment losses.

Residual value is the estimated amount recoverable through sale or scrappage at the balance sheet date, assuming the asset is at its expected age and condition at the end of its useful life.

Residual values are determined at acquisition and reviewed annually. Depreciation ceases when the carrying amount equals the residual value or when the asset is decommissioned.

Any changes to the useful life or the residual value are treated as changes to accounting estimates, affecting only current and future periods. Depreciation is recognised in the income statement in production costs, sales and distribution costs or administration costs.

Table 3.2.b Estimated useful life in years

	2025	2024
Office buildings	50	50
Production buildings	20-30	20-30
Machinery and technical facilities	5-20	5-20
Other fixtures and fittings, tools and equipment	3-7	3-7

Uncertainties and estimates

Estimates are used to assess the useful lives of property, plant and equipment, which determine the period over which the asset's depreciable amount is expensed in the income statement. The depreciable amount of an item is based on the asset's cost or carrying amount and its residual value. Estimates are also made to determine the amount the group can recover at the end of an asset's useful life. An annual review is conducted to evaluate the appropriateness of the depreciation method, as well as the useful life and residual values of property, plant and equipment.

Due to climate-related risks, Arla may face future impairment of production capacity, as equipment could become outdated during the sustainability transformation, or from excess production capacity if milk volumes and operations decline.

In 2025, non-current assets in the balance sheet were not affected by such impairment. Sustainability has become an integral part of all CapEx investments, ensuring that future investments address the identified risks.

3.2 PROPERTY, PLANT AND EQUIPMENT (continued)

3.2.1 RIGHT-OF-USE ASSETS

Financial comments

Arla leases various offices, warehouses, vehicles and other equipment. Leases are typically agreed for a fixed duration, but may include an extension option. Significant right-of-use assets include office buildings and warehouses in Denmark, Germany, Sweden and the UK with remaining useful lives between 10 and 20 years.

Filling machinery and other technical plants represent another major right-of-use asset category. Filling machines typically have useful lives of seven years, whereas other technical plants are depreciated between one and seven years. Cars and trucks have on average useful lives of four and five years, respectively. In total, the group has approximately 3,800 leases.

The total carrying amount of right-of-use assets was EUR 222 million (2024: EUR 253 million), as specified in table 3.2.1.a. Additions to right-of-use assets during the year amounted to EUR 75 million (2024: EUR 132 million). Lease liabilities are specified in Note 4.3.

§ Accounting policies

All leases, except for short-term and low-value leases, are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset becomes available for use by the group. A lease liability is initially measured on a present value basis, which includes the net present value of fixed lease payments, variable lease payments based on an index or a rate and purchase options when it is reasonably certain that they will be exercised, less any lease incentives receivable.

The lease payments are discounted using an incremental borrowing rate.

The corresponding right-of-use asset is measured at cost, which includes the initial measurement of the lease liability, any lease payments made at or before the commencement date minus any lease incentives received, as well as any initial direct costs and restoration costs.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Each lease payment includes a reduction of the lease liability and a finance cost. The finance cost is charged to profit or loss over the lease period as a constant periodic rate of interest on the remaining balance of the liability.

Short-term leases and leases of low-value assets are recognised as an expense in the income statement.

Uncertainties and estimates

The group has applied estimates and judgements affecting the recognition and measurement of right-of-use assets and lease liabilities. This includes an assessment of the incremental borrowing rate, service components and facts and circumstances that could create an economic incentive to utilise the extension options of lease arrangements.

Table 3.2.1.a Right-of-use assets

(EUR million)	RoU Land and buildings	RoU Plant and machinery	RoU Fixtures and fittings, tools and equipment	Total
2025				
Carrying amount at 1 January	151	16	86	253
Additions	41	-	34	75
Disposals	-45	-2	-31	-78
Depreciation and impairment for the year	-38	-3	-40	-81
Depreciation on disposals	29	2	30	61
Exchange rate adjustments	-7	-	-1	-8
Carrying amount at 31 December	**131**	**13**	**78**	**222**
2024				
Carrying amount at 1 January	120	19	83	222
Additions	82	1	49	132
Disposals	-54	-4	-47	-105
Depreciation and impairment for the year	-35	-4	-40	-79
Depreciation on disposals	36	4	40	80
Exchange rate adjustments	2	-	1	3
Carrying amount at 31 December	**151**	**16**	**86**	**253**

Table 3.2.1.b Amounts recognised in the income statement and the cash flow statement

(EUR million)	2025	2024
Expenses related to short-term and low-value leases	43	46
Interest expenses on lease liabilities	12	11
Total amounts recognised in the income statement	**55**	**57**
Payment of lease debt	74	78
Total cash flow from right of use assets	**129**	**135**

3.3 ASSOCIATES AND JOINT VENTURES

Financial comments

The share of the profit in associates and joint ventures amounted to EUR 30 million (2024: EUR 33 million).

COFCO Dairy Holdings Limited (CDH) and China Mengniu Dairy Company Limited (Mengniu)

The group has invested in CDH, which is classified as an associate. CDH has a non-controlling financial interest in Mengniu, a large Chinese dairy company.

The group's proportionate share of CDH's net asset value was EUR 339 million (2024: EUR 453 million), representing the fair value of Arla's indirect interest in Mengniu.

The indirect investment in Mengniu is measured at the proportionate share of the fair value based on the listed share price in Hong Kong at the reporting date. Fair value changes are together with foreign exchange rate adjustments recognised in other comprehensive income, and dividends received are recognised as share of profit from associates because the shares are held through CDH.

CDH holds no significant assets other than its investment in Mengniu, and its reported revenue relates to dividends received from Mengniu. Through CDH, Arla holds an indirect 5.3% interest in Mengniu. See table 3.3.c for further details on CDH.

Lantbrukarnas Riksförbund (LRF)

The carrying amount of the investment related to the membership of Lantbrukarnas Riksförbund in Sweden amounted to EUR 99 million (2024: EUR 90 million).

§ Accounting policies

Investments in which Arla has a significant but not controlling influence are classified as associates. Investments in which Arla has joint control are classified as joint ventures.

Investments in associates and joint ventures are recognised using the equity method and measured at the proportionate share of the entities' net asset values, calculated in accordance with Arla's accounting policies. Goodwill related to acquisitions of these investments is added separately.

The proportionate share of the net profit or loss in associates and joint ventures is recognised in the consolidated income statement, after elimination of the proportionate share of unrealised inter-company profits or losses.

Dividends received from associates and joint ventures reduce the value of the investment.

Investments in associates and joint ventures with negative net asset values are measured at zero. If Arla has a legal or constructive obligation to cover a loss in the associate or joint venture, the loss is recognised under provisions. Any amounts owed by associates and joint ventures are written down to the extent that they are deemed irrecoverable.

An impairment test is performed when there are indications of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates, or a significant or prolonged decline in the fair value of the investment below its carrying amount.

Table 3.3.a Associates and joint ventures

(EUR million)	2025	2024
Carrying amount at 1 January	**560**	**560**
Net profit	30	33
Dividends received	-21	-24
Fair value adjustments in OCI	-71	-24
Exchange rate adjustments in OCI	-36	15
Carrying amount at 31 December	**462**	**560**

Table 3.3.b Specification of associates and joint ventures

(EUR million)	2025	2024
COFCO Dairy Holdings Ltd.	339	453
LRF and other associates	106	94
Other joint ventures	17	13
Carrying amount of associates and joint ventures	**462**	**560**

3.3 ASSOCIATES AND JOINT VENTURES (continued)

Where the equity-accounted investment is considered an integral part of a cash-generating unit (CGU), the impairment test is performed at the CGU level using expected future net cash flows of the CGU. An impairment loss is recognised when the recoverable amount of the equity-accounted investment (or CGU) falls below the carrying amount. The recoverable amount is defined as the higher of value in use and fair value less costs to sell of the equity-accounted investment (or CGU).

Uncertainties and estimates

Significant influence is defined as the power to participate in financial and operating policy decisions of the investee, without having control or joint control over those policies. Judgement is required to determine when significant influence exists. Factors considered include representation on the BoD, participation in policy-making processes, material transactions between the entities and interchange of managerial personnel.

CDH and Mengniu

The group holds a 30% investment in CDH, which is classified as an associate due to a cooperation agreement granting significant influence, including the right to representation on the BoD.

The indirect ownership in Mengniu amounts to 5.3% of the shares, and Arla holds no significant influence.

Lantbrukarnas Riksförbund (LRF)

Arla holds a 24% ownership interest in LRF, a politically independent professional organisation for Swedish entrepreneurs involved in agriculture, forestry and horticulture.

Based on a detailed analysis of the LRF arrangement, Arla's active ownership interest constitutes a significant influence in LRF. This includes, but is not limited to, owner representation on the Board of Directors. Additionally, Arla's owners have represented the Swedish dairy industry on the Board of Directors of LRF, and both Arla and its Swedish owners are individual members of LRF.

Based on this, it is assessed that Arla exercises significant influence in LRF, and the investment is therefore classified as an associate.

Table 3.3.c COFCO Dairy Holdings Ltd. (CDH) Disclosures

(EUR million)	2025	2024
Financial information[1]		
Revenue	41	38
Net profit	41	38
Other comprehensive income	-118	-14
Non-current assets	670	757

COFCO Dairy Holdings Ltd. has no other significant assets or liabilities

(EUR million)	2025	2024
Other information		
Dividends received from CDH	13	13
Arla's ownership of CDH	30%	30%
Arla's proportionate share of net profit in CDH	13	22
Arla's proportionate share of fair value of Mengniu based on listed share price	339	453

[1] Based on the latest available financial reporting

Table 3.3.d Transactions with associates and joint ventures

(EUR million)	2025	2024
Purchase of goods	48	47
Trade receivables[1]	2	2
Trade payables[1]	-7	-10

[1] Included in other receivables and other payables

3.4 BUSINESS COMBINATIONS

Acquisition of enterprises in 2025

No material entities, non-controlling interests or activities were acquired or divested in 2025.

Arla group to merge with DMK Group

In 2025 Arla and DMK Group announced a merger agreement. The merger awaits approval by competition authorities. The transaction is expected to be closed in the first half of 2026.

Acquisition of enterprises in 2024

Felinfach Whey Nutrition business

In November 2024, Arla acquired a whey nutrition business and production facility in the UK from Volac International Limited.

The acquisition included production and energy facilities and related working capital items. This was in line with the AFI business strategy to expand the business and to improve and secure whey production capacity in the UK.

Goodwill from the acquisition amounted to EUR 147 million and relates to the AFI segment. It is supported by strategic advantages and synergies and consolidates our position as the whey nutrition market leader.

Lockerbie Biogas Limited

In May 2024, Arla acquired Lockerbie Biogas Limited in the UK.

The acquired biogas facilities serve as an integrated facility for Arla's site in Lockerbie to handle effluent from the manufacturing processes.

Goodwill from the acquisition amounted to EUR 10 million, and represents the value of securing vital infrastructure for the dairy production on the site.

§ Accounting policies

Newly acquired companies are included in the consolidated financial statements when the group gains control. The acquisition amount is measured at its fair value. If the agreement allows for payment changes due to future events (contingent consideration), it is measured at fair value at the acquisition date.

Changes in contingent consideration estimates are recognised in the income statement. Acquisition-related costs are also recognised in the income statement as they occur. Acquired assets, liabilities and contingent liabilities are measured at fair value on the acquisition date.

In step acquisitions, the shareholding held before gaining control is remeasured at fair value on the acquisition date, with any gains or losses recognised in the income statement. The total fair value of the shareholding post-step acquisition is recognised as the cost of the entire shareholding in the company.

Goodwill arises when the total of the fair value of the transferred consideration, any previously held interest and the value of the non-controlling interest holders exceeds the fair value of the identifiable net assets of the acquired company. Goodwill is not subject to amortisation, but is assessed annually for impairment.

This approach also applies in mergers with other cooperatives, where the owners of the acquired company become owners of Arla Foods amba. The purchase price is determined at the acquisition date when the net assets' fair values are transferred, and equity instruments are issued. If the consideration exceeds the fair value of the identifiable net assets, it is recognised as goodwill.

Changes in the group's interest in a subsidiary that do not lead to loss of control are recognised as equity transactions. Divested enterprises are included in the consolidated income statement until disposal. Comparative figures remain unchanged.

Gains or losses on the sale of subsidiaries and associates are calculated as the difference between the sales price and the carrying amount of the net assets, including goodwill, at the selling date, plus sales costs.

Uncertainties and estimates

To classify investments, assessing the group's influence is crucial. Judgement is needed to determine if and when the group controls a company.

Upon gaining control via acquisition, the acquisition method is applied. However, there can be uncertainty in identifying the acquired assets, liabilities and contingent liabilities as well as measuring the company's fair value at the time of acquisition.

Table 3.4 Business combinations

(EUR million)	2025	2024
Property, plant and equipment	-	127
Inventory	-	16
Trade receivables	-	24
Trade payables	-	-24
Other net assets	-	15
Fair value of net assets	**-**	**158**
Goodwill	-	157
Consideration transferred	**-**	**315**
Cash in acquired business	-	-25
Cash flow from business combinations	**-**	**290**

Note 4. Funding

4.1 FINANCIAL RISKS

Financial comments

Financial risks are an inherent part of the group's operating activities and as a result, the group's profit is impacted by the development in currencies, interest rates and certain types of commodities. The global financial markets are volatile, and so it is critical for the group to have an appropriate financial risk management approach in place to mitigate short-term market volatility, while simultaneously achieving the highest possible milk price.

The group's comprehensive financial risk management strategy and system builds on a thorough understanding of the interaction between the group's operating activities and underlying financial risks. The overall framework for managing financial risks, being the Treasury Policy, is approved by the Board of Directors (BoD) on a regular basis and managed centrally. The policy outlines risk limits for each type of financial risk, permitted financial instruments and counterparties.

The group's financial risk exposure is reported to the BoD on a monthly basis. Hedging the volatility of milk prices is not within the scope of financial risk management, but is an inherent component of the group's business model.

4.1.1 LIQUIDITY RESERVES

Adequate liquidity reserves

In 2025, liquidity reserves increased by EUR 492 million to EUR 2,030 million driven by an increase in loan facilities. Looking at the maturity profile of the group's debt and the forecasted cash flow, the liquidity reserves are considered adequate and are expected to remain at the same level during 2026. Ensuring the availability of sufficient operating liquidity and credit facilities for operations is the primary goal of managing liquidity risk. Based on the liquidity models suggested by the rating agencies, Arla's liquidity reserves of EUR 2,030 million are assessed adequate for the coming 12 months.

For further details regarding securities included in the liquidity reserves, please refer to Note 4.6.

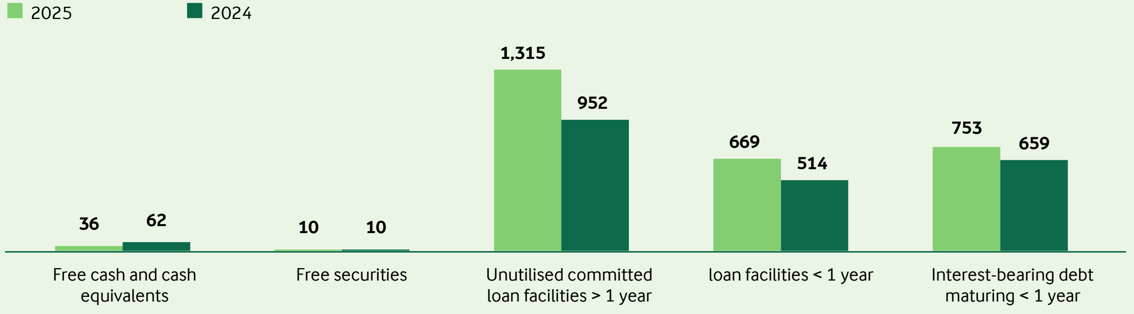
Supply chain finance programmes and trade receivables financing relating to customers form part of the group's liquidity management. Selected suppliers have access to the group's supply chain finance facilities, which allow those suppliers to benefit from the group's credit profile. For further details regarding supply chain finance programmes and trade receivables financing, please refer to Note 2.1.

Around 94% (2024: 94%) of the day-to-day liquidity flow of the group is managed and controlled centrally and to a wide extent via cash pooling arrangements. This secures a scalable and efficient operating model. As a result, the group is able to

Table 4.1.1.a Liquidity reserves

(EUR million)	2025	2024
Free cash and cash equivalents	36	62
Restricted cash	18	14
Not readily available cash	22	15
Cash and cash equivalents	**76**	**91**
Free securities	10	10
Restricted securities	11	20
Securities used in repurchase arrangements	530	547
Securities	**551**	**577**
Free cash and cash equivalents	36	62
Free securities	10	10
Unutilised committed loan facilities > 1 year	1,315	952
Loan facilities < 1 year	669	514
Liquidity reserves	**2,030**	**1,538**
Interest-bearing debt maturing < 1 year	**753**	**659**

LIQUIDITY RESERVES (EUR MILLION)



4.1 FINANCIAL RISKS (continued)

Arla operates in several countries with restrictions and regulations on the transferability of cash and securities. At 31 December 2025, cash of EUR 18 million (2024: EUR 14 million) was located in countries with restrictions and regulations on the transferability of cash, while the amount related to restricted securities was EUR 11 million (2024: EUR 20 million). Cash and securities in Argentina, China, Bangladesh and Senegal are reported as restricted.

Cash is considered not readily available for upstreaming in the group if a transfer is not possible within five days. Arla has cash positions in a number of countries where a transfer is deemed to take more than five days due to various circumstances such as local administrative processes or shareholder agreements. At 31 December 2025, EUR 22 million (2024: EUR 15 million) was considered as not readily available cash.

Contractual cash flow of gross financial liabilities

Table 4.1.1.b lists the contractual maturity of gross financial liabilities summarising the gross liquidity risk. The non-discounted contractual cash flow of these liabilities amounted to EUR 6,359 million (2024: EUR 6,277 million), of which EUR 2.887 million (2024: EUR 2,863) can be required to be settled during the next 12 months. The carrying amount was EUR 5,708 million (2024: EUR 5,509 million). The difference between the non-discounted contractual cash flow and carrying amount represents the interest expenses on the interest-bearing debt including costs arisen at initial recognition, which are amortised over the duration of the liabilities.

Throughout the year and at year-end there has been significant headroom towards covenants in credit facilities. For further details regarding covenants on credit facilities, please refer to Note 4.3.

Table 4.1.1.b Maturity of gross financial liabilities

		Maturity									
(EUR million)	Carrying amount	Total	2026	2027	2028	2029	2030	2031	2032	2033-2035	After 2035
2025											
Issued bonds	445	465	196	146	123	-	-	-	-	-	-
Mortgage credit institutions	1,189	1,658	48	56	84	110	110	110	110	408	622
Credit institutions	2,001	2,145	868	916	199	56	104	1	1	-	-
Schuldschein	351	369	209	6	3	151	-	-	-	-	-
Lease liabilities	225	225	71	52	34	24	16	28	-	-	-
Other current liabilities	6	6	6	-	-	-	-	-	-	-	-
Trade payables and other payables	1,469	1,469	1,469	-	-	-	-	-	-	-	-
Derivative instruments	22	22	20	1	1	-	-	-	-	-	-
Total	**5,708**	**6,359**	**2,887**	**1,177**	**444**	**341**	**230**	**139**	**111**	**408**	**622**

		Maturity									
(EUR million)	Carrying amount	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
2024											
Issued bonds	524	568	124	188	139	117	-	-	-	-	-
Mortgage credit institutions	1,203	1,843	131	93	97	104	112	115	115	397	679
Credit institutions	1,672	1,722	1,025	45	484	4	161	1	1	1	-
Schuldschein	351	385	15	210	7	153	-	-	-	-	-
Lease liabilities	252	252	71	57	41	26	18	39	-	-	-
Other current liabilities	10	10	10	-	-	-	-	-	-	-	-
Trade payables and other payables	1,433	1,433	1,433	-	-	-	-	-	-	-	-
Derivative instruments	64	64	54	3	3	2	1	1	-	-	-
Total	**5,509**	**6,277**	**2,863**	**596**	**771**	**406**	**292**	**156**	**116**	**398**	**679**

Assumptions

The contractual cash flows are based on the following assumptions:

- The cash flows are based on the earliest possible date at which the group can be required to settle the financial liability

- The interest rate cash flow are based on the contractual interest rate. Floating interest payments have been determined using the current floating rate for each item at the reporting date

4.1 FINANCIAL RISKS (continued)

Risk mitigation

Risk

Liquidity and funding are vital for the group to be able to pay its financial liabilities as they become due. Risk management impacts our ability to attract new funding in the longer term and is crucial to fulfilling the group's strategic ambitions.

Policy

The Treasury Policy states the minimum average maturity threshold for net interest-bearing debt and sets limitations on debt maturing within the next 12- and 24-month periods. Unused committed facilities are considered when calculating average maturity.

How we act and operate

In addition to the Treasury Policy, the BoD has approved a long-term financing strategy, which defines the direction for financing of the group. This includes counterparties, instruments and risk appetite and describes future funding opportunities to be explored and implemented. The funding strategy is supported by farmer owners' long-term commitment to investing in the business. It is the group's objective to maintain its credit quality at a robust investment grade level.

Table 4.1.1.c Average maturity

	2025	2024	Policy Minimum	Policy Maximum
Average maturity, gross debt	4.9 years	5.0 years	2 years	-
Maturity < 1 year, net debt	0%	0%	-	25%
Maturity > 2 year, net debt	91%	91%	50%	-

4.1.2 CURRENCY RISK

Financial comments

The group is exposed to both transaction and translation effects from foreign exchange rates.

Transaction effects are due to sales in currencies other than the functional currencies of the individual entities. The group is mainly exposed to USD and USD-pegged currencies as well as GBP. Revenue decreased by EUR 41 million compared to last year due to negative transaction effects. Part of this exposure is 'hedged' by costs in the same currency. Financial instruments such as trade receivables, trade payables and other items denominated in currencies other than the individual entities' functional currencies are also exposed to currency risks. The net effect from the revaluation of these financial instruments is recognised in financial income or financial costs. A net loss of EUR 17 million (2024: EUR 4 million) was recognised in financial costs.

To manage short-term volatility from currency fluctuations, derivatives are used to hedge the currency exposure. When settling the hedging instrument, a positive or negative amount is recognised in other income or other costs, respectively. A net profit impact of EUR 48 million (2024: EUR -25 million) was recognised. Please refer to Note 1.3. A profit impact from hedging should be expected in years where export currencies weaken during the year and vice versa.

The group is exposed to translation effects from entities reporting in currencies other than EUR. The group is mainly exposed to translation of entities reporting in GBP, SEK, USD and DKK. Due to translation effects, revenue decreased by EUR 80 million (2024: EUR +31 million) compared to the revenue reported last year.

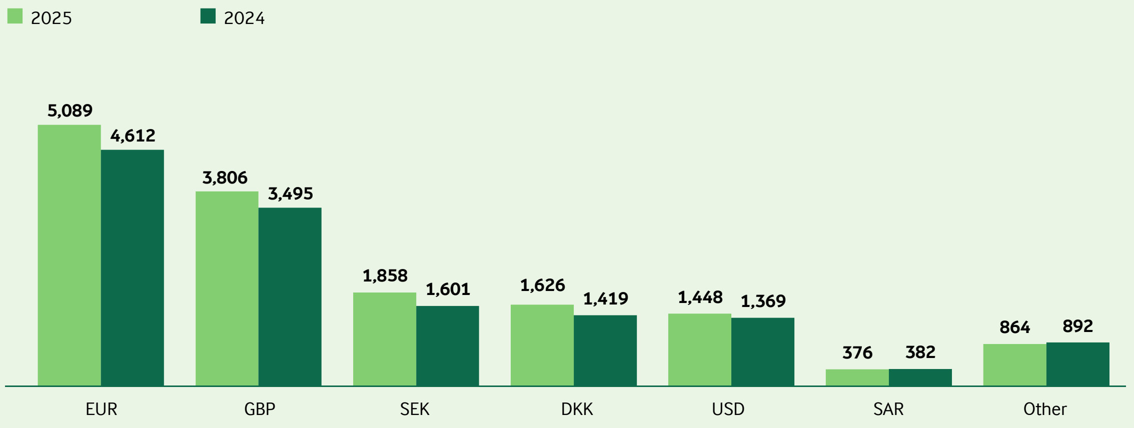
Simultaneously, costs increased by EUR 12 million (2024: EUR -17 million) compared to last year's reported costs. The group's financial position is similarly exposed, impacting the value of assets and liabilities reported in currencies other than EUR. The translation effect on net assets is recognised in other comprehensive income as foreign currency translation adjustments. In 2025, a net loss of EUR 103 million (2024: EUR +53 million) was recognised in other comprehensive income.

The pre-paid milk price indirectly absorbs both transaction and translation effects, and therefore the net profit has limited exposure to currency risks. The pre-paid milk price is set based on achieving an annual profit of 2.8% to 3.2%.

Compared to last year, the average exchange rate of the SEK strengthened by 3.4%, while the GBP and USD weakened by 1.2% and 4.1%, respectively.

The group is increasingly involved in emerging markets where efficient hedging is often not feasible due to currency regulations, illiquid financial markets or expensive hedging costs. Among the most important markets are Nigeria, Bangladesh, Lebanon, the Dominican Republic and Argentina. Countries with less efficient currency markets represented 4% (2024: 4%) of the group's revenue in 2025.

REVENUE SPLIT BY CURRENCY (EUR MILLION)



4.1 FINANCIAL RISKS (continued)

Risk mitigation

The group's external exposure is calculated as financial assets and liabilities denominated in currencies other than the functional currency of each legal entity, i.e. open positions, plus any derivatives, i.e. hedging of future cash flows, converted at group level into currency risk against DKK, i.e. EUR/DKK, USD/DKK etc. The aggregate of the open positions and hedging of future cash flows of the group's currency exposure is the net exposure, which is outlined in table 4.1.2.b, where the amounts listed are in EUR.

Net foreign currency investments in subsidiaries, as well as instruments hedging those investments, are excluded.

Risk

According to the Treasury Policy, the Treasury function can hedge:

- Up to 15 months of the net forecasted cash receipts and payables.
- Up to 100% of the net recognised trade receivables and trade payables.

The currency exposure is continuously managed by the Treasury function. Individual currency exposures are hedged in accordance with the Treasury Policy.

Financial instruments used to hedge the currency exposure do not necessarily need to qualify for hedge accounting, and hence some of the applied financial instruments, i.e. some option strategies, are accounted for as fair value through the income statement.

Arla Foods amba's functional currency is DKK. The risk on EUR is ranked alongside with DKK, hence EUR positions are treated as DKK when monitoring risks. The Executive Board has the discretion to decide if and when investments in foreign operations should be hedged (translation risks) with an obligation to inform the BoD at the next meeting.

Table 4.1.2.a Exchange rates

	Closing rate			Average rate		
	2025	2024	Change	2025	2024	Change
EUR/GBP	0.872	0.829	-4.9%	0.856	0.846	-1.2%
EUR/SEK	10.802	11.474	6.2%	11.060	11.434	3.4%
EUR/DKK	7.469	7.458	-0.1%	7.464	7.459	-0.1%
EUR/USD	1.175	1.041	-11.4%	1.128	1.082	-4.1%
EUR/SAR	4.410	3.893	-11.7%	4.233	4.059	-4.1%

Table 4.1.2.b External currency exposure

	Balance sheet exposure			Potential accounting impact		
(EUR million)	Open positions	Hedging of future cash flows	External exposure	Sensitivity	Income statement	Other comprehensive income
2025						
EUR/DKK	362	303	665	1.0%	4	3
USD/DKK[1]	-13	-534	-547	5.0%	-1	-27
GBP/DKK	22	-224	-202	5.0%	1	-11
SEK/DKK	5	-81	-76	5.0%	0	-4
SAR/DKK	59	-177	-118	5.0%	3	-9
2024						
EUR/DKK	211	-	211	1.0%	2	-
USD/DKK[1]	39	-560	-521	5.0%	2	-28
GBP/DKK	31	-380	-349	5.0%	2	-19
SEK/DKK	-5	-35	-40	5.0%	-	-2
SAR/DKK	16	-259	-243	5.0%	1	-13

[1] Including AED, QAR

4.1 FINANCIAL RISKS (continued)

4.1.3 INTEREST RATE RISK

Financial comments

The average duration of the group's interest hedging of interest-bearing debt, including derivatives but excluding pension liabilities, was unchanged compared to last year.

The market value of derivatives hedging future interest cash flow amounted to EUR 58 million (2024: EUR 71 million). Please refer to table 4.4.a.

Risk mitigation

Risk

The group is exposed to interest rate risk on interest-bearing borrowings, pension liabilities, interest-bearing assets and on the value of non-current assets where an impairment test is performed. The risk is divided between profit exposure and other comprehensive income exposure. Profit exposure relates to net potential impairment of non-current assets. Other comprehensive income exposure relates to revaluation of net pension liabilities and interest hedging of future cash flows.

Fair value sensitivity

A change in interest rates will impact the fair value of the group's interest-bearing assets, interest rate derivative instruments and debt instruments. Measured using a 1% increase in interest rates, a EUR 50 million (2024: EUR 33 million) positive effect would be recognised in other comprehensive income. A decrease in the interest rate would have the opposite effect. Please refer to table 4.1.3.a.

A change in interest rates will, all other things being equal, also impact headroom calculated in connection with impairment test of goodwill and gross pension liabilities.

Cash flow sensitivity

A change in interest rates will impact interest rate payments on the group's unhedged floating-rate debt. Table 4.1.3.a shows the one-year cash flow sensitivity.

Policy

Interest rate risk must be managed according to the Treasury Policy. Interest rate risk is measured as the duration of the debt portfolio, including hedging instruments, but excluding pension liabilities.

How we act and operate

The purpose of interest rate hedging is to mitigate risk and secure relatively stable and predictable financing costs. The interest rate risk from net borrowing is managed by having an appropriate split between fixed and floating interest rates.

The group actively uses derivatives to reduce risks related to fluctuations in the interest rate, and to manage the interest profile of the interest-bearing debt. By having a portfolio approach and using derivatives, the group can independently manage and optimise interest rate risk, as the interest rate profile can be changed without having to change the funding itself. This allows the group to operate in a fast, flexible and cost-efficient manner without changing underlying loan agreements.

The mandate from the BoD provides the group with the opportunity to use derivatives, such as interest rate swaps and options, in addition to interest conditions embedded in the loan agreements.

Table 4.1.3.a Interest rate risk

			Potential accounting impact	
(EUR million)	Carrying amount	Sensitivity	Income statement	Other comprehensive income
2025				
Financial assets	-610	1.0%	6	-1
Derivatives	-	1.0%	15	51
Financial liabilities	4,217	1.0%	-18	-
Net interest-bearing debt excluding pension liabilities	**3,607**		**3**	**50**
2024				
Financial assets	-645	1.0%	7	-1
Derivatives	-	1.0%	11	34
Financial liabilities	4,012	1.0%	-19	-
Net interest-bearing debt excluding pension liabilities	**3,367**		**-1**	**33**

Table 4.1.3.b Duration

			Policy	
	2025	2024	Minimum	Maximum
Duration	2.4	2.2	1	7

4.1 FINANCIAL RISKS (continued)

4.1.4 COMMODITY PRICE RISK

Financial comments

Energy commodity contracts, except for electricity contracts covered by power purchase agreements, are predominately related to a floating official price index. The Treasury function uses financial derivatives to hedge energy commodity price risk. This secures full flexibility to change suppliers without having to take future hedging into consideration.

Hedging activities focus on the most significant risks, including electricity, natural gas and diesel. For 2026, the forecasted energy commodity spend, excluding taxes and distribution costs, for the countries covered by hedging amounts to EUR 154 million based on the prices at 31 December 2025.

The purpose of hedging is to reduce volatility in energy-related costs. In 2025, hedging activities resulted in a net loss of EUR 2 million (2024: EUR -29 million), please refer to table 1.3. The net loss in 2025 was partly offset by lower physical energy costs. The result of hedging activities, classified as hedge accounting, is recognised in other income and costs.

At the end of 2025, 54% of the forecasted energy spend for 2026 was hedged. A 50% increase in commodity prices would negatively impact the forecasted unhedged energy spend by approximately EUR 35 million (2024: EUR -40 million). If the forecasted energy prices were 50% higher at 31 December 2025, a gain of EUR 25 million (2024: EUR 42 million) would positively impact other comprehensive income.

For other physical supplier contracts covering ingredients and packaging primarily depend on a fluctuating official price index.

Power purchase agreements

Arla has signed power purchase agreements covering 549 GWh (2024: 549 GWh), of which a yearly production of 401 GWh was in operation at 31 December 2025 (2024: 194 GWh). No new agreements were signed in 2025. The committed quantity of 549 GWh is intended for own use.

Power purchase agreements that went into operation in 2025 are expected to cover 18% (2024: 10%) of the yearly electricity consumption in Europe (based on 2025 numbers), and 21% (2024: 14%) of the yearly electricity consumption coming from renewable sources in Europe (based on 2025 numbers).

All agreements include green electricity certificates for the electricity produced, and the certificates are received monthly. The certificates are held for own use and not traded.

The average price per MWh, including green electricity certificates for the agreements, is EUR 72 (2024: EUR 72).

In 2025, Arla incurred costs of EUR 23 million (2024: EUR 7 million) related to purchase of electricity under existing power purchase agreements. A limited amount of volumes were unused at the time of delivery during 2025. Income from the sale of unused volumes was offset against the cost of purchasing corresponding volumes on a daily basis and within the same markets.

The majority of the agreements do not contain price adjustment clauses like indexation. Only a few of the low quantity agreements have an indexation element with a maximum increase included, which is immaterial for Arla.

Under normal circumstances, none of the agreements are terminable during the contract period. However, termination can

Table 4.1.4.a Contracted power purchase agreements

Country	Annual MWh of energy contracted	Price terms	Average duration	In operation	Objective	Classification
2025						
Denmark	323,400	Fixed	10 years	2023 - 2027	Own use	Executory contracts
Sweden	90,000	Fixed	10 years	2025 - 2026	Own use	Executory contracts
Germany	91,703	Fixed	12 years	2024 - 2025	Own use	Executory contracts
UK	43,727	Fixed	16 years	2024 - 2026	Own use	Executory contracts
Total	**548,830**					

Type of energy	
Solar	289,524
Wind	259,306
Total	**548,830**

Country	Annual MWh of energy contracted	Price terms	Average duration	In operation	Objective	Classification
2024						
Denmark	323,400	Fixed	10 years	2023 - 2027	Own use	Executory contracts
Sweden	90,000	Fixed	10 years	2025	Own use	Executory contracts
Germany	91,703	Fixed	12 years	2024 - 2025	Own use	Executory contracts
UK	43,727	Fixed	16 years	2024 - 2026	Own use	Executory contracts
Total	**548,830**					

Type of energy	
Solar	289,524
Wind	259,306
Total	**548,830**

4.1 FINANCIAL RISKS (continued)

happen in case of default related to various circumstances. In general, termination does not affect the parties' obligation and liability to fulfil obligations accrued during the term of the agreements. Termination in case of default can result in termination payment by the defaulting party.

All agreements are assessed through a structured process based on the latest available guidance as well as involvement of external expertise. All contracts are physical and for the purpose of own use and are therefore classified as executory supplier contracts.

At 31 December 2025, contractual obligations covering power purchase agreements amounted to EUR 373 million (2024: EUR 408 million). For additional information about contractual obligations, please refer to Note 5.5.

Risk mitigation

Risk

The group is exposed to energy price risk related to the production and distribution of dairy products. Increased commodity prices negatively impact production and distribution costs.

The group is exposed to seasonality and intra-day production fluctuations of electricity sourced via power purchase agreements, which can result in sale and purchase of imbalance between production and consumption. To mitigate the risk of sale of produced electricity, the group is investing in energy-optimising units to utilise excess electricity produced.

Fair value sensitivity

A change in energy prices will impact the fair value of the group's hedged commodity derivative instruments, measured through other comprehensive income and the unhedged energy consumption through the income statement. Table 4.1.4.b shows the sensitivity of a 50% increase in energy prices for both hedged and unhedged energy purchases. A decrease in energy prices would have the opposite effect.

Policy

According to the Treasury Policy, the forecasted consumption of electricity, natural gas and diesel can be hedged for up to 48 months, of which 100% can be hedged for the first 18 months, with a declining proportion thereafter.

How we act and operate

Energy price risk is managed by the Treasury function. Energy price risks are mainly hedged by entering into financial derivative contracts, which are independent of the physical supplier contracts. Arla is also exploring other commodities relevant for financial risk management.

Arla's energy exposure and hedging are managed as a back-to-back setup across energy type and country. Not all energy commodities can be effectively hedged by matching the underlying costs, but Arla aims to minimise the basic risk.

Dairy derivative markets in the EU, the US and New Zealand remain small, but are evolving. The group has engaged in hedging activities for a small part of the group's dairy commodity trading volume. As the dairy derivative market develops, we expect this to play an increasing role in managing fixed price contracts with customers in the coming years.

Table 4.1.4.b Hedged commodities

			Potential accounting impact	
	Sensitivity	Carrying amount	Income statement	Other comprehensive income
2025				
Diesel / natural gas	50%	-6	-18	22
Electricity	50%	-1	-17	3
Total		**-7**	**-35**	**25**
2024				
Diesel / natural gas	50%	9	-20	38
Electricity	50%	-	-20	4
Total		**9**	**-40**	**42**

4.1 FINANCIAL RISKS (continued)

4.1.5 CREDIT RISK

Financial comments

In 2025, the group continued to experience very limited losses from defaulting counterparties such as customers, suppliers and financial counterparties.

All major financial counterparties had satisfactory credit ratings at year-end. The Arla requirement is a credit rating of at least A-/A-/A3 from either S&P, Fitch or Moody's either for the financial counterparty or its parent company. In a small number of geographical locations which are not serviced by our relationship banks and where financial counterparties with a satisfactory credit rating do not operate, the group deviated from the rating requirement. Out of the EUR 19 million (2024: EUR 30 million) placed in weaker speculative grade, EUR 11 million (2024: EUR 20 million) was restricted surplus cash in Argentina invested in securities.

Further information on trade receivables is provided in Note 2.1.

The maximum exposure to credit risk is approximately equal to the carrying amount.

As in previous years, the group continuously worked with credit exposure and experienced a very low level of losses arising from customers.

To manage the financial counterparty risk, the group uses master netting agreements when entering into derivative contracts. The absolute majority of derivatives used for hedging do not include cash collateral clauses. Table 4.1.5 shows the counterparty exposure for those agreements covered by entering into netting agreements that qualify for netting in case of default.

Risk mitigation

Risk

Credit risks arise from operating activities and engagement with financial counterparties. Furthermore, a weak counterparty credit quality can reduce their ability to support the group going forward, thereby jeopardising the fulfilment of our group strategy.

Policy

Counterparties for financial contracts are selected based on a relationship bank strategy. New financial counterparties must be approved by the Executive Board, following a recommendation from the Treasury function. A minimum long-term rating of A3 from Moody's, A- from S&P or A- from Fitch is needed for a counterparty (or its parent company). If credit is solely obtained from the counterparty, no rating is necessary. If the counterparty has multiple credit ratings, the average rating is used (rounded up). However, in geographies without sufficient coverage from our relationship banks, the Treasury function may deviate from these requirements.

How we act and operate

The group has a comprehensive Credit Risk Policy and utilises credit insurance and trade financing products extensively for exports. In some emerging markets, obtaining the required credit coverage may be challenging, but the group strives to secure the best available coverage. This is considered an acceptable risk due to the group's investments in emerging markets. If a customer payment is delayed, internal procedures are followed to minimise losses. The group works with a select few financial counterparties and continuously monitors their credit ratings.

CREDIT RATING OF FINANCIAL ASSETS PLACEMENT (EUR MILLION)

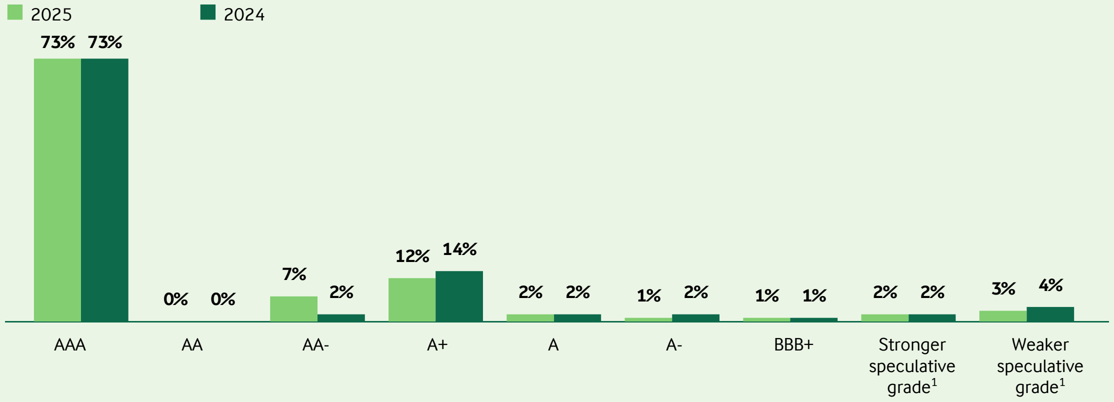


Table 4.1.5 Credit rating of financial assets placement

(EUR million)

	AAA	AA	AA-	A+	A	A-	BBB+	Stronger speculative grade¹	Weaker speculative grade¹	Total
2025										
Securities	540	-	-	-	-	-	-	-	11	551
Cash	-	2	9	16	16	8	3	14	8	76
Derivatives	-	-	40	76	-	-	1	-	-	117
Total	**540**	**2**	**49**	**92**	**16**	**8**	**4**	**14**	**19**	**744**
2024										
Securities	557	-	-	-	-	-	-	-	20	577
Cash	-	-	8	24	17	16	4	12	10	91
Derivatives	-	-	4	82	-	-	1	3	-	90
Total	**557**	**-**	**12**	**106**	**17**	**16**	**5**	**15**	**30**	**758**

¹ Definition based on S&P rating scale. Stronger speculative grade: BB+ to B- and weaker speculative grade: CCC+ to D.

4.2 FINANCIAL ITEMS

Financial comments

Financial items decreased by EUR 2 million to EUR 133 million. The negative effect from the development in foreign exchange rates was offset by a positive development in interest expenses.

Net interest expenses amounted to EUR 136 million, a decrease of EUR 12 million compared to last year driven by lower interest cost due to lower interest rates.

Average interest expenses, excluding interest related to pension assets and liabilities, were 3.3% (2024: 4.4%). Interest cover increased to 8.5 (2024: 7.5) driven by lower net interest expenses. For a definition of average interest expenses, excluding interest related to pension assets and liabilities, and interest cover, please refer to the glossary.

§ Accounting policies

Financial income and financial costs as well as capital gains and losses are recognised in the income statement at amounts that can be attributed to the year. Financial items comprise realised and unrealised value adjustments of securities and currency adjustments of financial assets and financial liabilities as well as the interest portion of financial lease payments. Additionally, realised and unrealised gains and losses on derivatives not classified as hedging contracts are included. Borrowing costs from general borrowing, or loans that directly relate to the acquisition, construction or development of qualified assets are attributed to the costs of such assets and are therefore not included in financial costs.

Capitalisation of interest was performed by using an interest rate matching the group's average external interest rate in 2025. For 2025, an interest rate of 3.3% was used (2024: 4.4%). Financial income and financial costs relating to financial assets and financial liabilities were recognised using the effective interest method.

Table 4.2 Financial income and financial costs

(EUR million)	2025	2024
Financial income:		
Interest securities, cash and cash equivalents	22	34
Foreign exchange rate gains	126	137
Fair value adjustments and other financial income	27	12
Total financial income	**175**	**183**
Financial costs:		
Interest on financial instruments measured at amortised cost	153	178
Foreign exchange rate losses	143	141
Interest on pension liabilities	5	4
Interest transferred to property, plant and equipment	-16	-18
Fair value adjustments and other financial costs	23	13
Total financial costs	**308**	**318**
Net financial costs	**133**	**135**

4.3 NET INTEREST-BEARING DEBT

Financial comments

Net interest-bearing debt, excluding pension liabilities, increased to EUR 3,607 million (2024: EUR 3,367 million). The development was driven by investments in our operations such as dairies and warehouses.

Pension liabilities decreased by EUR 7 million to EUR 159 million. Net interest-bearing debt, including pension liabilities, amounted to EUR 3,766 million (2024: EUR 3,533 million). The UK pension scheme net assets were EUR 23 million (2024: EUR 11 million). The net pension asset position in the UK was excluded from the calculation of net interest-bearing debt including pension liabilities, hence also leverage.

Arla's leverage ratio was 3.3. This corresponded to a minor increase of 0.1 compared to last year, driven by an increase in net interest-bearing debt, which was partly offset by improved EBITDA. The result of 3.3 was within the long-term target range of 2.8-3.4.

The average maturity of interest-bearing borrowings decreased by 0.1 year to 4.9 years. Average maturity is affected by a lapse of time to maturity and the level of net interest-bearing debt, and is offset by new facilities.

The equity ratio decreased to 32% (2024: 34%).

Funding

The group applies a diversified funding strategy to balance the liquidity and refinancing risk with the aim of achieving low financing costs. Major business combinations or investments are funded separately.

A diverse funding strategy includes diversification of markets, currencies, instruments, banks, lenders and maturities to secure broad access to funding and to ensure that the group is independent of one single funding partner or one single market. All funding opportunities are benchmarked against the three-month EURIBOR rate, and derivatives are applied to match the currency of our funding needs. The interest profile is managed with interest rate swaps independently of the individual loans. At 31 December 2025, 44% (2024: 33%) of the total interest-bearing borrowings was covered by interest rate swaps.

The credit facilities 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 2025, the carrying amount of utilised credit facilities containing covenants was EUR 2,447 million (2024: EUR 2,098 million) with 8% maturing within one year (2024: 19%), 53% maturing between one to five years (2024: 35%) and 39% after five years (2024: 46%). At 31 December 2025, none of Arla's credit facilities contained contractual conditions linked to business-related KPIs that would trigger a change in the future cash flow of the facilities. The group did not default on or fail to fulfil any loan agreements in 2025. Arla expects to meet all required covenants.

During 2025, the group's most significant funding activities were:

- A new syndicated credit facility of EUR 1,000 million with Arla's core banks, consisting of EUR 500 million with maturity in July 2028 and EUR 500 million with maturity in July 2030. The facility replaced an existing facility of EUR 400 million with the same banks.
- A five-year long-term loan of EUR 100 million with maturity in April 2030.
- A three-year long-term term loan facility of EUR 150 million with maturity in August 2028.
- Arla has a commercial paper programme in Sweden denominated in SEK and EUR. The average utilisation in 2025 was EUR 166 million (2024: EUR 148 million).
- During the year, Arla entered into sale and repurchase arrangements based on its holdings of listed AAA-rated Danish mortgage bonds. Please refer to Note 4.6 for more details.

3.3

Leverage in 2025

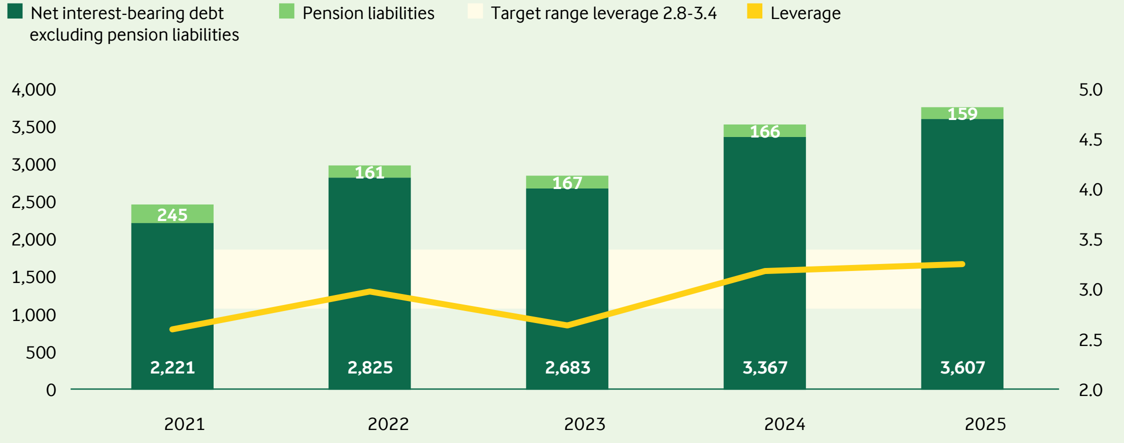
(2024: 3.2 (2.9 adjusted for business combinations))

Net interest-bearing debt consists of current and non-current liabilities, less interest-bearing assets.

The definition of leverage is the ratio between net interest-bearing debt, including pension liabilities and EBITDA, and expresses the group's capacity to service its debt.

The group's long-term target range for leverage is between 2.8 and 3.4.

NET INTEREST-BEARING DEBT (EUR MILLION)



4.3 NET INTEREST-BEARING DEBT (continued)

Table 4.3.a Net interest-bearing debt

(EUR million)	2025	2024
Long-term borrowings	2,990	2,808
Short-term borrowings	1,227	1,204
Securities, cash and cash equivalents (excluding restricted securities and cash)	-598	-634
Other interest-bearing assets	-12	-11
Net interest-bearing debt excluding pension liabilities	**3,607**	**3,367**
Pension liabilities	159	166
Net interest-bearing debt including pension liabilities	**3,766**	**3,533**

Table 4.3.b Borrowings

(EUR million)	2025	2024
Long-term borrowings:		
Issued bonds	260	419
Mortgage credit institutions	1,174	1,118
Bank borrowings	1,245	734
Schuldschein	151	351
Lease liabilities	160	186
Total long-term borrowings	**2,990**	**2,808**
Short-term borrowings:		
Issued bonds	185	105
Commercial papers	99	153
Mortgage credit institutions	15	85
Bank borrowings	127	238
Schuldschein	200	-
Repurchased liability	530	547
Lease liabilities	65	66
Other current liabilities	6	10
Total short-term borrowings	**1,227**	**1,204**
Total interest-bearing borrowings	**4,217**	**4,012**

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

		Cash flow	Non-cash changes					
(EUR million)	1 January	Included in financing activities	Addi-tions	Reclassi-fications	Foreign exchange move-ments	Fair value changes	Re-stricted cash and securi-ties	31 De-cember
2025								
Long-term borrowings	2,808	254	75	-183	23	13	-	2,990
Short-term borrowings	1,204	-120	-	183	-40	-	-	1,227
Pension liabilities	166	-11	-	3	6	-5	-	159
Total interest-bearing debt	**4,178**	**123**	**75**	**3**	**-11**	**8**	**-**	**4,376**
Securities	-557	21	-	-	2	3	-9	-540
Cash and cash equivalents	-77	9	-	-	6	-	4	-58
Other interest-bearing assets	-11	-	-	-	-1	-	-	-12
Net interest-bearing debt	**3,533**	**153**	**75**	**3**	**-4**	**11**	**-5**	**3,766**

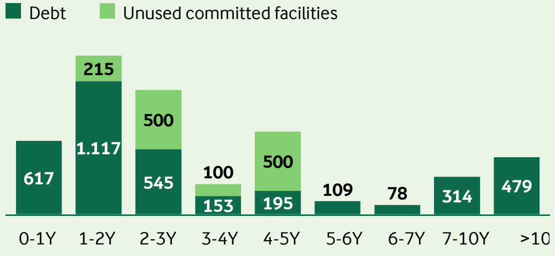
Cash flow from long- and short-term borrowings of EUR 134 million (EUR -120 million and EUR 254 million, respectively) can be reconciled to the cash flow statement as new loans obtained (EUR 254 million), other changes in loans (EUR -45 million) and lease payments (EUR -75 million). Cash flow from pension liabilities of EUR -11 million is part of the total amount of payment to pension plans in the cash flow statement of EUR -23 million, which also includes payments regarding net pension assets

	1 January	Included in financing activities	Addi-tions	Reclassi-fications	Foreign exchange move-ments	Fair value changes	Re-stricted cash and securi-ties	31 De-cember
2024								
Long-term borrowings	2,369	54	132	269	-10	-6	-	2,808
Short-term borrowings	813	480	-	-58	-31	-	-	1,204
Pension liabilities	167	-10	-	-	-4	13	-	166
Total interest-bearing debt	**3,349**	**524**	**132**	**211**	**-45**	**7**	**-**	**4,178**
Securities	-366	25	-	-205	4	2	-17	-557
Cash and cash equivalents	-122	49	-	-	-2	-	-2	-77
Other interest-bearing assets	-11	-	-	-	-	-	-	-11
Net interest-bearing debt	**2,850**	**598**	**132**	**6**	**-43**	**9**	**-19**	**3,533**

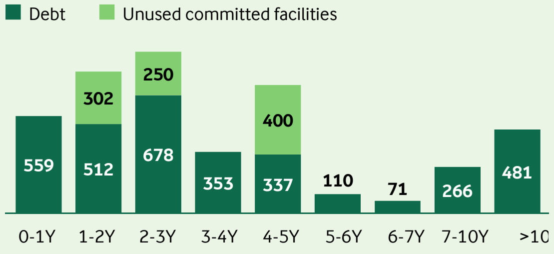
Cash flow from long- and short-term borrowings of EUR 534 million (EUR 480 million and EUR 54 million, respectively) can be reconciled to the cash flow statement as new loans obtained (EUR 54 million), other changes in loans (EUR 557 million) and lease payments (EUR -78 million). Cash flow from pension liabilities of EUR -10 million is part of the total amount of payment to pension plans in the cash flow statement of EUR -23 million, which also includes payments regarding net pension assets

4.3 NET INTEREST-BEARING DEBT (continued)

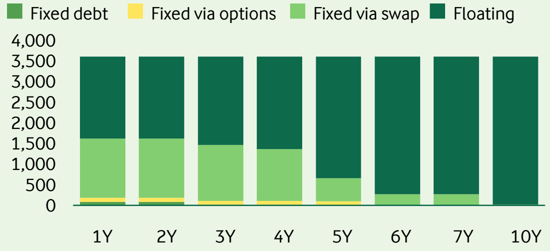
MATURITY OF NET INTEREST-BEARING DEBT EXCLUDING PENSION LIABILITIES AT 31 DECEMBER 2025 (EUR MILLION)



MATURITY OF NET INTEREST-BEARING DEBT EXCLUDING PENSION LIABILITIES AT 31 DECEMBER 2024 (EUR MILLION)



INTEREST PROFILE FOR NET INTEREST-BEARING DEBT EXCLUDING PENSION LIABILITIES AT 31 DECEMBER 2025 (EUR MILLION)



INTEREST PROFILE FOR NET INTEREST-BEARING DEBT EXCLUDING PENSION LIABILITIES AT 31 DECEMBER 2024 (EUR MILLION)

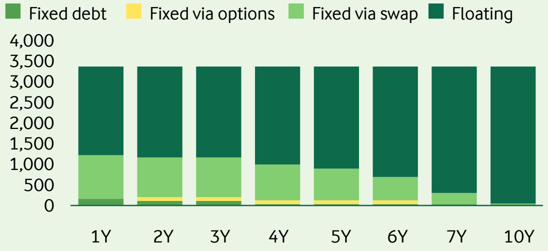


Table 4.3.d Net interest-bearing debt excluding pension liabilities and the effect of hedging, maturity

(EUR million)	Total	2026	2027	2028	2029	2030	2031	2032	2033-2035	After 2035
2025										
DKK	1,036	21	37	61	85	84	82	78	280	308
SEK	574	293	147	125	4	3	2	-	-	-
EUR	1,786	200	912	307	56	103	3	-	34	171
GBP	39	12	12	7	3	2	3	-	-	-
Other	172	91	9	45	5	3	19	-	-	-
Total	**3,607**	**617**	**1,117**	**545**	**153**	**195**	**109**	**78**	**314**	**479**

	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
2024										
DKK	998	88	65	63	66	72	73	66	236	269
SEK	688	266	176	132	114	-	-	-	-	-
EUR	1,483	88	235	466	162	259	13	5	30	212
GBP	21	5	11	10	6	2	5	-	-	-
Other	177	112	25	7	5	4	19	-	-	-
Total	**3,367**	**559**	**512**	**678**	**353**	**337**	**110**	**71**	**266**	**481**

Table 4.3.e Currency profile of net interest-bearing debt excluding pension liabilities[1]

(EUR million)	Original principal	Effect of swap	After swap
2025			
DKK	1,036	-	1,036
SEK	574	-491	83
EUR	1,786	-192	1,594
GBP	39	374	413
Other	172	309	481
Total	**3,607**	**-**	**3,607**
2024			
DKK	998	-	998
SEK	688	-549	139
EUR	1,483	-259	1,224
GBP	21	485	506
Other	177	323	500
Total	**3,367**	**-**	**3,367**

[1] Before and after derivative financial instruments

4.3 NET INTEREST-BEARING DEBT (continued)

Table 4.3.f Interest rate risk excluding effect of hedging

(EUR million)	Interest rate	Average interest rate	Fixed for	Carrying amount	Interest rate risk
2025					
Issued bonds:					
Commercial papers	Fixed	2.4%	0-1 year	99	Fair value
500 mSEK maturing 14.01.2026	Floating	3.2%	0-1 year	47	Cash flow
1,500 mSEK maturing 17.07.2026	Floating	2.6%	0-1 year	139	Cash flow
1,500 mSEK maturing 23.07.2027	Floating	3.0%	1-2 years	139	Cash flow
500 mSEK maturing 14.01.2028	Floating	3.6%	2-3 years	46	Cash flow
400 mSEK maturing 12.10.2028	Floating	3.7%	2-3 years	37	Cash flow
400 mSEK maturing 12.10.2028	Fixed	4.9%	2-3 years	37	Fair value
Total issued bonds		**3.0%**		**544**	
Mortgage credit institutions:					
Fixed-rate	Fixed	2.9%	0-1 year	27	Fair value
Floating-rate	Floating	2.8%	0-1 year	1,162	Cash flow
Total mortgage credit institutions		**2.8%**		**1,189**	
Bank borrowings:					
Fixed-rate	Fixed	2.2%	0-1 year	593	Fair value
Floating-rate	Floating	3.2%	0-1 year	1,660	Cash flow
Total bank borrowings		**2.9%**		**2,253**	
Other borrowings:					
Leases	Fixed	5.4%	0-20 years	225	Cash flow
Other borrowings	Floating	1.4%	0-1 year	6	Cash flow
Total other borrowings		**5.3%**		**231**	

	Interest rate	Average interest rate	Fixed for	Carrying amount	Interest rate risk
2024					
Issued bonds:					
Commercial papers	Fixed	3.2%	0-1 year	153	Fair value
1,200 mSEK maturing 16.06.2025	Floating	3.8%	0-1 year	105	Cash flow
500 mSEK maturing 14.01.2026	Floating	4.0%	1-2 years	44	Cash flow
1,500 mSEK maturing 17.07.2026	Floating	3.7%	1-2 years	131	Cash flow
1,500 mSEK maturing 23.07.2027	Floating	4.1%	2-3 years	131	Cash flow
500 mSEK maturing 14.01.2028	Floating	4.3%	3-4 years	44	Cash flow
400 mSEK maturing 12.10.2028	Floating	4.9%	3-4 years	35	Cash flow
400 mSEK maturing 12.10.2028	Fixed	4.9%	3-4 years	34	Fair value
Total issued bonds		**3.9%**		**677**	
Mortgage credit institutions:					
Fixed-rate	Fixed	3.8%	0-1 year	71	Fair value
Floating-rate	Floating	3.7%	0-1 year	1,132	Cash flow
Total mortgage credit institutions		**3.7%**		**1,203**	
Bank borrowings:					
Fixed-rate	Fixed	3.2%	0-1 year	1,057	Fair value
Floating-rate	Floating	3.6%	0-1 year	813	Cash flow
Total bank borrowings		**3.4%**		**1,870**	
Other borrowings:					
Leases	Fixed	4.4%	0-20 years	252	Cash flow
Other borrowings	Floating	2.5%	0-1 year	10	Cash flow
Total other borrowings		**4.3%**		**262**	

4.3 NET INTEREST-BEARING DEBT (continued)

§ Accounting policies

Financial instruments

Financial instruments are recognised at the date of trade. The group ceases to recognise financial assets when the contractual rights to the underlying cash flows either cease to exist or are transferred to the purchaser of the financial asset, and substantially all risks and rewards related to ownership are also transferred to the purchaser.

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when, and only when, the group has a legal right of offsetting and either intends to offset or settle the financial asset and the liability simultaneously.

Financial assets

Financial assets are classified on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through the income statement.

The classification of financial assets on initial recognition depends on the financial asset's contractual cash flow characteristics and how these are managed.

Financial assets where the group intends to collect the contractual cash flow are classified and measured at amortised cost.

Financial assets that are part of liquidity management are classified and measured at fair value through other comprehensive income. All other financial assets are classified and measured at fair value through the income statement.

Financial assets measured at amortised cost

Financial assets measured at amortised cost consist of readily available cash at bank and deposits, together with exchange-listed debt securities with an original maturity of three months or less, which have an insignificant risk of change in value and can be readily converted to cash or cash equivalents.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income consist of mortgage credit bonds, which correspond in part to raised mortgage debt.

Financial assets are measured on initial recognition at fair value plus transaction costs. The financial assets are subsequently measured at fair value with adjustments made in other comprehensive income and accumulated in the fair value reserve in equity.

Interest income, impairment and foreign currency translation adjustments of debt instruments are recognised in the income statement on a continuous basis under financial income and financial costs. In connection with the sale of financial assets classified at fair value through other comprehensive income, accumulated gains or losses previously recognised in the fair value reserve are recycled to financial income and financial costs.

Financial assets measured at fair value through profit or loss

Securities classified at fair value through the income statement consist primarily of listed securities which are monitored, measured and reported continuously in accordance with the group's Treasury Policy. Changes in fair value are recognised in the income statement under financial income and financial costs.

Liabilities

Upon initial recognition, debt to mortgage credit and credit institutions as well as issued bonds are measured at the trade date at fair value plus transaction costs. Subsequently, liabilities are measured at amortised cost with the difference between loan proceeds and the nominal value recognised in the income statement over the expected life of the loan.

Lease obligations related to leases are recognised under liabilities and measured at amortised cost. Other financial liabilities are measured at amortised cost. For details on pension liabilities, please refer to Note 4.7.

4.4 DERIVATIVES

Financial comments

The group has entered into derivative contracts to secure a stable cash flow in future years. The value of cash flow hedges increased by EUR 5 million to EUR 48 million. The increase was driven by a reduction in the negative value of currency contracts, while the value of interest rate and commodity contracts has decreased.

Currency contracts

The value of currency contracts used for hedging increased by EUR 34 million compared to last year. The higher value was due to changed currency exchange rates combined with the maturing of existing contracts and value adjustments of new contracts.

Interest rate contracts

The value of interest rate contracts used for hedging decreased by EUR 13 million compared to last year. The lower value was a result of lower long-term interest levels and utilisation of interest hedges during the year.

Commodity contracts

The value of commodity contracts used for hedging decreased by EUR 16 million compared to last year. The lower value was a result of market prices decreasing to levels below the hedged prices combined with the maturing of existing contracts and value adjustments of new contracts.

Hedging of future cash flows

The group uses currency forwards to hedge currency risks on expected future net revenue and costs. Interest rate swaps are used to hedge risks against movements in expected future interest payments, and commodity swaps are used for energy hedging.

Fair value of hedge instruments not qualifying for hedge accounting (financial hedge)

The group uses currency options which hedge forecasted sales and purchases. Some of these options do not qualify for hedge accounting and the fair value adjustment is therefore recognised directly in the income statement.

Currency swaps are used as part of the daily liquidity management. The objective of the currency swaps is to match the timing of the in- and outflow of foreign currency cash flows.

§ Accounting policies

Derivatives are recognised from the trade date and measured in the financial statements at fair value. Positive and negative fair values of derivatives are recognised as separate items in the balance sheet.

Fair value hedging

Changes in the fair value of derivatives which meet the criteria for hedging the fair value of recognised assets and liabilities are recognised alongside changes in the value of the hedged asset or the hedged liability for the portion that is hedged.

Cash flow hedging

Changes in the fair value of derivatives that are classified as hedges of future cash flows and effectively hedge changes in future cash flows are recognised in other comprehensive income as a reserve for hedging transactions under equity until the hedged cash flows impact the income statement. The reserve for hedging instruments under equity is presented net of tax. The cumulative gains or losses from hedging transactions retained in equity are reclassified and recognised under the same item as the basic adjustment for the hedged item.

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

			Expected recognition				
(EUR million)	Carrying amount	Fair value recognised in OCI	2026	2027	2028	2029	After 2029
2025							
Currency contracts	-3	-3	-3	-	-	-	-
Interest rate contracts	58	58	16	15	11	11	5
Commodity contracts	-7	-7	-7	-	-	-	-
Hedging of future cash flows	**48**	**48**	**6**	**15**	**11**	**11**	**5**

			Expected recognition				
(EUR million)	Carrying amount	Fair value recognised in OCI	2025	2026	2027	2028	After 2028
2024							
Currency contracts	-37	-37	-37	-	-	-	-
Interest rate contracts	71	71	23	15	13	9	11
Commodity contracts	9	9	9	-	-	-	-
Hedging of future cash flows	**43**	**43**	**-5**	**15**	**13**	**9**	**11**

4.4 DERIVATIVES (continued)

The accumulated change in value recognised in other comprehensive income is recycled to the income statement once the hedged cash flows affect the income statement or are no longer likely to be realised. For derivatives that do not meet the criteria for classification as hedging instruments, changes in fair value are recognised on an ongoing basis in the income statement under financial income and costs.

Table 4.4.b Value adjustment of hedging instruments

(EUR million)	2025	2024
Deferred gains and losses on cash flow hedges arising during the year	-42	27
Value adjustments of currency hedging instruments reclassified to other operating income and costs	48	-25
Value adjustments of commodity hedging instruments reclassified to other operating income and costs	-2	-29
Value adjustments of currency hedging instruments reclassified to financial items	2	-1
Value adjustments of interest hedging instruments reclassified to financial items	-1	1
Total value adjustment of hedging instruments recognised in other comprehensive income in the year	**5**	**-27**

4.5 FINANCIAL INSTRUMENTS

Table 4.5.a Categories of financial instruments

(EUR million)	2025	2024
Derivatives	51	2
Shares	9	8
Financial assets measured at fair value through the income statement	**60**	**10**
Securities	551	577
Financial assets measured at fair value through other comprehensive income	**551**	**577**
Currency instruments	2	-
Interest rate instruments	57	62
Commodity instruments	7	26
Derivative assets used as hedging instruments	**66**	**88**
Trade receivables	1,247	1,317
Other receivables	327	266
Cash	76	91
Financial assets measured at amortised cost	**1,650**	**1,674**
Derivatives	-1	4
Financial liabilities measured at fair value through the income statement	**-1**	**4**
Currency instruments	6	37
Interest rate instruments	4	6
Commodity instruments	13	17
Derivative liabilities used as hedging instruments	**23**	**60**
Long-term borrowings	2,990	2,808
Short-term borrowings	1,227	1,204
Trade payables and other payables	1,469	1,433
Financial liabilities measured at amortised cost	**5,686**	**5,445**

Table 4.5.b Fair value hierarchy - carrying amount

(EUR million)	Level 1	Level 2	Level 3	Total
2025				
Financial assets:				
Securities	551	-	-	551
Shares	9	-	-	9
Derivatives	-	117	-	117
Total financial assets	**560**	**117**	**-**	**677**
Financial liabilities:				
Issued bonds	-	445	-	445
Mortgage credit institutions	-	1,189	-	1,189
Derivatives	-	22	-	22
Total financial liabilities	**-**	**1,656**	**-**	**1,656**
2024				
Financial assets:				
Securities	577	-	-	577
Shares	8	-	-	8
Derivatives	-	90	-	90
Total financial assets	**585**	**90**	**-**	**675**
Financial liabilities:				
Issued bonds	-	524	-	524
Mortgage credit institutions		1,203	-	1,203
Derivatives	-	64	-	64
Total financial liabilities	**-**	**1,791**	**-**	**1,791**

4.5 FINANCIAL INSTRUMENTS (continued)

Risk mitigation
Methods and assumptions applied to fair value measurement of financial instruments is described below.

Bonds and shares
The fair value is determined using the listed prices in an active market.

Non-option derivatives
The fair value is calculated using discounted cash flow models and observable market data. The fair value is determined as a termination price and, consequently, the value is not adjusted for credit risks.

Option instruments
The fair value is calculated using option models and observable market data such as option volatilities. The fair value is determined as a termination price and, consequently, the value is not adjusted for credit risks.

Fair value hierarchy
Level 1: Fair values measured using unadjusted listed prices in an active market.

Level 2: Fair values measured using valuation techniques and observable market data.

Level 3: Fair values measured using valuation techniques and observable as well as significant non-observable market data.

Table 4.6 Transfer of financial assets

(EUR million)	Carrying amount	Notional amount	Fair value
2025			
Mortgage bonds	537	542	537
Repurchased liability	-530	-531	-530
Net position	**7**	**11**	**7**
2024			
Mortgage bonds	554	556	554
Repurchased liability	-547	-544	-547
Net position	**7**	**12**	**7**

4.6 SALE AND REPURCHASE ARRANGEMENTS

Financial comments
The group has invested in listed Danish mortgage bonds underlying its mortgage debt. By entering into a sale and repurchase arrangement on the mortgage bonds, the group is able to achieve a lower interest rate compared to current market interest rates on mortgage debt. The mortgage bonds are measured at fair value through other comprehensive income.

The proceeds from these bonds create a repurchase obligation which is recognised in short-term borrowings and measured at fair value.

In addition to mortgage bonds, the group holds other securities with a carrying amount of EUR 14 million (2024: EUR 23 million).

4.7 PENSION LIABILITIES

Financial comments

Pension liabilities

The group's pension assets and liabilities consist primarily of defined benefit plans in Sweden and the UK.

The group also operates defined contribution plans for employees. For these defined contribution plans, the group is not subject to the same investment, interest rate, inflation or longevity risks as it is for the defined benefit plans. The benefits that employees receive are dependent on the contributions paid, investment returns and the form of benefit chosen at retirement.

Pension plans in Sweden

The recognised net pension liability in Sweden was EUR 142 million at 31 December 2025, a decrease of EUR 8 million compared to last year. Discount rates in Sweden increased compared to 31 December 2024, resulting in lower pension liabilities with a small decrease in inflation expectations also contributing. This was partially offset by unfavourable exchange rate movements. Mortality assumptions remained consistent with last year. See table 4.7.e for a summary of key assumptions.

These pension plans are contribution-based plans, guaranteeing a defined benefit pension at retirement. The plan assets are legally structured as a trust, and the group has control over the operation of the plan and the associated investments.

These pension plans do not include a risk-sharing element between the group and the plan participants.

Pension plans in the UK

The recognised net pension asset in the UK was EUR 20 million at 31 December 2025, an increase of EUR 9 million compared to last year.

While discount rates remained unchanged in the UK, inflation expectations decreased, resulting in lower pension liabilities. Pension liabilities in the UK decreased by EUR 64 million from the previous year to EUR 817 million at 31 December 2025. See table 4.7.e for a summary of key assumptions.

The return on plan assets in 2025 was negative. This was predominantly driven by the performance of the matching assets which are designed to track liability movements as closely as possible. Matching assets make up a significant portion of the asset portfolio and are part of the strategy to maintain stability within the pension plan. In addition to this, we also saw decreases in the value of other plan assets with debt vehicles seeing the biggest decrease compared to last year. See the plan asset investments in the UK section for further details on the strategy adopted by the trustees. In addition to a negative return on plan assets, we saw unfavourable exchange rate movements, partially offset by interest income, leading to an overall net decrease in the fair value of plan assets in the UK of EUR 54 million. All investments within the asset portfolio are unlisted.

The defined benefit plan in the UK is a defined benefit final salary scheme. The plan is closed to both new entrants and future accruals, but retains a salary link. The plan is a registered pension scheme, and the assets are held in legally separate, trustee-administered funds. The trustees of the plan are required by law to act in the best interests of the plan participants while at the same time administering the plan in accordance with the purpose for which the trust was created, and are responsible for drawing up the investment, funding and

Table 4.7.a Pension liabilities recognised in the balance sheet

(EUR million)	Sweden	UK	Other	Total
2025				
Present value of funded liabilities	157	817	29	1,003
Fair value of plan assets	-16	-837	-16	-869
Deficit/(surplus) of funded plans	**141**	**-20**	**13**	**134**
Present value of unfunded liabilities	1	-	1	2
Net pension liabilities recognised in the balance sheet	**142**	**-20**	**14**	**136**
Specification of total liabilities:				
Present value of funded liabilities	157	817	29	1,003
Present value of unfunded liabilities	1	-	1	2
Total liabilities	**158**	**817**	**30**	**1,005**
Presented as:				
Pension assets	-3	-20	-	-23
Pension liabilities	145	-	14	159
Net pension liabilities	**142**	**-20**	**14**	**136**
2024				
Present value of funded liabilities	161	881	34	1,076
Fair value of plan assets	-12	-892	-19	-923
Deficit/(surplus) of funded plans	**149**	**-11**	**15**	**153**
Present value of unfunded liabilities	1	-	1	2
Net pension liabilities recognised in the balance sheet	**150**	**-11**	**16**	**155**
Specification of total liabilities:				
Present value of funded liabilities	161	881	34	1,076
Present value of unfunded liabilities	1	-	1	2
Total liabilities	**162**	**881**	**35**	**1,078**
Presented as:				
Pension assets	-	-11	-	-11
Pension liabilities	150	-	16	166
Net pension liabilities	**150**	**-11**	**16**	**155**

4.7 PENSION LIABILITIES (continued)

governance policies. A representative of the group attends trustee meetings to provide the group's view on the investment strategy, but the ultimate control lies with the trustees.

Employer contributions are determined based on the advice of an independent qualified actuary on the basis of triennial valuation negotiations between the plan and Arla, and ultimately approved by The Pensions Regulator. The most recent triennial valuation of the plan was carried out at 31 December 2022, and on the agreed funding basis, the plan was in a surplus position. The next triennial valuation will be carried out on 31 December 2025 with the work being undertaken in 2026.

Defined contribution plans are in place for other employees. Contributions are made both by Arla and the employee at a rate determined by Arla.

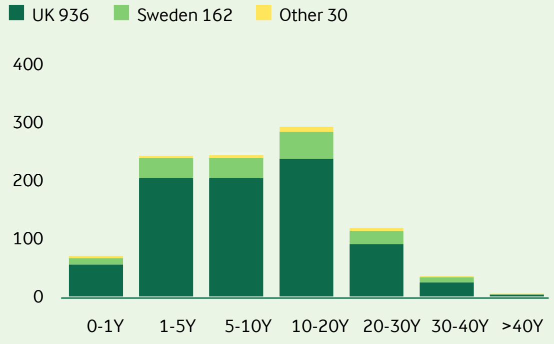
Plan asset investments in the UK

Plan assets generate returns that are used to satisfy the plan liabilities. They are not necessarily intended to be realised in the short term. The trustees invest in different categories of assets and with different allocations among those categories according to the plan investment principles.

Currently, the plan investment strategy is to maintain a balance of growth assets (property and infrastructure), income assets (comprising credit investments and corporate bonds) and matching assets (comprising a liability hedge portfolio and a buy-in annuity policy), with a weighting towards matching assets. In 2021, a strategy was adopted to reduce the plan's exposure to the UK property market, with a large portion of it being completed during 2024 and 2025.

Part of the investment objective is to minimise fluctuations in the plan's funding levels due to changes in the value of the

MATURITY OF PENSION LIABILITIES AT 31 DECEMBER 2025 (EUR MILLION)



MATURITY OF PENSION LIABILITIES AT 31 DECEMBER 2024 (EUR MILLION)

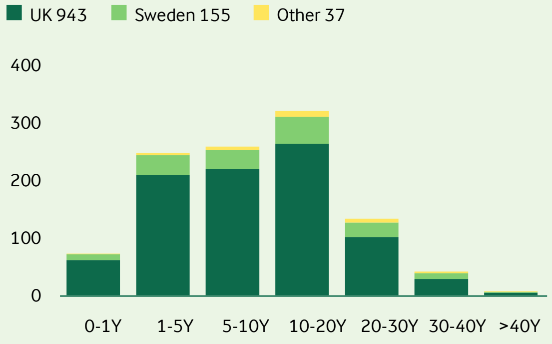


Table 4.7.b Development in pension liabilities

(EUR million)	2025	2024
Present value of liabilities at 1 January	1,078	1,128
Interest costs	52	49
Actuarial gains and losses from changes in financial assumptions (OCI)	-24	-70
Actuarial gains and losses from changes in demographic assumptions (OCI)	-	1
Benefits paid	-67	-68
Exchange rate adjustment	-34	38
Present value of pension liabilities at 31 December	**1,005**	**1,078**

Table 4.7.c Development in fair value of plan assets

(EUR million)	2025	2024
Fair value of plan assets at 1 January	923	982
Interest income	47	45
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (OCI)	-16	-102
Contributions to plans	12	13
Benefits paid	-56	-58
Administration costs	-1	-
Exchange rate adjustments	-40	43
Fair value of plan assets at 31 December	**869**	**923**
Actual return on plan assets:		
Calculated interest income	47	45
Return excluding calculated interest	-16	-102
Actual return	**31**	**-57**

The group expects to contribute EUR 23 million to the plan assets in 2026 and EUR 83 million in 2027-2030.

4.7 PENSION LIABILITIES (continued)

liabilities. This is primarily achieved using a Liability Driven Investment (LDI) portfolio, the main goal of which is to align movements in the value of the assets with movements in the liabilities caused by changes in market conditions. The plan has hedging in place that covers the majority of interest rate and inflation movements, as measured on the basis of the trustees' funding assumptions, which use a discount rate derived from gilt yields.

LDI primarily involves the use of government bonds. Derivatives such as interest rate and inflation swaps are also used. There are no annuities or longevity swaps in the LDI portfolios. The value of the LDI assets is determined based on the latest market bid price for the underlying investments, which are traded daily on liquid markets, but on aggregate are segregated mandates managed on behalf of the plan and therefore unlisted.

Annuity policies consist of a bulk annuity contract with an insurance company. This allows the trustees to reduce their scheme's risk by acquiring an asset (annuity contract) whose cashflows are designed to exactly meet a specified set of benefit payments under the pension scheme.

Infrastructure investments are in large-scale public systems, services and facilities such as power, road and water systems. These investments aim to generate stable long-term inflation-linked cash flows.

The remainder of the plan assets consists of loans to companies or governments (debt vehicles and bonds), commercial property investments (properties) as well as insurance-linked securities and cash (other assets).

§ Accounting policies

Pension liabilities and similar non-current liabilities

The group has post-employment pension plan arrangements with a significant number of current and former employees. The post-employment pension plan agreements take the form of defined contribution plans and defined benefit plans.

Defined contribution plans

For defined contribution plans, the group pays fixed contributions to independent pension companies. The group has no obligation to make supplementary payments beyond those fixed payments, and the risk and reward of the value of the pension plan therefore rests with plan members, and not the group. Contributions to defined contribution plans are expensed in the income statement as incurred.

Defined benefit plans

Defined benefit plans are characterised by the group's obligation to make specific payments from the date the plan member is retired, depending on, for example, the member's seniority and final salary. The group is subject to the risks and rewards associated with the uncertainty whether the return generated by the assets will meet the pension liabilities, which are affected by assumptions concerning mortality and inflation.

The group's net liability is the amount presented as a pension liability in the balance sheet.

The net liability is calculated separately for each defined benefit plan. The net liability is the amount of future pension benefits that employees have earned in current and prior periods (i.e. the liability for pension payments for the portion of the employee's estimated final salary earned at the balance sheet date) discounted to a present value (the defined benefit

Table 4.7.d Specification of plan assets

(EUR million)	2025	%	2024	%
Debt vehicles	313	36	349	38
Liability hedge portfolio	219	25	238	26
Annuity policies	183	21	200	22
Infrastructure	65	8	69	7
Bonds	56	6	6	1
Properties	5	1	29	3
Equity instruments	1	0	-	-
Other assets	27	3	32	3
Fair value of plan assets at 31 December	**869**	**100**	**923**	**100**

Table 4.7.e Assumptions for the actuarial calculations

(%)	2025	2024
Discount rate assumptions		
Discount rate, UK	5.5	5.5
Discount rate, Sweden	3.9	3.5
Inflation assumptions		
Inflation (CPI), UK	2.3	2.7
Inflation (CPI), Sweden	1.7	1.8
Mortality assumptions (life expectancy in years at age 65)		
Male in the UK	20.7	20.4
Female in the UK	22.8	22.8
Male in Sweden	22.8	21.9
Female in Sweden	24.4	23.9

4.7 PENSION LIABILITIES (continued)

liability), less the fair value of assets held separately from the group in a plan fund.

The group uses qualified actuaries to annually calculate the defined benefit liability using the projected unit credit method.

The balance sheet amount of the net liability is impacted by remeasurements, which include the effect of changes in assumptions used to calculate the future liability (actuarial gains and losses) and the return generated on plan assets (excluding interest). Remeasurements are recognised in other comprehensive income.

Interest costs for the period are calculated using the discounted rate used to measure the defined benefit liability at the start of the reporting period applied to the carrying amount of the net liability, taking into account changes arising from contributions and benefit payments. The net interest costs and other costs relating to defined benefit plans are recognised in the income statement. The net liability primarily covers defined benefit plans in the UK and Sweden.

Uncertainties and estimates

The defined benefit liability is assessed based on a number of assumptions, including discount rates, inflation rates, salary growth and mortality rates. Any changes in assumptions can have a significant impact on the net position.

The group is aware of a case in the UK in 2023 involving Virgin Media and NTL Pension Trustee, which could potentially lead to additional liabilities for some pension schemes and sponsors, including (if applicable) the group. In July 2024, the UK courts dismissed an appeal against the 2023 judgement. In 2025, the government proposed a legislative solution to the judgement. However, uncertainties remain as the details and effectiveness of the final legislation have not yet been confirmed.

The group and pension trustees are discussing the judgement and subsequent announcements, and the impact (if any) is being considered by the pension trustees' legal advisers. Until this work is complete, the group is unable to determine the impact (if any), and it will be assessed as relevant in the future. As such the figures provided in this disclosure make no allowance for the judgment.

Table 4.7.f Sensitivity of gross pension liabilities to key assumptions

(EUR million)	2025	2025	2024	2024
Impact on pension liabilities at 31 December	+	-	+	-
Discount rate +/- 10 bps	-10	10	-12	12
Life expectancy +/- 1 year	36	-36	37	-37
Inflation +/- 10 bps	6	-6	7	-7

Table 4.7.g Recognised in the income statement

(EUR million)	2025	2024
Administration costs	1	-
Recognised as staff costs	**1**	**-**
Interest costs on pension liabilities	52	49
Interest income from plan assets	-47	-45
Recognised as financial costs	**5**	**4**
Total amount recognised in the income statement	**6**	**4**

Table 4.7.h Recognised in other comprehensive income

(EUR million)	2025	2024
Actuarial gains and losses on liabilities from changes in financial assumptions (OCI)	24	70
Actuarial gains and losses on liabilities from changes in demographic assumptions (OCI)	-	-1
Return on plan assets, excluding amounts included in net interest on the net defined benefit liability	-16	-102
Total amount recognised in other comprehensive income	**8**	**-33**

Note 5. Other areas

5.1 TAX

Financial comments

Tax in the income statement

Total tax costs increased to EUR 81 million (2024: EUR 46 million), primarily due to an increase in current year corporate tax and deferred tax costs.

The effective tax rate increased to 15.8% compared to 9.8% last year, primarily driven by changes in the effects of companies subject to cooperative tax and increased non-deductible expenses.

Current income tax

Cost related to current income taxes increased to EUR 63 million (2024: EUR 45 million). The increase is mainly due to strong results relating to our ingredients business in the UK and Argentina.

Deferred tax

Costs incurred in the income statement relating to adjustments of deferred taxes amounted to EUR 18 million, representing an increase of EUR 17 million compared to last year.

Net deferred tax liabilities amounted to EUR 83 million, representing a net increase of EUR 13 million compared to last year. The primary changes in gross temporary differences were driven by increased deferred tax liabilities in property, plant and equipment.

Deferred tax liabilities equalled EUR 106 million, which mainly relate to provisions, pension liabilities and other liabilities. These were in part offset by deferred tax assets amounting to EUR 23 million relating to tax losses carried forward and other tax assets.

The group recognises deferred tax assets, including the value of tax losses carried forward, where management assesses that the tax assets may be utilised in the foreseeable future by offsetting against taxable income. The assessment is performed on an ongoing basis and is based on the budgets and business plans for future years.

The group recognised deferred tax assets in respect of tax losses carried forward in the amount of EUR 5 million (2024: EUR 12 million). The net decrease in tax losses carried forward is mainly due to the reversing effects of Argentinian tax rules applicable in 2024, reducing the local inflationary effects on the taxable income in 2024.

Deferred tax assets relating to tax losses carried forward not recognised totalled EUR 37 million, primarily related to activities in the UK, the US and Denmark.

§ Accounting policies

Tax in the income statement

Tax in the income statement includes current tax and adjustments to deferred tax. Tax is recognised in the income statement, except where it relates to a business combination or

Table 5.1.a Tax recognised in the income statement

(EUR million)	2025	2024
Current income tax		
Current income tax on profit for the year relating to:		
Cooperative tax	7	5
Corporate income tax	52	32
Pillar Two tax	3	10
Adjustments to current taxes of previous years	1	-2
Total current income tax costs	**63**	**45**
Deferred tax		
Change in deferred tax for the year	17	-
Adjustment to deferred taxes of previous years	1	1
Impact of changes in tax rates and laws	-	-
Total deferred tax costs	**18**	**1**
Total tax costs in the income statement	**81**	**46**

Table 5.1.b Calculation of effective tax rate

(EUR million)	2025		2024	
Profit before tax		514		463
Tax applying the statutory Danish corporate income tax rate	22.0%	113	22.0%	102
Effect of tax rates in other jurisdictions	0.0%	-	-0.2%	-1
Effect of companies subject to cooperative taxation	-6.8%	-35	-11.3%	-52
Impact of Pillar Two tax	0.6%	3	2.2%	10
Non-deductible expenses, less tax-exempt income	0.4%	2	-2.7%	-12
Share of profit/loss after tax in associates and joint ventures	-0.8%	-4	-1.3%	-6
Adjustment for tax costs of previous years	0.4%	2	-0.2%	-1
Recognition and adjustments of previously unrecognised tax assets	-0.2%	-1	-0.2%	-1
Current year losses for which no deferred tax asset is recognised	0.2%	1	0.8%	4
Other adjustments	0.0%	-	0.7%	3
Total	**15.8%**	**81**	**9.8%**	**46**

5.1 TAX (continued)

items (income or costs) recognised directly in other comprehensive income.

Current tax

Current tax is assessed based on tax legislation applicable to entities in the group subject to cooperative or corporate income taxation. Cooperative taxation is based on the equity of the cooperative, while corporate income tax is calculated based on the company's taxable income for the year. Current tax liabilities include the expected tax payable or receivable on the taxable result for the year, any adjustments to tax payable or receivable from previous years and tax paid on account. Current tax liabilities are disclosed as part of other current liabilities.

Deferred tax

Deferred tax is measured using the balance sheet liability method for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised for temporary differences on the initial recognition of goodwill or those arising at the acquisition date of an asset or liability that do not affect either the profit or loss for the year or taxable income, except for those arising from business combinations.

Deferred tax is determined by applying tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Changes in deferred tax assets and liabilities due to changes in the tax rate are recognised in the income statement, except for items recognised in other comprehensive income.

Deferred tax assets, including the value of tax losses carried forward, are recognised under other non-current assets at the value at which they are expected to be utilised, either by reducing tax on future earnings or by offsetting against deferred tax payable in companies within the same legal tax entity or jurisdiction.

The mandatory exception in IAS 12 regarding the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

Uncertainties and estimates

Deferred tax

Deferred tax reflects assessments of actual future tax due on items in the financial statements, considering timing and probability. These estimates also take into account expectations about future taxable profits. Actual future taxes may differ from these estimates due to changes in expectations regarding future taxable income, future statutory changes in income taxation or the outcome of tax authorities' final review of the group's tax returns. The recognition of a deferred tax asset also depends on an assessment of the future recoverability of the asset.

Pillar Two taxes

As the guidance and rules related to Pillar Two taxes are continuously being updated, the final 2025 Pillar Two top-up taxes payable may differ from the cost recognised in the income statement.

Income tax treatments

Since tax legislation, case law and tax authority practice do not always provide clarity on all transactions, uncertainties exist. Arla recognises and measures uncertain tax positions in line with the IFRIC 23 standard.

Table 5.1.c. Deferred tax assets and liabilities

(EUR million)	2025	2024
Net deferred tax liability at 1 January	-70	-60
Deferred tax recognised in the income statement	-18	-1
Deferred tax recognised in other comprehensive income	6	5
Acquisitions in connection with business combinations	-	-15
Exchange rate adjustments	-1	1
Balance sheet reclassification of deferred tax assets/liabilities	-	-
Net deferred tax liability at 31 December	**-83**	**-70**
Deferred tax, by gross temporary difference		
Intangible assets	-2	-3
Property, plant and equipment	-36	-17
Provisions, pension liabilities and other	-20	-28
Tax losses carried forward	5	12
Other assets/liabilities	-30	-34
Total deferred tax, by gross temporary difference	**-83**	**-70**
Recognised in the balance sheet as:		
Deferred tax assets	23	31
Deferred tax liabilities	-106	-101
Total	**-83**	**-70**

5.2 PROVISIONS

Financial comments
Provisions amounted to EUR 74 million (2024: EUR 61 million). Provisions primarily relate to provisions for insurance incidents that have occurred, but have not yet been settled.

Uncertainties and estimates
Provisions are particularly associated with estimates of insurance provisions. These are assessed based on historical records, including the number of insurance events and the related costs considered. The scope and extent of onerous contracts are also estimated.

Table 5.2 Provisions

(EUR million)	Insurance provisions	Restructuring provisions	Other provisions	Total 2025	Total 2024
Provisions at 1 January	27	4	30	61	51
New provisions during the year	-	8	9	17	25
Reversals	1	-	-	1	-
Used during the year	-1	-	-4	-5	-15
Provisions at 31 December	**27**	**12**	**35**	**74**	**61**
Non-current provisions	10	9	35	54	30
Current provisions	16	3	1	20	31
Provisions at 31 December	**26**	**12**	**36**	**74**	**61**

5.3 FEES TO AUDITORS

Fees paid to EY
EY is appointed as auditors of Arla by the Board of Representatives (BoR).

Table 5.3 Fees to auditors appointed by the Board of Representatives

(EUR million)	2025	2024
Statutory audit	2.2	1.9
Other assurance engagements	0.4	0.4
Tax assistance	0.5	0.2
Other services	0.4	1.1
Total fees to auditors	**3.5**	**3.6**

5.4 MANAGEMENT REMUNERATION AND TRANSACTIONS WITH RELATED PARTIES

Remuneration paid to management

The remuneration to the 19 registered members of the Board of Directors (BoD) is assessed and adjusted on a bi-annual basis and approved by the BoR. The BoD's remuneration was most recently adjusted in 2024. The principles applied to the remuneration of the BoD are described on page 87. Members of the BoD are paid for milk supplies to Arla Foods amba in accordance with the same terms as apply to other owners. Similarly, individual capital instruments are issued to the BoD on the same terms as apply to other owners.

In 2025, the Executive Board consisted of Chief Executive Officer Peder Tuborgh and Chief Financial Officer Torben Dahl Nyholm. The principles applied to the remuneration of the Executive Board are described on page 88.

Table 5.4.a includes accrued amounts related to the respective reporting period. The amount was based on reported key figures together with estimates of performance compared to peers and, consequently, the final future payout may differ.

The disclosed short-term variable incentives for 2025 includes an adjustment of EUR 0.5 million relating to settlement of the 2024 programme. If the adjustment had been included last year, the short-term variable incentives costs for 2025 would have been EUR 1.5 million and the total remuneration to the Executive Board would have been EUR 6.3 million representing an increase of EUR 0.4 million compared to last year.

Table 5.4.a Management remuneration

(EUR million)	2025	2024
Board of Directors		
Wages, salaries and remuneration	1.9	1.8
Total	**1.9**	**1.8**
Executive Board		
Fixed compensation	2.8	2.8
Pension and other benefits	0.5	0.5
Short-term variable incentives	2.0	0.7
Long-term variable incentives	1.5	1.4
Total	**6.8**	**5.4**

Table 5.4.b Transactions with the Board of Directors

(EUR million)	2025	2024
Purchase of raw milk	44.8	33.2
Half-year supplementary payment	0.4	0.3
Supplementary payment regarding previous years	1.8	1.1
Total	**47.0**	**34.6**
Unsettled milk deliveries in trade payables and other payables	1.8	1.8
Individual capital instruments	3.2	3.3
Total	**5.0**	**5.1**

5.5 CONTRACTUAL COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Financial comments

Contractual obligations and commitments amounted to EUR 814 million (2024: EUR 869 million). Commitments relating to power purchase agreements decreased by 35 million. Commitments relating to investments in property, plant and equipment increased by EUR 7 million. Other contractual obligations and commitments consisted of IT licences, short-term and low-value leases and others and decreased by net EUR 27 million.

Arla provided security on property for mortgage debt based on the Danish Mortgage Act with a nominal value of 1,193 EUR million (2024: EUR 1,209 million). Financial surety and guarantee obligations amounted to EUR 32 million (2024: EUR 29 million).

Arla is party to a small number of lawsuits, disputes and other claims. It is 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 5.5 Contractual commitments[1]

(EUR million)	0-1 year	1-5 years	5+ years	Total
2025				
Power purchase agreements	35	157	181	373
Property, plant and equipment investment commitments	190	116	-	306
IT contracts	51	41	-	92
Short-term and low value leases	43	-	-	43
Total	**319**	**314**	**181**	**814**
2024				
Power purchase agreements	30	157	221	408
Property, plant and equipment investment commitments	219	80	-	299
IT contracts	52	64	-	116
Short-term and low value leases	46	-	-	46
Total	**347**	**301**	**221**	**869**

[1] Other contractual commitments not disclosed in the table include mortgaged property provided as security for mortgage loans and financial surety and guarantee obligations.

5.6 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent events

No subsequent events with a material impact on the consolidated financial statements have occurred after the balance sheet date.

5.7 GENERAL ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements included in this annual report are prepared in accordance with IFRS Accounting Standards as adopted by the EU, and additional disclosure requirements in the Danish Financial Statements Act for large class C companies. Arla is not an EU public interest entity as the group has no debt instruments traded in a regulated EU marketplace. The consolidated financial statements were authorised for issue by the company's BoD on 16 February 2026 and presented for approval by the BoR on 25 February 2026.

The functional currency of the parent company is DKK. The presentation currency of the parent company and of the group is EUR.

These consolidated financial statements are prepared in million EUR with rounding.

Consolidated financial statements

The consolidated financial statements are prepared as a compilation of the parent company's and the individual subsidiaries' financial statements in line with the group's accounting policies. Revenue, costs, assets and liabilities, along with items included in the equity of subsidiaries, are aggregated and presented on a line-by-line basis. Inter-company shareholdings, balances and transactions as well as unrealised income and expenses arising from inter-company transactions are eliminated.

The consolidated financial statements comprise Arla Foods amba (parent company) and the subsidiaries in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise maintains control to obtain benefits from its activities. Entities in which the group exercises joint control through a contractual arrangement are considered joint ventures. Entities in which the group exercises a significant but not a controlling influence are considered associates. A significant influence is typically obtained by holding or having at the group's disposal, directly or indirectly, more than 20%, but less than 50% of the voting rights in an entity.

Unrealised gains arising from transactions with joint ventures and associates, i.e. profits from sales to joint ventures or associates and whereby the customer pays with funds partly owned by the group, are eliminated against the carrying amount of the investment in proportion to the group's interest in the company. Unrealised losses are eliminated in the same manner, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared on a historical cost basis, except for certain items with alternative measurement bases, which are identified in these accounting policies.

Translation of transactions and monetary items in foreign currencies

Each group entity determines its functional currency based on its primary economic environment. Transactions in foreign currencies are recorded in the functional currency at the transaction date rate. Monetary assets and liabilities in foreign currencies are translated at the reporting date rate, and exchange differences are recognised in the income statement under financial items. Non-monetary items measured at historical cost in a foreign currency are translated upon initial recognition.

Translation of foreign operations

Assets and liabilities of consolidated entities, including net assets and goodwill of joint ventures and associates with a functional currency other than EUR, are translated into EUR at the year-end rate. Revenue, costs, and share of net profit or loss are translated at the average monthly rate, unless it differs materially from the transaction date rate. Exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. Upon partial divestment, the relevant portion of the translation reserve is transferred to net profit or loss, together with any divestment gains or losses.

Adoption of new or amended IFRS

The group has implemented all new standards and interpretations effective in the EU from 1 January 2025. The disclosures on loan covenants in Note 4.3 have been updated in accordance with the amendments to IFRS 7. The new standard and interpretation did not have any other material impact on the consolidated financial statements.

Future implementations

The IASB has issued a number of new or amended and revised accounting standards and interpretations which are not yet applicable. Arla will adopt these new standards when they become mandatory.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, replacing IAS 1. This new standard introduces specific requirements for income statement presentation, including designated totals and subtotals. Entities must classify all income and expenses into one of five categories: operating, investing, financing, income taxes and discontinued operations, with the first three being new. Additionally, IFRS 18 mandates the disclosure of management-defined performance measures and establishes new guidelines for aggregating and disaggregating financial information.

Effective for Arla's reporting period beginning on January 1, 2027, IFRS 18 and its amendments to other standards will be applied retrospectively. Arla is currently monitoring the implementation guidance and evaluating the impacts of IFRS 18 on the financial statements. Impacts are expected to include:

- Foreign exchange rate differences will be classified into the category of the item causing the difference.
- Certain interest income and fair value adjustments on investing assets will be presented within the investing category.
- The share of results in joint ventures and associates will be classified into the investing category, below operating profit.

Moreover, IAS 7 Statement of Cash Flows has undergone consequential amendments. These changes include altering the starting point for determining cash flows from operations to 'operating profit or loss' and eliminating the optional classification of cash flows from interest paid (to be presented in the financing category) and interest received (to be presented within investing activities). Furthermore, new disclosures on management-defined performance measures and details of expenses by nature are required.

Further, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity (effective 1 January 2026). The amendments apply only to contracts that reference nature-dependent electricity (Power purchase agreements) and clarify the ‘own-use’ requirements for in-scope contracts and adds new disclosure requirements. It is expected that this will have no material impact on the financial statements.

5.8 GROUP CHART

	Country	Currency	Group equity interest
Arla Foods amba	**Denmark**	**DKK**	**%**
Arla Foods Ingredients Group P/S	Denmark	DKK	100
Arla Foods Ingredients Energy A/S	Denmark	DKK	100
Arla Foods Ingredients Japan K.K.	Japan	JPY	100
Arla Foods Ingredients Inc.	USA	USD	100
Arla Foods Ingredients Korea, Co. Ltd.	Korea	KRW	100
Arla Foods Ingredients Trading (Beijing) Co. Ltd.	China	CNY	100
Arla Foods Ingredients S.A.	Argentina	USD	97
Arla Foods Ingredients Comércio de Produtos Alimentícios Unipessoal LTDA	Brazil	BRL	100
Arla Foods Ingredients Singapore Pte. Ltd.	Singapore	SGD	100
Arla Foods Ingredients S.A. de C.V.	Mexico	MXN	99
Arla Foods Ingredients Felinfach Holdings Limited	UK	GBP	100
Arla Foods Ingredients Felinfach Limited	UK	GBP	100
Arla Foods Ingredients Felinfach Renewable Energy Limited	UK	GBP	100
Arla Foods Holding A/S	Denmark	DKK	100
Arla Foods W.L.L.	Bahrain	BHD	100
Arla Oy	Finland	EUR	100
Osuuskunta MS tuottajapalvelut[2]	Finland	EUR	39
Arla Foods Distribution A/S	Denmark	DKK	100
Cocio Chokolademælk A/S	Denmark	DKK	50
Arla Foods International A/S	Denmark	DKK	100
Arla Foods UK Holding Limited	UK	GBP	100
Arla Foods UK Farmers Joint Venture Co. Limited	UK	GBP	100
Arla Foods UK plc	UK	GBP	100

	Country	Currency	Group equity interest
Arla Foods amba	**Denmark**	**DKK**	**%**
Arla Foods GP Limited	UK	GBP	100
Arla Foods Limited Partnership	UK	GBP	100
Arla Foods Finance Limited	UK	GBP	100
Arla Foods Limited	UK	GBP	100
Arla Foods Hatfield Limited	UK	GBP	100
Lockerbie Biogas Limited	UK	GBP	100
Yeo Valley Dairies Limited	UK	GBP	100
Arla Foods Cheese Company Limited	UK	GBP	100
Arla Foods Ingredients UK Limited	UK	GBP	100
Arla Foods Ingredients Taw Valley Limited	UK	GBP	100
Arla Foods UK Property Company Ltd	UK	GBP	100
Arla Foods B.V.	Netherlands	EUR	100
Arla Foods Comércio Importacâo e Exportacão de Productos Alimenticios Ltda.	Brazil	BRL	100
Arla Foods Ltd.	Kingdom of Saudi Arabia	SAR	100
Arla Foods Finance A/S	Denmark	DKK	100
Kingdom Food Products ApS	Denmark	DKK	100
Ejendomsanpartsselskabet St. Ravnsbjerg	Denmark	DKK	100
Arla Insurance Company (Guernsey) Limited	Denmark	EUR	100
Arla Foods Energy A/S	Denmark	DKK	100
Arla Foods Trading A/S	Denmark	DKK	100
Arla DP Holding A/S	Denmark	DKK	100
Arla Foods Investment A/S	Denmark	DKK	100
Arla Senegal S.A.	Senegal	XOF	100

5.8 GROUP CHART (continued)

	Country	Currency	Group equity interest
Arla Foods amba	**Denmark**	**DKK**	**%**
Tholstrup Cheese A/S	Denmark	DKK	100
Arla Foods Belgien AG	Belgium	EUR	100
Arla Foods Ingredients (Deutschland) GmbH	Germany	EUR	100
ArNoCo GmbH & Co. KG[1]	Germany	EUR	50
Arla Foods Kuwait Company WLL	Kuwait	KWD	49
Arla Kallassi Foods Lebanon S.A.L.	Lebanon	LBP	50
Arla Foods Qatar W.L.L	Qatar	QAR	40
Arla Foods Trading and Procurement Limited	Hong Kong	HKD	100
Arla Foods Sdn. Bhd.	Malaysia	MYR	100
Arla Foods Corporation	Philippines	PHP	100
Arla Foods Limited	Ghana	GHS	100
Arla Global Dairy Products Ltd.	Nigeria	NGN	100
TG Arla Dairy Products LFTZ Enterprise	Nigeria	NGN	50
TG Arla Dairy Products Ltd.	Nigeria	NGN	50
Arl For General Trading Ltd.	Iraq	USD	51
Arla Foods Dairy Products (Shanghai) Co. Ltd.	China	CNY	100
Arla Foods AB	Sweden	SEK	100
Årets Kock Aktiebolag	Sweden	SEK	67
Arla Foods Inc.	USA	USD	100
Arla Foods Production LLC	USA	USD	100

	Country	Currency	Group equity interest
Arla Foods amba	**Denmark**	**DKK**	**%**
Arla Foods Transport LLC	USA	USD	100
Arla Foods Deutschland GmbH	Germany	EUR	100
Dofo Cheese Eksport K/S[3]	Denmark	DKK	100
Dofo Inc.	USA	USD	100
Aktieselskabet J. Hansen	Denmark	DKK	100
J.P. Hansen USA Inc.	USA	USD	100
AFI Partner ApS	Denmark	DKK	100
Andelssmør A.m.b.a.	Denmark	DKK	98
Arla Foods AS	Norway	NOK	100
Arla Foods Bangladesh Ltd.	Bangladesh	BDT	90
Arla Foods Dairy Products Technical Service (Beijing) Co. Ltd.	China	CNY	100
Arla Foods FZE	UAE	AED	100
Arla Foods Hellas S.A.	Greece	EUR	100
Arla Foods Inc.	Canada	CAD	100
Arla Foods Logistics GmbH	Germany	EUR	100
Arla Foods Mayer Australia Pty, Ltd.	Australia	AUD	51
Arla Foods Mexico S.A. de C.V.	Mexico	MXN	99
Arla Foods S.A.	Spain	EUR	100
Arla Foods France S.A.R.L	France	EUR	100
Arla Foods S.R.L.	Dominican Republic	DOP	100

5.8 GROUP CHART (continued)

	Country	Currency	Group equity interest
Arla Foods amba	**Denmark**	**DKK**	**%**
Arla Foods SA	Poland	PLN	100
Arla Global Shared Services Sp. z o.o.	Poland	PLN	100
Arla Foods LLC	UAE	AED	49
Arla Foods LLC	Oman	OMR	34
Cocio Chokolademælk A/S	Denmark	DKK	50
Marygold Trading K/S[3]	Denmark	DKK	100
Mejeriforeningen	Denmark	DKK	91
COFCO Dairy Holdings Limited [2]	British Virgin Islands	HKD	30
Svensk Mjölk Ekonomisk förening	Sweden	SEK	75
Svensk Mjölk AB	Sweden	SEK	75
Tillväxtbolaget för Sveriges Lantbrukare AB [2]	Sweden	SEK	19
Lantbrukarnas Riksförbund, förening u.p.a.[2]	Sweden	SEK	24
Jörd International A/S	Denmark	DKK	100
Ejendomsselskabet Gjellerupvej 105 P/S	Denmark	DKK	100
Baby&Me ApS	Denmark	DKK	50
Svenska Ostklassiker AB	Sweden	SEK	68
Komplementarselskabet Gjellerupvej 105 ApS	Denmark	DKK	100
PT Arla Foods Indonesia	Indonesia	IDR	100
Arla Foods Arinco A/S	Denmark	DKK	90

[1] Joint ventures
[2] Associates
[3] According to section 5 of the Danish Financial Statements Act, the company does not prepare a statutory report.
In addition, the group owns a number of entities without material commercial activities.

Financial statements of the parent company

Under section 149 of the Danish Financial Statements Act, these consolidated financial statements represent an extract of Arla's complete annual report. To make this report more manageable and user-friendly, we publish consolidated financial statements that do not include the financial statements of the parent company, Arla Foods amba. The annual report of the parent company is an integral part of the full annual report and is available at www.arla.com. Profit sharing and supplementary payments from the parent company are detailed in the equity section of the consolidated financial statements. The full annual report contains the statement by the BoD and the Executive Board, as well as the independent auditor's report.

REPORTS AND OTHER DISCLOSURES

MANAGEMENT'S AND AUDITOR'S REPORTS

In this section

Danish heritage, enjoyed worldwide

Born in Denmark in 1893, Castello® is available in more than 60 countries, with the US and Canada as the largest markets. The launch of its Whipped Dips range ignited enthusiasm in the US and earned the title of Product of the Year 2025 in the Dip Snack category, reinforcing Castello®'s position in the premium cheese segment.

Board of Directors' and Executive Board's report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Arla Foods amba for the financial year 2025. The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's financial position at 31 December 2025 and of the results of the group's and the parent company's activities and cash flows for the financial year 1 January - 31 December 2025.

In our opinion, the management's review of the annual report (pages 4-90) includes a true and fair view of the development in the group's and the parent company's financial position, activities, financial matters, results for the year and cash flows as well as a description of the most significant risks and uncertainties which may affect the group and the parent company.

Arla's consolidated environmental, social and governance statements have been prepared in accordance with Arla's ESG accounting principles. In our opinion, they give a true and fair view and a balanced and reasonable presentation of the group's environmental, social and governance performance in accordance with these principles. We hereby recommend the annual report for adoption by the Board of Representatives.

Aarhus, 16 February 2026

Jan Toft Nørgaard
Chair

Inger-Lise Sjöström
Vice Chair

Arthur Fearnall

Bjørn Jepsen

Daniel Halmsjö

George Holmes

Gustav Kämpe

Jørn Kjær Madsen

Marcel Goffinet

Marita Wolf

Markus Hübers

René Lund Hansen

Simon Simonsen

Steen Nørgaard Madsen

Florence Rollet

Nana Bule

Anders Olsson

Holger Lund

Paul Cullen

Peder Tuborgh
CEO

Torben Dahl Nyholm
CFO

Independent auditor's report

TO THE OWNERS OF ARLA FOODS AMBA

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Arla Foods amba for the financial year 1 January - 31 December 2025, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2025 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements' (hereinafter collectively referred to as '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 Group 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.

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 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 our procedures, 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.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent 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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Aarhus, 16 February 2026

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
Partner, State Authorised Public Accountant
MNE no. 24687

Jan Mortensen
Partner, State Authorised Public Accountant
MNE no. 40030

Independent auditor's assurance report on the sustainability statements

TO THE STAKEHOLDERS OF ARLA FOODS AMBA

Reasonable assurance opinion

We have conducted a reasonable assurance engagement on the following selected disclosures (selected sustainability KPIs) in the sustainability statements of Arla Foods amba (the group) for the financial year 1 January - 31 December 2025:

- KPIs in the table on Progress against scope 1 and 2 target, Progress against scope 3 FLAG and non-FLAG emissions targets, Greenhouse gas emissions (scope 1, 2, 3), Soil carbon sequestration, Biogenic emissions, Energy consumption, Electricity consumption in Europe on pages 45-47
- KPI in the table on Recalls on page 63
- KPIs in the table on Health and safety metrics on page 68
- KPIs in the tables on Gender diversity for all employees, Gender diversity in management, Gender diversity in top-management, Distribution of employees by age group, Employee headcounts, Employee turnover and Number of employees by contract type on pages 67-69
- KPIs in the table on Animal welfare indicators on page 75

In our opinion the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 in the sustainability statements are, in all material respects, prepared in accordance with the general accounting policies as described on page 39 and the accounting policies listed along with the KPIs on pages 48-51, 63, 69-70 and 75.

Limited assurance conclusion

We have conducted a limited assurance engagement on the remaining parts of the sustainability statements of Arla Foods amba for the financial year 1 January - 31 December 2025.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the remaining parts of the sustainability statements are not prepared, in all material respects, in accordance with the general accounting policies as described on page 39 and the accounting policies listed along with the KPIs.

Basis for reasonable assurance opinion and limited assurance conclusion

We conducted our combined reasonable and limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ('ISAE 3000 (Revised)') and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

Our independence and quality management

We are independent of the group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the sustainability statements

Management of the group is responsible for:

- Designing and implementing a process for identifying the information included in the sustainability statements as described in the the general accounting policies on page 39 and the accounting policies listed along with the KPIs
- The preparation of the sustainability statements in accordance with the general accounting policies as described on page 39 and the accounting policies listed along with the KPIs;
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statements, in accordance with the general accounting policies as described on page 39 and the accounting policies listed along with the KPIs that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement

Our objectives are to

a) plan and perform the assurance engagement to obtain reasonable assurance about whether the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 in the sustainability statements are free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our reasonable assurance opinion.

b) plan and perform the assurance engagement to obtain limited assurance about whether the remaining parts of the sustainability statements are free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our limited assurance conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statements as a whole.

As part of our combined reasonable and limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the sustainability statements for a reasonable assurance engagement include:

- Identification of disclosures where material misstatements at the assertion level are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to assessed risks of material misstatement at the assertion level for the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75. 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.

Our responsibilities in respect of the sustainability statements for a limited assurance engagement include:

- Identification of disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to assessed risks of material misstatement at the disclosures level for the remaining parts of the sustainability statements. 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.

Summary of the work performed

The assurance engagement involves performing procedures to obtain reasonable assurance for evidence about the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 and limited assurance for evidence about the remaining parts of the sustainability statements.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statements as a whole.

In conducting our reasonable assurance engagement, we:

- Obtained an understanding of the group's reporting processes relevant to the preparation of the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 in its sustainability statements by obtaining an understanding of the group’s control environment, processes and information systems relevant to the preparation of the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 in the sustainability statements but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Performed analytical procedures on the selected sustainability KPIs on pages 45-47, 63, 67, 67-69 and 75 in the sustainability statements, and investigated fluctuations and relationships that are inconsistent with other information or that differ significantly from our expectations;
- Tested methods, assumptions and data for developing material estimates, by evaluating how these methods were selected and applied, whether the assumptions and data used are appropriate, and tested the data used to source information;
- Agreed key items and representative samples based on generally accepted sampling methodology to source information to check accuracy and completeness of the data; and
- Visited selected sites to conduct walkthroughs of data gathering, calculation and consolidation processes related to the reasonable assurance of metrics.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the group's reporting processes relevant to the preparation of its remaining parts of the sustainability statements by obtaining an understanding of the group's control environment, processes and information systems relevant to the preparation of the remaining parts of the sustainability statements but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the remaining parts of the sustainability statements;
- Performed substantive assurance procedures on selected information in the remaining parts of the sustainability statements ; and
- Evaluated methods, assumptions and data for developing material estimates and how these methods were applied;

Copenhagen, 16 February 2026

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
Partner, State Authorized Public Accountant
MNE no. 24687

Monica Mai Bak Larsen
Partner, Climate Change and Sustainability Services

OTHER DISCLOSURES

In this section

Falkenberg dairy fuelled the cottage cheese crave

In 2025, cottage cheese surged in popularity, fuelled by social media buzz around wraps and pizzas. Our Falkenberg dairy, Europe's largest in cottage cheese, delivered around 27,000 tonnes, which was just over a 17% increase compared with the previous year. This growth was achieved without adding new production lines, but instead through to process optimisation, efficiency gains and round-the-clock dedication. To sustain this momentum, Arla has decided to invest almost SEK 70 million in the site to meet growing demand for KESO® cottage cheese, increasing its capacity by approximately 1,500 tonnes per year.

In picture: Arla employee at Falkenberg dairy.

Glossary

AI is an abbreviation for artificial intelligence. It refers to the development of computer systems that can perform tasks requiring human-like intelligence, such as learning and decision-making.

AIB stands for Association of Issuing Bodies, the organisation that manages the European system for Guarantees of Origin (GOs). The AIB emission factor represents the greenhouse gas intensity (CO_2 per kWh) of electricity not covered by GOs, based on the European residual mix.

Arla® Nutrition Criteria is our guideline to ensure the nutritional quality of our products.

Arlagården® is the name of our quality assurance programme.

ATNi stands for Access to Nutrition Initiative. It is a global benchmarking index that evaluates food and beverage companies on their efforts to improve access to nutritious products and responsible marketing practices.

Average interest expenses, excluding those related to pension assets and liabilities are calculated by first determining the net interest expense. This includes all interest expenses, such as borrowing charges and interest on finance leases, but excludes cash discounts and default interest. The resulting amount is then reduced by interest income from securities. Finally, the net interest expense is divided by the net interest-bearing debt, excluding pension assets and liabilities, to arrive at the average interest expense.

BEPS is an abbreviation for base erosion and profit shifting. These are tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

BEVs stands for battery electric vehicles. These are vehicles powered entirely by electricity stored in batteries, with no internal combustion engine.

Big 5 is an abbreviation referring to the five key focus areas in Arla's FarmAhead™ Incentive.

Biogas is the mixture of gases produced by the break-down of organic matter in the absence of oxygen, primarily consisting of methane and carbon dioxide. In Arla, biogas is primarily produced from cow manure.

Biomass is plant or animal material used for energy production. It can be purposely grown energy crops, wood or forest residues, waste from food crops, horticulture, food processing, animal farming or human waste from sewage plants.

BoD is an abbreviation of Board of Directors. In Arla, it consists of 14 farmer owners, three employee representatives chosen by Arla's employees and two external members elected by the BoR. The BoD represents a diverse group of interests and is responsible for managing Arla in the best interests of the farmer owners.

BoR is an abbreviation of Board of Representatives, Arla's highest governing body. It consists of elected farmer owners who represent the cooperative's members to make key strategic decisions.

CapEx is an abbreviation of capital expenditure.

Capacity cost is defined as the cost of running the general business, and includes staff costs, maintenance, energy, cleaning, IT, travel, consultancy and others.

Carbon pricing describes a mechanism that places a financial cost on carbon dioxide and other greenhouse gas emissions, thereby financially incentivising low-carbon investments and more sustainable solutions.

Carbon sequestration refers to a natural or artificial process by which carbon dioxide is removed from the atmosphere and held in solid or liquid form.

CBG is an abbreviation for compressed biogas. It is a purified and compressed biogas used as a renewable fuel, typically in transportation or energy applications.

CH4 refers to methane. It is a potent greenhouse gas produced during processes such as livestock digestion and manure management.

CoC stands for the Arla Code of Conduct.

CoCS is an abbreviation for Arla's Code of Conduct for Suppliers.

COD is an abbreviation for carbon oxygen demand, a measure of the amount of organic compounds in water, used to assess water quality.

CPI is an abbreviation of consumer price index.

CSRD is an abbreviation of Corporate Sustainability Reporting Directive and is a regulatory framework proposed by the European Commission. It aims to improve the transparency, comparability and reliability of companies' sustainability disclosures on environmental, social and governance matters.

DAKOFO is the Danish Grain and Feed Association. It is an industry organisation representing companies involved in grain, feed and related agricultural products in Denmark.

DCF is an abbreviation of deforestation- and conversion-free.

DEFRA stands for the Department for Environment, Food and Rural Affairs.

DMA refers to double materiality assessment.

EBIT is an abbreviation of earnings before interest and tax, and is a measure of earnings from operations.

EBITDA is an abbreviation of earnings before interest, tax, depreciation and amortisation from ordinary operations.

EBIT margin measures EBIT as a percentage of total revenue.

EEA is an abbreviation for the European Economic Area.

EFRAG refers to the European Financial Reporting Advisory Group. It is the organisation that provides technical advice to the European Commission on financial and sustainability reporting standards, including the development of ESRS under CSRD.

EMT is an abbreviation of Executive Management Team. In Arla, the team consists of the Executive Board, a manager for each of the European and International commercial segments and four functional heads.

Equity ratio is the ratio of equity, including minority interests, to total assets, and is a measure of the financial strength of Arla.

ERM refers to Enterprise Risk Management. It is a structured approach for identifying, assessing and managing risks across an organisation to support strategic objectives and resilience.

ESRS is an abbreviation of European Sustainability Reporting Standards and refers to a proposed set of reporting standard for sustainability-related disclosures by companies operating in the European Union. This standard is developed by the European Financial Reporting Advisory Group and aims to provide a common framework for companies to disclose their environmental, social and governance performance.

ETS is an abbreviation of the EU Emissions Trading System, a market-based approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants.

EUDR is the EU Deforestation Regulation. It is a European law aimed at preventing products linked to deforestation or forest degradation from being placed on the EU market.

FarmAhead™ Technology is a toolbox of data-driven and science-based technologies consisting of the FarmAhead™ Check, the FarmAhead™ Incentive, the FarmAhead™ Innovation and the FarmAhead™ Customer Partnership. It is designed to enable our farmer owners to understand, measure and advance their individual sustainability transitions on the farm.

FLAG stands for forest, land and agriculture. It is a category used in greenhouse gas accounting and sustainability reporting to capture emissions and removals related to land use, forestry, and agricultural activities.

FMCG is an abbreviation of fast-moving consumer goods.

Fortification is the process of adding essential vitamins and minerals to foods to enhance their nutritional value. This is often done to address nutrient deficiencies in a population and improve public health.

Free cash flow is defined as cash flow from operating activities after deducting cash flow from investing activities.

FTE is an abbreviation of full-time equivalents. FTEs are defined as the contractual working hours of an employee compared to a full-time contract in the same position and country. The FTE figure is used to measure the active workforce counted in full-time positions. An FTE of 1.0 is equivalent to a full-time worker, while an FTE of 0.5 equals half of the full workload.

GDPR is an abbreviation of the General Data Protection Regulation, which regulates data protection and privacy in the European Union (EU) and the European Economic Area (EEA). It also addresses the transfer of personal data outside the EU and EEA areas. The GDPR aims primarily to give control to individuals over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.

Global Industry Sales is a measure of the total milk consumption for producing commodity products relative to the total milk consumption, i.e. based on volumes. Commodity products are sold with lower or no value added, typically via business-to-business sales for other companies to use in their production as well as via industry sales of cheese, butter or milk powder.

GM stands for genetically modified. It describes organisms whose genetic material has been altered using biotechnology to introduce new traits or characteristics.

Greenhouse Gas Protocol (GHGP) provides accounting and reporting standards, sector guidance and calculation tools to account for greenhouse gas emissions. It establishes a comprehensive, global, standardised framework for measuring and managing emissions from private and public sector operations, value chains, products, cities and policies.

HSR stands for the Health Star Rating. It is a labelling system that rates the overall nutritional profile of packaged foods to help consumers make healthier choices.

HVO stands for hydrotreated vegetable oil. It is a renewable diesel fuel produced by hydrotreating vegetable oils or animal fats, offering lower emissions compared to fossil fuels.

IDF stands for the International Dairy Federation. It is a global organisation that promotes science-based standards and best practices for the dairy sector to ensure quality, safety and sustainability.

IFRS is an abbreviation of International Financial Reporting Standards which are a globally recognised set of accounting standards developed and maintained by the International Accounting Standards Board (IASB).

Incoterms refer to International Commercial Terms. These are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) defining responsibilities, costs, and risks for buyers and sellers in a sales contract.

Innovation pipeline is defined as the net incremental revenue generated from innovation projects up to 36 months from their launch.

Interest cover is the ratio of EBITDA to net interest costs.

IROs is the abbreviation for impacts, risks and opportunities identified through a double materiality assessment.

LBM stands for liquefied biomethane. It is a renewable fuel produced by purifying and liquefying biogas, commonly used as a low-carbon alternative to fossil fuels in transport and energy applications.

LCA is an abbreviation of life-cycle assessment.

Leverage is the ratio of net interest-bearing debt, inclusive of pension liabilities, to EBITDA. It enables evaluation of the ability to support future debt and obligations: the long-term target range for leverage is between 2.8 and 3.4.

LTA stands for lost-time accident. It refers to a workplace incident that results in an employee being unable to perform their regular job duties for at least one full workday or shift following the accident.

MBB is an abbreviation of milk-based beverages.

MENA is an abbreviation of the Middle East and North Africa.

Milk volume is defined as total intake of raw milk in kg from owners and contractors.

N2O is nitrous oxide, a greenhouse gas with a high global warming potential, commonly produced from agricultural activities, industrial processes, and combustion, contributing significantly to climate change.

Net interest-bearing debt is defined as current and non-current interest-bearing liabilities less securities, cash and cash equivalents and other interest-bearing assets. Securities, cash and cash equivalents defined as restricted are not included when deducting liabilities with securities, cash and cash equivalents.

Net interest-bearing debt inclusive of pension liabilities is defined as current and non-current interest-bearing liabilities less securities, cash and cash equivalents and other interest-bearing assets plus pension liabilities. Securities, cash and cash equivalents defined as restricted are not included when deducting liabilities with securities, cash and cash equivalents.

Net working capital is the capital tied up in inventories, trade receivables and trade payables including payables for owner milk.

Net working capital excluding owner milk is defined as capital that is tied up in inventories, trade receivables and trade payables excluding payables for owner milk.

NGOs stands for non-governmental organisations.

Non-GMO means non-genetically modified organisms, for example non-genetically modified feed crops for cows.

OCI is an abbreviation of other comprehensive income. OCI includes revenue, expenses, gains and losses that have yet to be realised.

OECD refers to the Organisation for Economic Cooperation and Development.

On-the-go refers to food consumed while on the go, and also to packaging solutions supporting this food consumption trend.

Other supported brands are brands other than Arla®, Lurpak®, Puck®, Castello® and Starbucks® chilled coffee that contribute to strategic branded volume-driven revenue growth.

Performance price for Arla Foods is defined as the pre-paid milk price plus Arla Foods amba's share of profit for the period divided by total member milk volume intake. It measures the value creation per kg of owner milk including retained earnings and supplementary payments.

PPA is an abbreviation of power purchase agreements which are contractual agreements between two parties, typically a power producer and a buyer, for the purchase and sale of electricity.

Pre-paid milk price is the cash payment farmers receive per kg of milk delivered during the settlement period.

Private label refers to retail brands which are owned by retailers, but produced by Arla based on contract manufacturing agreements.

Profit margin is a measure of profitability. It is the amount by which revenue from sales exceeds costs in a business.

Profit share is a measure of profit relative to revenue, calculated as Arla Foods amba' share of profit for the period divided by total revenue.

PPWR is an abbreviation of the Packaging and Packaging Waste Regulation. It refers to regulations aimed at managing the environmental impact of packaging and packaging waste, promoting recycling and reducing waste generation to protect the environment.

QEHS stands for Quality, Environmental, Health and Safety. It is a function within Arla's supply chain safeguarding the quality and safety of production.

Risk commodities refer to commodities that are associated with environmental, social and governance risks throughout their supply chains.

SBTi is an abbreviation of the Science Based Targets initiative that helps companies set greenhouse gas emission reduction targets aligned with climate science and the Paris Agreement, aiming to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C.

SCC is an abbreviation of somatic cell count.

SEA is an abbreviation of South-East Asia.

SMP is an abbreviation of skimmed milk powder.

Starbucks® chilled coffee (previously referred to as Starbucks™) is the updated term we use in the report to be more precise by specifying the product category. The scope remains unchanged.

Strategic brands are defined as products sold under branded products such as Arla®, Lurpak®, Castello®, Puck® and Starbucks® chilled coffee.

Strategic branded volume-driven revenue growth is defined as revenue growth associated with growth in volumes from strategic branded products while keeping prices constant. It is also referred to in the report as branded volume growth.

UNGP is an abbreviation of United Nations Guiding Principles on Business and Human Rights. These principles provide a global standard for preventing and addressing the adverse human rights impacts of business activities.

UN SDGs is an abbreviation of United Nations Sustainability Development Goals. The United Nations established these 17 goals in 2015 with the aim of providing a comprehensive framework to address various social, economic and environmental challenges and to guide global efforts towards sustainable development by 2030.

USD-related currencies are currencies which move in the same direction as the USD (i.e. when the USD depreciates against the EUR, the currency in question also depreciates against the EUR). Currencies in the MENA region are typical examples.

Value-added protein segment contains products with special functionality and compounds, compared to standard protein concentrates with a protein content of approximately 80%.

Volume-driven revenue growth is defined as revenue growth associated with growth in volumes while keeping prices constant.

WMP is an abbreviation of whole milk powder.

Corporate calendar 2026

FEBRUARY 25-26

Board of Representatives meeting

FEBRUARY 26

Publication of the consolidated annual report for 2025

MAY 20-21

Elections for the Board of Representatives

AUGUST 27

Publication of the consolidated half-year results for 2026

OCTOBER 1-2

Board of Representatitves meeting

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