Abridged version

# ANNUAL REPORT 2025

Arla
FEED LIFE™

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**Read the full annual report**

This is the abridged version of Arla's Annual Report for 2025, including letters from the Chair and CEO, performance review and key financial statements.

To read the full Annual Report in English with all data points, metrics and detailed explanations, go to arla.com – or simply scan the QR code.

CHAIR LETTER

# A competitive home for our milk

**DEAR FELLOW FARMER,**

**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.

**56.4**

**PERFORMANCE PRICE EUR-CENT/KG**

**2.2**

**SUPPLEMENTARY PAYMENT EUR-CENT/KG**

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.

**JAN TOFT NØRGAARD**
Chair of the Board of Directors


**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

CEO LETTER

# Dairy is more important than ever

**DEAR FARMER OWNER,**

**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

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

protein in the coming decades to feed a growing population. Dairy is a central part of the solution.

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.

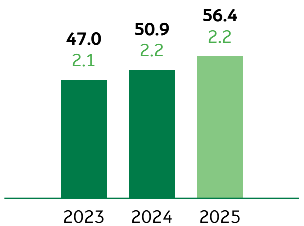
**PEDER TUBORGH**
CEO of Arla

# 2025 performance at a glance

**F26** Competitiveness

## 56.4

**PERFORMANCE PRICE**
**EUR-CENT/KG**

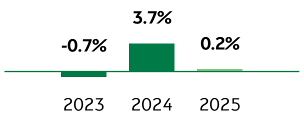



Supplementary payment

**F26** Value creation

## 0.2%

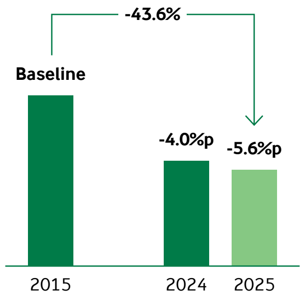
**STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH**




**F26** Sustainability

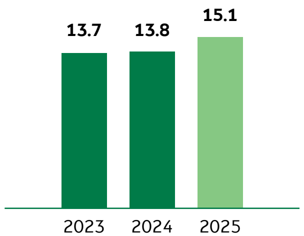
## -5.6%p

**SCOPE 1+2 EMISSIONS**
**DEVELOPMENT IN 2025**



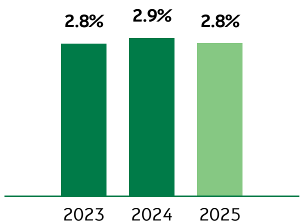

## 15.1

**REVENUE**
**EUR BILLION**



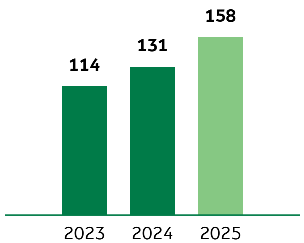

## 2.8%

**PROFIT SHARE[2]**
**OF REVENUE**




## 158

**NET EFFICIENCIES**
**EUR MILLION**




● Within guidance announced in our Half-Year Report 2025.

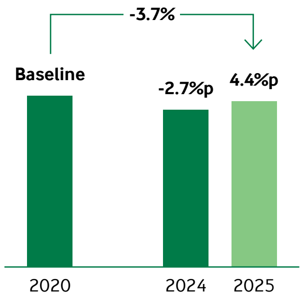
○ KPIs without target and guidance.

[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.*

**F26** Sustainability

# 4.4%p

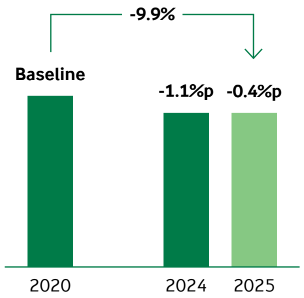
**SCOPE 3 FLAG EMISSIONS[1]**
**DEVELOPMENT IN 2025**




**F26** Sustainability

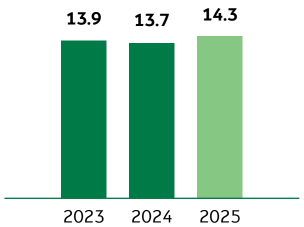
# -0.4%p°

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



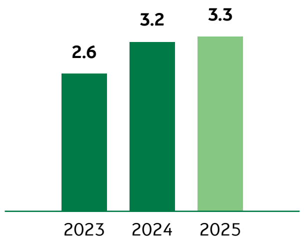

# 14.3°

**MILK VOLUME[3]**
**BILLION KG**




# 3.3°

**LEVERAGE**




# 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.*

**Read more**
To explore the details of the full Annual Report, scan here or go to arla.com.

| 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.*

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

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 ASSET 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

### 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.

### 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.

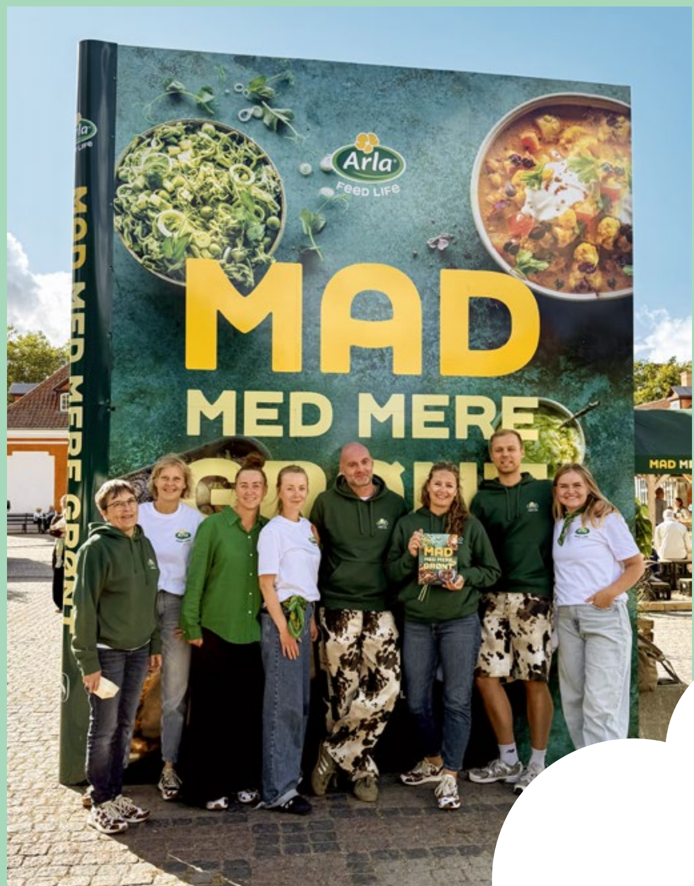
A desire to help change this has driven us to create a new global health strategy, which was developed and launched internally in 2025.

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.




**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.

### 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.

### 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.

# 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 significally 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.

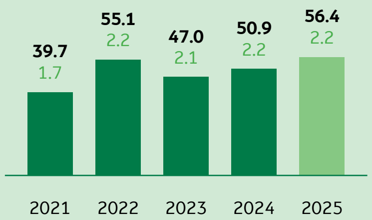
Elevated commodity prices in the first half also had a clear impact on our brand performance as well. Market movements shaped the trajectory of our brand volume-driven revenue growth, with high price levels constraining growth before momentum strengthened in the second half. Even so, our branded portfolio 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.

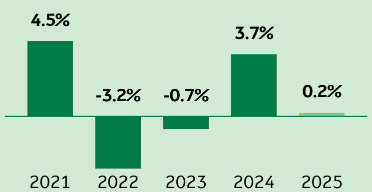
**TORBEN DAHL NYHOLM**
CFO of Arla

F26
## 56.4
**PERFORMANCE PRICE**
**EUR-CENT/KG**

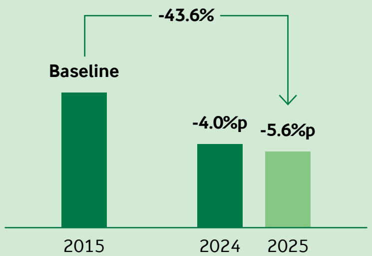



Supplementary payment

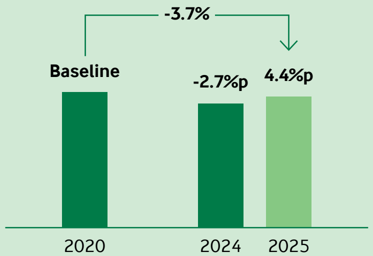
F26
## 0.2%
**STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH**




F26
## -5.6%p
**SCOPE 1+2 EMISSIONS**
**DEVELOPMENT IN 2025**

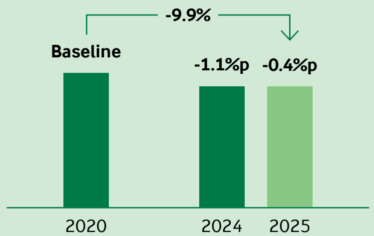



F26
## 4.4%p
**SCOPE 3 FLAG EMISSIONS[1]**
**DEVELOPMENT IN 2025**




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

F26
## -0.4%p
**SCOPE 3 OWNER MILK EMISSIONS PER KG OF MILK**
**DEVELOPMENT IN 2025**



# 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].

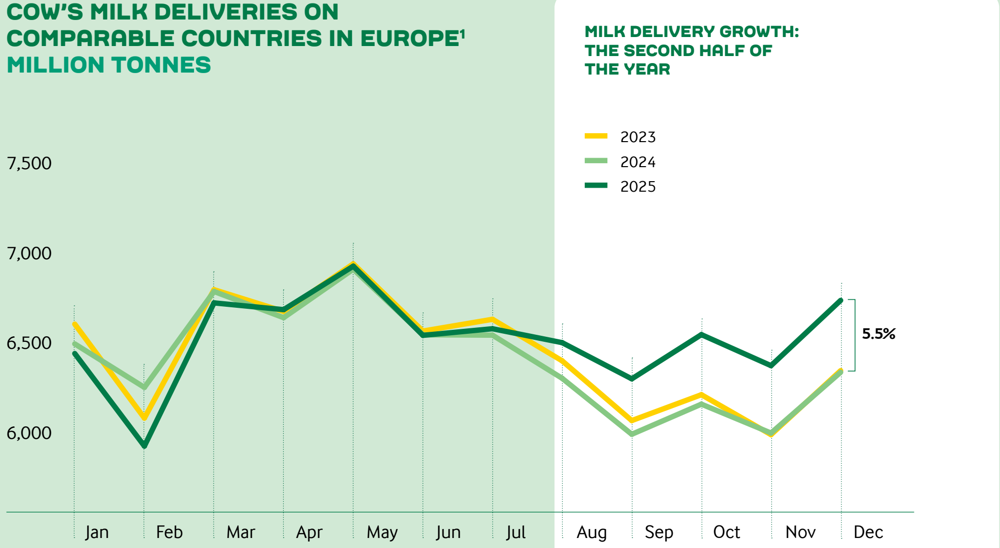
### Strong wage sustained demand

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 supported firm

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

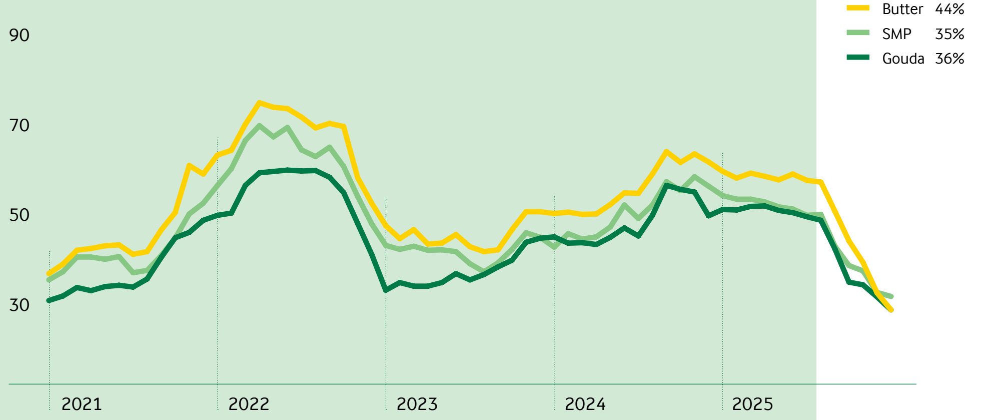



*Source: CLAL*

*[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.*

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 Deforestation 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.

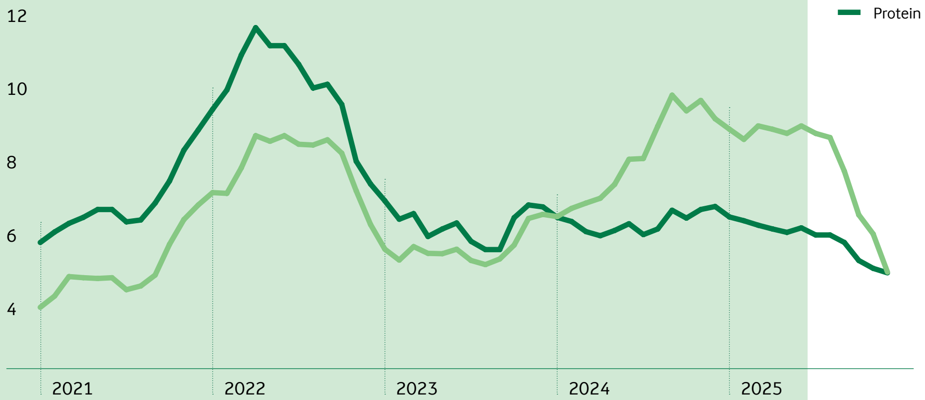
*[1] Source: IMF, World Economic Outlook, October 2025*
*[2] Source: ECB*
*[3] Source: CLAL*

### 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**

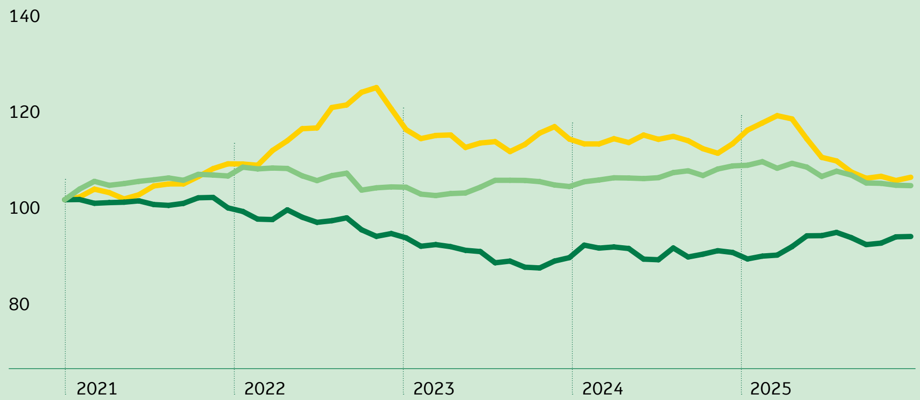
| | |
|---|---|
| Fat | 42% |
| Protein | 17% |




*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.**

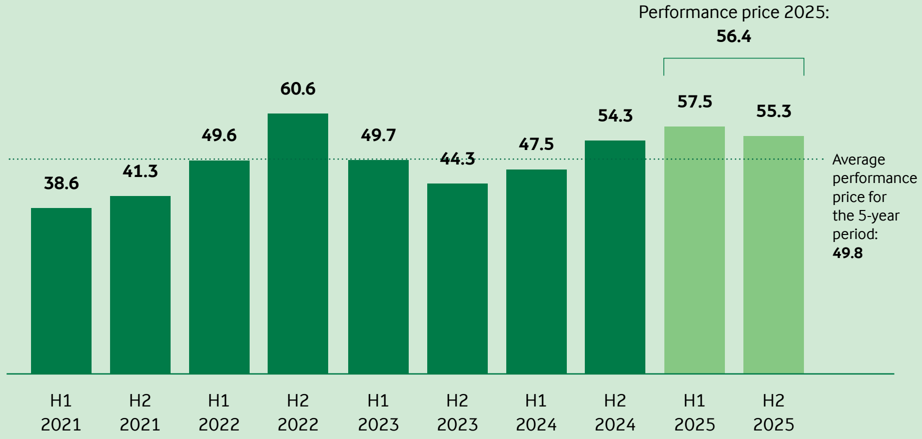
### Milk prices remained firm before declining in the second part of the year

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.

### 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

**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.

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

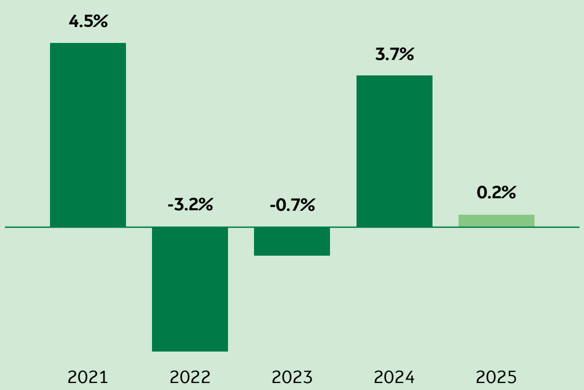
Cash flow from operating activities was EUR 862 million (2024: EUR 652 million), representing an improvement of EUR 210 million compared to last year. EBITDA improved EUR 47 million, while net working capital and other adjustments to the operational cash flow improved by EUR 163 million compared to last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

### Investing for future growth

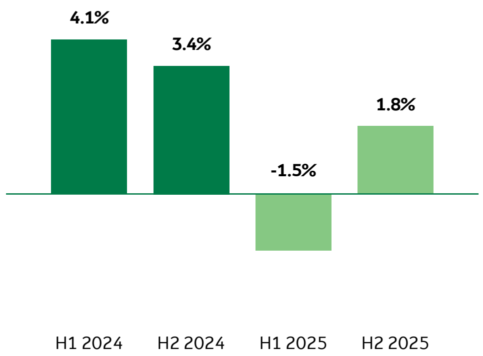
We have continued to invest in significant projects to support future growth within our strategic business areas. This year, our total investments, including intangibles, property, plant and equipment as well as right-of-use assets, totalled EUR 731 million, compared to EUR 763 million in 2024.

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.

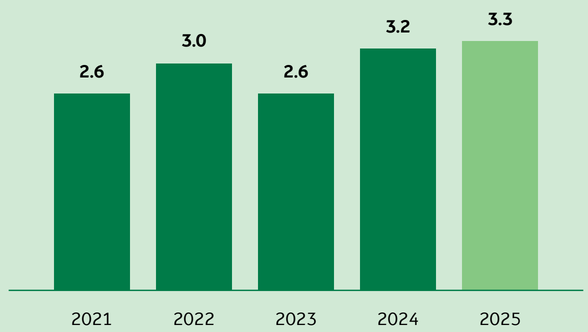
**STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH**

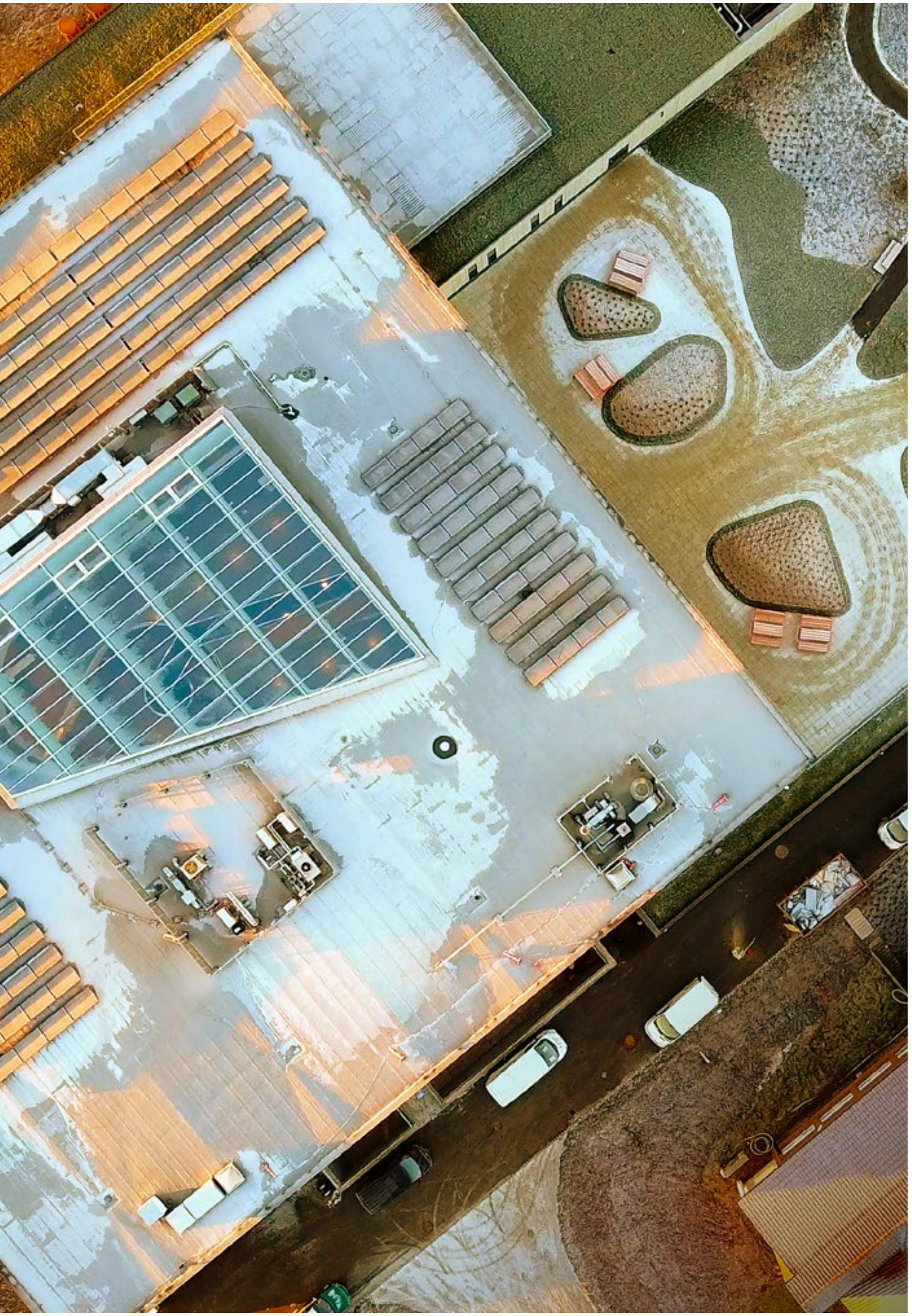



**STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH HALF-YEAR VIEW (2024-2025)**




**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.

## 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.

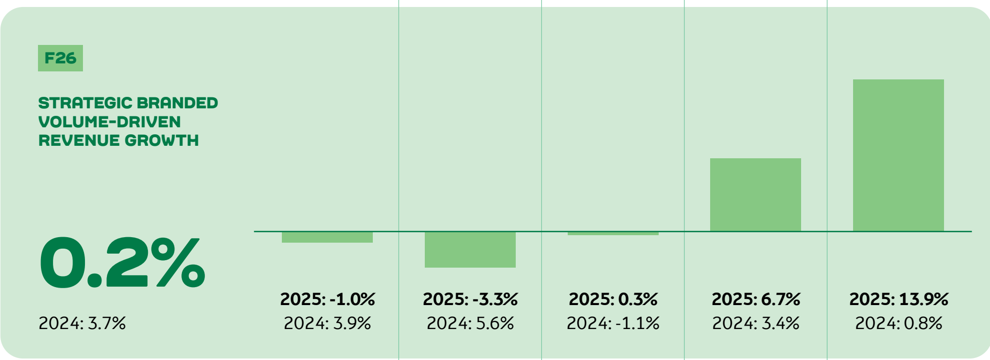
In 2025, we also launched a new health strategy focused on improving the health profile of our product portfolio. To track progress, we introduced a new KPI based on the Health Star Rating methodology. We have an ongoing target of 80% of our branded products qualifying as being healthy, and in 2025 we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

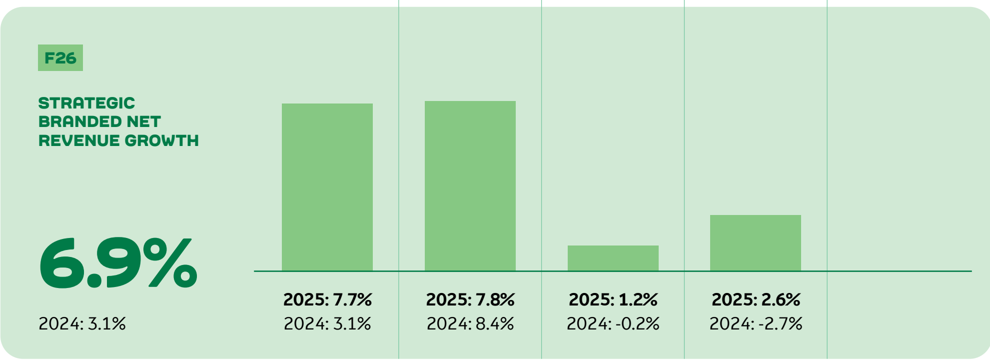
PERFORMANCE OVERVIEW

# Global brands

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

## OUR BRANDS




## 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.**

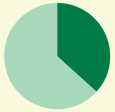
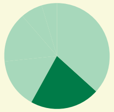
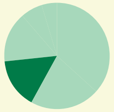
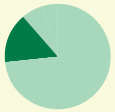
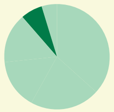
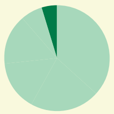
IIn 2025, revenue in Europe increased by 7.9% to EUR 8,704 million (2024: EUR 8,066 million), driven primarily by higher average price levels. While this pricing environment weighed on branded volume-driven growth, which declined by 0.8%, performance followed a varied trajectory. Early headwinds from 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%**<br>2024: -0.2% | **-3.2%**<br>2024: 7.6% |  | **EUR 3,207 million**<br>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%**<br>2024: 3.6% | **-2.9%**<br>2024: 2.0% |  | **EUR 1,849 million**<br>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%**<br>2024: -1.3% | **1.8%**<br>2024: 0.5% |  | **EUR 1,336 million**<br>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%**<br>2024: 1.5% | **-0.3%**<br>2024: 7.0% |  | **EUR 1,333 million**<br>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%**<br>2024: 4.1% | **10.9%**<br>2024: 7.4% |  | **EUR 568 million**<br>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%**<br>2024: 2.4% | **-1.1%**<br>2024: 6.9% |  | **EUR 411 million**<br>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.

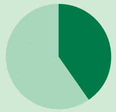
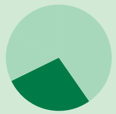
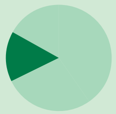
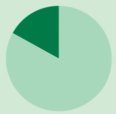
**1.0%**
**REVENUE GROWTH**
2024: -1.5%

**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 million[1]), 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] | 79.8% | 1,452 | 9.6% |
|---|---|---|---|
| **GROWTH OF THE VALUE-ADD SEGMENT** | **VALUE-ADD SHARE** | **REVENUE EUR MILLION** | **SHARE OF TOTAL ARLA REVENUE** |
| 2024: 5.6%[2] | 2024: 79.5%[2] | 2024: 1,015 | 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% | 30.6% | 2,450 | 16.3% |
|---|---|---|---|
| REVENUE GROWTH | MILK SOLIDS SOLD THROUGH GIS | REVENUE EUR MILLION | SHARE OF TOTAL ARLA REVENUE |
| 2024: -0.1% | 2024: 24.8% | 2024: 2,254 | 2024: 16.3% |

# 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 net profit 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** |

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To explore the details of the full Annual Report, scan here or go to arla.com.

# 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 EURcent/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.

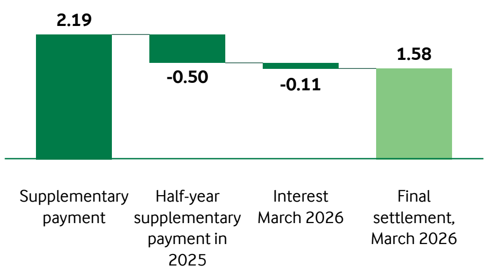
### RETAINMENT

| | | |
|---|---|---|
| **0.87** EUR-cent/kg | | **119** mEUR |
| Individual capital | 0.31 | 43 |
| Common capital | 0.56 | 76 |

### SUPPLEMENTARY PAYMENT

| | | |
|---|---|---|
| **2.19** EUR-cent/kg | | **296** 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 in the Annual Report 2025 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 | 1,655 | 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%** |

| (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%** |

# 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** |

# 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 expent 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.*

**Read the full annual report**

This is the abridged version of Arla's Annual Report for 2025, including letters from the Chair and CEO, performance review and key financial statements.

To read the full Annual Report in English with all data points, metrics and detailed explanations, go to arla.com – or simply scan the QR code.

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