CONSOLIDATED

HALF-YEAR REPORT 2025

Honouring 25 years of cooperation
The celebration brought together Arla's boards, leadership team, special guests and former employees who shaped our journey and the historic merger.

ON THE FRONT PAGE

The front page features several members of Arla's Board of Representatives (BoR) gathered in Halmstad, Sweden, for Arla's 25th anniversary celebration.

MARKING 25 YEARS OF COOPERATIVE STRENGTH

In mid-June, we held a celebration to mark the union of MD Foods Denmark and Arla Sweden – a cross-border, farmer-owned cooperative merger that took place in 2000, laying the foundation for the Arla Foods we know today.

The event provided an opportunity to honour the achievements of the past 25 years and to recognise the commitment that continues to drive Arla's journey towards shaping the future of dairy.

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Our consolidated half-year report is an interim account of the company's financial performance. It includes our condensed interim consolidated financial statements.

For more information about Arla, please visit **www.arla.com**

MID-YEAR IN FOCUS

ARLA® PROTEIN

Targeting consumers with active lifestyles, Arla® Protein, featuring a high-protein, low-sugar and low-fat offering, achieved a 6.7% increase in volume-driven revenue in the first half of 2025.

25 YEARS OF COOPERATIVE RESILIENCE AND VALUE CREATION

In the first half of 2025, we marked our 25th anniversary as a cross-border farmer-owned cooperative by delivering a solid performance that reflects the enduring strength of our cooperative model and the dedication of our farmer owners and colleagues. Against a backdrop of continued market volatility, we achieved results in line with expectations, made significant investment decisions for our future and continued to lead the transition to more sustainable dairy.

With revenue of EUR 7.5 billion, a net profit of EUR 158 million and a solid performance price of 57.5 EUR-cent/kg, we were able to maintain a competitive milk price for our owners. Based on this solid performance, the Board of Directors (BoD) has decided to make a half-year supplementary payment of 1 EUR-cent/kg of milk delivered.

The market environment remained challenging in the first half of the year. High commodity prices and geopolitical uncertainty continued to weigh on consumer sentiment, resulting in a modest decline in branded volumes. Yet the decline was smaller than expected, underscoring the strength of our brands in a market where the private label share continues to grow. Across our business, our people's commitment and agility have allowed us to continue delivering nutritious dairy products to customers and communities throughout our markets.

Our performance was further supported by strong results in our ingredients business, enabled by the successful integration of the Volac Whey Nutrition business acquisition. This integration strengthened our market position at a time of high demand for sports nutrition products.

Laying the foundation for the next 25 years

In the first half of the year, we made several major decisions on future investments that will support long-term growth and reliability across our value chain. These decisions reflect our continued commitment to strengthening our cooperative and ensuring we can meet the evolving needs of customers and consumers.

Among the key projects are investments to expand UHT milk production in the UK, increase cream cheese capacity at our Holstebro site in Denmark and enhance skyr production in Linköping, Sweden, to meet growing demand for high-protein, low-fat dairy. Each of these initiatives reinforces our ability to deliver high-quality products and contribute to food security in our markets.

In June 2025, the Boards of Representatives (BoR) of Arla Foods and DMK Group approved a plan to merge our two cooperatives. This strategic step reflects our shared commitment to delivering more value to our farmer owners, while building a stronger and more resilient European dairy sector. The merger now enters regulatory review which is expected to conclude in the first half of 2026.

Accelerating sustainability through partnership

As we continue to advance our climate ambitions, the FarmAhead™ Customer Partnership has become a key lever for accelerating on-farm sustainability.
In the first half of 2025, we expanded the programme to include new customers, including a Danish collaboration focused on retiring carbon-rich lowland soils – an initiative that contributes both to emission reductions and to biodiversity.

Across our markets, nearly 4.5 billion kg of milk is included in the programme.

FarmAhead™ Technology continues to empower our farmer owners with data-driven tools to measure and improve their climate performance. Together, these efforts are helping us stay on track towards our 2030 target of reducing on-farm emissions by 30% per kg of milk and whey.

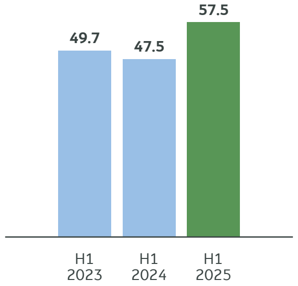
Looking ahead

As we enter the second half of our anniversary year, we remain focused and anticipate ongoing uncertainty in the dairy market due to rising global production and strong demand. Branded growth expectations for the full year have been revised to indicate stable performance. Our revenue outlook remains firm, with expected efficiency savings continuing to support both our financial position and strategic delivery.

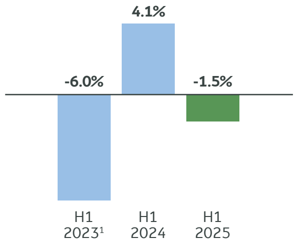
25 years after Swedish Arla and Danish MD Foods came together, our cooperative remains as relevant and resilient as ever. We will continue to navigate change with purpose, building on our foundation to deliver healthy food, sustainable dairy and long-term value for our customers, farmer owners, employees and society.

PERFORMANCE AT A GLANCE

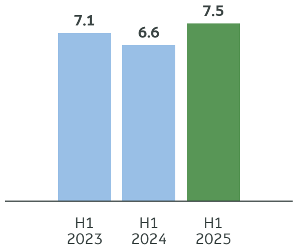
57.5
PERFORMANCE PRICE
EUR-CENT/KG



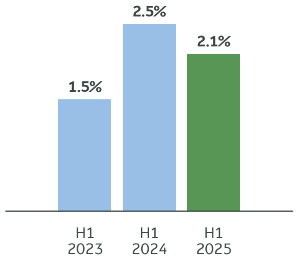
-1.5%
STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH



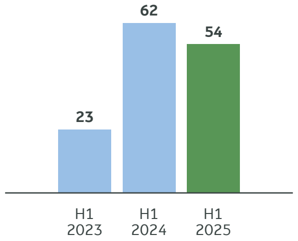
7.5
REVENUE
EUR BILLION



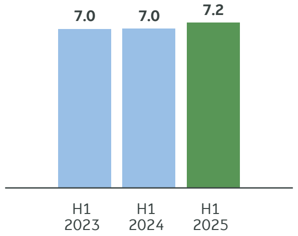
2.1%
PROFIT SHARE[2]
OF REVENUE



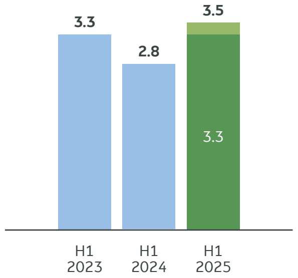
54
NET EFFICIENCIES
EUR MILLION



7.2
MILK VOLUME[3]
BILLION KG



3.5
LEVERAGE[4]



[1] H1 2023 was -5.1% excluding Russia, which was divested in H1 2022.
[2] Based on profit allocated to owners of Arla Foods amba.
[3] Standardised milk: 4.2% fat and 3.4% protein. The milk volume includes both owner milk and other milk.
[4] Leverage adjusted for the temporary effect of mergers & acquisitions (M&As) in the half year was 3.3.

ARLA® PRO
Our foodservice brand, Arla® Pro, continues to serve as a dairy partner to chefs and foodservice businesses worldwide, as reflected in its 7.4% volume-driven revenue growth during the first half of 2025.

HIGHLIGHTS

IN THE FIRST HALF OF 2025, WE MARKED A NEW CHAPTER WITH THE APPROVAL OF A MERGER, CELEBRATED OUR 25TH ANNIVERSARY AND WELCOMED NEW EMT MEMBERS.

ARLA AND DMK GROUP AGREED TO PROCEED WITH THE PROPOSED MERGER

On 18 June 2025, the BoR of Arla Foods and DMK Group approved the proposed merger between the two cooperatives, setting the stage for a new era in European dairy. The merger, which remains subject to regulatory review, is expected to conclude in the first half of 2026.

Proposal approved
Relevant democratic bodies of Arla and DMK Group approved the planned merger, pending regulatory review, expected to conclude in the first half of 2026.

The combined cooperative will benefit from an expanded product portfolio, a wider international reach and enhanced capacity for innovation, supporting Arla's ongoing efforts to provide natural, nutritious dairy products and to drive progress in sustainable production and responsible food value chains.

The approval reflects the strong support among farmer owners for a merger designed to deliver long-term value, resilience and growth opportunities for members. The integration will also reinforce Arla's cooperative foundation and commitment to supporting the next generation of dairy farmers, contributing to sustainable food systems.

Until regulatory clearance is obtained, Arla Foods and DMK Group will continue to operate as independent groups. Following completion, the merged business will be headquartered in Viby, Denmark, with a leadership structure designed to ensure continuity and effective integration.

25TH ANNIVERSARY

This year, Arla Foods celebrates 25 years as a cross-border, farmer-owned dairy cooperative – a milestone that highlights both our heritage and ongoing development.

With roots stretching back to the 1880s, our cooperative model is built on the principles of solidarity and democracy. Today, Arla is owned by over 7,500 farmers across Europe and their commitment and involvement continue to shape our future.

As we mark our anniversary during the United Nations' International Year of Cooperatives, we continue to honour this milestone together with our farmer owners, while maintaining our focus on collaboration, innovation and sustainable dairy farming. We remain committed to our vision of creating the future of dairy to bring health and inspiration to the world, naturally – providing essential nutrition and contributing positively to society, dedicated to delivering value for owners, colleagues, customers and consumers to support a sustainable future for dairy.

Shaped by cooperative roots
Driven by farmer ownership since the 1880s, our farmer owners continue to shape our cooperative's future across Europe.

NEW EMT MEMBERS

In the first half of 2025, we welcomed two new members to the Executive Management Team: Mark Boot, who leads the Europe zone, and Lillie Li Valeur for the International zone. Mark, who joined Arla in 2016, oversaw the business in Southeast Asia (SEA) as well as in the Netherlands, Belgium and France. With over 20 years at Arla, Lillie led the German market as well as the Global Milk-Based Beverages (MBB) business and played a significant role in expanding operations in China, SEA and Africa.

Mark Boot

Lillie Li Valeur

PERFORMANCE REVIEW

ARLA® SKYR

Arla® Skyr, recognised for its naturalness, high protein content, low fat and creamy texture, achieved 9.6% volume-driven revenue growth during the first half of 2025.

EXTERNAL MARKET TRENDS

GEOPOLITICAL TENSIONS INTENSIFIED IN THE FIRST HALF OF 2025. MEANWHILE, WITHIN THE DAIRY INDUSTRY, THE HIGH MILK PRICE LEVELS SEEN IN THE LATTER PART OF 2024 PERSISTED.

Geopolitical volatility and uncertainty intensified

The ongoing war in Ukraine and the conflict between Israel and Hamas continued through the first half of 2025, alongside a recent escalation between Israel and Iran.

In addition, global markets faced significant volatility and uncertainty due to the new United States (US) administration's economic and foreign policies, particularly with unpredictable tariff and trade measures.

Strong purchasing power in Europe
Driven primarily by easing inflation and rising wages.

Consumer purchasing power and spending trends

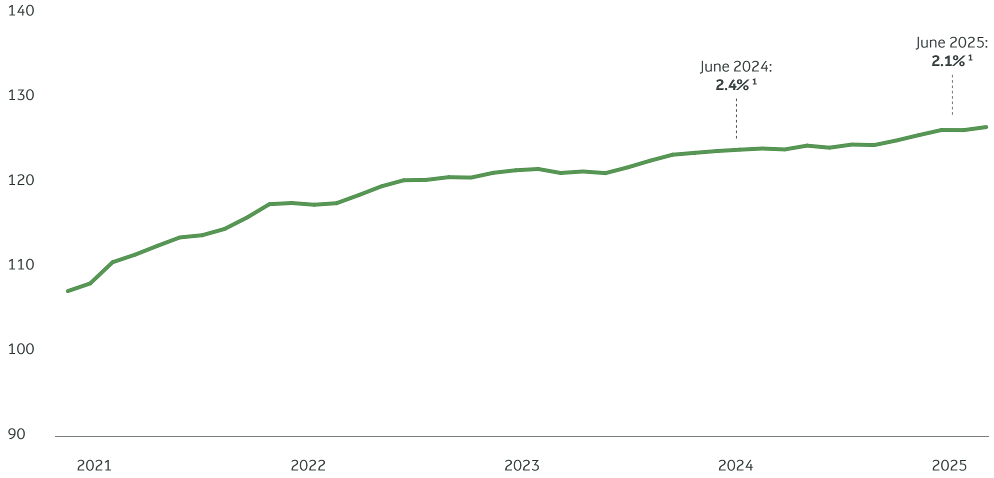
Consumers experienced increased purchasing power as inflation and living expenses eased and salary levels improved in Europe. However, ongoing exposure to external challenges, such as global market uncertainty, continued to affect spending behaviour.

Inflationary pressure maintained its easing trajectory

Inflation gradually eased in the first half of 2025 as supply conditions improved. European inflation is expected to fall close to pre-pandemic levels, reaching 2.1%, down from 2.4% in 2024; moderate inflation is seen in the categories of packaging, ingredients and wages. However, higher inflation levels are likely to persist outside of Europe, mainly in Africa and the Middle East. As a result, global inflation is projected to reach 4.3% compared to 5.7% in 2024[1]. The inflation projections for 2025 are significantly exposed to developments in tariff and trade conflicts.

[1] IMF, April 2025.

European Harmonised Consumer Price Index (HCPI)
(Indexed vs. January 2021)



Source: Eurostat and IMF

Moderate slowdown in economic growth

Rising tariffs and trade disputes have impacted global trade and investment. While the world economy remained resilient and inflation eased, these issues resulted in lower economic growth projections. Global real gross domestic product (GDP) growth is expected to decline to 2.8% in 2025 (2024: 3.3%)[1], largely due to a projected slowdown in US growth to 1.8% (2024: 2.8%). In Europe, real GDP growth is expected to remain stable at 0.8% in 2025 (2024: 0.9%)[1]. Similar to inflation, the outlook for economic growth in 2025 depends on developments in tariff and trade disputes, which could further slow down economic growth.

A slight rise in dairy demand

European consumers' purchasing power remained strong throughout the first half of 2025. This supported a slight rise in dairy consumption, with European sales volumes up by 0.4%. Growth was driven by increases in the protein, gut health, skyr/quark and MBB categories, while volumes of butter, spreads and margarine (BSM) decreased. Both branded and private label products experienced similar trends, indicating that consumers did not shift from branded labels to private label offerings.

High dairy commodity prices

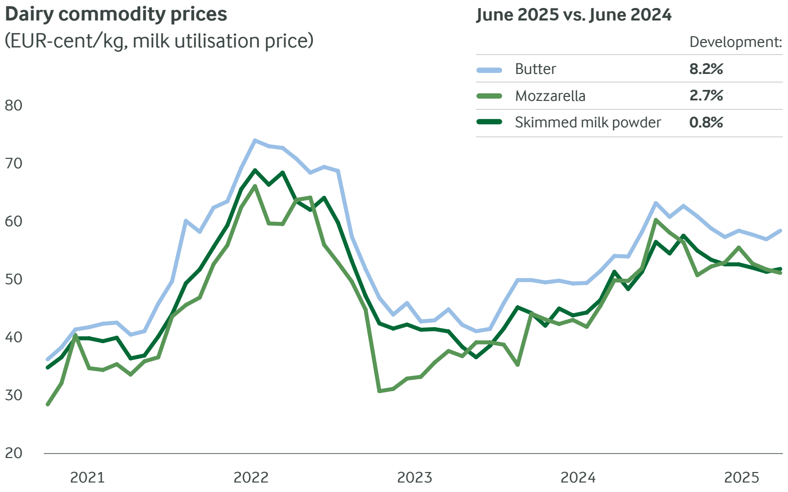
In the second half of 2024, dairy commodity prices rose, driven by stronger consumer purchasing power and supply constraints as a result of regulatory uncertainty. However, in the first half of 2025, we saw a more balanced dairy commodity market, as milk supply increased, mainly due to favourable weather conditions. This resulted in prices remaining relatively stable, but at a higher level than during the same period of 2024. The increase in price was mainly driven by higher dairy fat prices, which went up as a result of limited supply and strong demand for fat-rich products such as cheese and butter. As a result, dairy fat prices were 11.2% higher in June 2025 compared to June 2024 and up 60% compared to June 2023. The higher prices resulted in volume pressure on products with a high fat content. Meanwhile, dairy protein prices remained relatively unchanged.

Moderate currency development

In the first half of 2025, Arla's key currencies strengthened compared to the same period last year. The Swedish krona (SEK) rose by 2.8% and the British pound (GBP) by 1.5%, while the US dollar (USD) weakened, dropping by 1.0%. This decline was driven by a negative in-year trend, with the USD decreasing by 9.2% between December 2024 and June 2025. Although the SEK improved over the period, it remained at a relatively weak level in a historical context, continuing to present a structural challenge.

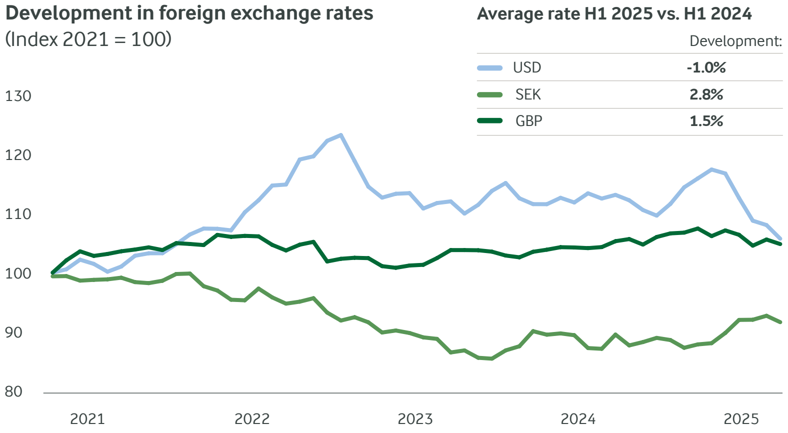
High dairy commodity prices
Dairy fat prices rose by 11.2% in June 2025 compared to June 2024.

Dairy commodity prices
(EUR-cent/kg, milk utilisation price)



Source: Global Dairy Trade, Trigona Dairy Trade and ZMB

Development in foreign exchange rates
(Index 2021 = 100)



Source: Bloomberg

[1] IMF, April 2025.

PERFORMANCE OVERVIEW

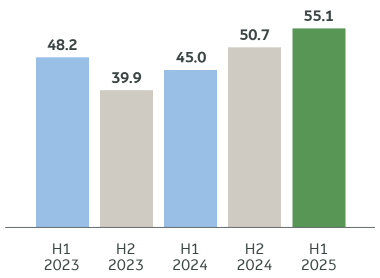
IN THE FIRST HALF OF 2025, WE DELIVERED RESULTS IN LINE WITH EXPECTATIONS, MAINTAINED A COMPETITIVE MILK PRICE AND INITIATED INVESTMENT IN MAJOR PROJECTS WHILE ADVANCING OUR SUSTAINABILITY AGENDA.

Performance price remained stable, but at a higher level than in 2024

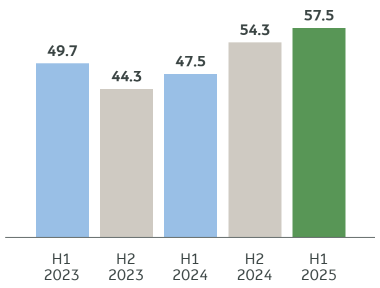
In the first half of 2025, our pre-paid milk price increased by 22.6% to 55.1 EUR-cent/kg compared to 45.0 EUR-cent/kg in the first half of 2024.

Our performance price, which measures the value we add to each kg of our owners' milk, increased by 21.0% to 57.5 EUR-cent/kg, up from 47.5 EUR-cent/kg in the first half of 2024, thereby maintaining our competitive position and helping to offset elevated on-farm cost pressures. These increases were mainly driven by the rise in dairy commodity prices in late 2024, which also led to higher retail and foodservice prices. Following this, commodity price levels stabilised, resulting in both pre-paid milk and performance prices remaining stable in the first half of 2025, with a notable increase compared to the previous year.

Standard pre-paid milk price
(EUR-cent/kg)



Performance price
(EUR-cent/kg)



Our performance was enhanced by efficiencies achieved through our Fund Our Future agenda and by strong results in our ingredients business, Arla Foods Ingredients (AFI), underpinned by the successful integration of the Volac Whey Nutrition business acquisition in late 2024. This acquisition has strengthened our market position and, when combined with high demand for sports nutrition and our ability to deliver to the market, has resulted in a strong performance from AFI.

Revenue increased following higher commodity and commercial dairy price levels

Revenue in the first half of 2025 increased by 13.0% to EUR 7.5 billion from EUR 6.6 billion in the first half of 2024. This historically high revenue was expected, given the higher commodity prices in the second half of 2024 and subsequent increases in retail and foodservice prices. Price increases contributed EUR 728 million to revenue, primarily from higher commercial prices

Revenue growth
Our revenue reached EUR 7.5 billion, a 13.0% increase due to higher commodity and commercial dairy prices.

PUCK®

The cooking cream category of Puck® continues to lead the brand's growth, adding the finishing touch to delicious meals. In the first half of 2025, the Puck® brand achieved 2.9% volume-driven revenue growth.

in both European and International markets, as well as AFI. Volume/mix effects impacted revenue negatively by EUR -41 million, driven by lower volumes in retail. This was partly offset by increased volumes in Global Industry Sales (GIS), resulting from a 2.3% rise in overall milk intake driven by better weather conditions and improved farm-gate milk prices. We also saw a positive volume/mix impact from ingredients volumes in AFI, led by high demand for protein products and our acquisition of the Volac Whey Nutrition business. Currency movements contributed EUR 21 million to revenue, mainly due to the strengthening of the GBP and SEK.

Net profit on track to meet full-year target
In the first half of 2025, we achieved a net profit of EUR 158 million (2.1% of revenue), compared to EUR 167 million (2.5% of revenue) in the same period of 2024. Net profit is on course to reach our full-year target range of 2.8-3.2%. Supported by our solid financial position, the BoD has decided to make a half-year supplementary payment of 1 EUR-cent/kg of milk delivered as planned.

Branded volume-driven revenue growth under pressure
As expected at the beginning of the year, branded volume-driven revenue growth came under pressure in the first half of 2025, reflecting high commercial dairy prices and a strong growth baseline from the first half of 2024. As a result, strategic branded volume-driven revenue declined by 1.5% compared to an increase of 4.1% in the same period of 2024. We expect an improvement in the second half of 2025 and anticipate ending the year with neutral branded volume-driven revenue growth for the full year.

Branded volume-driven revenue growth was mostly under pressure in Europe with a decrease of 2.4%, while our International business achieved modest growth of 0.4%. Our Lurpak® brand experienced the largest volume-driven revenue decline at 4.0%, mainly due to higher fat prices affecting the butter and blends category. By contrast, Starbucks™ delivered strong volume-driven revenue growth of 17.4%, supported by a well-received launch in Belgium and France. Foodservice continued its relatively strong momentum, achieving a 1.7% increase in branded volume-driven revenue, whereas retail volumes declined by 2.1%.

Higher branded price levels, driven by increased commodity prices, more than offset the lower branded volumes. This led to a 7.6% increase in branded revenue in the first half of 2025 compared to the same period last year, making it a significant driver of our overall revenue growth.

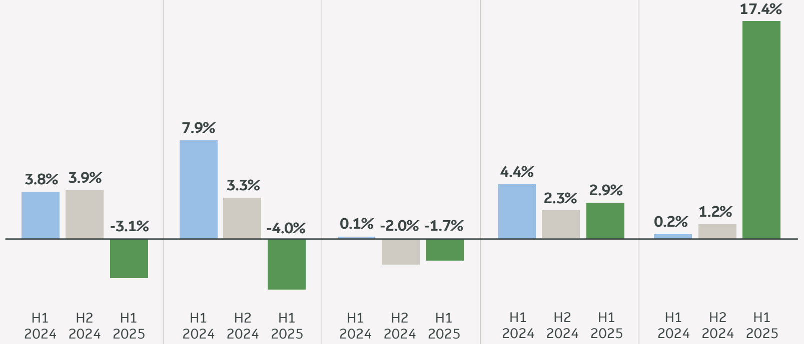
Total

Our global brands

F26 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH

-1.5%

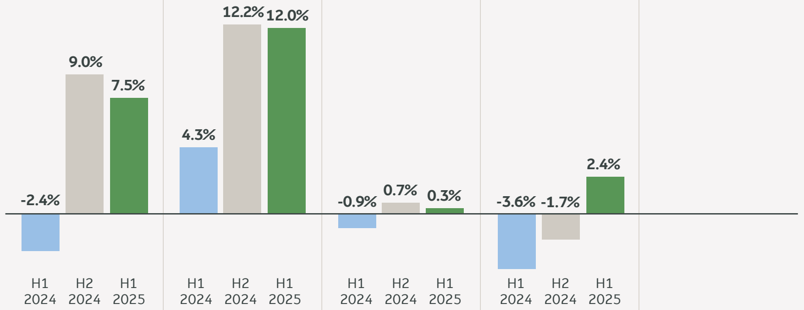
H2 2024: 3.4%
H1 2024: 4.1%



F26 STRATEGIC BRANDED NET REVENUE GROWTH

7.6%

H2 2024: 7.9%
H1 2024: -1.6%



LURPAK®

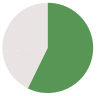
Lurpak® experienced -4.0% volume-driven revenue growth in the first half of 2025. It remains a favourite in more than 100 markets, as food lovers continue to enjoy its quality for various culinary creations.

EUROPE

Strategic branded volume-driven revenue growth **-2.4%**
H2 2024: 3.2%
H1 2024: 5.1%

Revenue growth **10.9%**
H2 2024: 8.1%
H1 2024: -5.7%

Arla's total revenue



H1 2025:
EUR 4,267 million

In our Europe zone, revenue increased by 10.9% to EUR 4,267 million compared to EUR 3,849 million in the first half of 2024. This was mainly driven by higher price levels, as retail and foodservice prices rose as a result of increasing commodity prices, particularly in the fourth quarter of 2024 and the first quarter of 2025.

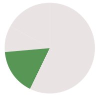
The robust global dairy price levels negatively affected branded volume growth in the first half of 2025. Branded volume growth declined by 2.4% compared to an increase of 5.1% in the same period of 2024. The impact was particularly notable in the BSM category, which recorded an 8.3% decrease. In contrast, we continued to see growth in the skyr/quark and MBB categories, with the latter benefiting from the successful launch of Starbucks™ by Arla in Belgium and France. The decreased volume in the BSM category particularly affected Sweden and our UK business, which was the main driver behind a total branded volume decrease of 4.9% and 4.7%, respectively, while our Netherlands, Belgium and France cluster maintained momentum, achieving 5.8% growth.

INTERNATIONAL

Strategic branded volume-driven revenue growth **0.4%**
H2 2024: 4.0%
H1 2024: 2.0%

Revenue growth **0.9%**
H2 2024: 0.9%
H1 2024: -3.9%

Arla's total revenue



H1 2025:
EUR 1,206 million

In our International zone, revenue grew by 0.9% to EUR 1,206 million compared to EUR 1,195 million in the first half of 2024, despite a negative impact on revenue from currency developments, mainly the USD. The revenue growth was primarily driven by higher price levels, with an additional contribution from volume-driven growth of 0.4%.

The highest growth rate was seen in SEA, which recorded a 3.1% increase in branded volume-driven revenue. Meanwhile, both our Rest of World and Middle East and North Africa regions achieved growth of 1.9%, with the latter showing resilience despite ongoing geopolitical turbulence in the region. China experienced a decrease of 33.7% due to the discontinuation of two of our three Early Life Nutrition (ELN) brands as well as an adverse volume impact from milk cost differences between Europe and Oceania. At brand level, Puck® achieved strategic branded revenue growth of 2.7%, while the Starbucks™ brand delivered a strong increase of 12.3%.

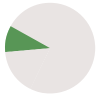
For our International business, it remains important to manage increased uncertainty in global trade and economic challenges in emerging markets, as well as the ongoing differences in milk costs between Europe and Oceania.

ARLA FOODS INGREDIENTS (AFI)

Growth of value-add segment **37.3%**
H2 2024: 0.3%
H1 2024: 11.9%

Revenue growth **53.7%**
H2 2024: 20.5%
H1 2024: -7.9%

Arla's total revenue



H1 2025:
EUR 726 million

Revenue in AFI was up by 53.7% to EUR 726 million in the first half of 2025, compared to EUR 473 million in the same period of 2024. This increase was fuelled by our acquisition and impactful integration of the Volac Whey Nutrition business, high market prices for both commodities and value-added products, as well as strong demand for dairy proteins. The Volac Whey Nutrition business acquisition contributed EUR 137 million (18.9%).

The robust demand and the Volac Whey Nutrition business acquisition resulted in value-added protein product growth of 37.3% and an increase in total value-add share from 81.1% in the first half of 2024 to 82.9% in the first half of 2025. The improved value-add share was mainly explained by increased valorisation of whey proteins at Danmark Protein.

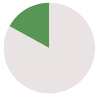
The reprioritisation of production capacities at the Arinco site from ELN production to ingredients production remained a key focus during the first half of 2025, with full implementation anticipated in early 2026. The transition also means that Arla, in the future, will source ELN products via a third-party manufacturer.

GLOBAL INDUSTRY SALES (GIS)

Milk solids sold through Global Industry Sales **28.5%**
H2 2024: 23.7%
H1 2024: 25.8%

Revenue growth **14.8%**
H2 2024: 13.1%
H1 2024: -11.1%

Arla's total revenue



H1 2025:
EUR 1,255 million

In the first half of 2025, revenue in GIS rose by 14.8% to EUR 1,255 million, up from EUR 1,092 million in the same period of 2024.

This growth was mainly a result of higher trading volumes, which were prompted by lower retail demand in our Europe and International zones, combined with increased milk intake from our farmer owners following the higher price levels paid. Additionally, we saw a positive impact on revenue from higher commodity prices, particularly for fat-rich products such as butter and yellow cheese. As a consequence of the increased trading volumes, the proportion of milk solids sold through the GIS business rose to 28.5%, up from 25.8% in the previous year.

STARBUCKS TRIPLESHOT™ ESPRESSO

Ideal for busy days when served chilled or over ice, our Starbucks Tripleshot™ Espresso performed very well in boosting Starbucks' overall volume-driven revenue growth, which reached 17.4% in the first half of 2025.

Fund our Future: Efficiency savings on track

Our transformation and efficiency programme, Fund our Future, delivered as expected in the first half of 2025 with net savings of EUR 54 million compared to EUR 62 million in the first half of 2024. Together with strong initiatives planned for the second half of 2025, our efficiency programme is now expected to deliver results above the full-year outlook.

Our financial position

Leverage increased to 3.5 compared to 2.8 in the first half of 2024. The ratio, excluding temporary effects from M&As (mainly the Volac Whey Nutrition business in AFI, which increased our net interest-bearing debt level), was 3.3. The underlying increase was driven by higher net working capital, primarily due to the effect of higher milk prices. The underlying ratio is considered to be a robust financial position and within our target range of 2.8 to 3.4.

Operating cash flow

Cash flow from operating activities increased to EUR 158 million in the first half of 2025 compared to EUR 115 million in the first half of 2024. The higher EBITDA was partially offset by a higher level of net working capital driven by prices.

Net interest-bearing debt

Net interest-bearing debt, including pension liabilities, increased to EUR 3,960 million compared to EUR 3,325 million in June 2024. Excluding pensions, net interest-bearing debt increased by EUR 636 million compared to 30 June 2024. The development was driven by the acquisition of the Volac Whey Nutrition business late in 2024, investments in our dairies and warehouses and net working capital.

The average maturity of debt decreased to 5.2 years from 5.4 years in the first half of 2024. Average interest expenses, excluding pensions, were 3.3% compared to 4.5% in the first half of 2024 due to a lower interest level of new loans obtained.

Investments

We continued to invest in significant projects to support future growth within our strategic business areas. Investments in intangible assets, property, plant and equipment, including right-of-use assets, for the first half of the year amounted to EUR 309 million compared to EUR 336 million in the first half of 2024. Some of our major investments were conducted to increase MBB and butter capacity in Denmark, cheddar and mozzarella capacity in the UK and growth-supporting investments at AFI production sites.

Please see the notes section on page 20 for further details.

Securing future growth

In the first half of 2025, we reaffirmed our long-term vision by initiating CAPEX investments in major new projects to strengthen our core business and enhance future resilience. This includes an investment to create a UHT Centre of Excellence at our Lockerbie site in Scotland, which will increase our UHT and Lactofree milk capacity at the dairy, supporting further growth with our strategic customers in the UK.

We also plan to expand cream cheese production at Holstebro Dairy in Denmark, increasing capacity by 16,000 tonnes per year to support continued growth in global cream cheese demand. Earlier in 2025, a previous expansion at the dairy was completed, adding 27,000 tonnes of cream cheese capacity.

In Sweden, an investment is planned for a new skyr production line at Linköping Dairy. The dairy currently produces yoghurt, sour cream, crème fraîche, as well as lactose-free and organic options. From 2028, skyr will also be included in the product range.

Expanding Holstebro Dairy
The investment will increase the dairy's capacity for cream cheese production by 16,000 tonnes per year.

PROGRESS ON SUSTAINABILITY

ON FARMS

Strengthening partnerships

We are committed to reducing on-farm emissions by 30% per kg of milk and whey by 2030 compared to the baseline year 2015, supporting our farmer owners in their transition to a more sustainable dairy production.

In the first half of 2025, we continued to advance our FarmAhead™ Technology platform, equipping farmers with data-driven and science-based tools to measure, understand and accelerate their sustainability journey.

A key development this year is the further expansion of our FarmAhead™ Customer Partnership programme, which brings Arla and our customers together to drive climate action on farms. Currently, nearly 4.5 billion kg of milk are included in the programme. One Danish initiative focuses on retiring carbon-rich lowland soils, which helps reduce emissions and promote biodiversity. Another project is dedicated to improving feed efficiency on farms, aiming to demonstrate how optimised feeding can lower the carbon footprint of milk production.

AT DAIRY SITES AND IN LOGISTICS

Accelerating electrification and emissions reductions

We have made significant progress in decarbonising our production sites and logistics. In the first half of 2025, new electrification projects came live, including an e-boiler in Finland and an additional heat pump at one of our Danish powder facilities. Our Swedish cottage cheese production site Falkenberg has begun utilising district heating, further reducing scope 1 emissions. We expect these three initiatives to reduce emissions by more than 8 million kg of CO_2 in 2025.

2025 OUTLOOK UPDATE

IN THE SECOND HALF OF 2025, WE EXPECT UNCERTAINTY IN THE DAIRY MARKET TO CONTINUE, FOLLOWING INCREASES IN GLOBAL PRODUCTION AND RECENTLY SOFTENED COMMODITY DAIRY PRICES. HOWEVER, WE ARE CONFIDENT IN OUR ABILITY TO DEMONSTRATE RESILIENCE AND ARE RAISING OUR FULL-YEAR EXPECTATIONS FOR GROWTH AND EFFICIENCIES.

The current global market environment indicates that market volatility and uncertainty will continue into the second half of 2025. Tariff and trade conflicts are shifting rapidly and remain largely unpredictable, while geopolitical tensions have intensified with no signs of lessening. We need to stay alert to the challenging external environment, but expect to remain resilient through careful strategic planning and adaptive measures.

Consumer purchasing power is expected to stay favourable in the second half of 2025. However, it will remain sensitive to how tariff and trade conflicts develop, as any escalation could trigger higher inflation and limit consumer spending.

Following a period of globally constrained milk production – despite relatively high farm gate prices, likely influenced by uncertainty and regulatory changes – we have recently observed an increase in global production, possibly driven by favourable weather conditions. This has contributed to a slight softening of global commodity dairy prices.

We expect to maintain a solid performance, driven by the strength of our brands and targeted initiatives. We anticipate a return to positive branded volume-driven revenue growth and are therefore raising our full-year expectations to a range of -0.5% to 0.5%. This improved outlook for branded volumes, combined with a higher expected milk intake, leads to us revising our full-year revenue forecast to be between EUR 14.7 and 15.2 billion, with the profit share still expected to remain at the lower end of our target range of 2.8-3.2%.

At year-end, we expect leverage to be in the range of 2.9-3.3, a continued robust financial position.

Supported by strong plans, we are confident that we will achieve further reductions in scope 1, 2 and 3 emissions in 2025, reinforcing our commitment to sustainability.

	Results 2024	Outlook February 2025[1]	Outlook update August 2025
F26 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH	3.7%	-2.0~-1.0%	-0.5~0.5%
REVENUE EUR BILLION	13.8	14.5-15.3	14.7-15.2
PROFIT SHARE	2.9%	2.8-3.2%	2.8-3.2%
F26 EFFICIENCIES EUR MILLION	131	90-110	100-120
LEVERAGE	3.2[2]	2.8-3.2[3]	2.9-3.3[3]
F26 SCOPE 1+2 EMISSIONS PERCENTAGE POINTS	-4.0%P	CONTINUED REDUCTION	CONTINUED REDUCTION
F26 SCOPE 3 EMISSIONS PERCENTAGE POINTS	-1.0%P	CONTINUED REDUCTION	CONTINUED REDUCTION

[1] As announced in the Annual Report 2024.
[2] Leverage adjusted for the temporary effect of M&As in the year was 2.9.
[3] Excluding the effect of potential new M&As.

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

CASTELLO®

Renowned for its crispness and almond and hazelnut notes, Castello® Havarti uses a recipe from 1952 and is aged for 12 months. In the first half of 2025, the Castello® brand experienced a 1.7% decline in volume-driven revenue.

INCOME STATEMENT

(EUR million)	Note	H1 2025	H1 2024	Development	2024
Revenue	1.1	7,454	6,609	13%	13,770
Production costs	1.2	-5,983	-5,190	15%	-10,803
Gross profit		**1,471**	**1,419**	**4%**	**2,967**
Sales and distribution costs	1.2	-946	-871	9%	-1,824
Administration costs	1.2	-264	-258	2%	-508
Other operating income		48	19	153%	48
Other operating costs		-46	-68	-32%	-118
Share of results after tax in joint ventures and associates		19	25	-24%	33
Earnings before interest and tax (EBIT)		**282**	**266**	**6%**	**598**
Specification:					
EBITDA		540	512	5%	1,109
Depreciation, amortisation and impairment losses		-258	-246	5%	-511
Earnings before interest and tax (EBIT)		**282**	**266**	**6%**	**598**
Financial income		28	25	12%	183
Financial costs		-96	-95	1%	-318
Profit before tax		**214**	**196**	**9%**	**463**
Tax		-47	-23	104%	-46
Profit for the period		**167**	**173**	**-4%**	**417**
Attributable to:					
Arla Foods amba		158	167	-6%	401
Non-controlling interests		9	6	50%	16
Total		**167**	**173**	**-4%**	**417**

COMPREHENSIVE INCOME

(EUR million)	Note	H1 2025	H1 2024	2024
Profit for the period		**167**	**173**	**417**
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Remeasurements of defined benefit schemes		5	-10	-33
Tax on remeasurements of defined benefit schemes		-2	2	8
Share of other comprehensive income of associates and joint ventures measured by the equity method	3.1	-103	-117	-16
Items that may be reclassified subsequently to the income statement:				
Value adjustments of hedging instruments		72	8	-27
Fair value adjustments		-1	-	-2
Foreign currency translation		-90	31	60
Tax on items that may be reclassified to the income statement		1	2	-1
Other comprehensive income, net of tax		**-118**	**-84**	**-11**
Total comprehensive income		**49**	**89**	**406**
Attributable to:				
Arla Foods amba		40	83	390
Non-controlling interests		9	6	16
Total		**49**	**89**	**406**

BALANCE SHEET

(EUR million)	Note	H1 2025	H1 2024	Development	2024
Assets					
Non-current assets					
Goodwill	3.1	911	768	19%	938
Intangible assets	3.1	275	260	6%	269
Property, plant and equipment and right-of-use assets	3.1	3,516	3,245	8%	3,521
Investments in associates and joint ventures	3.1	482	466	3%	560
Deferred tax		23	23	0%	31
Pension assets	4.1	14	21	-33%	11
Other non-current assets		23	21	10%	24
Total non-current assets		**5,244**	**4,804**	**9%**	**5,354**
Current assets					
Inventory	2.1	1,856	1,609	15%	1,635
Trade receivables	2.1	1,224	1,182	4%	1,317
Derivatives		171	105	63%	90
Other receivables		332	322	3%	266
Securities	4.1	560	591	-5%	577
Cash and cash equivalents	4.1	93	115	-19%	91
Total current assets		**4,236**	**3,924**	**8%**	**3,976**
Total assets		**9,480**	**8,728**	**9%**	**9,330**

(EUR million)	Note	H1 2025	H1 2024	Development	2024
Equity and liabilities					
Equity					
Common capital		2,060	2,308	-11%	2,230
Individual capital		793	528	50%	570
Other equity accounts		-75	-65	15%	44
Supplementary payment to owners		68	64	6%	228
Equity, attributable to Arla Foods amba		**2,846**	**2,835**	**0%**	**3,072**
Non-controlling interests		66	63	5%	66
Total equity		**2,912**	**2,898**	**0%**	**3,138**
Liabilities					
Non-current liabilities					
Pension liabilities	4.1	160	161	-1%	166
Provisions		38	35	9%	30
Deferred tax		101	75	35%	101
Loans	4.1	3,157	2,630	20%	2,808
Total non-current liabilities		**3,456**	**2,901**	**19%**	**3,105**
Current liabilities					
Loans	4.1	1,273	1,199	6%	1,194
Trade payables and other payables	2.1	1,443	1,370	5%	1,433
Provisions		25	21	19%	31
Derivatives		19	37	-49%	64
Other current liabilities		352	302	17%	365
Total current liabilities		**3,112**	**2,929**	**6%**	**3,087**
Total liabilities		**6,568**	**5,830**	**13%**	**6,192**
Total equity and liabilities		**9,480**	**8,728**	**9%**	**9,330**

EQUITY

(EUR million)	Common capital				Individual capital					Other equity accounts				Suppl. payment	Total equity		
	Capital account	Reserve for special purposes	Unallocated profit for the period	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 period	**-**	**-**	**90**	**90**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68**	**158**	**9**	**167**
Other comprehensive income	1	-	-	1	-	-	-	-	-	72	-57	-134	-119	-	-118	-	-118
Total comprehensive income	**1**	**-**	**90**	**91**	**-**	**-**	**-**	**-**	**-**	**72**	**-57**	**-134**	**-119**	**68**	**40**	**9**	**49**
Transactions with owners	1	-	-	1	-	-22	-4	-6	-32	-	-	-	-	-	-31	-	-31
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2	-2
Transfer to merger reserve*	-260	-	-	-260	260	-	-	-	260	-	-	-	-	-	-	-	-
Supplementary payment regarding 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-235	-235	-	-235
Foreign currency translation adjustments	-2	-	-	-2	-	-2	-	-3	-5	-	-	-	-	7	-	-7	-7
Total transactions with owners	**-261**	**-**	**-**	**-261**	**260**	**-24**	**-4**	**-9**	**223**	**-**	**-**	**-**	**-**	**-228**	**-266**	**-9**	**-275**
Equity at 30 June 2025	**585**	**1,385**	**90**	**2,060**	**260**	**366**	**42**	**125**	**793**	**115**	**-56**	**-134**	**-75**	**68**	**2,846**	**66**	**2,912**
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 period	**-**	**-**	**103**	**103**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64**	**167**	**6**	**173**
Other comprehensive income	-6	-	-	-6	-	-	-	-	-	8	-117	31	-78	-	-84	-	-84
Total comprehensive income	**-6**	**-**	**103**	**97**	**-**	**-**	**-**	**-**	**-**	**8**	**-117**	**31**	**-78**	**64**	**83**	**6**	**89**
Transactions with owners	1	-	-	1	-	-19	-4	-5	-28	-	-	-	-	-	-27	-	-27
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-9	-9
Supplementary payment regarding 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-209	-209	-	-209
Foreign currency translation adjustments	-1	-	-	-1	-	-3	-	2	-1	-	-	-	-	2	-	2	2
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-22**	**-4**	**-3**	**-29**	**-**	**-**	**-**	**-**	**-207**	**-236**	**-7**	**-243**
Equity at 30 June 2024	**889**	**1,316**	**103**	**2,308**	**-**	**350**	**47**	**131**	**528**	**78**	**-114**	**-29**	**-65**	**64**	**2,835**	**63**	**2,898**

**In connection with the approval of the planned merger with the DMK Group, on 18 June 2025 the Board of Representatives authorised the Board of Directors to transfer EUR 260 million from Arla Foods amba's common capital to a new capital instrument reserved for Arla's existing members on the date of the merger. The amount corresponds to 1 EUR-cent/kg of milk and is planned to be paid out in March 2027 and 2028 in connection with the payout of the annual supplementary payment. The payments are subject to the final approval of the merger and to the approval of the Board of Representatives.*

CASH FLOW

(EUR million)	Note	H1 2025	H1 2024	2024
EBITDA		540	512	1,109
Reversal of share of profit in joint ventures and associates		-19	-25	-33
Reversal of other operating items without cash impact		7	-19	-36
Change in net working capital	2.1	-181	-298	-379
Change in other receivables and other current liabilities		-90	29	145
Dividends received, joint ventures and associates		-	11	24
Interest paid		-80	-87	-173
Interest received		16	18	34
Taxes paid		-35	-26	-39
Cash flow from operating activities		**158**	**115**	**652**
Investments in intangible assets	3.1	-40	-33	-74
Investments in property, plant and equipment	3.1	-248	-256	-557
Sale of property, plant and equipment	3.1	1	2	2
Operating investing activities		**-287**	**-287**	**-629**
Acquisition of financial assets		-14	-21	-24
Sale of financial assets		30	39	56
Acquisition of enterprises		-	-26	-290
Financial investing activities		**16**	**-8**	**-258**
Cash flow from investing activities		**-271**	**-295**	**-887**

(EUR million)	Note	H1 2025	H1 2024	2024
Half-year supplementary payment		-	-	-64
Supplementary payment regarding the previous financial year		-235	-209	-209
Transactions with owners		-31	-27	-28
Transactions with non-controlling interests		-2	-18	-23
New loans obtained		104	234	54
Other changes in loans		332	222	557
Payment of lease debt		-38	-35	-78
Payment to pension plans		-12	-11	-23
Cash flow from financing activities		**118**	**156**	**186**
Net cash flow		**5**	**-24**	**-49**
Cash and cash equivalents at 1 January		91	138	138
Net cash flow for the period		5	-24	-49
Exchange rate adjustment of cash funds		-3	1	2
Cash and cash equivalents at 30 June		**93**	**115**	**91**
Free operating cash flow				
Cash flow from operating activities		158	115	652
Cash flow from operating investing activities		-287	-287	-629
Free operating cash flow		**-129**	**-172**	**23**
Free cash flow				
Cash flow from operating activities		158	115	652
Cash flow from investing activities		-271	-295	-887
Free cash flow		**-113**	**-180**	**-235**

Financial comments

Cash flow from operating activities totalled EUR 158 million (H1 2024: EUR 115 million). The improvement was driven by higher EBITDA and a reduced effect from net working capital offset by changes in other receivables and other liabilities. Similar to last year, also in this period the increased price level had a negative effect on the cash flow from operating activities driven by the value of inventory.

Cash flow from investing activities was EUR -271 million (H1 2024: EUR -295 million).

Cash flow from financing activities totalled EUR 118 million (H1 2024: EUR 156 million), driven by the supplementary payment and new loans obtained.

Cash and cash equivalents amounted to EUR 93 million (H1 2024: EUR 115 million).

NOTES INTRODUCTION

Basis for preparation
The condensed interim consolidated financial statements are based on the group's monthly reporting procedures. Group entities prepare financial reports in accordance with the IFRS Accounting Standards as adopted by the EU. These standard accounting principles ensure consistency and comparability in financial reporting across the group. The condensed interim consolidated financial statements include relevant information, but do not include all disclosure requirements under IAS 34. The general accounting principles applied can be found in Note 5.

Currency exposure
The group's financial position is exposed to currencies, both due to transactions conducted in currencies other than EUR and due to the translation of financial reporting from entities not part of the eurozone. The most significant exposure relates to financial reporting from entities operating in GBP and SEK, and to transactions relating to sales in USD or USD-related currencies.

Significant accounting estimates and assessments
Preparing the group's condensed interim 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.

By nature, these estimates are associated with uncertainty and unpredictability which can have a significant effect on the amounts recognised.

The most significant accounting estimates are addressed below.

Measurements of revenue and rebates
Revenue, net of rebates, is recognised when goods are transferred to customers. Estimates are applied when measuring the accruals for rebates and other sales incentives. In some customer relationships, the final settlement of rebates depends on future volumes, prices and other incentives, which requires estimation based on historical experience and forecasted future sales.

Valuation of certain assets and liabilities based on a projection of expected future cash flows
Interest rates declined in the period, although they remained at a high level on most markets. The valuation of goodwill, gross pension liabilities and interest hedge instruments was therefore also carefully assessed at 30 June 2025.

Overall headroom related to impairment testing of goodwill positions remained at a comfortable level supported by solid expected future cash flows and lower discount rates.

The fair value of interest hedge instruments decreased by EUR 34 million as a result of lower long-term interest levels and utilisation of interest hedges during the year, while net pension liabilities remained at the same level as last year.

Valuation of inventory
An imbalance between supply and demand drove up commodity prices during the year. To ensure correct inventory valuation, we frequently updated our standard cost model for individual cost components such as milk-based components, additives, packaging, energy etc. throughout the period, and thoroughly reviewed the valuation at 30 June 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 period.

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 21

NOTE 2 NET WORKING CAPITAL
Development and composition of the group's inventory and trade balances.

Read more on page 24

NOTE 3 CAPITAL EMPLOYED
Details on production capacity, intangible assets and financial investments.

Read more on page 25

NOTE 4 FUNDING
Details on funding of the group's activities.

Read more on page 26

NOTE 5 ACCOUNTING PRINCIPLES
The group's general accounting principles and accounting policies.

Read more on page 28

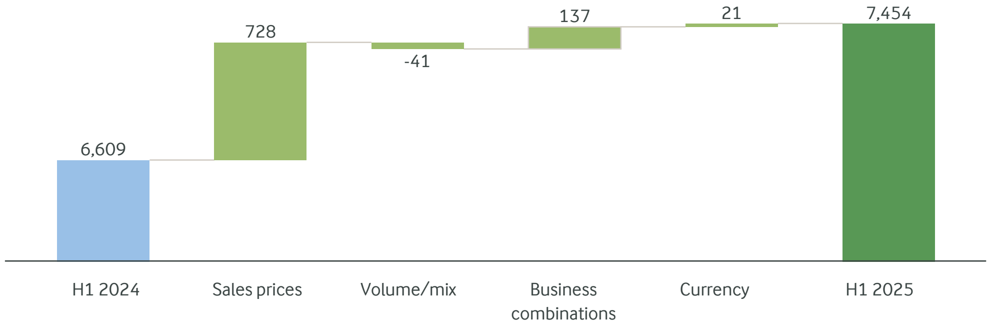
NOTE 1.
REVENUE AND COSTS

1.1 REVENUE

Financial comments
Revenue increased by 12.8% to EUR 7,454 million (H1 2024: EUR 6,609 million). Higher sales prices positively impacted revenue by EUR 728 million, and the volume/mix negatively impacted revenue by EUR -41 million. Positive currency effects amounted to EUR 21 million. In addition, the impact of business combinations mainly driven by acquisition of the Volac Whey Nutrition business late in 2024 amounted to EUR 137 million.

Strategic branded revenue amounted to EUR 3,395 million (H1 2024: EUR 3,161 million). Strategic branded volume-driven revenue growth was -1.5% compared to 4.1% in the same period of 2024, mainly driven by Europe with a decrease of 2.4%, while our International business achieved modest growth of 0.4%.

Development in revenue
(EUR million)



Revenue split by brand

(EUR million)	H1 2025	H1 2024
Arla	1,932	1,794
Lurpak	435	388
Puck	270	264
Castello	113	113
Milk-based beverages	210	183
Other supported brands	435	419
Strategic branded revenue	**3,395**	**3,161**
Arla Foods Ingredients	726	473
Global Industry Sales, private label and other	3,333	2,975
Total	**7,454**	**6,609**

Revenue split by commercial segment

(EUR million)	H1 2025	H1 2024
Europe	4,267	3,849
International	1,206	1,195
Arla Foods Ingredients	726	473
Global Industry Sales and other sales	1,255	1,092
Total	**7,454**	**6,609**

Read more about the performance of our brands and commercial segments in the performance review on pages 11-12.

1.2 COSTS

Financial comments

Operational costs increased by 13.8% to EUR 7,193 million (H1 2024: EUR 6,319 million). The increase was mainly driven by a higher average pre-paid milk price to farmer owners. In addition, business combinations mainly driven by the acquisition of Volac Whey Nutrition business late in 2024 had an impact of EUR 82 million.

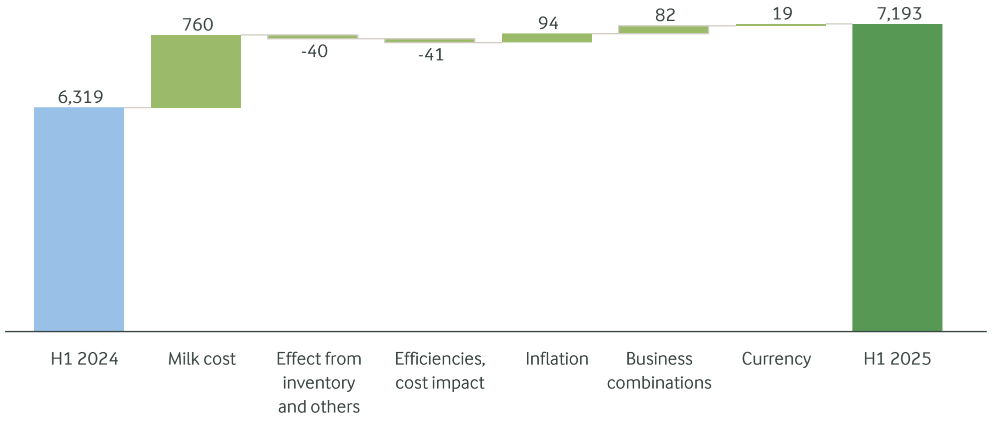
Production costs increased by 15.3% to EUR 5,983 million (H1 2024: EUR 5,190 million). Excluding the cost of raw milk, production costs including the effect of changed inventory values increased by 0.9% to EUR 2,057 million (H1 2024: EUR 2,039 million). The increase was driven by higher prices such as staff, packaging, ingredients, transport and energy costs offset by the positive effect from changed inventory values.

Sales and distribution costs increased by 8.6% to EUR 946 million (H1 2024: EUR 871million) driven by higher distribution costs.

Staff costs increased by 8.4% to EUR 882 million due to an increased number of employees, acquisition of the Volac Whey Nutrition business and inflation.

Our transformation and efficiency programme, Fund our Future, achieved savings of EUR 54 million, of which EUR 41 million related to operational cost savings.

Development in operational costs
(EUR million)



Operational costs split by function and type

(EUR million)	H1 2025	H1 2024
Production costs	5,983	5,190
Sales and distribution costs	946	871
Administration costs	264	258
Total	**7,193**	**6,319**
Specification:		
Weighed-in raw milk	3,926	3,151
Other production materials*	1,009	1,054
Staff costs	882	814
Transport costs	419	404
Marketing costs	136	135
Depreciation, amortisation and impairment	258	246
Other costs**	563	515
Total	**7,193**	**6,319**
Average number of full-time employees	22,062	21,469

**Other production materials include packaging, additives, consumables, variable energy and effects of cost of goods sold related to changes in inventory.*
***Other costs mainly include maintenance, utilities and IT.*

Weighed-in raw milk	**H1 2025**		**H1 2024**	
	mkg	EUR million	mkg	EUR million
Owner milk	6,781	3,727	6,608	2,966
Other milk	365	199	392	185
Total	**7,146**	**3,926**	**7,000**	**3,151**

Milk volumes disclosed using standardised milk with a composition of 3.4% protein and 4.2% fat for weighed-in milk in Arla.

1.3 KEY PERFORMANCE INDICATORS

Financial comments

The alternative performance measures disclosed below are key performance indicators for the group.

Performance price

Arla's performance price is a key measure of the overall performance, expressing the value added to each kg of milk supplied by our farmer owners. The performance price is calculated as the standardised pre-paid milk price, included in production costs, plus Arla Foods amba's share of profit for the period, divided by the weighed-in milk volume in the first half of 2025. The performance price was 57.5 EUR-cent/kg of owner milk (H1 2024: 47.5 EUR-cent/kg).

Strategic branded volume-driven revenue growth

Volume-driven revenue growth (VDRG) is defined as revenue growth derived from growth in volumes while keeping prices constant. VDRG of strategic brands is an alternative performance measure applied to support and understand the non-price revenue growth and performance of our branded business. Strategic branded VDRG was -1.5% in the first half of 2025 (H1 2024: 4.1%).

Profit share

Arla's profit share is targeted at 2.8%-3.2% of revenue for the full year, calculated on the basis of the profit attributable to Arla Foods amba. In the first half of 2025, the profit amounted to EUR 158 million (H1 2024: EUR 167 million). This corresponds to 2.1% of revenue (H1 2024: 2.5%). The profit attributable to Arla Foods amba will be specified in the profit appropriation at year-end.

Performance price	H1 2025			H1 2024		
	EUR million	mkg	EUR-cent/kg	EUR million	mkg	EUR-cent/kg
Owner milk (standard milk (4.2% fat, 3.4% protein))	3,727	6,781	55.2	2,966	6,608	45.0
Arla Foods amba's share of profit for the period	158		2.3	167		2.5
Total	**3,885**	**6,781**	**57.5**	**3,133**	**6,608**	**47.5**

Strategic branded volume-driven revenue growth (EUR million)	H1 2025	H1 2024
Strategic branded revenue, last half-year	3,161	3,202
Strategic branded VDRG	-46	130
Price and exchange rate adjustments	280	-171
Strategic branded revenue	**3,395**	**3,161**
Strategic branded volume-driven revenue growth, %	**-1.5%**	**4.1%**

The calculation of strategic branded VDRG is based on fixed exchange rates and is defined as volume growth of EUR -46 million divided by the net amount of strategic branded revenue last year of EUR 3,161 million and an exchange rate effect from average to fixed exchange rates of EUR -9 million.

Profit share (EUR million)	H1 2025	H1 2024
Revenue	7,454	6,609
Profit for the period	167	173
Profit relating to non-controlling interests	-9	-6
Profit attributable to farmer owners	**158**	**167**
Profit share	**2.1%**	**2.5%**

Profit share is calculated as EUR 158 million divided by EUR 7,454 million and amounted to 2.1% in H1 2025.

NOTE 2.
NET WORKING CAPITAL

2.1 NET WORKING CAPITAL

FinanciFal comments
Net working capital increased by 15.2% to EUR 1,637 million (H1 2024: 1,421 million). The increase was driven by higher inventory values and to a lesser extent trade receivables, partly offset by an increase in trade payables and other payables.

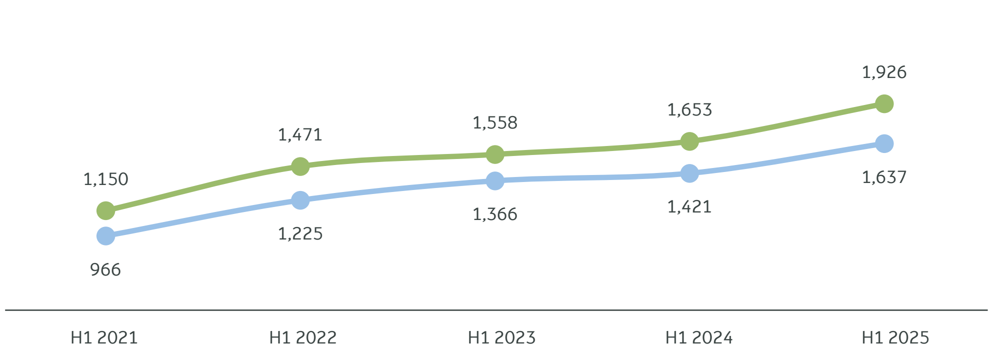
Inventory amounted to EUR 1,856 million (H1 2024: 1,609 million). The increase of EUR 247 million was due to higher milk prices paid to our farmer owners and partly more volumes at stock compared to last year.

Trade receivables increased by 3.6% to EUR 1,224 million (H1 2024: 1,182 million), driven by higher sales prices. The utilisation of trade receivables finance programmes was EUR 328 million, which was on par with last year. The group utilises these programmes to manage liquidity and reduce credit risk on trade receivables. Trade receivable financing programmes are an integral part of our liquidity management.

Trade payables and other payables amounted to EUR 1,443 million (H1 2024: 1,370 million). The increase of 5.3% was driven by owner milk due to the higher pre-paid milk price paid to our farmer owners.

We continuously strive to optimise our net working capital positions through initiatives such as increased use of global procurement agreements, optimisation of inventory levels and improved payment terms.

Development in net working capital
(EUR million)



Net working capital

(EUR million)	H1 2025	H1 2024
Inventory	1,856	1,609
Trade receivables	1,224	1,182
Trade payables and other payables	-1,443	-1,370
Net working capital	**1,637**	**1,421**

Inventory

(EUR million)	H1 2025	H1 2024
Inventory before write-downs	1,876	1,625
Write-downs	-20	-16
Total inventory	**1,856**	**1,609**
Raw materials and consumables	369	324
Work in progress	544	489
Finished goods and goods for resale	943	796
Total inventory	**1,856**	**1,609**

Trade receivables

(EUR million)	H1 2025	H1 2024
Trade receivables before provision for expected losses	1,241	1,200
Provision for expected losses	-17	-18
Total trade receivables	**1,224**	**1,182**

NOTE 3. CAPITAL EMPLOYED

3.1 CAPITAL EMPLOYED

Intangible assets and goodwill

(EUR million)	H1 2025	H1 2024
Goodwill	910	768
Licences and trademarks	53	57
IT and other development projects	223	203
Carrying amount at 30 June	**1,186**	**1,028**

Property, plant and equipment including right-of-use assets

(EUR million)	H1 2025	H1 2024
Land and buildings	1,312	1,213
Plant and machinery	1,436	1,307
Fixtures and fittings, tools and equipment	214	202
Assets in the course of construction	554	523
Carrying amount at 30 June	**3,516**	**3,245**
Right-of-use assets included in the carrying amount	227	229

Financial comments

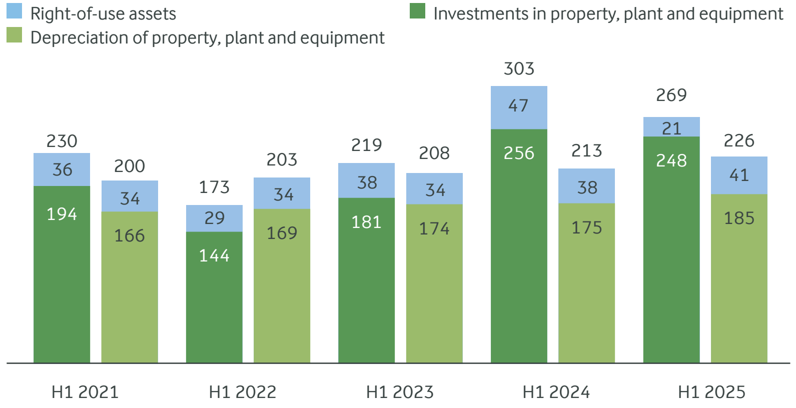
The carrying amount of non-current assets increased to EUR 5,244 million (H1 2024: EUR 4,804 million).

Intangible assets and goodwill increased to EUR 1,186 million (H1 2024: EUR 1,028 million). The increase was driven by the acquisition of Volac Whey Nutrition business and IT projects.

The carrying amount of property, plant and equipment including right-of-use assets increased by EUR 271 million to EUR 3,516 million (H1 2024: EUR 3,245 million). Investments including right-of-use assets in the first half of the year amounted to EUR 269 million (H1 2024: EUR 303 million). Key investments were conducted to increase MBB and butter capacity in Denmark, cheddar and mozzarella capacity in the UK and growth supporting investments in AFI production sites.

The recognised value of associates and joint ventures was EUR 482 million (H1 2024: EUR 466 million), consisting primarily of the investments in COFCO Dairy Holdings Ltd. (Mengniu) and LRF.

Investments and depreciation of property, plant and equipment and right-of-use assets
(EUR million)



Associates and joint ventures

(EUR million)	H1 2025	H1 2024
Carrying amount of associates and joint ventures		
COFCO Dairy Holdings Ltd.	365	362
LRF and other associates	99	89
Other joint ventures	18	15
Carrying amount of associates and joint ventures	**482**	**466**

NOTE 4. FUNDING

4.1 FUNDING AND PENSIONS

Financial comments

The group's financial leverage was 3.5, slightly above the target range, representing an increase of 0.7 compared to the first half of 2024 and driven by increased net interest-bearing debt.

Net interest-bearing debt excluding pensions increased by EUR 636 million compared to the position at 30 June 2024. The development was driven by the acquisition of Volac Whey Nutrition business late in 2024, investments in our dairies and warehouses and working capital.

Pension liabilities amounted to EUR 160 million (H1 2024: EUR 161 million). This excludes a UK net pension asset which is recognised separately and not included in the calculation of net interest-bearing debt and leverage. The UK net pension asset had a carrying amount of EUR 14 million (H1 2024: EUR 21 million) at 30 June 2025.

The average maturity profile of debt decreased to 5.2 years (H1 2024: 5.4 years). The maturity profile is affected by a lapse of time, refinancing or obtaining of new committed facilities and the level of interest-bearing debt. Average interest expenses excluding pensions were 3.3% (H1 2024: 4.5%).

The liquidity reserves increased by EUR 766 million to EUR 1,719 million compared to the reserves at 30 June 2024. The increase was driven by new committed facilities. Excluded from the liquidity reserves are cash and securities considered as restricted due to restrictions and regulations on transferability of EUR 38 million (H1 2024: EUR 42 million), as well as cash not readily available for upstreaming in the group within five days of EUR 21 million (H1 2024: EUR 36 million).

During the first half of 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 with maturity in July 2030. The facility replaced an existing facility of EUR 400 million with the same banks.
- Five-year long-term loan of EUR 100 million with maturity in April 2030.

3.5

Leverage

H1 2024: 2.8

Target range 2.8-3.4

Net interest-bearing debt

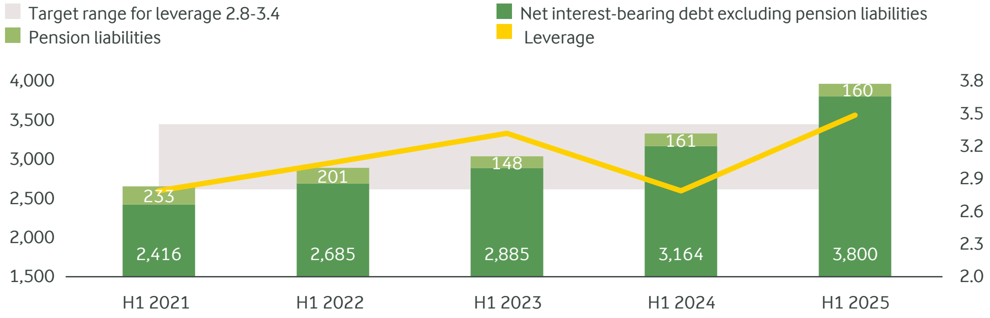
(EUR million)	H1 2025	H1 2024
Long-term borrowings	3,157	2,630
Short-term borrowings	1,279	1,208
Securities, cash and cash equivalents (excluding restricted securities and cash)	-625	-664
Other interest-bearing assets	-11	-10
Net interest-bearing debt excluding pension liabilities	**3,800**	**3,164**
Pension liabilities	160	161
Net interest-bearing debt including pension liabilities	**3,960**	**3,325**

Liquidity reserves

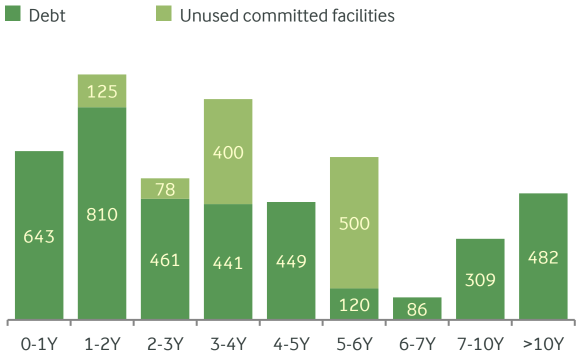
(EUR million)	H1 2025	H1 2024
Free cash and cash equivalents*	55	64
Free securities**	13	14
Unutilised committed loan facilities > 1 year	1,103	452
Other unutilised loan facilities	548	423
Liquidity reserves	**1,719**	**953**

**Free cash is defined as cash and cash equivalents excluding restricted cash of EUR 17 million (H1 2024: EUR 15 million) and not readily available cash of EUR 21 million (H1 2024: EUR 36 million).*
***Free securities are defined as securities excluding restricted securities of EUR 11 million (H1 2024: EUR 27 million) and securities used in repurchase arrangements of EUR 536 million (H1 2024: EUR 550 million).*

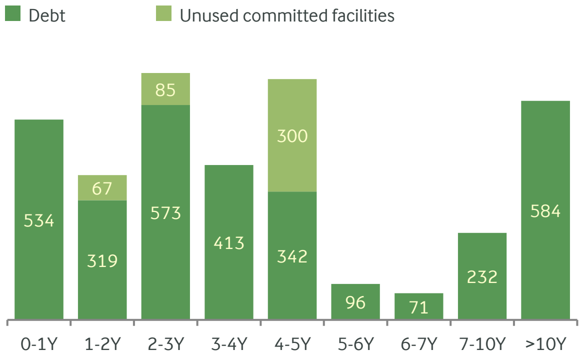
Net interest-bearing debt
(EUR million)



Maturity of net interest-bearing debt excluding pension liabilities at 30 June 2025
(EUR million)



Maturity of net interest-bearing debt excluding pension liabilities at 30 June 2024
(EUR million)



Exchange rates

	Closing rate			Average rate		
	H1 2025	H1 2024	Change	H1 2025	H1 2024	Change
EUR/GBP	0.854	0.847	-0.9%	0.842	0.855	1.5%
EUR/SEK	11.116	11.376	2.3%	11.087	11.396	2.8%
EUR/DKK	7.461	7.459	0.0%	7.461	7.458	0.0%
EUR/USD	1.172	1.070	-8.7%	1.092	1.081	-1.0%
EUR/SAR	4.394	4.017	-8.6%	4.096	4.055	-1.0%

Pension liabilities (EUR million)	H1 2025	H1 2024
Present value of funded liabilities	1,026	1,085
Fair value of plan assets	-882	-949
Deficit of funded plans	**144**	**136**
Present value of unfunded liabilities	2	4
Net pension liabilities recognised in the balance sheet	**146**	**140**
Presented as:		
Pension assets	-14	-21
Pension liabilities	160	161
Net pension liabilities	**146**	**140**

Assumptions for the actuarial calculations (%)	H1 2025	H1 2024
Discount rate assumptions		
Discount rate, UK	5.5	5.1
Discount rate, Sweden	3.7	3.6
Inflation assumptions		
Inflation (CPI), UK	2.4	2.5
Inflation (CPI), Sweden	1.6	1.6
Mortality assumptions (life expectancy in years at age 65)		
Male in the UK	20.4	20.4
Female in the UK	22.8	22.6
Male in Sweden	21.9	21.9
Female in Sweden	23.9	23.9

NOTE 5. ACCOUNTING PRINCIPLES

GENERAL ACCOUNTING PRINCIPLES

Basis for preparation
The condensed interim consolidated report is prepared according to the same accounting policies as applied in the consolidated annual report for 2024, and the group has implemented all new standards and interpretations effective in the EU from 1 January 2024, without any significant impact on the financial statements.

The condensed interim consolidated financial statements are prepared in EUR million with rounding.

Condensed interim consolidated financial statements
The condensed interim 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. Intercompany shareholdings, balances and transactions as well as unrealised income and expenses arising from intercompany transactions are eliminated.

The condensed interim 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 holds 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, 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 condensed interim 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 reporting entity within the group determines its functional currency, which is the currency used in its primary economic environment. If a reporting entity engages in transactions in a foreign currency, it will record the transaction in its functional currency using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate applicable at the reporting date. Exchange rate differences are recognised in the income statement under financial items. Non-monetary items, for example property, plant and equipment, which are measured based on historical cost in a foreign currency, are translated into the functional currency upon initial recognition.

Translation of foreign operations
The assets and liabilities of consolidated entities, including the share of net assets and goodwill of joint ventures and associates with a functional currency other than EUR, are translated into EUR using the exchange rate at the end of the period. The revenue, costs and share of the net profit or loss for the period are translated into EUR using the average monthly exchange rate if this does not differ materially from the transaction date rate. Exchange rate differences are recognised in other comprehensive income and accumulated in the translation reserve.

On partial divestment of associates and joint ventures, the relevant proportional amount of the cumulative foreign currency translation adjustment reserve is transferred to the net profit or loss for the period, along with any gains or losses related to the divestment. Any repayment of outstanding balances considered part of the net investment is not in itself considered to be a partial divestment of the subsidiary.

GLOSSARY

A

Average interest expenses excluding interest related to pension assets and liabilities
The net interest expense is calculated as a total of interest expenses excluding cash discounts and default interest, plus borrowing charges and interest on finance leases, and reduced by interest income on securities. To calculate the average interest expense, the net interest expense is divided by net interest-bearing debt excluding pension assets and liabilities.

B

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. The BoR holds the highest authority for decision-making within our cooperative. It comprises 187 members, with 175 being farmer owners and 12 representing our employees.

E

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.

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, excluding minority interests, to total assets, and is a measure of the financial strength of Arla.

F

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 measure, understand and advance their individual sustainability transitions on the farm.

I

Interest cover is the ratio of EBITDA to net interest costs.

L

Leverage is the ratio of net interest-bearing debt, including pension liabilities, to EBITDA. It enables an evaluation of the ability to support future debt and obligations: the long-term target range for leverage is between 2.8 and 3.4.

Leverage target range represents our desired position at the end of a period, such as the financial year. In contrast, the outlook is our most recent estimate, based on the current financial position, of which leverage is expected to be at the end of that period.

M

Milk volume is defined as the total intake of raw milk in kilogrammes from owners and suppliers.

N

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.

Net interest-bearing debt including 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.

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 tied up in inventories, trade receivables and trade payables, excluding payables for owner milk.

O

OCI is an abbreviation of other comprehensive income. OCI includes revenue, expenses, gains and losses that have yet to be realised.

P

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 the 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's share of profit for the period divided by total revenue.

S

Strategic brands are defined as products sold under branded products such as Arla®, Lurpak®, Castello®, Puck® and Starbucks™.

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.

V

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.

CORPORATE CALENDAR

2025

AUG 28
Publication of the consolidated half-year results for 2025

SEP-OCT 30-1
Board of Representatives meeting

2026

FEB 18
Announcement of the results for 2025

FEB 25-26
Board of Representatives meeting

FEB 26
Publication of the Annual Report 2025

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