CONSOLIDATED

HALF-YEAR REPORT 2024

On the frontpage:
Emilia Astrenius Widerström

Near Götene, Sweden, you can find Lövåsa Gård, an organic farm where Emilia is one of the owners. Home to 420 Holstein and SRB (Swedish red and white) milking cows, the farm showcases her passion for technology in its daily operations. Each cow wears a collar that tracks various data, from movements to chewing patterns. The integrated AI system offers actionable suggestions, helping her focus on cows needing attention without disturbing the others. The farm's lab can measure grass quality, enabling her to precisely determine the optimal harvest day.

"I don't come from a family of farmers, but I knew I wanted to work with cows the first time I met one up close. You don't have to fit a specific stereotype to be a farmer; you just need to have your heart in the right place," she says.

Let us delve into Emilia's story, one of Arla's farmer owners.

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

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

"The technology we adopt on our farm plays a crucial role in helping us work effectively. Everyone works eight hours a day and I usually finish by 16:30. Since I don't live on the farm, this balance is essential, as it allows me to fulfil my role as a farmer while also spending time with my family."

INTRODUCTION

ARLA® LACTOFREE

Arla® LactoFREE offers a range of products that are full of dairy goodness but contain none of the lactose, making them easier to digest. During the first half of 2024, it delivered 8.3% volume growth.

A ROBUST FIRST HALF OF 2024 WITH CONTINUED SUSTAINABILITY PROGRESS

In a geopolitical complex environment with continued disruption and risks, Arla's positive momentum from the second half of 2023 continued to build in the first half of 2024. Driven mainly by strong branded growth, price increases on products due to high global dairy price levels and internal efficiencies, we delivered robust performance and have further progressed our actions towards more sustainable dairy.

With a 5 EUR-cent/kg increase in Arla's pre-paid price compared to the second half of 2023 as well as a supplementary payment of 1 EUR-cent/kg milk delivered in the first six months, we maintained a competitive milk price to our farmer owners.

A more optimistic consumer sentiment combined with a solid commercial effort in the period enabled a 4.1% branded volume-driven revenue growth compared to the first half of 2023. The jump was spearheaded by Lurpak®, Puck® and Arla® which grew volumes by 7.9%, 4.4% and 3.8%, respectively.

As the global milk production saw a decline in the first half of 2024, the global dairy price levels in commodities, retail and foodservice generally continued the upward trend, enabling price increases across markets.

Also contributing positively to our performance was our transformation and efficiency programme, Fund our Future, obtaining net savings of EUR 62 million, well above expectations.

Even so, our average performance price of 47.5 EUR-cent/kg and revenue of EUR 6.6 billion for the period did not quite reach the level of the first half of 2023, where the impact of the historically high price levels at the end of the previous year still lingered. However, our profit share was strengthened from 1.5% in the first half of 2023 to 2.5% in the first half of 2024 and the net profit is, as expected, on track to hit our full-year target range of 2.8-3.2%.

FarmAhead™ accelerates sustainability actions on farm
In the first half of 2024, we consolidated our industry-leading tools to measure and reward on-farm sustainability actions under a new name: FarmAhead™ Technology.

The central element of this is FarmAhead™ Incentive, Arla's groundbreaking point-based system to motivate and reward sustainability activities directly in the pre-paid price.

Since its activation in July 2023, Arla farmers have continued to increase the points average from 49 to 53 in the second quarter of 2024.

Linking our owners' actions with customer demands for dairy with a lower carbon footprint, we have continued to build the commercial arm of FarmAhead™ by offering dairy with claimable CO_2e reductions at a premium price. Last year, a number of strategic UK customers joined our FarmAhead™ Customer Partnership programme and in June 2024, we made agreements with our Danish retail and foodservice customers covering all our fresh milk in Denmark.

The overarching purpose of FarmAhead™ is to accelerate the sustainability transition on farm, which is fundamental to the future of dairy. And it is already working. Between 2021 and 2023, Arla has cut its CO_2e emissions by nearly 1 million tonnes, an achievement that we are all very proud of.

Positive momentum will continue
Looking ahead into the second half of 2024, we anticipate the volatile market conditions driven by geopolitical tension and uncertainty to continue. However, the positive trend in consumer purchasing power from the first half of 2024 should prolong into the second half, especially in Europe as inflationary pressure continues to subside and wages increase.

As long-term global demand for dairy nutrition looks positive, we continue to invest in the future of dairy. One example is an agreement to acquire Volac's whey nutrition business to strengthen Arla Foods Ingredients' role as a global leader in dairy-based sports nutrition. The acquisition is subject to regulatory approvals which are expected in the autumn of 2024.

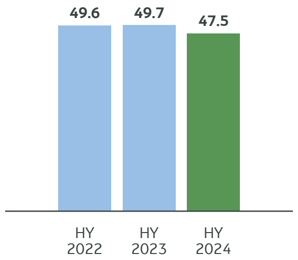
For the full year 2024, we have adjusted our revenue expectations slightly upwards and still expect to deliver a profit within the expected range, including a supplementary payment.

Through FarmAhead™ Technology, we expect to keep the current pace towards our 2030 emission reduction targets – a 63% reduction in scope 1 and 2 emissions and a 30% reduction in scope 3 emissions per kg of milk and whey.

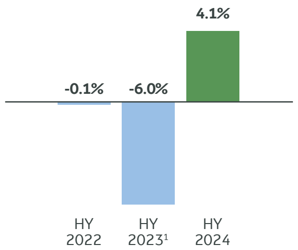
PEDER TUBORGH
CEO of Arla

PERFORMANCE AT A GLANCE

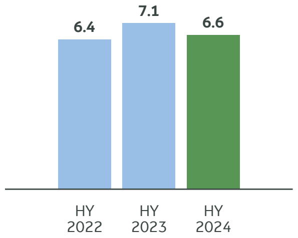
47.5
PERFORMANCE PRICE
EUR-CENT/KG



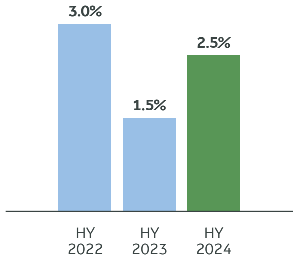
4.1%
STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH



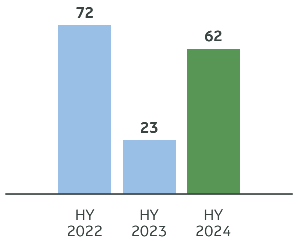
6.6
REVENUE
EUR BILLION



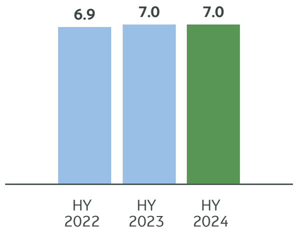
2.5%
PROFIT SHARE[2]
OF REVENUE



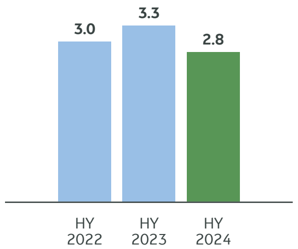
62
NET EFFICIENCIES
EUR MILLION



7.0
MILK VOLUME[3]
BILLION KG



2.8
LEVERAGE



ARLA® PROTEIN

Available in 26 markets, Arla® Protein further strengthens our Arla brand portfolio. During the first half of 2024, it experienced 54.5% volume growth.

[1] HY 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, 2022 and 2023 numbers are restated accordingly. The milk volume includes both owner milk and other milk.

First anniversary of Klink farm, our innovation farm in Denmark
Klink farm welcomed 1,900 guests through 103 visits. It participates in projects such as methane-measuring technology in milking robots and Nature Check for protection of biodiversity.

HIGHLIGHTS

INNOVATION FARMS ARE AT FULL SPEED

We have a network of innovation farms in the UK, Denmark, Sweden and Germany. The farms explore new methods in animal welfare, biodiversity protection and climate. These farms also serve as hubs for stakeholder discussions, inspiring and accelerating agricultural processes.

In April, our innovation farm in Denmark celebrated its first anniversary, while the one in Germany, focusing on emission reductions and animal health, officially joined the network.

SCALING THE FARMAHEAD™ CUSTOMER PARTNERSHIP

In Arla, we have the FarmAhead™ Customer Partnership programme, which customers can join to partner in climate reduction projects on our owners' farms, from feed efficiency and fertilizer use to innovation projects such as carbon farming. The programme also provides them with primary data for their ESG reporting and scope 3 climate targets.

Launched in the UK in 2023, it now includes fresh milk in Danish retail and foodservice. The programme continues to develop in the UK and we plan to expand it further across core markets in 2024 and onwards.

MOST SIGNIFICANT INVESTMENTS IN OUR UK SITES

Beginning this year, we decided to invest in five UK sites. Two of the most significant investments include expanding the extended shelf life milk capacity in Stourton and making a significant EUR 210 million investment in mozzarella production at Taw Valley Dairy. The technology at Taw Valley, expected to be ready by 2026, will reduce the mozzarella maturing process from 14 days to just one day and will offer flexibility for customer-specific preferences.

THE MILK-BASED BEVERAGE CATEGORY IN NEW MARKETS

One focus of our Future 26 strategy is expanding our milk-based beverage (MBB) category in new markets.

Through a licensing agreement with Mondelēz International, we launched Milka® chocolate milk in Germany, Austria and Poland. Similarly, in the MENA region, we have an agreement with Mars Inc. to market Galaxy® chocolate drink. Initial results in Saudi Arabia and UAE have been very promising, and we plan to enter Kuwait, Qatar and Bahrain by the end of 2024.

EMPOWERING GROWTH THROUGH STRATEGIC ACQUISITIONS

We entered into an agreement with Semper AB to acquire its milk powder production facility near our dairy in Götene, Sweden, which will increase our production flexibility.

Our ingredients business, Arla Foods Ingredients (AFI) came to an agreement to acquire Volac's Whey Nutrition business. Central to this acquisition is the whey processing facility in Felinfach, Wales, envisioned as a global production hub to enhance our offerings in the performance, health and food sectors.

Both transactions are subject to regulatory approvals and other conditions, which are expected to be satisfied during the autumn of 2024.

ARLA FOODS' BOARD WELCOMES NEW MEMBERS AND VICE CHAIR

During the Board of Representatives meeting in Copenhagen in May 2024, the Board of Directors for the next two years was elected. Four new members joined the Board of Directors: Markus Hübers (DE) and George Holmes (UK), along with Arla employees Paul Cullen (UK) and Holger Steen Lund (DK). Jan Toft Nørgaard was re-elected as Chair, and Inger-Lise Sjöström was elected as Vice Chair. External members Nana Bule and Florence Rollet were also re-elected for another period.


1.


2.


3.


4.


5.

New Vice Chair
1. Inger-Lise Sjöström

New members
2. Paul Cullen
3. Holger Steen Lund
4. Markus Hübers
5. George Holmes

PERFORMANCE REVIEW

LURPAK®

The brand remains an instrumental asset in our portfolio with 7.9% growth in volume globally. In over 105 markets, our Food Lovers are ready to cook, bake and fry up wonders with Lurpak®.

↑

"On average, we produce 26,000 kg of milk every second day. On this farm, the focus is on providing the best grass for the cows. While technology aids our operations, our employees are our most important asset. It's the people who make this farm successful."

EXTERNAL MARKET OVERVIEW

THE FIRST HALF OF 2024 WAS CHARACTERISED BY CONTINUED GEOPOLITICAL TURBULENCE AND INCREASING DAIRY COMMODITY PRICES WITH AN UPTURN IN CONSUMER PURCHASING POWER.

Geopolitical turbulence persisted
The high levels of geopolitical turbulence from previous years, among others, the ongoing war in Ukraine and the conflict between Israel and Hamas carried on into 2024. In addition to severe humanitarian consequences, it also fuelled uncertainty and volatility in global markets and affected logistics by disrupting shipping through the Red Sea. This resulted in soaring freight prices and longer delivery times.

Improved purchasing power in Europe
A rise in dairy consumption in Europe led to a 1.9% volume increase in sales.

Inflationary pressure continued to decrease
Following a very elevated level of inflationary pressure in 2022, where the supply of goods was hampered by disruptions due to the pandemic and high energy prices, we saw a reduction in inflation in 2023 which continued into the first half of 2024, driven by improvements on the supply side. Average European inflation is projected to decrease to 2.5% in 2024, down from 5.5% in 2023[1]. Higher inflation levels are expected to continue outside Europe, especially in Africa and the Middle East, resulting in global inflation which is projected to remain at a higher level of 5.9% (2023: 6.8%)[2].

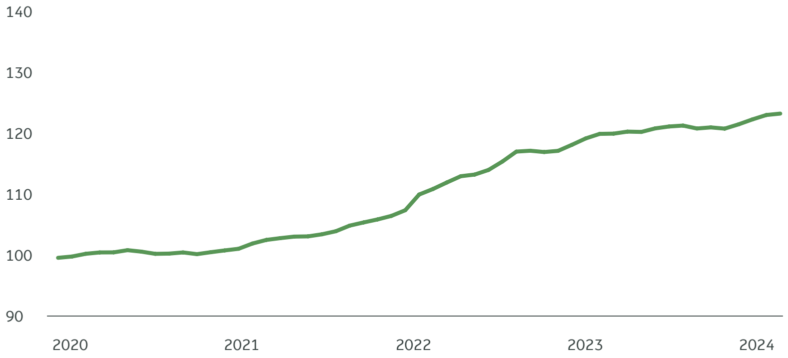
The decrease in inflation was mainly seen within energy prices and

[1] Eurostat, June
[2] IMF, April

2.5%

Projected inflation in the euro area in 2024
2023: 5.5%
Source: Eurostat, June 2024

European Harmonised Consumer Price Index (HCPI)
(Index, Jan. 2020 = 100)



Source: Eurostat

ingredients, whereas packaging costs remained high and wages increased.

Gradual economic recovery

The high interest rates applied by central banks to mitigate inflationary pressure combined with geopolitical uncertainty resulted in low economic growth in 2023. This trend continued into 2024. However, there are positive signs in Europe. European GDP growth is expected to rise to 0.9% in 2024, up from 0.5% in 2023. Developing countries will maintain a higher growth rate, though it is expected to modestly decrease to 4.3% in 2024, down from 4.4% in 2023. This results in a balanced global GDP growth projection of 3.2% for 2024, almost similar to 2023, which was 3.3%[1].

Rising demand for dairy

As inflation and living expenses normalised and wages increased, European consumers experienced a growth in purchasing power. This led to a rise in dairy consumption, resulting in a 1.9% volume increase in European sales in the first half of 2024, primarily driven by the cheese category (+3.2%) with the butter, spreads and margarine (BSM) category growing the least (+0.2%).

Commodity prices
An overall increase in dairy commodity prices occurred in some categories, including EU Gouda and skimmed milk.

CASTELLO® CREAMY BLUE

Gjesing Dairy in Denmark produces the blue mould cheese under the Castello® brand.

The trend of consumers trading down from branded to private label products also lessened as consumer purchasing power improved and also due to lower price points. Private label volumes still increased, however, less than branded volumes.

Uptrend in dairy commodity prices

High dairy demand, improved consumer purchasing power, a constrained dairy supply due to regulatory uncertainty and adverse weather conditions, such as wet spring weather mainly in Northern Europe, led to an increase in dairy commodity prices towards the end of 2023 and in the first half of 2024. Notable examples include EU Gouda trading prices, which increased by 11%, and skimmed milk powder (SMP), which was up by 24% from September 2023 to February 2024. Fat prices saw the most significant increase, rising 50.8% from September 2023 to June 2024.

Currency development

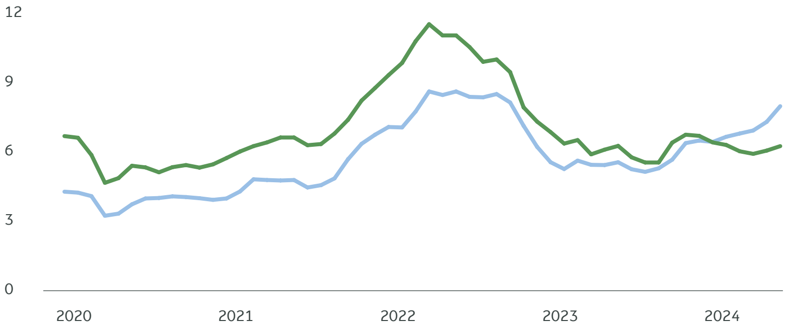
In the first half of 2024, key currencies for Arla experienced stable development. From December 2023 to June 2024, GBP increased by 1.5%, USD rose by 0.8% and SEK decreased by 0.2%. The SEK remained at a weakened level compared to its historical average (-9.8% vs. the 2021 average), continuing to pose a structural headwind. The devaluations in Nigeria and Bangladesh also had a negative impact.

[1] IMF, July

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

Source: Global Dairy Trade

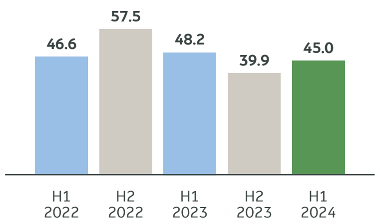
Fat and protein commodity prices
(EUR/kg)



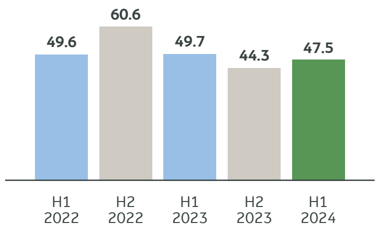
Source: ZMB

PERFORMANCE OVERVIEW

STANDARD PRE-PAID PRICE
EUR-CENT/KG



PERFORMANCE PRICE
EUR-CENT/KG



AS EXPECTED, THE POSITIVE TRAJECTORY FROM THE END OF 2023 ON BRANDS, EFFICIENCIES AND SUSTAINABILITY CONTINUED IN THE FIRST HALF OF 2024, DESPITE THE ONGOING VOLATILE MARKET.

Positive momentum with an increasing milk price

In the first half of 2024, our pre-paid milk price increased by 12.8% to 45.0 EUR-cent/kg compared to 39.9 EUR-cent/kg in the second half of 2023. Our performance price, which measures the value we add to each kg of our owners' milk, increased by 7.2% to 47.5 EUR-cent/kg versus 44.3 EUR-cent/kg in the second half of 2023. This was mainly driven by the increasing commodity and commercial price levels in 2024 as the dairy market rebounded. This was also supported by efficiencies from Fund Our Future and strong branded volume growth.

We experienced positive momentum in the first half of 2024. Yet, we saw a decrease in year-on-year pre-paid price and performance price levels due to the historically high price levels present in the beginning of 2023.

Lower revenue despite branded volume uplift

Revenue in the first half of 2024 was on a par with the revenue in the second half of 2023. However, compared to the first half of 2023, it decreased by 6.5% to EUR 6.6 billion from EUR 7.1 billion. This was caused by lower price levels following the price decreases in 2023. Prices contributed negatively to revenue by EUR -426 million, with a negative price impact in both Global Industry Sales (GIS), AFI and commercial prices in Europe and International. Increased branded volumes led to reduced volumes sold in GIS. We note a positive impact from foreign exchange rates of EUR 4 million, primarily driven by increases in GBP, partly offset by decreases in NGN.

Net profit on track to hit full-year target

In the first half of 2024, we reached a net profit of EUR 167 million (2.5% of revenue) compared to EUR 103 million (1.5% of revenue) in the first half of 2023. The net profit was, as expected, on track to hit our full-year target range of 2.8-3.2%. Together with a solid financial position, this will allow us to pay out a half-year supplementary payment to our owners of 1 EUR-cent per kg of milk as planned.

Branded volume growth exceeded expectations

From the beginning of the year, we expected a return to branded volume growth on account of lower price levels and increased consumer purchasing power. Notably, the return to branded growth exceeded expectations due to the strength of our brands and successful efforts to regain growth.

PUCK® COOKING CREAM

For the first half of 2024, this gem in our Middle-Eastern Puck® brand saw 10.1% volume growth, driven by a redefined marketing mix, consumer-focused communications and partnerships.

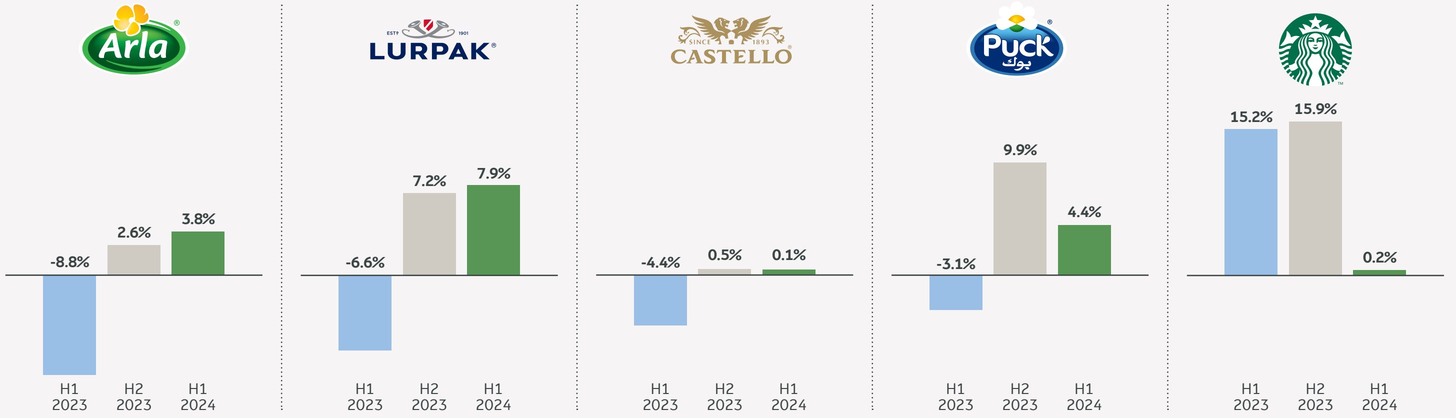
Total

Our global brands

F26 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH

4.1%

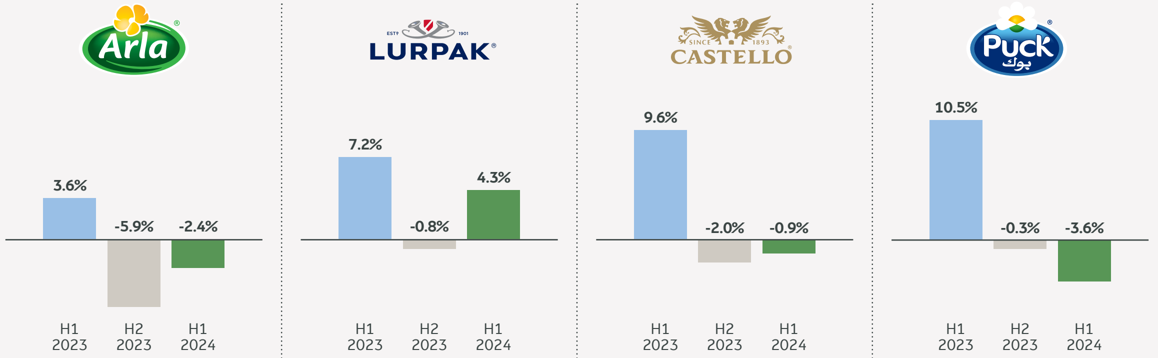
H2 2023: 4.1%
H1 2023: -6.0%



F26 STRATEGIC BRANDED NET REVENUE GROWTH

-1.6%

H2 2023: -3.9%
H1 2023: 6.9%



As a result, total strategic branded volume-driven revenue growth was 4.1% in the first half of 2024, compared to a decrease of 6.0% in the first half of 2023. The growth was spearheaded by the Lurpak®, Puck® and Arla® brands. The decreased volume growth of Starbucks™ was primarily due to lower sales in MENA and adverse weather conditions in Europe during the latter part of the first half of 2024.

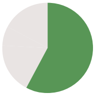
Branded volume growth was seen both in Europe (5.1%) and International (2.0%), with strong growth in our food-service business, which saw branded volume growth of 6.9% compared to -1.8% in the first half of 2023. Our branded retail volumes grew by 3.5% compared to -6.9% in the first half of 2023. The strength of our brands was visible in the market share development in the first half of 2024, where we saw an increase in our branded volume market shares in the European retail market. This was mainly driven by an increased market share in the butter, spreads and margarine (BSM) category.

Despite the increase, our branded revenue growth was roughly unchanged (-1.6%) in the first half of 2024 due to the reduced branded price levels compared to the first half of 2023.

EUROPE

Strategic branded volume-driven revenue growth **5.1%** H2 2023: 4.3% H1 2023: -5.7%

Revenue growth **-5.7%** H2 2023: -7.9% H1 2023: 15.4%

% of Arla's total revenue  H1 2024: 58.2%

In our Europe zone, revenue decreased by 5.7% to EUR 3,849 million compared to EUR 4,081 million in the first half of 2023. This was expected given the commercial price decreases in the second half of 2023 for both retail and foodservice.

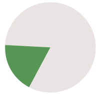
The positive momentum in branded volume growth from the second half of 2023 continued into the first half of 2024. This was driven by increased European consumer purchasing power, thanks to easing inflation and rising wages, along with strong branded positions and growth efforts. As a result, branded volume growth reached 5.1% compared to -5.7% in the first half of 2023. Growth was particularly strong in our Netherlands/Belgium and France cluster and our UK business, with volume increases of 14.8% and 11.0%, respectively. This positive momentum was also evident in our European foodservice business, which saw 5.5% branded volume growth.

During this period, we launched Arla® Protein in Sweden, introduced Milka® chocolate milk in Germany, Austria as well as rolled out Arla JÖRD across Denmark, Sweden, the UK and the Netherlands.

INTERNATIONAL

Strategic branded volume-driven revenue growth **2.0%** H2 2023: 8.8% H1 2023: -4.0%[1]

Revenue growth **-3.9%** H2 2023: -0.8% H1 2023: 3.6%

% of Arla's total revenue  H1 2024: 18.1%

In our International zone, revenue decreased by 3.9% to EUR 1,195 million compared to EUR 1,243 million in the first half of 2023. Revenue growth was impacted by decreasing price levels as well as challenging the macroeconomic environment in emerging markets such as continued currency devaluations in Nigeria and Bangladesh.

Despite these challenges, we saw branded volume growth of 2.0% in the first half of 2024 compared to -4.0% in the first half of 2023. The strongest volume growth was observed in China (32.3%) and in our Rest of World region (4.8%). In MENA, which comprises 41% of our total International business, we saw branded volume growth of 2.8%, mainly driven by Puck®, despite geopolitical turbulence in the region.

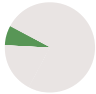
We strengthened our MBB presence in this zone by launching Galaxy® chocolate drink in MENA, Cocio® in China and Milka® chocolate milk in Poland. Similarly, we boosted the presence of Arla® Protein within our Rest of World region.

[1] Excluding Russia. Branded revenue growth including Russia was -6.7%.

ARLA FOODS INGREDIENTS

Growth of value-add segment **11.9%** H2 2023: 17.3% H1 2023: 2.7%[2]

Revenue growth **-7.9%** H2 2023: -20.3% H1 2023: 10.8%

% of Arla's total revenue  H1 2024: 7.2%

Revenue in AFI dropped from EUR 513 million in the first half of 2023 to EUR 473 million in the first half of 2024. The drop was driven by a normalisation of market prices in the second half of 2023 from a very high level in the first half. After the volatility in 2023, market price development was relatively stable during the first half of 2024.

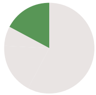
AFI continued to experience strong demand for whey and lactose-based ingredients. Value-added whey protein product volumes grew by 11.9%. The total value-add share was 81.1%, growing from 80.3% in the same period last year due to an increased valorisation of the available whey volumes. The early life nutrition manufacturing business continued to face challenges in the first half of 2024, but we saw improvements towards the end of the period.

AFI launched the Holistic Hydration concept within the Lacprodan® ISO.WaterShake product range, targeting powder shake formats in the Sports and active nutrition segment.

GLOBAL INDUSTRY SALES

Milk solids sold through Global Industry Sales **25.8%** H2 2023: 24.9% H1 2023: 29.8%[2]

Revenue growth **-11.1%** H2 2023: -24.5% H1 2023: 6.1%

% of Arla's total revenue  H1 2024: 16.5%

In the first half of 2024, revenue in GIS[3] decreased by 11.1% to EUR 1,092 million from EUR 1,230 million in the first half of the previous year.

The decrease was driven by lower trading volumes due to higher retail volume demand in our Europe and International zones, combined with a slight decline in milk intake from our farmer owners. The overall share of milk solids sold through the GIS business decreased to 25.8% compared to 29.8% in the same period last year. The revenue decrease was in spite of a higher commodity price level, mainly for fat-heavy products such as butter and yellow cheese.

[2] The number is restated compared to the half-year report for 2023.
[3] Revenue for Global Industry Sales, including Others.

ARLA® PRO

Arla® Pro continued to be the preferred partner of chefs. In the first half of 2024, it achieved 11.1% volume growth.

Improved Fund our Future efficiency savings with strong pipeline
Our transformation and efficiency programme, Fund our Future, delivered above expectations and obtained net savings of EUR 62 million in the first half of 2024 compared to EUR 23 million in the first half of 2023. Combined with strong initiatives in the second half of the year, we expect an uplift in efficiency deliveries for the full year.

Robust financial position
Leverage improved to 2.8 from 3.3 in the first half of 2023, which was at the bottom of our target range of 2.8-3.4. This improvement was a result of increased EBITDA over the past 12 months (EUR 1,193 million compared to EUR 915 million in June 2023), partially offset by higher net interest-bearing debt.

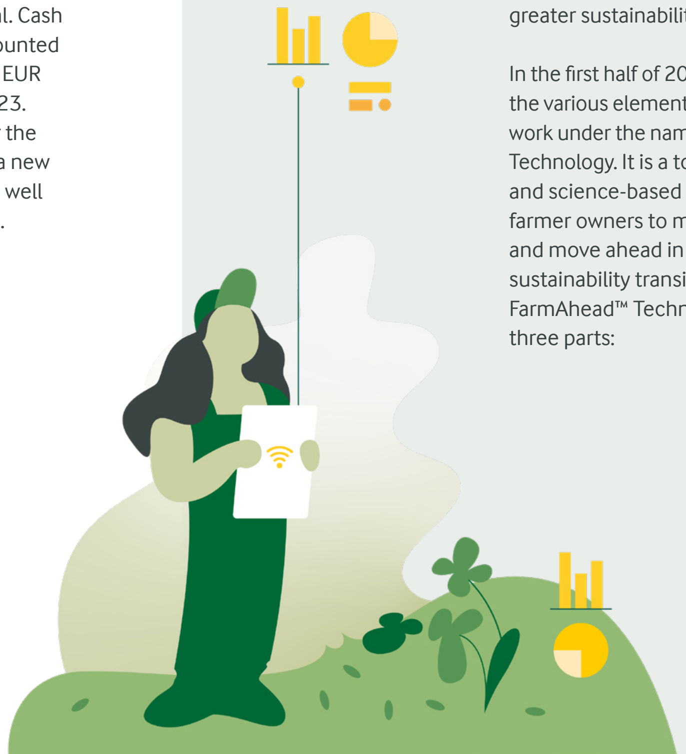
Our net interest-bearing debt increased to EUR 3,325 million from EUR 3,033 million in the first half of 2023. The increase was driven by higher net working capital primarily due to the effect of higher prices of inventory positions. The average maturity of debt decreased to 4.1 years from 4.7 years in the first half of 2023. Average interest costs, excluding pensions, were 4.5% compared to 3.6% in the first half of 2023 due to a higher interest level of new loans obtained.

Other comprehensive income amounted to EUR -89 million in the first half of 2024 compared to EUR -155 million in the first half of 2023.

Cash flow from operating activities decreased to EUR 115 million in the first half of 2024 compared to EUR 392 million in the first half of 2023. The higher pre-paid milk price in the first half of 2024 compared to the second half of 2023 led to a correspondingly higher value of inventories, which negatively impacted cash flow from operating activities. The achieved higher EBITDA was therefore offset by the cash spend on net working capital. Cash flow from investing activities amounted to EUR -295 million compared to EUR -206 million in the first half of 2023. Our main capital expenditures for the first half of 2024 were related to a new butter warehouse in Holstebro as well as new production facilities in AFI.

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

ACTIONS ON REDUCING CLIMATE IMPACT



ON FARMS

Introducing: FarmAhead™ Technology

In today's world, where the urgency of addressing climate change has never been more pressing, food production must be more sustainable. Milk, one of the primary sources of calcium, protein and other essential nutrients, remains an affordable and convenient way to meet nutritional needs, despite its environmental impact. We are committed to reducing our on-farm emissions by 30% by 2030 as part of our journey towards greater sustainability.

In the first half of 2024, we consolidated the various elements of our sustainability work under the name FarmAhead™ Technology. It is a toolbox of data-driven and science-based technologies for our farmer owners to measure, understand and move ahead in their individual sustainability transition on farm. FarmAhead™ Technology consists of three parts:

FarmAhead™ Check
Previously known as Climate Check, this is one of the world's largest externally validated datasets on dairy production, covering 99% of Arla's milk pool. Our farmer owners upload data on a wide range of questions related to their farm, which is then verified. The result is a specific climate footprint per kg of milk produced, along with insights into where emissions come from and how they can be most effectively reduced.

FarmAhead™ Incentive
Formerly known as the Sustainability Incentive model, this is a point-based system based on data from FarmAhead™ Check. Currently, farmers can earn up to 80 points based on their activities to reduce their climate impact and protect biodiversity. For each obtained point, a premium of 0.03 EUR-cent per kg of milk is added to the milk price that the farmer receives. Together with the 1 EUR-cent/kg of milk for submitting climate check data, up to EUR 500 million is allocated annually to motivate and accelerate efforts to reduce emissions from farms.

The points collected by the farmers have shown a consistent increase in all quarters, rising from 49 points in the third quarter of 2023 to 53 points in the second quarter of 2024. This improvement reflects their ongoing efforts to implement emission-reducing actions and enhance their performance on the levers. The biggest improvements derive from better fertiliser use, use of renewable energy and manure handling.

FarmAhead™ Innovation
FarmAhead™ Innovation is the cutting-edge research and development arm of Arla's sustainability initiatives. This part of FarmAhead™ Technology focuses on exploring and implementing innovative solutions to further reduce the climate impact of dairy farming and promote regenerative farming practices.

AT DAIRY SITES

Heat pumps delivering carbon savings at our sites

Moving one value chain to our dairy sites, in early 2024, we continued our investments in heat pumps, with two coming online at our Esbjerg and Akafa sites. The one at Akafa is a high-temperature CO_2 heat pump, the first of its kind in commercial operation. We have also approved new heat pump projects that will go online in 2025 and are exploring further efficiency opportunities at multiple sites.

Heat pumps are a great technology for electrification and are key to achieving our target of a 63% reduction in scope 1 and 2 emissions. With these projects, we expect to reduce our scope 1 and 2 emissions by almost 4 million kg of CO_2 in 2024, with further reductions anticipated in 2025.

2024 OUTLOOK

WE EXPECT THE POSITIVE MOMENTUM OF OUR SUSTAINABILITY EFFORTS, EFFICIENCIES AND BRANDS TO CONTINUE IN THE SECOND HALF OF 2024, CONTRIBUTING TO INCREASED FULL-YEAR EXPECTATIONS FOR BRAND GROWTH AND EFFICIENCIES.

Looking ahead into the second half of 2024, we anticipate the uncertain market conditions driven by geopolitical tension and instability to continue.

We also expect the increase in consumer purchasing power in the first half of 2024 to continue into the second half, especially in Europe. This is due to lower inflation and higher wages. As a result, demand for dairy is likely to keep rising, although it is unclear how consumers will respond to higher retail prices after the commodity price increases in the first half of 2024.

So far, global dairy supply has not kept up with demand in 2024, leading to rising dairy prices. There is significant uncertainty about how dairy supply will develop, as higher prices should stimulate supply. Nevertheless, regulatory uncertainty could continue to be a limiting factor.

Based on the better-than-expected results in the first half of 2024, we are increasing our expectations for the full-year. We now anticipate a branded growth rate of 3.0-4.0%. However, it is important to note that there remains uncertainty for the second half of the year, subject to consumers' reaction.

For revenue, the increasing price and volume expectations move our full-year outlook up to a range of EUR 13.4-13.9 billion, with a profit share still expected within our target range of between 2.8 and 3.2%.

We expect to follow up on the firm first-half momentum in our efficiency programme with a strong pipeline of activities to be implemented in the second half of the year, leading to an improved expected savings delivery for the full year in the range of EUR 100-120 million.

Through our climate strategy, including our FarmAhead™ Incentive programme, we aim to maintain our current pace in reducing our climate impact. We expect it to enable us to reach our 2030 emission reduction targets – a 63% reduction in scope 1 and 2 emissions and a 30% reduction in scope 3 emissions per kg of milk and whey.

	Results 2023	Outlook February 2024	Outlook update August 2024
F26 STRATEGIC BRANDED VOLUME-DRIVEN REVENUE GROWTH	-0.7%	1.0-3.0%	3.0-4.0%
REVENUE EUR BILLION	13.7	13.2-13.7	13.4-13.9
PROFIT SHARE	2.8%	2.8-3.2%	2.8-3.2%
F26 EFFICIENCIES EUR MILLION	114	85-105	100-120
LEVERAGE	2.6	2.4-2.8	2.6-2.9
F26 SCOPE 1+2 EMISSIONS PERCENTAGE POINTS	-4%P	REDUCTION	REDUCTION
F26 SCOPE 3 EMISSIONS PERCENTAGE POINTS	-3%P	REDUCTION	REDUCTION

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

"For me, sustainability means leaving the world in a better state for our children and future generations. It's about giving them more opportunities than we had. We are currently working on a 30-year plan, considering the changes that will occur in terms of climate, water availability, barn structures, cow breeds and more. We want to ensure that we are prepared for the future."

ARLA® SKYR

Thick, creamy, and high in protein. In the first half of 2024, Arla® Skyr grew in volume by 15%.

INCOME STATEMENT

(EUR million)	Note	H1 2024	H1 2023	Development	2023
Revenue	1.1	6,609	7,067	-6%	13,674
Production costs	1.2	-5,190	-5,857	-11%	-10,894
Gross profit		**1,419**	**1,210**	**17%**	**2,780**
Sales and distribution costs	1.2	-871	-857	2%	-1,764
Administration costs	1.2	-258	-219	18%	-459
Other operating income		19	46	-59%	113
Other operating costs		-68	-47	45%	-121
Share of results after tax in joint ventures and associates		25	28	-11%	51
Earnings before interest and tax (EBIT)		**266**	**161**	**65%**	**600**
Specification:					
EBITDA		512	399	28%	1,079
Depreciation, amortisation and impairment losses		-246	-238	3%	-479
Earnings before interest and tax (EBIT)		**266**	**161**	**65%**	**600**
Financial income		19	28	-32%	135
Financial costs		-89	-66	35%	-280
Profit before tax		**196**	**123**	**60%**	**455**
Tax		-23	-12	92%	-56
Profit for the period		**173**	**111**	**56%**	**399**
Attributable to:					
Arla Foods amba		167	103	62%	380
Non-controlling interests		6	8	-25%	19
Total		**173**	**111**	**56%**	**399**

COMPREHENSIVE INCOME

(EUR million)	Note	H1 2024	H1 2023	2023
Profit for the period		**173**	**111**	**399**
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Remeasurements of defined benefit schemes		-10	-9	-19
Tax on remeasurements of defined benefit schemes		2	2	4
Fair value adjustments		-117	-	-3
Items that may be reclassified subsequently to the income statement:				
Value adjustments of hedging instruments		8	-113	-141
Fair value adjustments		-	-3	-2
Foreign currency translation		31	-32	-47
Tax on items that may be reclassified to the income statement		2	-	9
Other comprehensive income, net of tax		**-84**	**-155**	**-199**
Total comprehensive income		**89**	**-44**	**200**
Attributable to:				
Arla Foods amba		83	-52	181
Non-controlling interests		6	8	19
Total		**89**	**-44**	**200**

BALANCE SHEET

(EUR million)	Note	H1 2024	H1 2023	Development	2023
Assets					
Non-current assets					
Intangible assets and goodwill	3.1	1,028	965	7%	1,010
Property, plant and equipment and right of use assets	3.1	3,245	3,029	7%	3,149
Investments in associates and joint ventures	3.1	466	541	-14%	560
Deferred tax		23	24	-4%	23
Pension assets	4.1	21	14	50%	21
Other non-current assets		21	24	-13%	25
Total non-current assets		**4,804**	**4,597**	**5%**	**4,788**
Current assets					
Inventory	2.1	1,609	1,560	3%	1,384
Trade receivables	2.1	1,182	1,140	4%	1,145
Derivatives		105	132	-20%	132
Other receivables		322	336	-4%	309
Securities	4.1	591	429	38%	403
Cash and cash equivalents	4.1	115	172	-33%	138
Total current assets		**3,924**	**3,769**	**4%**	**3,511**
Total assets		**8,728**	**8,366**	**4%**	**8,299**

(EUR million)	Note	H1 2024	H1 2023	Development	2023
Equity and liabilities					
Equity					
Common capital		2,308	2,190	5%	2,211
Individual capital		528	513	3%	557
Other equity accounts		-65	55	-218%	13
Supplementary payment to owners		64	64	0%	207
Equity, attributable to Arla Foods amba		**2,835**	**2,822**	**0%**	**2,988**
Non-controlling interests		63	65	-3%	64
Total equity		**2,898**	**2,887**	**0%**	**3,052**
Liabilities					
Non-current liabilities					
Pension liabilities	4.1	161	148	9%	167
Provisions		35	30	17%	31
Deferred tax		75	74	1%	83
Loans	4.1	2,630	2,793	-6%	2,369
Total non-current liabilities		**2,901**	**3,045**	**-5%**	**2,650**
Current liabilities					
Loans	4.1	1,199	679	77%	803
Trade payables and other payables	2.1	1,370	1,334	3%	1,425
Provisions		21	19	11%	20
Derivatives		37	95	-61%	43
Other current liabilities		302	307	-2%	306
Total current liabilities		**2,929**	**2,434**	**20%**	**2,597**
Total liabilities		**5,830**	**5,479**	**6%**	**5,247**
Total equity and liabilities		**8,728**	**8,366**	**4%**	**8,299**

EQUITY

	Common capital				Individual capital				Other equity accounts				Suppl. payment	Total equity		
(EUR million)	Capital account	Reserve for special purposes	Unallocated profit for the period	Total	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 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**
Equity at 1 January 2023	**903**	**1,247**	**-**	**2,150**	**348**	**55**	**137**	**540**	**211**	**5**	**-13**	**203**	**208**	**3,101**	**67**	**3,168**
Profit for the period	**-**	**-**	**39**	**39**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64**	**103**	**8**	**111**
Other comprehensive income	-7	-	-	-7	-	-	-	-	-113	-3	-32	-148	-	-155	-	-155
Total comprehensive income	**-7**	**-**	**39**	**32**	**-**	**-**	**-**	**-**	**-113**	**-3**	**-32**	**-148**	**64**	**-52**	**8**	**-44**
Transactions with owners	1	-	-	1	-16	-4	-5	-25	-	-	-	-	-	-24	-	-24
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1	-1
Supplementary payment regarding 2022	-	-	-	-	-	-	-	-	-	-	-	-	-203	-203	-	-203
Foreign currency translation adjustments	7	-	-	7	-3	-1	2	-2	-	-	-	-	-5	-	-9	-9
Total transactions with owners	**8**	**-**	**-**	**8**	**-19**	**-5**	**-3**	**-27**	**-**	**-**	**-**	**-**	**-208**	**-227**	**-10**	**-237**
Equity at 30 June 2023	**904**	**1,247**	**39**	**2,190**	**329**	**50**	**134**	**513**	**98**	**2**	**-45**	**55**	**64**	**2,822**	**65**	**2,887**

CASH FLOW

(EUR million)	Note	H1 2024	H1 2023	2023
EBITDA		512	399	1,079
Reversal of share of profit in joint ventures and associates		-25	-28	-51
Reversal of other operating items without cash impact		-19	14	-54
Change in net working capital	2.1	-298	46	320
Change in other receivables and other current liabilities		29	27	-23
Dividends received, joint ventures and associates		11	18	18
Interest paid		-87	-71	-145
Interest received		18	23	55
Taxes paid		-26	-36	-48
Cash flow from operating activities		**115**	**392**	**1,151**
Investment in intangible assets	3.1	-33	-31	-68
Investment in property, plant and equipment	3.1	-256	-181	-445
Sale of property, plant and equipment	3.1	2	2	6
Operating investing activities		**-287**	**-210**	**-507**
Acquisition of financial assets		-21	-6	-18
Sale of financial assets		39	7	29
Acquisition of enterprises		-26	-	-26
Sale of enterprises		-	3	3
Financial investing activities		**-8**	**4**	**-12**
Cash flow from investing activities		**-295**	**-206**	**-519**

(EUR million)	Note	H1 2024	H1 2023	2023
Half-year supplementary payment		-	-	-63
Supplementary payment regarding the previous financial year		-209	-203	-201
Transactions with owners		-27	-24	-25
Transactions with non-controlling interests		-18	-1	-13
New loans obtained		234	517	777
Other changes in loans		222	-357	-967
Payment of lease debt		-35	-36	-78
Payment to pension plans		-11	-11	-22
Cash flow from financing activities		**156**	**-115**	**-592**
Net cash flow		**-24**	**71**	**40**
Cash and cash equivalents at 1 January		138	105	106
Net cash flow for the period		-24	71	40
Exchange rate adjustment of cash funds		1	-4	-8
Cash and cash equivalents at 30 June		**115**	**172**	**138**
Free operating cash flow				
Cash flow from operating activities		115	392	1,151
Cash flow from operating investing activities		-287	-210	-507
Free operating cash flow		**-172**	**182**	**644**
Free cash flow				
Cash flow from operating activities		115	392	1,151
Cash flow from investing activities		-295	-206	-519
Free cash flow		**-180**	**186**	**632**

Financial comments

Cash flow from operating activities amounted to EUR 115 million (H1 2023: EUR 392 million). This was driven by a higher EBITDA, offset by an increased working capital level driven by an increased value of inventory.

Cash flow from investing activities amounted to EUR -295 million (H1 2023: EUR -206 million), of which investments in production facilities amounted to EUR 256 million (H1 2023: EUR 181 million).

Cash flow from financing activities amounted to EUR 156 million (H1 2023: EUR -115 million), driven by the supplementary payment and new loans obtained. Included in the financing activities was the net effect of new mortgage loans obtained, received securities and financing from additional repo-arrangements. Cash and cash equivalents amounted to EUR 115 million (H1 2023: EUR 172 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 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 after IAS 34. The general accounting principles applied can be found in Note 5.

Currency exposure
The group's financial position is significantly 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.

Applying materiality
Our focus is to present information that is considered of material importance to our stakeholders in a simple and structured way.

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

The most significant accounting estimates and judgements 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 goodwill
Estimates are applied in assessing the value in use of goodwill. Goodwill is tested annually for impairment, and is not subject to amortisation. Assessing future cash flows and setting discount rates involves strategic ambitions and market data.

Valuation of inventory
Arla uses a standard cost model as a proxy for actual costs. Estimates are applied on the historical cost price of milk, utilities and other production-related costs when assessing if standard costs approximate actual costs. Furthermore, the assessment of net realisable values of certain parts of the inventory requires estimates and judgements. This applies especially to the quality and future market price of certain cheese categories with a long maturity time.

Valuation of pension plans
Judgements are applied when setting actuarial assumptions such as the discount rate, expected future salary increases, inflation and mortality. The actuarial assumptions vary from country to country based on national economic and social conditions. They are set using available market data and compared to benchmarks to ensure consistency on an annual basis and in compliance with best practise.

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.

Read more on page 28

NOTE 1.
REVENUE AND COSTS

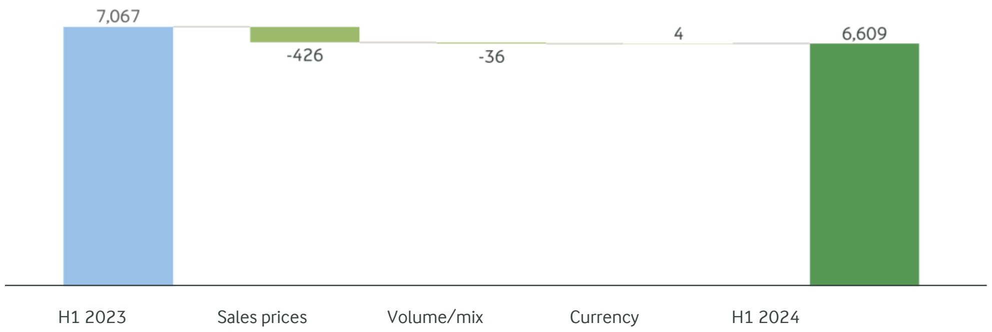
1.1 REVENUE

Financial comments

Revenue decreased by 6.5% to EUR 6,609 million (H1 2023: EUR 7,067 million). Lower sales prices compared to the first half of 2023 negatively impacted revenue by EUR -426 million, while the volume/mix impacted revenue by EUR -36 million. Positive currency effects amounted to EUR 4 million.

Strategic branded revenue amounted to EUR 3,161 million (H1 2023: EUR 3,202 million). Strategic branded volume-driven revenue growth was 4.1% compared to a decrease of 6.0% in the first half of 2023. The increase was driven by our Lurpak®, Arla® and Puck® brands and was seen both in Europe and international markets, and was mainly due to the lower price levels and increased consumer purchasing power. Read more about the performance of our brands and commercial segments in the performance review on pages 10-11.

Development in revenue
(EUR million)



Revenue split by brand

(EUR million)	H1 2024	H1 2023
Arla	1,794	1,839
Lurpak	388	372
Puck	264	274
Castello	113	114
Milk-based beverage	183	195
Other supported brands	419	408
Strategic branded revenue	**3,161**	**3,202**
Arla Foods Ingredients	473	513
Global Industry Sales, private label and other	2,975	3,352
Total	**6,609**	**7,067**

Revenue split by commercial segment

(EUR million)	H1 2024	H1 2023
Europe	3,849	4,081
International	1,195	1,243
Arla Foods Ingredients	473	513
Global Industry Sales and other sales	1,092	1,230
Total	**6,609**	**7,067**

1.2 COSTS

Financial comments

Operational costs decreased by 8.9% to EUR 6,319 million (H1 2023: EUR 6,933 million). The decrease was mainly driven by a lower average pre-paid milk price to farmer owners, and lower production costs.

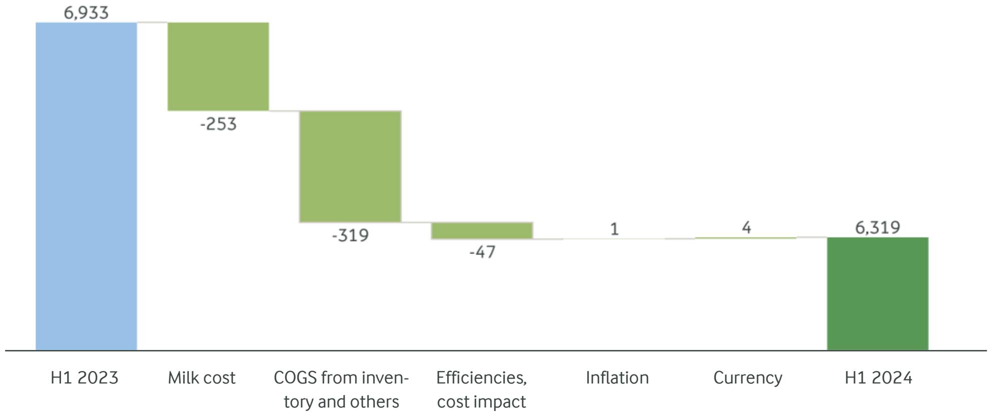
Production costs decreased by 11.4% to EUR 5,190 million (H1 2023: EUR 5,857 million). Excluding the cost of raw milk, production costs including the effect of changed inventory values decreased by 16.9% to EUR 2,039 million (H1 2023: EUR 2,453 million). The decrease was driven by the effect of changed inventory values and by lower prices in production such as energy and ingredients, partly offset by increased staff and packaging costs.

Sales and distribution costs increased by EUR 14 million, driven by higher marketing costs.

Staff costs increased by 9.7% to EUR 814 million due to regular salary adjustments across Arla as well an increased number of employees.

Our transformation and efficiency programme, Fund our Future, achieved savings of EUR 62 million, of which EUR 47 million related to operational cost savings.

Development in operational costs
(EUR million)



Operational costs split by function and type

(EUR million)	H1 2024	H1 2023
Production costs	5,190	5,857
Sales and distribution costs	871	857
Administration costs	258	219
Total	**6,319**	**6,933**
Specification:		
Weighed-in raw milk	3,151	3,404
Other production materials*	1,054	1,520
Staff costs	814	742
Transport costs	404	403
Marketing costs	135	117
Depreciation, amortisation and impairment	246	238
Other costs**	515	509
Total	**6,319**	**6,933**
Average number of full-time employees	21,469	21,024

**Other production materials includes 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 2024**		**H1 2023**	
	mkg	EUR million	mkg	EUR million
Owner milk	6,608	2,966	6,662	3,204
Other milk	392	185	387	201
Total	**7,000**	**3,151**	**7,049**	**3,404**

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 2024. The performance price was 47.5 EUR-cent/kg of owner milk (H1 2023: 49.7 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 increased by 4.1% in the first half of 2024 (H1 2023: 6.0%). The decline in inflation and return to normal consumer trends were the main reasons for the development.

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 2024, the profit share amounted to EUR 167 million (H1 2023: EUR 103 million). This corresponds to 2.5% of revenue (H1 2023: 1.5%). The profit attributable to Arla Foods amba will be specified in the profit appropriation at year-end.

Performance price	H1 2024			H1 2023		
	EUR million	mkg	EUR-cent/kg	EUR million	mkg	EUR-cent/kg
Owner milk (Standard milk (4.2% fat, 3.4% protein))	2,966	6,608	45.0	3,204	6,662	48.2
Arla Foods amba's share of profit for the period	167		2.5	103		1.5
Total	**3,133**	**6,608**	**47.5**	**3,307**	**6,662**	**49.7**

Strategic branded volume driven revenue growth (EUR million)	H1 2024	H1 2023
Strategic branded revenue last half-year	3,202	2,995
Strategic branded VDRG	130	-177
Price and exchange rate adjustments	-171	384
Strategic branded revenue	**3,161**	**3,202**
Strategic branded volume driven revenue growth, %	**4.1%**	**-6.0%**

The calculation of strategic branded VDRG is based on fixed exchange rates and is defined as volume growth of EUR 130 million divided by the net amount of strategic branded revenue last year of EUR 3,202 million and an exchange rate effect from average to fixed exchange rates of EUR 12 million.

Profit share (EUR million)	H1 2024	H1 2023
Revenue	6,609	7,067
Profit for the period	173	111
Profit relating to non-controlling interests	-6	-8
Profit attributable to farmer owners	**167**	**103**
Profit share	**2.5%**	**1.5%**

Profit share is calculated as EUR 167 million divided by EUR 6,609 million and amounted to 2.5% in H1 2024.

NOTE 2. NET WORKING CAPITAL

2.1 NET WORKING CAPITAL

Financial comments
Net working capital increased by 4.0% to EUR 1,421 million (H1 2023: 1,366 million). The increase was driven by a rise in inventory and trade receivables and offset by an increase in trade payables and other payables.

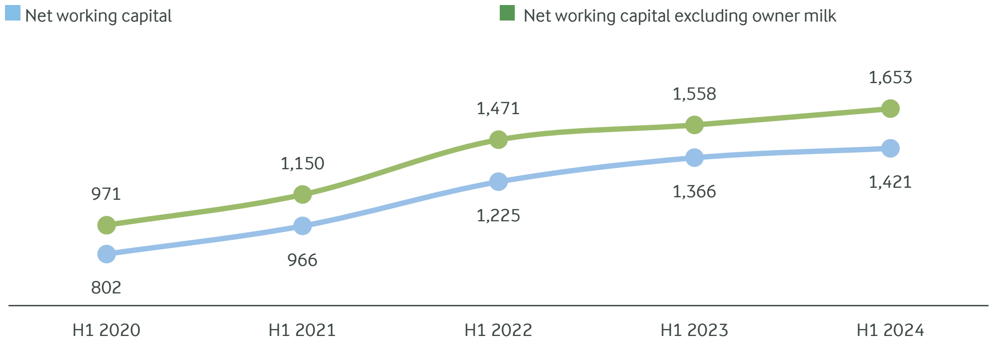
Inventory amounted to EUR 1,609 million (H1 2023: 1,560 million). The increase of 3.1% was mainly due to a higher milk price paid to our farmer owners.

Trade receivables increased by 3.7% to EUR 1,182 million (H1 2023: 1,140 million). Utilisation of our trade receivable financing programmes decreased by 11% compared to the first half of 2023. Net of the financing programmes, trade receivables were on a par with last year. Trade receivable financing programmes are an integral part of our liquidity management.

Trade payables and other payables amounted to EUR 1,370 million (H1 2023: 1,334 million). The increase of 2.7% was driven by owner milk due to the higher pre-paid milk price and to CAPEX payables generated by the increase in investments.

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

Development in net working capital
(EUR million)



Net working capital

(EUR million)	H1 2024	H1 2023
Inventory	1,609	1,560
Trade receivables	1,182	1,140
Trade payables and other payables	-1,370	-1,334
Net working capital	**1,421**	**1,366**

Inventory

(EUR million)	H1 2024	H1 2023
Inventory before write-downs	1,625	1,568
Write-downs	-16	-8
Total inventory	**1,609**	**1,560**
Raw materials and consumables	324	343
Work in progress	489	502
Finished goods and goods for resale	796	715
Total inventory	**1,609**	**1,560**

Trade receivables

(EUR million)	H1 2024	H1 2023
Trade receivables before provision for expected losses	1,200	1,159
Provision for expected losses	-18	-19
Total trade receivables	**1,182**	**1,140**

NOTE 3. CAPITAL EMPLOYED

3.1 CAPITAL EMPLOYED

Intangible assets and goodwill
(EUR million)

	H1 2024	H1 2023
Goodwill	768	712
Licenses and trademarks	57	63
IT and other development projects	203	190
Carrying amount at 30 June	**1,028**	**965**

Property, plant and equipment including right of use assets
(EUR million)

	H1 2024	H1 2023
Land and buildings	1,213	1,148
Plant and machinery	1,307	1,280
Fixtures and fittings, tools and equipment	202	194
Assets in the course of construction	523	407
Carrying amount at 30 June	**3,245**	**3,029**
Right of use assets included in the carrying amount	229	211

Financial comments

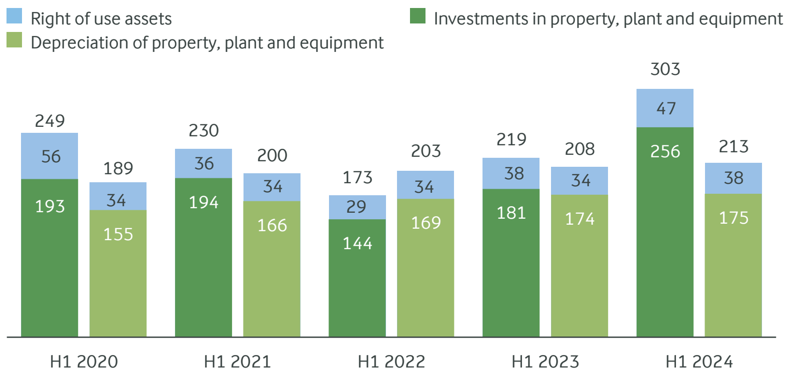
The carrying amount of non-current assets increased to EUR 4,804 million (H1 2023: EUR 4,597 million).

Intangible assets and goodwill increased to EUR 1,028 million (H1 2023: EUR 965 million). The increase was driven by the acquisition of MV Ingredients Ltd. and IT and other development projects.

The carrying amount of property, plant and equipment including right of use assets increased by EUR 216 million to EUR 3,245 million (H1 2023: EUR 3,029 million). Investments including right of use assets in the first half of the year amounted to EUR 303 million (H1 2023: EUR 219 million). Major projects such as state-of-the-art mozzarella technology in Taw Valley, UK, investments in butter capacity in Holstebro, Denmark, and growth investments in Arla Foods Ingredients continued in the first half of 2024.

The recognised value of associates and joint ventures was EUR 466 million (H1 2023: EUR 541 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 2024	H1 2023
Value of associates		
COFCO Dairy Holdings Ltd. (Mengniu), Hong Kong	362	430
Lantbrukarnas Riksförbund LRF, Sweden	89	87
Value of joint ventures		
ArNoCo GmbH & Co. KG., Germany	15	24
Recognised value of associates and joint ventures	**466**	**541**

NOTE 4. FUNDING

4.1 FUNDING AND PENSIONS

Financial comments

The group's financial leverage was 2.8, at the bottom of the target range, representing an improvement of 0.5 compared to the first half of 2023, driven by the development in EBITDA. Net interest-bearing debt excluding pensions increased by EUR 279 million compared to the position at 30 June 2023. The increase was seen in short-term borrowings and was driven by cash tied up in net working capital.

Pension liabilities amounted to EUR 161 million (H1 2023: EUR 148 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 21 million (H1 2023: EUR 14 million) at 30 June 2024. Following a volatile period of rising discount rates, we have started to see some stabilisation over the past 12 months with discount rates levelling out and marginally coming back down, resulting in an increase in pension liabilities of EUR 13 million. In contrast, pension assets have seen a small increase of EUR 7 million, predominantly driven by an update of the UK mortality assumptions used which led to lower life expectancy and a decrease in UK pension liabilities.

The average maturity profile of debt decreased to 4.1 years (H1 2023: 4.7 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 costs, excluding pensions, were 4.5% (H1 2023: 3.6%).

The liquidity reserves decreased by EUR 91 million to EUR 953 million compared to the reserves at 30 June 2023. The liquidity reserves decreased mainly as a result of a higher net working capital position. Excluded from the liquidity reserves are cash and securities considered as restricted due to restrictions and regulations on transferability of EUR 42 million (H1 2023: EUR 79 million). Cash not readily available for upstreaming in the group within five days amounted to EUR 36 million (H1 2023: EUR 58 million).

After closing of the first half of the year, new loans and facilities amounting to EUR 250 million and with maturities of 3-5 years have been obtained.

2.8

Leverage

H1 2023: 3.3

Target range 2.8-3.4

Net interest-bearing debt

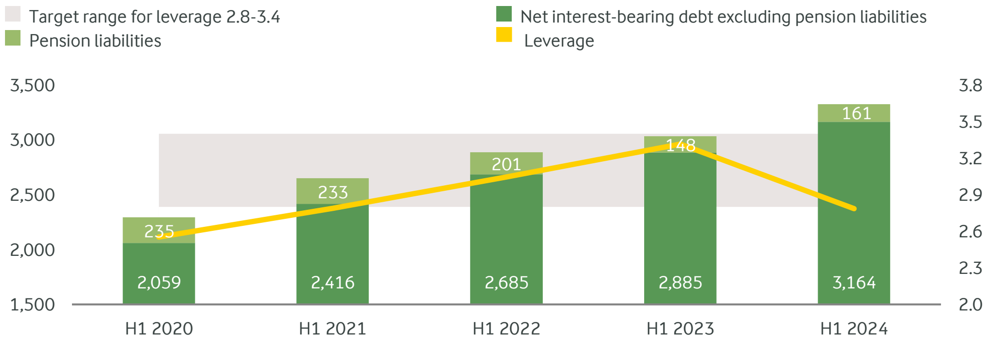
(EUR million)	H1 2024	H1 2023
Long-term borrowings	2,630	2,794
Short-term borrowings	1,208	696
Securities, cash and cash equivalents (excluding restricted securities and cash)	-664	-601
Other interest-bearing assets	-10	-4
Net interest-bearing debt excluding pension liabilities	**3,164**	**2,885**
Pension liabilities	161	148
Net interest-bearing debt including pension liabilities	**3,325**	**3,033**

Liquidity reserves

(EUR million)	H1 2024	H1 2023
Free cash*	64	89
Free securities**	14	14
Unutilised committed loan facilities > 1 year	452	500
Other unutilised loan facilities	423	441
Liquidity reserves	**953**	**1,044**

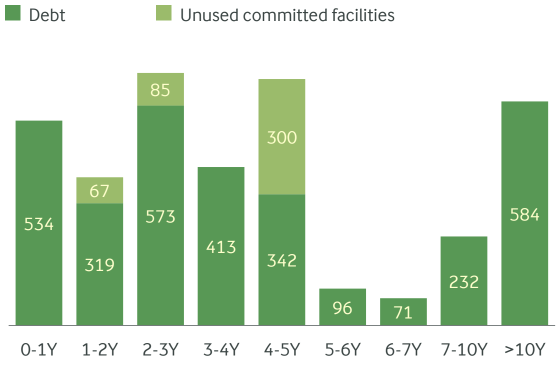
** Free cash is defined as cash and cash equivalents excluding restricted cash of EUR 15 million (H1 2023: EUR 25 million) and not readily available cash of EUR 36 million (H1 2023: EUR 58 million).*
*** Free securities are defined as securities excluding restricted securities of EUR 27 million (H1 2023: EUR 54 million) and securities used in repurchase arrangements of EUR 550 million (H1 2023: EUR 361 million).*

Net interest-bearing debt
(EUR million)

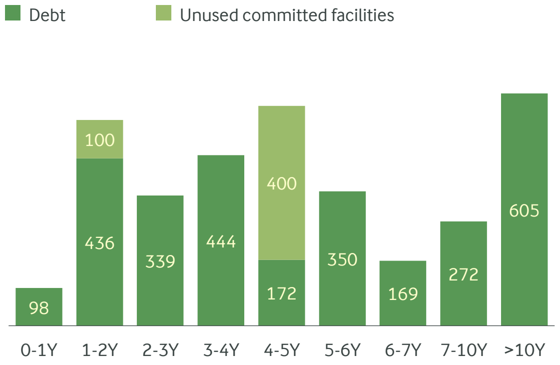


4.1 FUNDING AND PENSIONS (CONTINUED)

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



Maturity of net interest-bearing debt excluding pension liabilities at 30 June 2023
(EUR million)



Exchange rates

	Closing rate			Average rate		
	H1 2024	H1 2023	Change	H1 2024	H1 2023	Change
EUR/GBP	0.847	0.861	1.7%	0.855	0.876	2.5%
EUR/SEK	11.376	11.805	3.8%	11.396	11.334	-0.5%
EUR/DKK	7.459	7.447	-0.2%	7.458	7.446	-0.2%
EUR/USD	1.070	1.086	1.5%	1.081	1.081	0.0%
EUR/SAR	4.017	4.083	1.6%	4.055	4.056	0.0%

Pension liabilities

(EUR million)	H1 2024	H1 2023
Present value of funded liabilities	1,085	1,093
Fair value of plan assets	-949	-963
Deficit of funded plans	**136**	**130**
Present value of unfunded liabilities	4	4
Net pension liabilities recognised in the balance sheet	**140**	**134**
Presented as:		
Pension assets	-21	-14
Pension liabilities	161	148
Net pension liabilities	**140**	**134**

Assumptions for the actuarial calculations

(%)	H1 2024	H1 2023
Discount rate assumptions		
Discount rate, Sweden	3.6	4.1
Discount rate, UK	5.1	5.3
Inflation assumptions		
Inflation (CPI), Sweden	1.6	2.0
Inflation (CPI), UK	2.5	2.6
Mortality assumptions (life expectancy in years at age 65)		
Male in the UK	20.4	21.0
Female in the UK	22.6	23.0
Male in Sweden	21.9	22.0
Female in Sweden	23.9	24.0

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 2023, 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.

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

Arlagarden® is the name of our quality assurance programme.

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.

C

CAPEX is an abbreviation of capital expenditure.

E

EBIT is an abbreviation of earnings before interest and tax, and a measure of earnings from ordinary 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.

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

F

Free cash flow is defined as cash flow from operating activities and investing activities.

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.

M

MENA is an acronym referring to the Middle East and North Africa.

Milk volume is defined as the total intake of raw milk in kg from owners and contractors measured in standard milk with 4.2% fat and 3.4% protein.

N

Net cash flow refers to the cash flow from operating activities, investing activities and financing activities.

Net interest-bearing debt is the current and non-current interest-bearing liabilities less securities, cash and cash equivalents and other interest-bearing assets.

Net interest-bearing debt including pension liabilities refers to the current and non-current interest-bearing liabilities less securities, cash and cash equivalents and other interest-bearing assets plus pension liabilities. Restricted securities and cash and cash equivalents are not included.

Net working capital is the capital tied up in inventories, receivables and payables, including payables for owner milk.

Net working capital excluding owner milk is the capital tied up in inventories, receivables and payables, excluding payables for owner milk.

O

Other comprehensive income includes income, expenses, gains and losses that have yet to be realised and are excluded from net income in the income statement.

P

Performance price for Arla Foods is the pre-paid milk price plus net profit divided by the total member milk volume intake. It measures value creation per kg of owner milk, including retained earnings and supplementary payments.

Pre-paid milk price refers to the cash payment farmers receive per kg of milk delivered during the settlement period.

Profit margin is a measure of profitability. It is the amount by which revenue from sales exceeds costs in a business.

Profit share is defined as the ratio of profit for the period allocated to owners of Arla Foods to total revenue.

S

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

Strategic branded volume-driven revenue growth
Revenue growth associated with growth in volumes from strategic branded products while keeping prices constant.

Share of milk solids sold through Global Industry Sales
A measure of the total milk consumption for producing commodity products relative to the total milk consumption, i.e. based on volumes. Commodity products are sold with lower or no value added, typically via business-to-business sales for other companies to use in their production as well as via industry sales of cheese, butter or milk powder.

SMP
An abbreviation referring to skimmed milk powder.

V

The value-add segment comprises Arla Foods Ingredients products with special functionality and compounds compared to standard protein concentrates with a protein content of approximately 80%.

Volume-driven revenue growth refers to the revenue growth associated with growth in volumes while keeping prices constant.

W

WMP is an abbreviation referring to whole milk powder.

CORPORATE CALENDAR

2024

AUG 28
Publication of the consolidated half-year results for 2024

OCT 1-2
Board of Representatives meeting

2025

FEB 19
Announcement of the 2024 results

FEB 26-27
Meeting of the Board of Representatives

FEB 27
Publication of the Annual Report 2024

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