

# **Arla Foods Ingredients Group P/S**

Sønderhøj 10-12

8260 Viby J

CVR No. 33372116

## **Annual Report 2024**

The Annual Report was presented and approved at the Annual General Meeting of the Company on 22 May 2025

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Jonas Buur  
Chairman

**Contents**

Management's Statement	3
Independent auditor's report	4
Company details	6
Management's Review	7
Key Figures and Financial Ratios	9
Accounting Policies	10
Income Statement	14
Balance Sheet	15
Statement of changes in Equity	17
Notes	18

## **Management's Statement**

Today, Management has considered and approved the Annual Report of Arla Foods Ingredients Group P/S for the financial year 1 January 2024 - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January 2024 - 31 December 2024.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Aarhus, 22 May 2025

### **Executive Board**

Luis Cubel

### **Board of Directors**

Peder Tuborgh  
Chairman

Andreas Lundby

Povl Krogsgaard

Henrik Højen Andersen

## Independent auditor's report

### To the shareholders of Arla Foods Ingredients Group P/S

#### Opinion

We have audited the financial statements of Arla Foods Ingredients Group P/S for the financial year 1 January 2024 - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January 2024 - 31 December 2024 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

## **Independent auditor's report**

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- \* Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 22 May 2025

### **EY Godkendt Revisionspartnerselskab**

CVR-no. 30700228

Jan Krarup Mortensen  
State Authorised Public Accountant  
mne40030

## **Arla Foods Ingredients Group P/S**

### **Company details**

<b>Company</b>	Arla Foods Ingredients Group P/S Sønderhøj 10-12 8260 Viby J
Telephone	89381000
CVR No.	33372116
<b>Board of Directors</b>	Peder Tuborgh Andreas Lundby Povl Krogsgaard Henrik Højen Andersen
<b>Executive Board</b>	Luis Cubel
<b>Auditors</b>	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

## Management's Review

### The Company's principal activities

Arla Foods Ingredients (AFI) is a global leader in whey-based ingredients that are used in a wide range of categories from infant, clinical and sports nutrition to dairy and bakery. In addition, we manufacture child nutrition products for third parties. AFI is a 100 percent owned subsidiary of Arla Foods a.m.b.a.

"Arla Foods Ingredients' purpose is to discover and deliver powerful nutrition for a stronger tomorrow."

In the past, whey was regarded as a simple by-product from cheese production. Today whey is a high-value ingredient in its own right, and in the future. AFI's core customers request even more product differentiation than before. We bring unique protein and lactose solutions with considerable added value to our customers.

### Development in activities and financial matters

AFI's 2024 performance was driven by a continuous effort to produce new innovations and inspiring concepts, and despite market price volatility, our ingredients business maintained strong momentum during 2024.

2024 was a year characterised by high market prices across both commodities and value-added products, driven by strong demand for dairy proteins in general, and especially for specialized proteins like the AFI value-added whey and milk protein portfolio. This resulted in high growth in the value-add segment of 2.5% (2023: 10.4%) and a revenue increase of 3.7% to 6,817 mDKK in 2024 (2023: 6,572 mDKK). The revenue increase can be explained by the value add volume growth as well as higher market prices in general. Earnings for the year of 1,382 mDKK is in line with the expectations for the year which was between 1,000 mDKK and 1,500 mDKK.

Implementation of our Future 26 strategy continued at full force. A major investment in new capacities for our specialised proteins was finalized at Danmark Protein and is ready for commercialisation in early 2025. The Advanced Nutrition business, primarily producing early life nutrition products, continued to be challenged during 2024 following rising production costs and strategic customers facing difficult market conditions in China. Mid 2024 a strategic decision was made to phase out the early life nutrition business and increase focus on the ingredient business to further strengthen this business area. This transition will happen towards early 2026.

### Acquisition of Volac Whey Nutrition Ltd

In late 2024, AFI acquired ownership of Wales based Volac Whey Nutrition Ltd (VWN). VWN produces whey based protein and lactose products for the high-growth area of health and performance nutrition and for the food segment. The Volac business is a good fit for the growing Performance Nutrition segment in AFI and offers opportunities for further valorisation.

### Environmental conditions

The Arla Group continuously work to reduce the environmental impacts from its value chain supported by the environmental policy and green ambition. Sustainability is integrated as a key pillar in the overall strategy. A more detailed sustainability strategy including specific targets will guide Arla to reduce negative environmental impacts. Targets related to climate impact was approved by the science based target initiative.

### Research and development activities

The key in AFI's processes and competencies are innovation, research and development. By investing strongly, AFI is able to establish relationships between supply chain and customers, which will add value to our customers. The AFI Innovation Centre will further support the innovation agenda by giving home to AFI's leading scientists, and bridging the gap between world class research, clinical trials and collaboration across the globe.

## Management's Review

### CSR reporting

The Danish Financial Statements Act §99 a.

In accordance with §99 a of the Danish Financial Statements Act, we have not included a statement of our corporate social responsibility in this Annual report, as this is covered by Arla Foods a.m.b.a.'s (CVR-nr. 25313763) CSR report, which is a part of the consolidated annual report.

- <https://www.arla.com/company/investor/annual-reports/>

### Data ethics

The Danish Financial Statements Act §99 d.

No policy on the company's data ethics has been prepared, as this is covered by the Arla Foods a.m.b.a.'s (CVR-nr. 25313763) overall CSR reporting, which can be read on the company's website as a part of the Consolidated annual report.

- <https://www.arla.com/company/investor/annual-reports/>

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

### Expectations to the future

In 2025, AFI will focus on the priorities outlined in the launched AFI strategy 2026, such as growing whey intake and implementing comprehensive sustainability programs, while dedicating special focus to the post merger integration of the acquired Volac Whey Nutrition Ltd company.

Taking strong demands, the acquired Volac business, commercial efforts and raw material price volatility into consideration we expect profit before tax for the year to be in the range of 1.250 mDKK to 1.750 mDKK. The revenue for 2025 is expected to be in the range between 7.500 mDKK to 8.500 mDKK.

## Key Figures and Financial Ratios

kDKK

The development in the Company's key figures and financial ratios can be described as follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue	6.845.952	6.572.557	7.064.018	5.585.108	5.084.010
Operating profit/loss	1.491.811	1.060.062	1.094.427	779.229	727.642
Net financials	-100.383	-76.506	-23.463	-2.872	-47.948
Profit/loss for the year	1.391.428	983.556	1.070.964	776.357	679.694
Investment in tangible assets	528.328	400.269	347.459	365.687	422.629
Total assets	7.598.411	5.270.442	5.483.061	4.838.729	4.232.206
Total equity	2.629.892	2.729.792	2.746.236	2.375.272	1.898.915
Return on capital employed (%)	23,18	19,72	21,21	17,18	17,80
Return on equity (ROE) (%)	51,92	35,92	41,82	36,33	37,57
Solvency ratio (%)	34,61	51,79	50,09	49,09	44,87
Avg. number of full-time employees	1.011	980	906	871	811

Return on capital employed (%) = Operating profit/loss X 100/Avg. assets

Return on equity (ROE) (%) = Profit/loss for the year / Avg. equity X 100

Solvency ratio (%) = Total equity X 100 / Total liabilities

## **Accounting Policies**

### **Reporting Class**

The annual report of Arla Foods Ingredients Group P/S for 2024 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

The Company has also decided not to include a cash flow statement due to Danish Financial Statements Act §86 (4).

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### **Consolidated Financial Statements**

With reference to § 112 (1) of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

### **Reporting currency**

The annual report is presented in thousand Danish kroner.

### **Translation policies**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial costs.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial costs.

## **Income statement**

### **Revenue**

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT duties and net of sales discounts.

### **Raw materials and consumables used**

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

### **Other operating income**

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets and refunds from public authorities.

### **Other external costs**

Other external costs include costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

### **Staff costs**

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc.

Other staff costs are recognised in other external costs.

## **Accounting Policies**

### **Depreciation, amortisation and impairment of tangible and intangible assets**

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values.

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement under other operating income or costs.

### **Financial income and costs**

Financial income and costs are recognised in the income statement based at the amounts that concern the financial year. Financial income and costs include interest revenue and costs, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

## **Balance sheet**

### **Intangible assets**

Development projects that are clearly defined and identifiable, and where the degree of technical utilization, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the income statement as they incur.

Development costs comprise costs, including wages, salaries and amortization, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalized development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortization and the recoverable amount.

### **Tangible assets**

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and costs directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

## **Accounting Policies**

Completed development projects	3-5 years
Properties	20-30 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-7 years

Land is not amortized.

Property, plant and equipment that are leased and meet the conditions for financial leasing are treated according to the same guidelines as those applying to purchased assets.

The cost of financially leased assets is measured at the lower value of the purchase prices according to the leases and the present value of the lease payments, determined on the basis of the interest rate implicit in the leases.

### **Investments in subsidiaries**

Investments in subsidiaries are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realizable value, a write-down to this lower value will be performed.

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is determined as the selling price less any discounts, costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

### **Receivables**

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

## **Accounting Policies**

### **Receivables from group companies**

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group companies.

### **Prepayments**

Prepayments recognised in assets comprises prepaid costs regarding subsequent financial years.

### **Equity**

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

### **Development cost reserve**

Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividend or losses. The reserve is deducted or dissolved by depreciation of the recognized costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

### **Dividends**

Proposed dividend for the year are recognised as a separate item under equity. Proposed dividends are recognised as a liability when approved by the Annual General Meeting.

### **Hedging reserve**

The hedging reserve comprises the cumulative net change in the fair value of hedging transaction that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

### **Liabilities**

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

### **Other payables**

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Arla Foods Ingredients Group P/S

**Income Statement**

	<b>Note</b>	<b>2024 kDKK</b>	<b>2023 kDKK</b>
Revenue	1	6.845.952	6.572.557
Raw materials and cosumables used		-3.312.328	-3.489.447
Other operating income		0	27.320
Other external costs		-1.082.247	-1.073.134
<b>Gross profit</b>		<b>2.451.377</b>	<b>2.037.296</b>
Staff costs	2	-721.890	-663.657
Depreciation, amortisation and impairment losses		-237.676	-313.577
<b>Operating profit</b>		<b>1.491.811</b>	<b>1.060.062</b>
Financial income	3	43.171	24.968
Financial costs	4	-143.554	-101.474
<b>Profit before tax</b>		<b>1.391.428</b>	<b>983.556</b>
<b>Profit for the year</b>	5	<b>1.391.428</b>	<b>983.556</b>

Arla Foods Ingredients Group P/S

Balance Sheet as of 31 December

	Note	2024 kDKK	2023 kDKK
<b>Assets</b>			
IT and other development projects	6	22.855	17.299
Development projects in progress	7	3.880	4.739
<b>Intangible assets</b>		<b>26.735</b>	<b>22.038</b>
Land and buildings	8	1.338.751	1.284.816
Plant and machinery	9	1.288.479	1.107.692
Fixtures, fittings, tools and equipment	10	31.317	34.041
Property, plant and equipment in progress	11	315.324	249.400
<b>Property, plant and equipment</b>		<b>2.973.871</b>	<b>2.675.949</b>
Investments in subsidiaries	12, 13	2.555.074	381.233
<b>Investments</b>		<b>2.555.074</b>	<b>381.233</b>
<b>Non-current assets</b>		<b>5.555.680</b>	<b>3.079.220</b>
Raw materials and consumables		164.418	169.500
Work in progress		9.745	11.715
Finished goods and goods for resale		655.533	505.251
<b>Inventories</b>		<b>829.696</b>	<b>686.466</b>
Trade receivables		904.893	653.124
Receivables from group companies	14	175.400	615.870
Other receivables		101.998	175.981
Prepayments		30.734	59.765
<b>Receivables</b>		<b>1.213.025</b>	<b>1.504.740</b>
<b>Cash and cash equivalents</b>		<b>10</b>	<b>16</b>
<b>Current assets</b>		<b>2.042.731</b>	<b>2.191.222</b>
<b>Assets</b>		<b>7.598.411</b>	<b>5.270.442</b>

Arla Foods Ingredients Group P/S

Balance Sheet as of 31 December

	Note	2024 kDKK	2023 kDKK
<b>Liabilities and equity</b>			
Contributed capital		10.000	10.000
Reserve for development costs		26.735	22.038
Retained earnings		1.584.485	1.197.754
Proposed dividend recognised in equity		1.000.000	1.500.000
Hedge instruments		8.672	0
<b>Equity</b>		<b>2.629.892</b>	<b>2.729.792</b>
Loans from credit institutions etc.		1.480.518	1.476.506
<b>Long-term liabilities</b>	15	<b>1.480.518</b>	<b>1.476.506</b>
Trade payables		610.758	553.085
Payables to group companies		2.832.197	477.367
Other payables		45.046	33.692
<b>Short-term liabilities</b>		<b>3.488.001</b>	<b>1.064.144</b>
<b>Liabilities</b>		<b>4.968.519</b>	<b>2.540.650</b>
<b>Liabilities and equity</b>		<b>7.598.411</b>	<b>5.270.442</b>
Contingent liabilities	16		
Related parties	17		
Events after the balance sheet date	18		

Arla Foods Ingredients Group P/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Reserve for development costs	Hedge instruments	Total
Equity 1 January 2024	10.000	1.197.754	1.500.000	22.038	0	2.729.792
Dividend paid			-1.500.000			-1.500.000
Net adjustments of hedging instruments					8.672	8.672
Profit (loss)		386.731	1.000.000	4.697		1.391.428
<b>Equity 31 December 2024</b>	<b>10.000</b>	<b>1.584.485</b>	<b>1.000.000</b>	<b>26.735</b>	<b>8.672</b>	<b>2.629.892</b>

The Company's share capital is kDKK 10.000 divided into shares of kDKK 1 or any multiple thereof. The share capital has remained unchanged for the last 5 years.

## Notes

### 1. Revenue

	<b>2024</b>	<b>2023</b>
	<b>kDKK</b>	<b>kDKK</b>
Whey-based ingredients – domestic	329.504	311.585
Whey-based ingredients – export	5.813.361	5.469.959
Child Nutrition Manufacturing (CNM) – export	703.087	791.013
	<b>6.845.952</b>	<b>6.572.557</b>

### 2. Staff costs

Wages and salaries	643.307	594.661
Post-employment benefit costs	76.079	66.688
Social security contributions	2.504	2.308
	<b>721.890</b>	<b>663.657</b>

Average number of employees	1.011	980
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In accordance with the section 98b (3)(1) of the Danish Financial Statements Act, information on management remuneration is given in total for all management levels including both Management and Board of Directors. In 2024 the total remuneration amounts to kDKK 7.483 (2023: kDKK 7.217).

### 3. Finance income

Financial income from group companies	0	21.539
Other financial income	43.171	3.429
	<b>43.171</b>	<b>24.968</b>

### 4. Financial costs

Financial costs regarding group companies	33.926	2.674
Other financial costs	109.628	98.800
	<b>143.554</b>	<b>101.474</b>

### 5. Distribution of profit

Proposed dividend	1.000.000	1.500.000
Reserve for development costs	4.697	-10.766
Retained earnings	386.731	-505.678
	<b>1.391.428</b>	<b>983.556</b>

## Notes

**6. IT and other development projects**

	<b>2024</b>	<b>2023</b>
	<b>kDKK</b>	<b>kDKK</b>
Cost at the beginning of the year	203.827	202.178
Addition during the year	6.591	2.499
Disposal during the year	0	-2.871
Transfers during the year to other items	9.237	2.021
<b>Cost at the end of the year</b>	<b>219.655</b>	<b>203.827</b>
Amortisation at the beginning of the year	-186.528	-170.977
Amortisation for the year	-10.272	-18.422
Reversal of impairment losses and amortisation of disposed assets	0	2.871
<b>Amortisation at the end of the year</b>	<b>-196.800</b>	<b>-186.528</b>
<b>Carrying amount at the end of the year</b>	<b>22.855</b>	<b>17.299</b>

**7. IT and development projects in progress**

Cost at the beginning of the year	4.739	1.603
Addition during the year, incl. improvements	3.733	5.157
Transfers during the year to other items	-4.592	-2.021
<b>Cost at the end of the year</b>	<b>3.880</b>	<b>4.739</b>
<b>Carrying amount at the end of the year</b>	<b>3.880</b>	<b>4.739</b>

**8. Land and buildings**

Cost at the beginning of the year	1.589.857	1.363.488
Addition during the year	69.258	152.636
Transfers during the year to other items	48.212	73.733
<b>Cost at the end of the year</b>	<b>1.707.327</b>	<b>1.589.857</b>
Depreciation at the beginning of the year	-305.041	-244.642
Depreciation for the year	-63.535	-60.399
<b>Depreciation at the end of the year</b>	<b>-368.576</b>	<b>-305.041</b>
<b>Carrying amount at the end of the year</b>	<b>1.338.751</b>	<b>1.284.816</b>

## Notes

**9. Plant and machinery**

	<b>2024</b>	<b>2023</b>
	<b>kDKK</b>	<b>kDKK</b>
Cost at the beginning of the year	2.791.788	2.630.253
Addition during the year	226.810	77.776
Disposal during the year	-200	-1.036
Transfers during the year to other items	98.740	84.795
<b>Cost at the end of the year</b>	<b>3.117.138</b>	<b>2.791.788</b>
Depreciation at the beginning of the year	-1.684.096	-1.470.083
Depreciation for the year	-144.584	-214.089
Reversal of depreciations on disposed assets	21	76
<b>Depreciation at the end of the year</b>	<b>-1.828.659</b>	<b>-1.684.096</b>
<b>Carrying amount at the end of the year</b>	<b>1.288.479</b>	<b>1.107.692</b>

**10. Fixtures, fittings, tools and equipment**

Cost at the beginning of the year	175.043	160.629
Addition during the year	4.928	4.875
Transfers during the year to other items	8.152	9.539
<b>Cost at the end of the year</b>	<b>188.123</b>	<b>175.043</b>
Depreciation at the beginning of the year	-141.002	-120.335
Depreciation for the year	-15.804	-20.667
<b>Depreciation at the end of the year</b>	<b>-156.806</b>	<b>-141.002</b>
<b>Carrying amount at the end of the year</b>	<b>31.317</b>	<b>34.041</b>

**11. Property, plant and equipment in progress**

Cost at the beginning of the year	251.223	254.308
Addition during the year	227.332	164.982
Transfers during the year to other items	-159.750	-168.067
<b>Cost at the end of the year</b>	<b>318.805</b>	<b>251.223</b>
Impairment losses for the year	-3.481	0
<b>Impairment losses and amortisation at the end of the year</b>	<b>-3.481</b>	<b>0</b>
<b>Carrying amount at the end of the year</b>	<b>315.324</b>	<b>251.223</b>

## Notes

### 12. Investments in subsidiaries

	2024 kDKK	2023 kDKK
Cost at the beginning of the year	381.233	381.233
Addition during the year	2.173.841	0
<b>Cost at the end of the year</b>	<b>2.555.074</b>	<b>381.233</b>
<b>Carrying amount at the end of the year</b>	<b>2.555.074</b>	<b>381.233</b>

### 13. Disclosure of investments in subsidiaries

#### Subsidiaries

Name	Registered office	Share held in		
		%	Equity	Profit
AF Ingredients Energy A/S	Denmark	100,00	1.058	197
Arla Foods Ingredients Inc	USA	100,00	47.806	12.578
AF Ingredients Korea Co. Ltd.	Korea	100,00	19.700	1.372
Arla Foods Ingredients KK	Japan	100,00	47.453	880
AF Ingredients S.A. de C.V	Mexico	100,00	51.514	19.483
AFI Singapore Pte. Ltd.,	Singapore	100,00	6.007	408
AFI Trading (Beijing) Co., Ltd	China	100,00	24.736	-3.044
Arla Foods Ingredients S.A.	Argentina	97,00	719.780	278.402
- AFI Comercio de Produtos Ltda.	Brazil	100,00	28	1.712
Volac Whey Nutrition Holdings Limited, UK	Great Britain	100,00	952.944	31.916
			<b>1.871.026</b>	<b>343.904</b>

### 14. Payables to group companies

The Company participates in the cash pool arrangement for Arla Foods Group, managed by Arla Foods Finance A/S. As part of the cash pool, the Company participates in the In-House Bank and holds SAP bank accounts that is deemed as an external bank account from the Company's point of view with balances being booked as intercompany asset/liability.

The conditions outlined within the cash pooling agreement grant the right to mutually offset withdrawals and deposits, resulting in only the net balance of all pooled accounts being reflected as Arla Foods Finance A/S' balance within the In-House bank.

The amount recognized as payables to group companies relating to the cash pool agreement for Arla Foods Ingredients Group P/S amounts to 236.864 kDKK as of 31 December 2024 (2023: 401.441 kDKK as a receivable).

### 15. Long-term liabilities

	Due after 1 year kDKK	Due within 1 year kDKK	Due after 5 years kDKK
Mortgage debt	0	0	1.480.518
	<b>0</b>	<b>0</b>	<b>1.480.518</b>

## Notes

### 16. Contingent liabilities

Contractual commitments consist of purchase commitments of 163 mDKK as of 31 December 2024 compared to 318 mDKK as of 31 December 2023. Operating rent/lease commitments of 3 mDKK as of 31 December 2024 compared to 5 mDKK as of 31 December 2023.

As security for debt to credit institutions amounting to kDKK 1.481.518, a mortgage has been granted on land and buildings with a total accounting value of tDKK 1.338.751 as of 31 December 2024.

### 17. Related parties

The Company is a wholly owned subsidiary of Arla Foods amba, Viby J and is included in the consolidated financial statements. The consolidated financial statements can be obtained at the following address: Arla Foods amba, Sønderhøj 14, 8260 Viby J.

Transactions with related parties (kDKK):

<b>Other group companies</b>	<b>2024</b>	<b>2023</b>
	<b>kDKK</b>	<b>kDKK</b>
Sale of goods & services	451.511	411.273
Purchase of goods & services	-250.541	-601.799
Other internal cost recharges	6.099	5.061
Interest on intercompany loans	-18.881	21.539
Receivables from group companies	264.225	614.388
Payables to group companies	2.683.915	97.453
<b>Parent company</b>		
Sale of goods & services	202.273	166.305
Purchase of goods & services	-1.643.755	-1.594.293
Other internal cost recharges	-784.246	-733.153
Interest on intercompany loans	-15.045	0
Receivables from parent company	157.593	16.977
Payables to parent company	394.700	387.775
Dividends paid to parent company	1.500.000	1.000.000

### 18. Events after the balance sheet date

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.