

**PARENT  
FINANCIAL  
STATEMENTS  
2025**



# Management review

This annual report of the parent company is an integral part of the full annual report, which contains the statement from the Board of Directors (BoD) and the Executive Board as well as the independent auditor's report.

The financial statements of the parent company show the financial position, results and cash flow of Arla Foods amba on a stand-alone basis for the financial year 1 January to 31 December 2025.

## Principal activities

Arla Foods amba conducts dairy activities in Denmark and purchases milk from the company's farmer owners in seven member countries. Milk collected outside of Denmark is re-sold to foreign subsidiaries in the group. This structure ensures that all owners receive milk payments in compliance with common guidelines and exercise influence according to the owner democracy, including elections of the Board of Representatives (BoR) and the BoD, in accordance with the Articles of Association. For more details, please refer to the Governance section in the management review of the group's annual report.

In addition to its Danish dairy activities, Arla Foods amba operates as the parent entity and head office of the Arla group, carrying out ownership-related activities including investments in group companies, member relations and selected group-wide functions.

## Performance

The milk price delivered to our farmer owners increased by 12%, resulting in a performance price of 56.4 EUR-cent/kg of owner milk (2024: 50.9 EUR-cent/kg). Revenue increased by 9% to EUR 11,189 million (2024: EUR 10,229 million). EBIT amounted to EUR 61 million (2024: EUR 117 million).

Within EBIT, there has been a decrease in gross profit, partly offset by lower sales, distribution and administration costs. Additionally, there was an increase in other operating income and a slight decrease in other operating costs, both related to hedging instruments.

In 2025, the parent company incurred a loss due to reversal of impairment on investments in subsidiaries. The net loss incurred amounted to EUR 3 million related to a few subsidiaries, compared to a loss of EUR 9 million last year. This had no impact on group results or the milk price paid to farmer owners.

Financial income decreased by EUR 25 million, driven by lower dividends received from subsidiaries and associates partly offset by an increase in foreign exchange rate gains. Financial costs increased by EUR 57 million, mainly due to an increase in foreign exchange rate losses and in fair value adjustment costs.

Profit for the year amounted to EUR 201 million (2024: EUR 331 million) in line with expectations, mainly due to higher milk prices and dividends received from subsidiaries and associates. Financial income amounted to EUR 356 million (2024: EUR 381 million), and financial costs amounted to EUR 203

million (2024: EUR 146 million). Due to the cooperative setup, the results for the parent company are dependent on the pre-paid milk price and the performance of the group. For 2026, the company anticipates results in the range of EUR 150 million to EUR 200 million, depending on the development of results in other group companies.

## Corporate social responsibility

For information on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act, please refer to the sustainability statements in the management review of the group's annual report.

## Data ethics

For information on data ethics in accordance with section 99d of the Danish Financial Statements Act, please refer to the sustainability statements in the management review of the group's annual report.

# PARENT COMPANY FINANCIAL STATEMENTS

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# Income statement

(EUR million)	Note	2025	2024
Revenue	1.1	11,189	10,229
Production costs	1.2	-10,394	-9,290
<b>Gross profit</b>		<b>795</b>	<b>939</b>
Sales and distribution costs	1.2	-590	-600
Administration costs	1.2	-226	-261
Other operating income	1.3	194	152
Other operating costs	1.3	-112	-113
<b>Earnings before interest and tax (EBIT)</b>		<b>61</b>	<b>117</b>
<b>Specification:</b>			
EBITDA		248	316
Depreciation, amortisation and impairment losses	1.2	-187	-199
<b>Earnings before interest and tax (EBIT)</b>		<b>61</b>	<b>117</b>
Impairment and reversal of impairment in subsidiaries	3.3	-3	-9
Financial income	4.2	356	381
Financial costs	4.2	-203	-146
<b>Profit before tax</b>		<b>211</b>	<b>343</b>
Tax	5.1	-10	-12
<b>Profit for the year</b>		<b>201</b>	<b>331</b>

# Comprehensive income

(EUR million)	Note	2025	2024
<b>Profit for the year</b>		<b>201</b>	<b>331</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to the income statement:</b>			
Value adjustments of hedging instruments		39	-47
Adjustments related to foreign currency translation		-12	4
<b>Other comprehensive income, net of tax</b>		<b>27</b>	<b>-43</b>
<b>Total comprehensive income</b>		<b>228</b>	<b>288</b>

# Profit appropriation

(EUR million)	2025	2024
<b>Profit for the year</b>	<b>201</b>	<b>331</b>
<b>Profit appropriation:</b>		
Supplementary payment for milk	282	275
Interest on contributed individual capital	14	17
<b>Total supplementary payment</b>	<b>296</b>	<b>292</b>
<b>Transferred to equity:</b>		
Common capital	-138	18
Individual capital	43	40
Reserve for development costs	-	-19
<b>Total transferred to equity</b>	<b>-95</b>	<b>39</b>
<b>Appropriated profit</b>	<b>201</b>	<b>331</b>

# Balance sheet

(EUR million)	Note	2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	3.1	92	102
Intangible assets	3.1	217	204
Property, plant and equipment and right-of-use assets	3.2	1,093	1,054
Investments in subsidiaries	3.3	1,412	1,399
Investments in associates	3.3	246	246
Subordinated loans to subsidiaries	3.3	380	397
Other non-current assets		6	4
<b>Total non-current assets</b>		<b>3,446</b>	<b>3,406</b>
<b>Current assets</b>			
Inventory	2.1	455	456
Trade receivables	2.1	295	292
Amounts owed by subsidiaries	2.1	964	811
Derivatives	4.5	109	75
Other receivables		67	60
Securities	4.3	329	341
Cash and cash equivalents	4.3	3	4
<b>Total current assets</b>		<b>2,222</b>	<b>2,039</b>
<b>Total assets</b>		<b>5,668</b>	<b>5,445</b>

(EUR million)	Note	2025	2024
<b>Equity and liabilities</b>			
<b>Equity</b>			
Common capital		819	1,216
Individual capital		834	570
Other equity accounts		-22	-49
Supplementary payment to owners		228	228
<b>Total equity</b>		<b>1,859</b>	<b>1,965</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	4.3	1,618	1,604
<b>Total non-current liabilities</b>		<b>1,618</b>	<b>1,604</b>
<b>Current liabilities</b>			
Loans	4.3	742	533
Trade payables and other payables	2.1	692	689
Amounts owed to subsidiaries		645	490
Derivatives	4.5	14	71
Other current liabilities		98	93
<b>Total current liabilities</b>		<b>2,191</b>	<b>1,876</b>
<b>Total liabilities</b>		<b>3,809</b>	<b>3,480</b>
<b>Total equity and liabilities</b>		<b>5,668</b>	<b>5,445</b>

# Equity

(EUR million)	Common capital <sup>1</sup>				Individual capital					Other equity accounts				Suppl. payment	Total equity
	Capital account	Reserve for special purposes	Other	Total	Merger reserve	Contributed individual capital	Delivery-based owner certificates	Injected individual capital	Total	Reserve for value adjustment of hedging instruments	Reserve for foreign exchange adjustments	Reserve for development costs	Total		
<b>Equity at 1 January 2025</b>	<b>845</b>	<b>1,385</b>	<b>-1,014</b>	<b>1,216</b>	-	<b>390</b>	<b>46</b>	<b>134</b>	<b>570</b>	<b>-37</b>	<b>-12</b>	-	<b>-49</b>	<b>228</b>	<b>1,965</b>
<b>Profit for the year</b>	<b>76</b>	-	<b>-214</b>	<b>-138</b>	-	<b>43</b>	-	-	<b>43</b>	-	-	-	-	<b>296</b>	<b>201</b>
Other comprehensive income	9	-	-9	-	-	-	-	-	-	39	-12	-	27	-	27
<b>Total comprehensive income</b>	<b>85</b>	-	<b>-223</b>	<b>-138</b>	-	<b>43</b>	-	-	<b>43</b>	<b>39</b>	<b>-12</b>	-	<b>27</b>	<b>296</b>	<b>228</b>
Transactions with owners	1	-	-	1	-	-22	-4	-7	-33	-	-	-	-	-	-32
Transfer to merger reserve <sup>2</sup>	-260	-	-	-260	260	-	-	-	260	-	-	-	-	-	-
Half-year supplementary payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-68	-68
Supplementary payment regarding 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-234	-234
Foreign currency translation adjustments	-	-	-	-	-	-2	1	-5	-6	-	-	-	-	6	-
Adjustments in the year	-7	-	7	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-266</b>	-	<b>7</b>	<b>-259</b>	<b>260</b>	<b>-24</b>	<b>-3</b>	<b>-12</b>	<b>221</b>	-	-	-	-	<b>-296</b>	<b>-334</b>
<b>Equity at 31 December 2025</b>	<b>664</b>	<b>1,385</b>	<b>-1,230</b>	<b>819</b>	<b>260</b>	<b>409</b>	<b>43</b>	<b>122</b>	<b>834</b>	<b>2</b>	<b>-24</b>	-	<b>-22</b>	<b>228</b>	<b>1,859</b>
<b>Equity at 1 January 2024</b>	<b>895</b>	<b>1,316</b>	<b>-1,010</b>	<b>1,201</b>	-	<b>372</b>	<b>51</b>	<b>134</b>	<b>557</b>	<b>10</b>	<b>-16</b>	<b>19</b>	<b>13</b>	<b>207</b>	<b>1,978</b>
<b>Profit for the year</b>	-	<b>69</b>	<b>-51</b>	<b>18</b>	-	<b>40</b>	-	-	<b>40</b>	-	-	<b>-19</b>	<b>-19</b>	<b>292</b>	<b>331</b>
Other comprehensive income	-42	-	42	-	-	-	-	-	-	-47	4	-	-43	-	-43
<b>Total comprehensive income</b>	<b>-42</b>	<b>69</b>	<b>-9</b>	<b>18</b>	-	<b>40</b>	-	-	<b>40</b>	<b>-47</b>	<b>4</b>	<b>-19</b>	<b>-62</b>	<b>292</b>	<b>288</b>
Transactions with owners	1	-	-	1	-	-20	-4	-5	-29	-	-	-	-	-	-28
Half-year supplementary payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-64	-64
Supplementary payment regarding 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-209	-209
Foreign currency translation adjustments	-4	-	-	-4	-	-2	-1	5	2	-	-	-	-	2	-
Adjustments in the year	-5	-	5	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-8</b>	-	<b>5</b>	<b>-3</b>	-	<b>-22</b>	<b>-5</b>	-	<b>-27</b>	-	-	-	-	<b>-271</b>	<b>-301</b>
<b>Equity at 31 December 2024</b>	<b>845</b>	<b>1,385</b>	<b>-1,014</b>	<b>1,216</b>	-	<b>390</b>	<b>46</b>	<b>134</b>	<b>570</b>	<b>-37</b>	<b>-12</b>	-	<b>-49</b>	<b>228</b>	<b>1,965</b>

<sup>1</sup> Common capital consists of the capital account, reserve for special purposes and other amounted to EUR 819 million in 2025 (2024: EUR 1,216 million). According to clause 20 of the cooperative's Articles of Association, the capital account and the reserve for special purposes are measured for the Arla Foods group as determined under IFRS. Other relates to differences between group and parent company accounting principles and amounted to EUR -1,230 million at 31 December 2025. Please refer to the comments to the equity statement in the consolidated financial statements for an explanation of the characteristics of each equity account.

<sup>2</sup> In relation to the approval of the intended merger with the DMK Group, on 18 June 2025 the Board of Representatives authorised the Board of Directors to transfer EUR 260 million from Arla Foods amba's common capital to a new capital instrument reserved for Arla's existing members at the merger date. The amount corresponds to 1 EUR cent per kg milk and is planned for payment in March 2027 and 2028 together with the annual supplementary payment. The payment is subject to final approval of the merger and approval by the Board of Representatives.

# Cash flow

(EUR million)	Note	2025	2024
EBITDA		248	316
Reversal of other operating items without cash impact		-13	16
Change in net working capital	2.1	-1	-93
Change in inter-company receivables and payables	2.1	-106	152
Change in other receivables and other current liabilities		-6	6
Dividends received from subsidiaries and associates	4.2	200	269
Interest paid		-79	-77
Interest received		35	28
Taxes paid		-	-8
<b>Cash flow from operating activities</b>		<b>278</b>	<b>609</b>
Investments in intangible assets	3.1	-69	-66
Investments in property, plant and equipment	3.2	-162	-176
Sale of property, plant and equipment		1	-
Operating investing activities		-230	-242
Sale of financial assets	4.3	10	8
Acquisition of subsidiaries		-17	-37
Subordinated lending	4.3	1	44
Financial investing activities		-6	15
<b>Cash flow from investing activities</b>		<b>-236</b>	<b>-227</b>

(EUR million)	Note	2025	2024
Half-year supplementary payment		-68	-64
Supplementary payment regarding 2024		-234	-209
Transactions with owners		-32	-29
New loans obtained	4.3	104	54
Other changes in loans	4.3	204	-117
Payment of lease debt	4.3	-17	-18
<b>Cash flow from financing activities</b>		<b>-43</b>	<b>-383</b>
<b>Net cash flow</b>		<b>-1</b>	<b>-1</b>
Cash and cash equivalents at 1 January		4	5
Net cash flow for the period		-1	-1
<b>Cash and cash equivalents at 31 December</b>		<b>3</b>	<b>4</b>
Cash flow from operating activities		278	609
Cash flow from operating investing activities		-230	-242
<b>Free operating cash flow</b>		<b>48</b>	<b>367</b>
Cash flow from operating activities		278	609
Cash flow from investing activities		-236	-227
<b>Free cash flow</b>		<b>42</b>	<b>382</b>

# Note 1. Revenue and costs

## 1.1 REVENUE

Table 1.1 Revenue split by country

(EUR million)	2025			2024		
	Internal sales	External sales	Total revenue	Internal sales	External sales	Total revenue
United Kingdom	2,554	25	2,579	2,285	24	2,309
Denmark	845	1,386	2,231	769	1,306	2,075
Germany	1,662	179	1,841	1,481	246	1,727
Sweden	1,385	20	1,405	1,152	22	1,174
Netherlands	142	356	498	153	250	403
Oman	23	219	242	24	192	216
Spain	81	106	187	75	104	179
Saudi Arabia	139	41	180	118	29	147
United Arab Emirates	96	47	143	85	18	103
USA	25	84	109	27	75	102
Other	640	1,134	1,774	679	1,115	1,794
<b>Total</b>	<b>7,592</b>	<b>3,597</b>	<b>11,189</b>	<b>6,848</b>	<b>3,381</b>	<b>10,229</b>

## 1.2 OPERATIONAL COSTS

Table 1.2.a Operational costs split by function and type

(EUR million)	2025	2024
Production costs	10,394	9,290
Sales and distribution costs <sup>1</sup>	590	600
Administration costs	226	261
<b>Total</b>	<b>11,210</b>	<b>10,151</b>
<b>Specification:</b>		
Weighed-in raw milk	7,208	6,188
Other production materials <sup>2</sup>	2,383	2,312
Staff costs	634	600
Transport costs	276	264
Marketing costs	83	83
Depreciation, amortisation and impairment	187	199
Other costs <sup>3</sup>	439	505
<b>Total</b>	<b>11,210</b>	<b>10,151</b>

<sup>1</sup> Research and development costs are included in sales and distribution costs and amounted to EUR 56 million, compared to EUR 53 million last year.

<sup>2</sup> Other production materials include packaging, additives, consumables, variable energy and changes in inventory.

<sup>3</sup> Other costs mainly include maintenance, utilities and IT.

## 1.2 OPERATIONAL COSTS (continued)

**Table 1.2.b Staff costs**

(EUR million)	2025	2024
Wages, salaries and remuneration	568	547
Pensions	64	51
Other social security costs	2	2
<b>Total</b>	<b>634</b>	<b>600</b>
<b>Staff costs relate to:</b>		
Production costs	388	378
Sales and distribution costs	96	92
Administration costs	150	130
<b>Total</b>	<b>634</b>	<b>600</b>
Average number of full-time employees	6,126	6,120

**Table 1.2.c Depreciation, amortisation and impairment<sup>4</sup>**

(EUR million)	2025	2024
Intangible assets, amortisation and impairment	56	58
Property, plant and equipment and RoU assets, depreciation and impairment	131	141
<b>Total</b>	<b>187</b>	<b>199</b>
<b>Depreciation, amortisation and impairment relate to:</b>		
Production costs	121	125
Sales and distribution costs	8	12
Administration costs	58	62
<b>Total</b>	<b>187</b>	<b>199</b>

## 1.3 OTHER OPERATING INCOME AND COSTS

**Table 1.3 Other operating income and costs**

(EUR million)	2025	2024
Royalty income	122	136
Other income items	4	13
Income from currency hedging instruments transferred from equity	68	3
<b>Other operating income</b>	<b>194</b>	<b>152</b>
Inter-company service fee	86	78
Cost of currency hedging instruments transferred from equity	22	29
Other cost items	4	6
<b>Other operating costs</b>	<b>112</b>	<b>113</b>

# Note 2.

## Net working capital

### 2.1 NET WORKING CAPITAL

**Table 2.1.a Net working capital**

(EUR million)	2025	2024
Inventory	455	456
Trade receivables	295	292
Amounts owed by subsidiaries	964	811
Amounts owed by associates	-	-
Trade payables and other payables	-692	-689
Amounts owed to subsidiaries	-186	-139
<b>Net working capital</b>	<b>836</b>	<b>731</b>

Amounts owed by subsidiaries and amounts owed to subsidiaries are stated excluding net interest-bearing items which are included in Note 4.3.

**Table 2.1.b Inventory**

(EUR million)	2025	2024
Inventory before the write-downs	461	463
Write-downs	-6	-7
<b>Total inventory</b>	<b>455</b>	<b>456</b>
Raw materials and consumables	110	112
Work in progress	188	186
Finished goods and goods for resale	157	158
<b>Total inventory</b>	<b>455</b>	<b>456</b>

**Table 2.1.c Trade receivables**

(EUR million)	2025	2024
Trade receivables before provision for expected losses	297	293
Provision for expected losses	-2	-1
<b>Total trade receivables<sup>1</sup></b>	<b>295</b>	<b>292</b>

<sup>1</sup> The utilisation of trade receivables finance programmes amounted to EUR 92 million (2024: EUR 82 million). The company utilises these programmes to manage liquidity and reduce credit risk on trade receivables.

**Table 2.1.d Trade receivables age profile**

(EUR million)	2025		2024	
	Gross carry-ing amount	Expected loss rate	Gross carrying amount	Expected loss rate
Not overdue	247	0%	241	0%
Overdue by less than 30 days	36	0%	33	0%
Overdue by between 30 and 89 days	10	-2%	14	-2%
Overdue by more than 90 days	4	-32%	5	-27%
<b>Total trade receivables before provision for expected losses</b>	<b>297</b>		<b>293</b>	

Historically, experienced loss rates on balances not due or less than 30 days overdue are below 1%.

**Table 2.1.e Supply chain finance programmes**

(EUR million)	2025	2024
Trade payables and other payables	692	689
Of which owner milk <sup>1</sup>	287	305
<b>Trade payables and other payables excluding owner milk</b>	<b>405</b>	<b>384</b>
<b>Of which is utilized for financing arrangement</b>	<b>114</b>	<b>108</b>
Range of payment terms for trade payables that are part of the arrangements	30 - 180 days	30 - 180 days
Range of payment terms for trade payables that are not part of an arrangement	1 - 120 days	1 - 120 days

<sup>1</sup> Owner milk due is not part of any supply chain finance programme. In 2025, the average payment terms to farmers were 15 days.

# Note 3.

## Capital employed

### 3.1 INTANGIBLE ASSETS AND GOODWILL

Table 3.1 Intangible assets and goodwill

(EUR million)	Goodwill	Licenses and trademarks	IT and other development projects	Total
<b>2025</b>				
Cost at 1 January	102	28	486	616
Exchange rate adjustments	-10	-	-	-10
Additions	-	-	69	69
Disposals	-	-	-8	-8
<b>Cost at 31 December</b>	<b>92</b>	<b>28</b>	<b>547</b>	<b>667</b>
Amortisation and impairment at 1 January	-	-19	-291	-310
Amortisation and impairment for the year	-	-1	-55	-56
Amortisation on disposals	-	-	8	8
<b>Amortisation and impairment at 31 December</b>	<b>-</b>	<b>-20</b>	<b>-338</b>	<b>-358</b>
<b>Carrying amount at 31 December</b>	<b>92</b>	<b>8</b>	<b>209</b>	<b>309</b>

(EUR million)	Goodwill	Licenses and trademarks	IT and other development projects	Total
<b>2024</b>				
Cost at 1 January	97	28	439	564
Exchange rate adjustments	5	-	-	5
Additions	-	-	66	66
Disposals	-	-	-19	-19
<b>Cost at 31 December</b>	<b>102</b>	<b>28</b>	<b>486</b>	<b>616</b>
Amortisation and impairment at 1 January	-	-17	-254	-271
Amortisation and impairment for the year	-	-2	-56	-58
Amortisation on disposals	-	-	19	19
<b>Amortisation and impairment at 31 December</b>	<b>-</b>	<b>-19</b>	<b>-291</b>	<b>-310</b>
<b>Carrying amount at 31 December</b>	<b>102</b>	<b>9</b>	<b>195</b>	<b>306</b>

## 3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Table 3.2.a Property, plant and equipment including right-of-use assets

(EUR million)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
<b>2025</b>					
Cost at 1 January	700	1,733	212	227	2,872
Exchange rate adjustments	-1	-2	-	-	-3
Additions	16	40	6	110	172
Transferred from assets under construction	49	81	5	-135	-
Disposals	-3	-48	-9	-	-60
<b>Cost at 31 December</b>	<b>761</b>	<b>1,804</b>	<b>214</b>	<b>202</b>	<b>2,981</b>
Depreciation and impairment at 1 January	-368	-1,298	-152	-	-1,818
Exchange rate adjustments	-	2	-	-	2
Depreciation and impairment for the year	-29	-78	-24	-	-131
Depreciation on disposals	2	48	9	-	59
<b>Depreciation and impairment at 31 December</b>	<b>-395</b>	<b>-1,326</b>	<b>-167</b>	<b>-</b>	<b>-1,888</b>
<b>Carrying amount at 31 December</b>	<b>366</b>	<b>478</b>	<b>47</b>	<b>202</b>	<b>1,093</b>

(EUR million)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
<b>2024</b>					
Cost at 1 January	654	1,651	194	199	2,698
Exchange rate adjustments	-	-2	-	-	-2
Additions	19	32	15	127	193
Transferred from assets under construction	31	54	14	-99	-
Disposals	-4	-2	-11	-	-17
<b>Cost at 31 December</b>	<b>700</b>	<b>1,733</b>	<b>212</b>	<b>227</b>	<b>2,872</b>
Depreciation and impairment at 1 January	-344	-1,212	-140	-	-1,696
Exchange rate adjustments	-1	3	-	-	2
Depreciation and impairment for the year	-27	-91	-23	-	-141
Depreciation on disposals	4	2	11	-	17
<b>Depreciation and impairment at 31 December</b>	<b>-368</b>	<b>-1,298</b>	<b>-152</b>	<b>-</b>	<b>-1,818</b>
<b>Carrying amount at 31 December</b>	<b>332</b>	<b>435</b>	<b>60</b>	<b>227</b>	<b>1,054</b>

## 3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(continued)

Table 3.2.b Right-of-use assets

(EUR million)	RoU Land and buildings	RoU Plant and machinery	RoU Fixtures and fittings, tools and equipment	RoU Assets total
<b>2025</b>				
Carrying amount at 1 January	32	1	19	52
Additions	6	-	4	10
Disposals	-2	-	-6	-8
Depreciation and impairment for the year	-8	-1	-9	-18
Depreciation on disposals	2	-	6	8
<b>Carrying amount at 31 December</b>	<b>30</b>	<b>-</b>	<b>14</b>	<b>44</b>
<b>2024</b>				
Carrying amount at 1 January	34	-	20	54
Additions	6	2	9	17
Disposals	-4	-2	-10	-16
Depreciation and impairment for the year	-8	-1	-10	-19
Depreciation on disposals	4	2	10	16
<b>Carrying amount at 31 December</b>	<b>32</b>	<b>1</b>	<b>19</b>	<b>52</b>

Total cash outflow from right-of-use assets amounted to EUR 33 million. This comprised, lease debt payments of EUR 17 million, non-capitalised short-term and low value lease costs of EUR 14 million and interest expenses for lease liabilities of EUR 2 million.

Lease liabilities are specified in Note 4.3.

## 3.3 INVESTMENTS AND SUBORDINATED LOANS

Table 3.3.a Investments and subordinated loans

(EUR million)	Investments in subsidiaries	Investments in associates	Subordinated loans to sub- sidiaries
<b>2025</b>			
Cost at 1 January	2,210	246	457
Additions	18	-	-
Disposals	-11	-	-2
<b>Cost at 31 December</b>	<b>2,217</b>	<b>246</b>	<b>455</b>
Adjustments at 1 January	-811	-	-60
Exchange rate adjustments	-2	-	-15
Impairment and reversal of impairment in subsidiaries	8	-	-
<b>Adjustments at 31 December</b>	<b>-805</b>	<b>-</b>	<b>-75</b>
<b>Carrying amount at 31 December</b>	<b>1,412</b>	<b>246</b>	<b>380</b>
<b>2024</b>			
Cost at 1 January	2,170	246	501
Additions	38	-	370
Disposals	-	-	-414
Other adjustments	2	-	-
<b>Cost at 31 December</b>	<b>2,210</b>	<b>246</b>	<b>457</b>
Adjustments at 1 January	-800	-	-72
Exchange rate adjustments	-2	-	12
Impairment and reversal of impairment in subsidiaries	-9	-	-
<b>Adjustments at 31 December</b>	<b>-811</b>	<b>-</b>	<b>-60</b>
<b>Carrying amount at 31 December</b>	<b>1,399</b>	<b>246</b>	<b>397</b>

The parent company incurred impairment of EUR -7 million related to a minor number of subsidiaries which was partly offset by reversal of impairment from previous years of EUR 4 million and reversal of impairment on disposed subsidiaries of EUR 11 million. The net impairment on investments was EUR -3 million. This had no impact on group results and the milk price paid to farmer owners.

### 3.3 INVESTMENTS AND SUBORDINATED LOANS (continued)

**Table 3.3.b Transactions with subsidiaries**

(EUR million)	2025	2024
Sale of goods	7,592	6,848
Purchase of goods and services	1,757	1,626
Royalty from subsidiaries	122	136
Interest from subsidiaries	28	29
Interest to subsidiaries	5	-10
Dividends from subsidiaries	187	256
Amounts owed to subsidiaries	645	490
Subordinated loans to subsidiaries	380	397
Amounts owed by subsidiaries	964	811

**Table 3.3.c Transactions with associates and joint ventures**

(EUR million)	2025	2024
Dividends from associates	13	13

# Note 4. Funding

## 4.1 FINANCIAL RISKS

Financial risks are managed by Group Treasury. Please refer to Note 4 in the consolidated financial statements for a description of the objectives, policies and processes for measuring and managing the exposure to financial risks. Specifications relevant to the parent company can be found below.

### Table 4.1.1.a Liquidity reserves

(EUR million)	2025	2024
Unutilised committed loan facilities > 1 year	1,315	952
Loan facilities < 1 year	669	514
<b>Total</b>	<b>1,984</b>	<b>1,466</b>

Table 4.1.b Currency exposure

(EUR million)	Potential accounting impact		
	Sensitivity	Income statement	Other comprehensive income
<b>2025</b>			
EUR/DKK	1.0%	4	3
USD/DKK <sup>1</sup>	5.0%	-1	-27
GBP/DKK	5.0%	1	-11
SEK/DKK	5.0%	0	-4
SAR/DKK	5.0%	3	-9
<b>2024</b>			
EUR/DKK	1.0%	2	-
USD/DKK <sup>1</sup>	5.0%	2	-28
GBP/DKK	5.0%	2	-19
SEK/DKK	5.0%	-	-2
SAR/DKK	5.0%	1	-13

<sup>1</sup> Incl. AED, QAR

## 4.1 FINANCIAL RISKS (continued)

Table 4.1.c Contractual expected non-discounted cash flow on gross financial liabilities

(EUR million)	Non-discounted contractual cash flow										
	Carrying amount	Total	2026	2027	2028	2029	2030	2031	2032	2033-2035	After 2035
<b>2025</b>											
Borrowings from subsidiaries	643	643	643	-	-	-	-	-	-	-	-
Bond Issue	445	444	185	139	120	-	-	-	-	-	-
Mortgage credit institutions	233	233	15	15	15	15	15	15	15	45	83
Credit institutions	1,285	1,285	326	802	1	52	102	1	1	0	-
Schuldschein	351	351	200	-	151	-	-	-	-	-	-
Lease liabilities	46	46	15	11	7	6	4	3	-	-	-
Other current liabilities	6	6	6	-	-	-	-	-	-	-	-
Interest expense - interest-bearing debt	-	162	43	28	17	11	8	7	7	20	21
Trade and other payables	692	692	692	-	-	-	-	-	-	-	-
Derivative instruments	14	14	13	1	-	-	-	-	-	-	-
<b>Total</b>	<b>3,715</b>	<b>3,876</b>	<b>2,138</b>	<b>996</b>	<b>311</b>	<b>84</b>	<b>129</b>	<b>26</b>	<b>23</b>	<b>65</b>	<b>104</b>

	Non-discounted contractual cash flow										
	Carrying amount	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
<b>2024</b>											
Borrowings from subsidiaries	490	490	490	-	-	-	-	-	-	-	-
Bond Issue	524	523	105	174	131	113	-	-	-	-	-
Mortgage credit institutions	247	248	59	15	15	15	15	15	15	45	54
Credit institutions	961	960	354	2	451	1	151	1	-	-	-
Schuldschein	351	351	-	201	-	151	-	-	-	-	-
Lease liabilities	54	54	15	13	9	5	5	7	-	-	-
Other current liabilities	10	10	10	-	-	-	-	-	-	-	-
Interest expense - interest-bearing debt	-	207	58	44	28	15	8	7	7	20	20
Trade and other payables	689	689	689	-	-	-	-	-	-	-	-
Derivative instruments	71	71	54	6	4	4	2	1	-	-	-
<b>Total</b>	<b>3,397</b>	<b>3,604</b>	<b>1,834</b>	<b>455</b>	<b>638</b>	<b>304</b>	<b>181</b>	<b>31</b>	<b>22</b>	<b>65</b>	<b>74</b>

## 4.1 FINANCIAL RISKS (continued)

### Power purchase agreements

The parent company has signed power purchase agreements covering 323 GWh (2024: 323 GWh). No new agreements were signed in 2025. For contractual obligations, please refer to Note 5.4.

**Table 4.1.d Contracted power purchase agreements 2025**

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
Denmark	323,400	Fixed	10 years	2023-2027	Own use	Executory contracts
<b>Total</b>	<b>323,400</b>					

#### Type of energy

Solar	146,300
Wind	177,100
<b>Total</b>	<b>323,400</b>

**Table 4.1.d Contracted power purchase agreements 2024**

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
Denmark	323,400	Fixed	10 years	2023-2027	Own use	Executory contracts
<b>Total</b>	<b>323,400</b>					

#### Type of energy

Solar	146,300
Wind	177,100
<b>Total</b>	<b>323,400</b>

## 4.2 FINANCIAL ITEMS

**Table 4.2 Financial income and financial costs**

(EUR million)	2025	2024
<b>Financial income:</b>		
Interest securities, cash and cash equivalents	11	12
Dividends from subsidiaries and associates	200	269
Interest from subsidiaries	28	29
Foreign exchange rate gains	111	68
Fair value adjustments and other financial income	6	3
<b>Total financial income</b>	<b>356</b>	<b>381</b>
<b>Financial costs:</b>		
Interest on financial instruments measured at amortised cost	80	82
Foreign exchange rate losses	119	54
Interest to subsidiaries	5	10
Interest transferred to property, plant and equipment	-5	-8
Fair value adjustments and other financial costs	4	8
<b>Total financial costs</b>	<b>203</b>	<b>146</b>
<b>Net financial costs</b>	<b>153</b>	<b>235</b>

## 4.3 NET INTEREST-BEARING DEBT

### Funding

The parent company's funding activities are managed by Group Treasury. For further information on the group's funding strategy, please refer to the consolidated financial statements.

Credit facilities relevant to the parent company contain financial covenants on equity/total assets (equity ratio) of at least 20% and minimum equity of EUR 750 million as well as standard non-financial covenants.

Reporting of covenants varies from quarterly, semi-annually to annually. At 31 December 2025, the carrying amount of utilised credit facilities containing covenants was EUR 1,300 million (2024: EUR 994 million) with 15% maturing within one year (2024: 25%) and 85% maturing between one to five years (2024: 75%). At 31 December 2025, none of Arla's credit facilities contained contractual conditions linked to business-related KPIs that would trigger change in future cash flows of the facilities. The group did not default on or fail to fulfil any loan agreements in 2025. Arla expects to meet all required covenants within the next 12 months.

**Table 4.3.a Net interest-bearing debt**

(EUR million)	2025	2024
Long-term borrowings	1,618	1,604
Short-term borrowings	1,206	894
Securities, cash and cash equivalents	-332	-345
Subordinated loans to subsidiaries and other interest-bearing assets	-380	-397
<b>Net interest-bearing debt</b>	<b>2,112</b>	<b>1,756</b>

**Table 4.3.b Borrowings**

(EUR million)	2025	2024
<b>Long-term borrowings:</b>		
Issued bonds	260	419
Mortgage credit institutions	218	188
Bank borrowings	958	607
Schuldschein	151	351
Lease liabilities	31	39
<b>Total long-term borrowings</b>	<b>1,618</b>	<b>1,604</b>
<b>Short-term borrowings:</b>		
Current borrowings from subsidiaries	458	351
Commercial papers	-	17
Mortgage credit institutions	15	59
Bank borrowings	3	2
Schuldschein	200	-
Repurchased liabilities	324	335
Lease liabilities	15	15
Current bond issue	185	105
Other current liabilities	6	10
<b>Total short-term borrowings</b>	<b>1,206</b>	<b>894</b>
<b>Total interest-bearing borrowings</b>	<b>2,824</b>	<b>2,498</b>

Amounts owed to subsidiaries were EUR 645 million, compared to EUR 490 million last year, of which EUR 458 million, versus EUR 351 million last year, was interest-bearing and therefore included in net interest-bearing debt as short-term borrowings.

## 4.3 NET INTEREST-BEARING DEBT (continued)

Table 4.3.c Cash flow, net interest-bearing debt

(EUR million)	1 January	Cash flow	Non-cash changes				31 December
		Included in financing activities	Additions	Reclassifications	Foreign exchange movements	Fair value changes	
<b>2025</b>							
Long-term borrowings	1,603	104	-	-122	31	2	1,618
Short-term borrowings	895	187	-	122	2	-	1,206
<b>Total interest-bearing debt</b>	<b>2,498</b>	<b>291</b>	<b>-</b>	<b>0</b>	<b>33</b>	<b>2</b>	<b>2,824</b>
Subordinated loans	-397	1	-	-	17	-	-379
Securities	-341	10	-	-	0	1	-330
Cash	-4	1	-	-	0	-	-3
<b>Net interest-bearing debt</b>	<b>1,756</b>	<b>303</b>	<b>-</b>	<b>0</b>	<b>50</b>	<b>3</b>	<b>2,112</b>
<b>2024</b>							
Long-term borrowings	1,248	54	17	297	-18	5	1,603
Short-term borrowings	1,125	-135	-	-92	-3	-	895
<b>Total interest-bearing debt</b>	<b>2,373</b>	<b>-81</b>	<b>17</b>	<b>205</b>	<b>-21</b>	<b>5</b>	<b>2,498</b>
Subordinated loans	-429	44	-	-	-12	-	-397
Securities	-144	8	-	-205	-1	1	-341
Cash	-5	1	-	-	-	-	-4
<b>Net interest-bearing debt</b>	<b>1,795</b>	<b>-28</b>	<b>17</b>	<b>-</b>	<b>-34</b>	<b>6</b>	<b>1,756</b>

Table 4.3.d Net interest-bearing debt, maturity

(EUR million)	Total	2026	2027	2028	2029	2030	2031	2032	2033-2035	After 2035
<b>2025</b>										
DKK	586	330	26	23	22	21	19	16	45	84
EUR	1,311	209	800	152	50	100	-	-	-	-
GBP	-285	-285	-	-	-	-	-	-	-	-
SEK	496	236	139	121	-	-	-	-	-	-
Other	4	4	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,112</b>	<b>494</b>	<b>965</b>	<b>296</b>	<b>72</b>	<b>121</b>	<b>19</b>	<b>16</b>	<b>45</b>	<b>84</b>
	Total	2025	2026	2027	2028	2029	2030	2031	2032-2034	After 2034
<b>2024</b>										
DKK	490	261	28	24	21	21	22	15	45	53
EUR	963	8	203	451	151	150	-	-	-	-
GBP	-301	-301	-	-	-	-	-	-	-	-
SEK	597	178	175	131	113	-	-	-	-	-
Other	7	7	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,756</b>	<b>154</b>	<b>405</b>	<b>606</b>	<b>286</b>	<b>171</b>	<b>22</b>	<b>15</b>	<b>45</b>	<b>53</b>

## 4.4 DERIVATIVES

Arla uses forward currency contracts to hedge currency risks regarding expected future revenue and costs.

**Table 4.4 Hedging of future cash flows from highly probable forecast transactions**

(EUR million)	Carrying amount	Fair value recognised in OCI	Expected recognition in the income statement				
			2026	2027	2028	2029	After 2029
<b>2025</b>							
Currency contracts	-4	-4	-4	-	-	-	-
Interest rate contracts	9	9	2	2	1	1	3
Commodities	-3	-3	-3	-	-	-	-
<b>Hedging of future cash flows</b>	<b>2</b>	<b>2</b>	<b>-5</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>

(EUR million)	Carrying amount	Fair value recognised in OCI	Expected recognition in the income statement				
			2025	2026	2027	2028	After 2028
<b>2024</b>							
Currency contracts	-36	-36	-36	-	-	-	-
Interest rate contracts	-4	-4	3	-	-1	-2	-4
Commodities	3	3	3	-	-	-	-
<b>Hedging of future cash flows</b>	<b>-37</b>	<b>-37</b>	<b>-30</b>	<b>-</b>	<b>-1</b>	<b>-2</b>	<b>-4</b>

## 4.5 FINANCIAL INSTRUMENTS

**Table 4.5.a Categories of financial instruments**

(EUR million)	2025	2024
Derivatives	9	-40
Shares	6	4
<b>Financial assets measured at fair value through the income statement</b>	<b>15</b>	<b>-36</b>
Securities	329	341
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>329</b>	<b>341</b>
<b>Derivative assets used as hedging instruments</b>	<b>100</b>	<b>115</b>
Subordinated loans to subsidiaries	380	397
Trade receivables	295	292
Other receivables	67	60
Amounts owed by subsidiaries	964	811
Cash	3	4
<b>Financial assets measured at amortised cost</b>	<b>1,709</b>	<b>1,564</b>
Derivatives	-41	-27
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-41</b>	<b>-27</b>
<b>Derivative liabilities used as hedging instruments</b>	<b>55</b>	<b>98</b>
External long term borrowings <sup>1</sup>	1,618	1,604
External short term borrowings <sup>1</sup>	748	543
Trade payables and other payables	692	689
Amounts owed to subsidiaries	645	490
<b>Financial liabilities measured at amortised cost</b>	<b>3,703</b>	<b>3,326</b>

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to the carrying amount.

<sup>1</sup> Including lease liabilities

## 4.5 FINANCIAL INSTRUMENTS (continued)

Table 4.5.b Fair value hierarchy - carrying amount

(EUR million)	Level 1	Level 2	Level 3	Total
<b>2025</b>				
<b>Financial assets:</b>				
Securities	329	-	-	329
Shares	6	-	-	6
Derivatives	-	109	-	109
<b>Total financial assets</b>	<b>335</b>	<b>109</b>	<b>-</b>	<b>444</b>
<b>Financial liabilities:</b>				
Issued bonds	-	445	-	445
Mortgage credit institutions	-	233	-	233
Derivatives	-	14	-	14
<b>Total financial liabilities</b>	<b>-</b>	<b>692</b>	<b>-</b>	<b>692</b>
<b>2024</b>				
<b>Financial assets:</b>				
Securities	341	-	-	341
Shares	4	-	-	4
Derivatives	-	75	-	75
<b>Total financial assets</b>	<b>345</b>	<b>75</b>	<b>-</b>	<b>420</b>
<b>Financial liabilities:</b>				
Issued bonds	-	524	-	524
Mortgage credit institutions	-	247	-	247
Derivatives	-	71	-	71
<b>Total financial liabilities</b>	<b>-</b>	<b>842</b>	<b>-</b>	<b>842</b>

## 4.6 SALE AND REPURCHASE ARRANGEMENTS

Table 4.6 Transfer of financial assets

(EUR million)	Carrying amount	Notional amount	Fair value
<b>2025</b>			
Mortgage bonds	329	330	329
Repurchase liability	324	323	324
<b>Net position</b>	<b>5</b>	<b>7</b>	<b>5</b>
<b>2024</b>			
Mortgage bonds	341	341	341
Repurchase liability	335	333	335
<b>Net position</b>	<b>6</b>	<b>8</b>	<b>6</b>

# Note 5.

## Other areas

### 5.1 TAX

**Table 5.1.a Tax recognised in the income statement**

(EUR million)	2025	2024
Cooperative tax	7	5
Pillar Two tax	-	10
Withholding taxes	1	-
Adjustment to current tax of previous year	2	-3
<b>Total current income tax costs</b>	<b>10</b>	<b>12</b>

**Table 5.1.b Calculation of effective tax rate**

(EUR million)	2025	2024
Tax applying the statutory Danish corporate income tax rate	22.0%	22.0%
Effect of cooperative taxation	2.3%	-3.2%
Effect of withholding tax	0.5%	2.9%
Impact of dividends from subsidiaries	-21.0%	-17.3%
Adjustment for tax costs of previous year	0.9%	-0.9%
<b>Total effective tax rate</b>	<b>4.7%</b>	<b>3.5%</b>

### 5.2 FEES TO AUDITORS APPOINTED BY THE BOARD OF REPRESENTATIVES

**Table 5.2 Fees to auditors appointed by the Board of Representatives**

(EUR million)	2025	2024
Statutory audit	0.7	0.7
Other assurance engagements	0.3	0.4
Tax assistance	0.2	0.1
Other services	0.3	0.3
<b>Total fees to auditors</b>	<b>1.5</b>	<b>1.5</b>

### 5.3 MANAGEMENT REMUNERATION AND TRANSACTIONS WITH RELATED PARTIES

Management remuneration: Please refer to Note 5.4 in the consolidated financial statements.

## 5.4 CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Arla provided security on property for mortgage debt, based on the Danish Mortgage Act, with a nominal value of EUR 233 million (2024: EUR 248 million). Financial surety and guarantee obligations amounted to EUR 3,794 million (2024: EUR 3,998 million).

Arla Foods amba is party to a small number of lawsuits, disputes etc. It is the management's assessment that the outcome of these will most likely not have any material impact on the group's financial position beyond what has already been recognised in the financial statements.

**Table 5.4 Contractual commitments<sup>1</sup>**

(EUR million)	0-1 year	1-5 years	5+ years	Total
<b>2025</b>				
IT contracts	50	40	-	90
Short-term and low-value leases	14	-	-	14
Power purchase agreements	16	81	81	178
Property, plant and equipment investment commitments	39	8	-	47
<b>Total</b>	<b>119</b>	<b>129</b>	<b>81</b>	<b>329</b>
<b>2024</b>				
IT contracts	51	63	-	114
Short-term and low-value leases	15	-	-	15
Power purchase agreements	20	81	95	196
Property, plant and equipment investment commitments	32	29	-	61
<b>Total</b>	<b>118</b>	<b>173</b>	<b>95</b>	<b>386</b>

<sup>1</sup> Other contractual commitments not disclosed in the table include pledged property as security for mortgage loans and financial surety and guarantee obligations.

## 5.5 GENERAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### Basis for preparation

The financial statements of Arla Foods amba have been prepared in accordance with the IFRS International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act (large class C). The financial statements are presented in EUR in alignment with the group's presentation currency. Arla Foods amba's functional currency is DKK. With the exception of the accounting policies described below, the accounting policies for Arla Foods amba are identical to those outlined in the consolidated financial statements.

### Dividends from subsidiaries and associates

Dividends from subsidiaries and associates are recognised in the income statement as a financial item when declared.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. An impairment test is performed if indications of impairment arise, for example loss making and declines in market values. If the carrying amount exceeds the recoverable amount, it will be written down to the recoverable amount. Impairment losses, as well as gains and losses on disposal, are presented separately in the income statement.

### Intercompany business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised directly in equity.

### Subordinated loans to subsidiaries

Subordinated loans are measured at amortised cost at the balance sheet date.

### Amounts owed by group companies

Amounts owed by group companies are treated in accordance with the group's accounting policies on trade receivables.

### Amounts owed to group companies

Amounts owed to group companies are treated in accordance with the group's accounting policies on trade payables.

### Reserve for development costs

The equity reserve for development projects was fully capitalised in 2024 and is a non-distributable reserve.

### Significant accounting estimates and judgements

Valuation of certain assets and liabilities at the reporting date requires estimates of how future events will develop. The significant estimates relate to:

- Inventory, please refer to Note 2.1 in the consolidated financial statements.
- Receivables, please refer to Note 2.1 in the consolidated financial statements.
- Property, plant and equipment and right-of-use assets, please refer to Note 3.2 in the consolidated financial statements.
- Associates and joint ventures, please refer to Note 3.3 in the consolidated financial statements.
- Investments in group companies: Recoverable amounts of investments in group companies that are directly owned by Arla Foods amba are continuously monitored and tested for

impairment if indicators of such impairment exist. The most important parameters in an impairment test for a specific subsidiary are the expected future free cash flow in the subsidiary, the cash flow in underlying subsidiaries as well as assumptions on discount rates. Expectations for these are based on the same expectations as outlined in Note 3.1 in the consolidated financial statements.

### Adoption of new or amended IFRS

Arla is monitoring the expected impacts of new and amended IFRS standards and interpretations, including the implementation of IFRS 18 from 2027. Please refer to the consolidated financial statements for a description of new and amended IFRSs.

## 5.6 EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 5.6 in the consolidated financial statements.

## 5.7 GROUP CHART

Please refer to Note 5.8 in the consolidated financial statements.