FrieslandCampina
nourishing by nature

Half-year report 2024

Royal FrieslandCampina N.V.

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Key figures

In millions of euros, unless stated otherwise	2024 First half-year	2023 First half-year	Δ%	2023 Year
Results				
Revenue	6,433	6,898	-6.7	13,072
Revenue before currency translation effects	6,697	6,898	-2.9	13,072
Operating profit	301	47		75
Operating profit before currency translation effects	321			75
Net result	183	8		-149
Net result before currency translation effects	188			-149
Operating profit as a percentage of revenue	4.7	0.7		0.6
Value creation for member dairy farmers				
Guaranteed price[1]	46.53[2]	49.96	-6.9	
Pro forma supplementary cash payment[3]	1.31			
Foqus planet premium[4]	1.63[5]	1.13		
Special supplements[6]	0.62	0.61		
Pro forma milk price[3]	50.09	51.70	-3.1	

1 Euros per 100 kilogrammes of milk exclusive of VAT, at 3.58% protein and 4.45% fat.

2 Concerns the balance of the guaranteed price of 46.50 euros and a settlement of 0.03 euros per 100 kilogrammes of milk for a much too low estimate over the first half-year 2024.

3 Will be determined based on the full-year profit figures.

4 Effective from 2023, member dairy farmers receive a variable Foqus planet premium for Sustainable Development of a maximum of 3.50 euros per 100 kilogrammes of milk. The average premium is 2.02 euros per 100 kilogrammes of milk. This amount consists of a first-half-year estimate of 1.42 euros and a cooperative deduction of 0.60 euros per 100 kilogrammes of milk. Dairy farms supplying On the way to PlanetProof milk do not receive a Foqus planet premium.

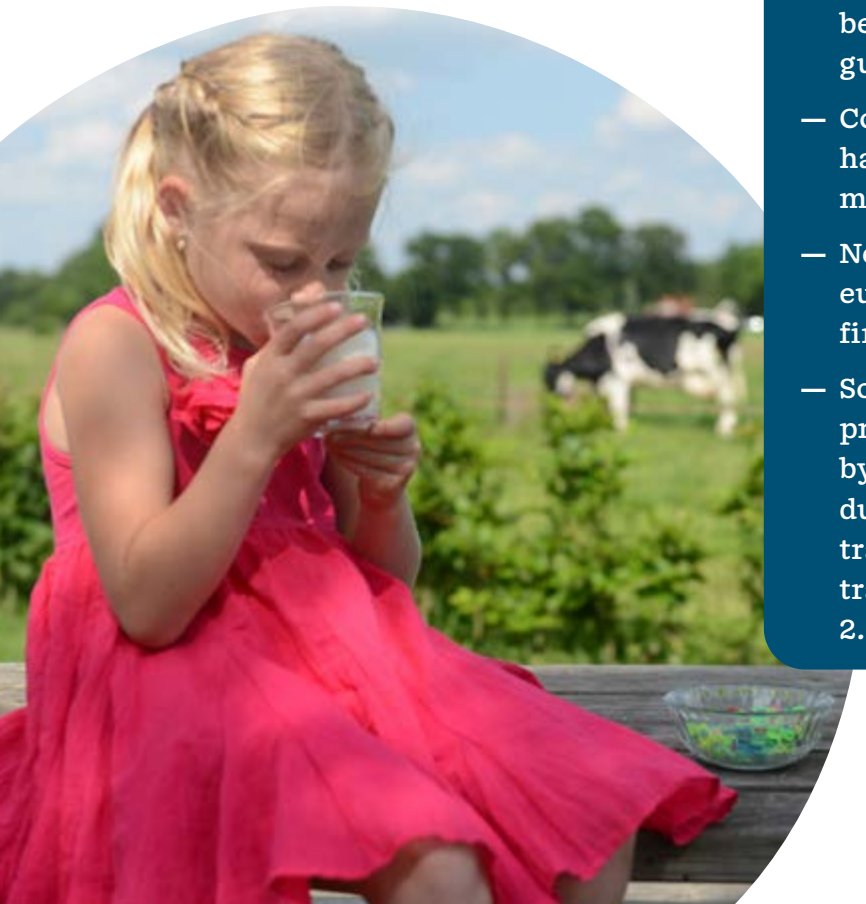
5 The specified Foqus planet premium in the first half-year 2024 is inclusive of a settlement of 0.21 euros per 100 kilogrammes of milk, because the premium over 2023 was underestimated.

6 Special supplements concern the total amount of payments per 100 kilogrammes of milk for On the way to PlanetProof and VLOG [non-GMO] of 0.53 euros and the difference between the guaranteed prices paid for organic milk and regular milk. On average, on all FrieslandCampina member milk, this amounts to 0.09 euros per 100 kilogrammes of milk.

Report by the Executive Board

Developments and results

Strong start for FrieslandCampina in 2024



- Significant increase in operating profit from 47 million to 301 million euros due to improvements in volume mix, less expensive inventories, smaller differences between commodity dairy prices and the guaranteed price, and cost savings.
- Cost savings of 152 million euros in first half of 2024 as a result of successful implementation of *Expedition 2030* strategy.
- Net result increased to 183 million euros compared to 8 million euros in first half of 2023.
- Solid performance of value-added products. However, revenue decreased by 6.7 percent to 6.4 billion euros, mainly due to the lower milk price and currency translation effects. Before currency translation effects, the decline was 2.9 percent.
- Healthy operating cash flow of 397 million euros compared to 90 million in first half of 2023.
- Pro forma milk price decreased by 3.1 percent compared to the first half of 2023 due to lower guaranteed price, partly offset by higher premiums for sustainability performances.
- Good foundation laid for 2024 supplementary cash payment; no interim payment to member dairy farmers due to global dairy market volatility and economic uncertainties.

“In the first half of 2024, we have worked hard on improving our results on the basis of the *Expedition 2030* strategy that we launched at the end of 2023. Starting this year, FrieslandCampina is focusing on specific product/market combinations with its seven business groups. Collectively, these business groups have the task of optimally valorising the milk of our member dairy farmers. The business groups are hereby supported by a single supply chain organisation, efficient support departments and a smaller head office. The goal we have set for ourselves is to improve our performance on the basis of the three dimensions of our performance triangle: ‘winning in the market, expanding our margin and generating cash’. We have achieved good progress on all of these dimensions.

We are seeing that the changes that we have implemented since the end of 2023 have led to a strong start in 2024. In the first half of the year, our operating profit significantly increased due to improvements in the volume mix, positive developments of our consumer brands in Southeast Asia and of our Friso infant nutrition brand in China, as well as the elimination of the impact of expensive inventories, and lower costs. This is good news for our member dairy farmers and employees. Additionally, large new production facilities were opened in Malaysia and Indonesia to meet future market demand in the region.

Due to uncertainty about the future milk supply in the Netherlands, as well as beyond, it is very important for us to maintain scale in our milk volume. This is why the cooperative, in close collaboration with the company, initiated an integrated programme to make the cooperative even more attractive to current and new members.

FrieslandCampina produces dairy products in balance with people and planet. Moreover, this is also what our customers and society expect from us. With a view to this, we fully integrated our sustainability strategy into the strategies of our seven business groups, support functions and the cooperative in the first half of 2024. This strengthens our focus on sustainability and ensures that all business groups and our members contribute to our collective sustainability objectives.

I would like to conclude by thanking our employees for all their hard work over the past months. In addition, I would also like to thank the members of our cooperative and the Cooperative Board for their confidence in the collective strategy, focused on paying our members a leading milk price.”

Jan Derck van Karnebeek,
CEO Royal FrieslandCampina N.V.

Revenue decreased, profit and margin improved

Despite a solid performance of value-added products, revenue decreased by 6.7 percent to 6.4 billion euros. This decrease in revenue was primarily due to the lower milk price and currency translation effects. Before currency translation effects, the decline was 2.9 percent.

Thanks to improvements in the volume mix, the elimination of the impact of expensive inventories and a considerably smaller difference between commodity dairy prices and the guaranteed price, as well as cost savings in the context of *Expedition 2030*, profit and margin improved in the first half of 2024.

The operating profit improved to 301 million euros compared to 47 million euros in the first half of 2023. The increased investments in advertising and promotion were partly offset by cost savings. Higher costs resulting from Collective Labour Agreements were offset by lower staff numbers. Over the course of the first half of the year, the number of jobs (FTEs) decreased by 1,146.

In the first half of 2024, net result increased to 183 million euros compared to 8 million euros in the first half of 2023.

Operating cash flow

The cash flow from operating activities in the first half of 2024 was 397 million euros, compared to 90 million euros in the same period last year. Working capital increased due to changes in volume mix and the low level at year-end 2023.

Business Groups – Results

As at 1 January 2024, FrieslandCampina has seven focused business groups. The comparative figures for the first half year of 2023 have been adjusted accordingly.

Europe	Broad portfolio of consumer brands in Europe, with strong market positions in the home markets Netherlands and Belgium, as well as in other countries, such as Greece, Hungary, Romania and the United Kingdom.
Retail & Americas	Provides consumers in Germany, France, Italy, Spain, and North and South America with cheese and other dairy products under its own brands, as well as private labels, through strategic partnerships with retailers and discounters, and through the operating company Velder.
Middle East, Pakistan & Africa (MEPA)	Focuses on consumer markets, for example in the United Arab Emirates, Saudi Arabia, Pakistan, Nigeria and the Ivory Coast, with partly locally produced dairy products and strong local brands.
Asia	Broad product range of often locally produced brand name products with a focus on consumer markets in various countries, such as the Philippines, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.
Ingredients	Nutritional and functional ingredients for infant, sports, active lifestyle, and medical nutrition. The business group primarily focuses on food producers and the pharmaceutical industry.
Specialised Nutrition	Infant nutrition under the brand name Friso focuses on consumer markets in China, Hong Kong, Vietnam, Malaysia, Greece and Mexico.
Professional & Trading	Professional: dairy products and solutions for professionals in the food industry, such as restaurants, fast-food restaurants, bakers, confectioners and pastry chefs. Trading: procurement and sale of commodity dairy products for internal customers and B2B customers.

Europe

Third-party revenue
794 ▼ -10.7%
First half-year 2023: 889

Operating profit
39 ▼ -31.6%
First half-year 2023: 57

Operating profit as a percentage of third-party revenue
4.9%

In the first half of 2024 European consumer brands were under pressure due to increased demand for private labels, resulting in lower volumes. However, due to a targeted marketing approach, most of the priority brands increased in volume. In addition, there was a downward trend in milk prices.

Revenue in the first half of 2024 was 794 million euros, a decrease of 10.7 percent compared to 889 million euros in the same period last year.

The operating profit decreased by 31.6 percent to 39 million euros due to implemented price reductions and additional marketing efforts. In the first half of 2023, this was 57 million euros.

In millions of euros, unless stated otherwise

Retail & Americas

Third-party revenue
900 ▼ -5.9%
First half-year 2023: 956

Operating profit
5 ▲ 113.5%
First half-year 2023: -37

Operating profit as a percentage of third-party revenue
0.6%

Due to lower milk prices, revenue in the first half of the year decreased, despite a higher volume, by 5.9 percent to 900 million euros, compared to 956 million euros last year. In particular because there were no longer expensive stocks in the first half of 2024, the operating profit improved to 5 million euros in comparison to -37 million euros in the first half of 2023.

Middle East, Pakistan & Africa (MEPA)

Third-party revenue
682 ▼ -14.0%
First half-year 2023: 793

Operating profit
37 ▲ 2.8%
First half-year 2023: 36

Operating profit as a percentage of third-party revenue
5.4%

Although volumes were slightly higher in the Middle East and Africa, revenue declined to 682 million euros compared to 793 million euros in the same period last year. The lower revenue is the result of negative currency translation effects in Nigeria, partly offset by a better volume mix and higher sales prices.

As a result of lower cost prices operating profit increased, despite currency headwinds, to 37 million euros, an increase of 2.8 percent, compared to 36 million euros in the same period last year.

Asia

Third-party revenue
834 ▼ -2.2%
First half-year 2023: 853

Operating profit
92 ▲ 142.1%
First half-year 2023: 38

Operating profit as a percentage of third-party revenue
11.0%

Despite higher volume, revenue in the first half of 2024 was somewhat lower at 834 million euros, a decrease of 2.2 percent compared to 853 million euros in the first half of 2023. This decrease is the result of negative currency translation effects combined with increased price competition due to lower commodity dairy prices.

In the first half of 2024, large, new production facilities were opened in Malaysia and Indonesia in order to meet future market demand in that region. Despite higher marketing expenditures and one-off costs relating to the start-up of the new dairy plants, the operating profit increased sharply to 92 million euros, compared to 38 million euros in the same period last year. Positive cost price developments, cost reductions and a positive volume mix effect contributed to this increase.

Ingredients

Third-party revenue
718 ▼ -4.5%
First half-year 2023: 752

Operating profit
96 ▼ -22.6%
First half-year 2023: 124

Operating profit as a percentage of third-party revenue
13.4%

While the volume of the business group increased, revenue declined by 4.5 percent to 718 million euros, compared to 752 million euros in the first half of 2023, due to price normalisation and lower volumes realised by the DFE Pharma joint venture.

Due to the lower result of DFE Pharma, operating profit decreased by 22.6 percent to 96 million euros, compared to 124 million euros in the same period last year.

Specialised Nutrition

Third-party revenue
608 ▲ 4.8%
First half-year 2023: 580

Operating profit
135 ▲ 8.0%
First half-year 2023: 125

Operating profit as a percentage of third-party revenue
22.2%

The business group developed positively in the first half of 2024, particularly in China, the largest market. Partly due to slightly higher volume, revenue increased by 4.8 percent to 608 million euros in the first half of 2024, compared to 580 million euros in the same period last year.

Operating profit increased by 8.0 percent to 135 million euros, in comparison to 125 million euros in the first half of 2023, primarily due to strong growth in China and Hong Kong.

Professional & Trading

Third-party revenue
1,877 ▼ -5.1%
First half-year 2023: 1,977

Operating profit
36 ▲ 120.2%
First half-year 2023: -178

Operating profit as a percentage of third-party revenue
1.9%

As a result of lower milk prices, revenue decreased by 5.1 percent to 1,877 million euros in the first half of 2024, compared to 1,977 million euros in the same period last year. At Professional, volume decreased and sales increased in strategic categories, including desserts and Lattiz milk foam. Because Professional stopped selling low-margin products and products with limited growth opportunities, the profitability of this business unit improved.

Due to increasing volumes in other parts of the company, Trading did not have to sell as many commodity dairy products as a result of which volumes decreased in the first half of 2024. Due to higher commodity dairy prices compared to the beginning of last year, and the elimination of expensive inventories, the operating profit of Professional & Trading improved considerably in the first half of 2024, resulting in operating profit of 36 million euros, a significant improvement in comparison to -178 million euros in the first half of 2023.

Milk supply decreased

In the first half of 2024, FrieslandCampina processed approximately 4.7 billion kilogrammes of member milk, a decrease of 3.2 percent in comparison to the same period last year. The decline in milk supply can largely be attributed to member dairy farmers who have opted for the Exit Scheme, which was a condition set by the European Commission for approving the merger between Friesland Foods and Campina and which ended on 9 November 2023.

Lower milk price partly offset by higher sustainability premiums

(Amounts stated are exclusive of VAT)

In the first half of 2024, the guaranteed price showed a slightly upward trend compared to year-end 2023, ending at 46.53 euros per 100 kilogrammes of raw milk; 6.9 percent lower than in the same period last year. This decrease was partly offset by higher sustainability premiums. Including an adjustment of 0.21 euros per

The dairy market in the first half of 2024

Global balance between supply and demand

Global and EU milk production stagnated in the first half of 2024, primarily due to a decrease in the number of cows. This decrease was partly offset by a higher milk production per cow. More extreme weather also had a dampening effect on milk production: New Zealand was hot and North-western Europe was wet. The global demand for dairy products continued to lag, due to the persistently high prices and the weak economy. The decreased import demand from China, in part due to higher local production, increased competition among exporters on the global market.

Commodity dairy products price trends

In the first half of 2024, price trends varied for each commodity dairy product. In the cheese market, prices remained stable at year-end 2023 levels, after an increase in demand in the second half of that year. A slight price decrease in the first quarter of 2024 was reversed in the second quarter.

For butter, a lower production level, partly due to lower raw milk fat content and lower inventories, resulted in a price increase. This upward trend was further strengthened in the second quarter of 2024, because buyers who had deferred their purchases, purchased butter to meet their needs.

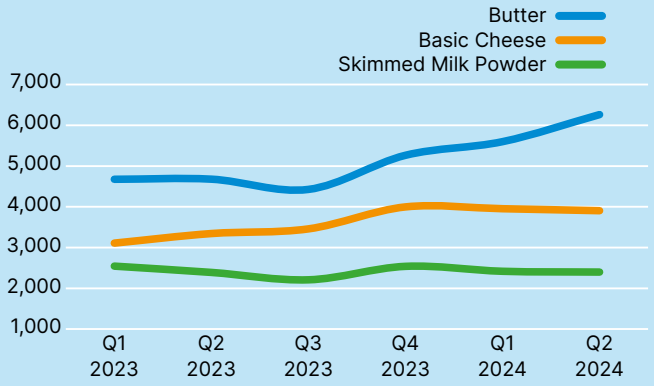
Prices for skimmed milk powder remained relatively stable in the first half of 2024, under the influence of lower demand, as well as a lower supply on the global market. The price level for skimmed milk powder stayed historically low in comparison to cheese and butter.

100 kilogrammes of milk for 2023, the Foqus planet bonus for Sustainable Development increased to 1.63 euros per 100 kilogrammes of milk, compared to 1.13 euros per 100 kilogrammes of milk in the same period last year. All in all, the average milk price in the first half of 2024 decreased by 3.1 percent to 50.09 euros per 100 kilogrammes of milk, compared to 51.70 euros per 100 kilogrammes of milk in the first half of 2023.

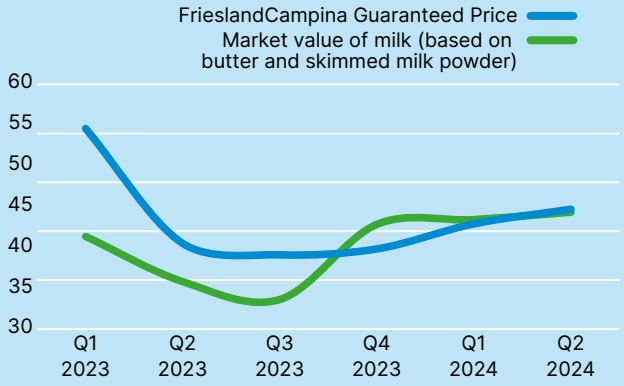
Raw milk prices

In the first half year of 2024, raw milk prices remained relatively stable in all of Europe. The guaranteed price showed a slight increase: in June 2024, it had risen by 3 percent in comparison to December 2023. The guaranteed price is the price that the company guarantees to pay to member dairy farmers for the raw milk they supply and that matches the average price paid for raw milk by a number of dairy companies in North-western Europe, including the supplementary payment, registered reserves, seasonal premiums, volume premiums, maximum quality premiums, and cooperative premiums and deductions. In the first half of 2024, milk price levels tracked the market prices of commodity dairy products (cheese, butter and milk powder) better than in the first half of 2023. This explains why there was no negative impact on the financial result of commodity dairy products, unlike the same period last year. In the first half of 2024, the cost of raw milk more closely mirrored the market prices of commodity dairy products, such as cheese, butter and milk powder.

Average commodity dairy prices
in euros per tonne of products



Guaranteed price level versus commodity dairy market
value of milk in euros per 100 kilogrammes



Interim payment of pro forma supplementary cash payment

Pursuant to the reservation policy, an interim payment can be proposed on the basis of the results for the first half-year of FrieslandCampina and the quantity of milk supplied. The interim payment consists of 75 percent of the pro forma supplementary cash payment on the value of the quantity of milk supplied in the first half-year. In the first half of 2024, a good foundation has been laid for a full-year supplementary cash payment. Based on the results for the first half-year, an amount of 61 million euros has been accrued for pro forma supplementary cash payment relating to 2024. However, due to volatility in the global dairy market and potential economic impacts on results, it has been decided out of caution not to make an interim payment to the member dairy farmers.

Company developments in the first half of 2024

Company

In the first half of 2024, FrieslandCampina made significant progress in optimising the organisation as part of *Expedition 2030*. The number of FTEs was reduced by 1,146 in comparison to 2023. Together with other cost savings, such as more efficient production processes, improved procurement of raw materials and packaging materials and less waste within the chain, this has resulted in cost savings of 152 million euros, which partly offsets inflation.

Global Supply Chain

The Global Supply Chain organisation has successfully rolled out 'Our Way Of Working', a standardised approach to streamline processes and improve efficiency, across more than thirty locations. This marks a significant advancement in operational strategy. In the first half of 2024, the Supply Chain organisation, in close collaboration with the business groups, achieved cost savings of more than 110 million euros. These savings are based on previously mentioned initiatives. Of this amount, 59 million euros were achieved through negotiation results in the areas of product specifications and the procurement of raw materials and packaging materials.

The company completed key investments, including a new filling line for recyclable PET bottles in Aalter (Belgium), the opening of a Technology Excellence Centre in Malaysia and a new, sustainable dairy plant in Malaysia that doubles the production capacity there. In addition, Frisian Flag Indonesia opened a state-of-the-art production facility, which, at 257 million euros, is the largest investment in a new production facility ever by FrieslandCampina.

Sustainability

The company works closely with the cooperative to achieve its sustainability goals, whereby the organisation also focuses on creating market value through progress on sustainability. This is in line with FrieslandCampina's sustainability strategy which focuses on excellent nutrition produced in balance with people and planet.

Nutrition

In June 2024, a broad coalition of Dutch companies, including FrieslandCampina, knowledge institutes and social organisations, called on the new cabinet to work together on improving global food security. This includes support to farmers, consumers, and climate-proof food systems, which is key to achieving the objectives of the Paris Climate Agreement and the Sustainable Development Goals of the United Nations. FrieslandCampina is also actively involved in the Shelf Life Coalition, an initiative that aims to reduce food waste in the Netherlands by including clear information on packaging.

People

FrieslandCampina is globally committed to enabling a better living for farmers, including local farmers in countries such as Indonesia, Nigeria, Pakistan and Romania through Dairy Development projects. This includes technical support, training and cooperation with local communities. The Value4Dairy consortium recently received a 5-million dollar grant from the Bill & Melinda Gates Foundation to improve the productivity and sustainability of the Nigerian dairy sector. Frisian Flag successfully completed the ten-year 'Dairy4Development' project recently. This project has contributed to the local production of high-quality milk and stimulated the economic growth and the independence of 3,500 local dairy farmers.

Planet
FrieslandCampina aims to operate net climate-neutral by no later than 2050, with a net positive impact on nature. This goal is part of the company's broader sustainability strategy. Through premiums for special milk flows and the 'Foqus planet Sustainable development' programme, FrieslandCampina rewards member dairy farmers for achievements in the area of animal health and welfare, climate, biodiversity, and pasture grazing. A new reward methodology was introduced last year, and in June, the first premiums over 2023 were paid out according to this system. As a result, members received a total of 245 million euros in bonuses for their sustainability performance in 2023.

Reducing greenhouse gas emissions on member dairy farms is part of FrieslandCampina's Climate Plan. The objective is to reduce the greenhouse gas emissions associated with the production of milk on member dairy farms (Scope 3 member milk) in 2030 by 33 percent in comparison to 2015. The 2023 'KringloopWijzer' data were analysed in the first half of 2024 and showed that in 2023, the greenhouse gas emissions of member dairy farms decreased by 28 percent compared to 2015. For additional information about the progress of the Climate Plan in 2023, see the fact sheet that was published recently.

Our brand Campina, together with member dairy farmers, has doubled the herb-rich grassland on 200 Dutch farms to 1,200 hectares. In addition, a study group for regenerative agriculture was initiated, financed by customers, to gain more insight into the effects of these agricultural practices for dairy farms.

The Alaska brand in the Philippines and Rainbow brand in the Middle East have started initiatives to recycle packaging. FrieslandCampina has also entered into a partnership with the Earthworm Foundation to monitor the risk of deforestation in the production of palm oil, cocoa, soy and paper and to safeguard the origin of these raw materials.

Risks
The 2023 Annual Report describes the uncertainties and potential risks for FrieslandCampina, including the applicable mitigating measures. These risks continued to be relevant during the first half year of 2024.

Geopolitical tensions and unrest in the Middle East, Ukraine and Southeast Asia created increased polarisation among countries and reduced economic stability. This resulted in import restrictions and a deterioration of global trade, including challenges pertaining to conflicts around the Red Sea. Elections in the United States and Europe can trigger changes in political agendas, which increases volatility and the risk of further polarisation and protectionism.

For the Netherlands it is unclear how changes in national policy, for example, about nitrogen emissions or the manure production derogation, will impact operations of member dairy farms and the milk supplied to the company. The company has developed various scenarios to adequately respond to possible changes.

Inflation decreased in the first half of 2024, but consumer purchasing power remained under pressure. This resulted in a shift towards cheaper local products and private labels. Inflationary pressures in emerging markets, such as Pakistan and Nigeria, continued to be high, which in turn impacted consumer spending and currency exchange rates.

There are challenges in the area of sustainability and around ESG reporting obligations in 2025. Climate change, including drought and extreme weather conditions, continues to be a risk, as do plant and animal diseases.

In addition to managing these risks, there are also market opportunities with good and affordable dairy products, produced in balance with people and the planet. Our strategy is focused on optimally valorising the milk of our member dairy farmers to pay them a leading milk price, now and in the future.

Outlook

FrieslandCampina expects to face continued economic uncertainties in the second half of 2024, similar to those experienced in the first half of the year. Prices for commodity dairy products remain volatile and inflation is expected to rise. FrieslandCampina will increase its marketing efforts in the second half of 2024 to strengthen market positions. Optimisation of production processes and milk processing capacity will continue under the *Expedition 2030* strategy. Given the current uncertainties and market conditions, FrieslandCampina is not issuing a results forecast for the second half of the year.

Executive board

Jan Derck (J.D.) van Karnebeek
Chief Executive Officer

Hans (J.G.) Janssen
Chief Financial Officer

David (D.A.) Cutter
Chief Supply Chain and Research & Development Officer

Mireille (M.) Einwachter
Chief Sustainability Officer

Amersfoort, the Netherlands, 19 July 2024

Half-year figures

Condensed consolidated income statement

In millions of euros	First half-year 2024	First half-year 2023
Revenue	6,433	6,898
Cost of goods sold	-5,413	-6,116
Gross profit	**1,020**	**782**
Advertising and promotion costs	-296	-272
Selling and general administrative costs	-432	-463
Other operating costs and income	9	
Operating profit	**301**	**47**
Finance income and costs	-14	-37
Share of profit of joint ventures and associates, net of tax	9	5
Result before tax	**296**	**15**
Income tax	-113	-7
Result for the period	**183**	**8**
Result attributable to:		
– holders of member bonds	33	27
– holders of perpetual bonds	4	4
– provider of Cooperative loan	5	9
– shareholder	169	89
Shareholder and other providers of capital	**211**	**129**
Shareholder as holder of non-controlling interests	-77	-170
Shareholder and other providers of capital (incl. non-controlling interests shareholder)	**134**	**-41**
Other holders of non-controlling interests	49	49
	183	**8**

Condensed consolidated statement of comprehensive income

In millions of euros	First half-year 2024		First half-year 2023	
Result for the period		**183**		**8**
Items that will or may be reclassified to the income statement (net of tax):				
– effective portion of cash flow hedges	9		-4	
– currency translation differences	1		-76	
– share in other comprehensive income of joint ventures and associates	-1		1	
		9		**-79**
Items that will never be reclassified to the income statement (net of tax):				
– remeasurement of liabilities (assets) under defined benefit plans	5		2	
		5		**2**
Other comprehensive income, net of tax		**14**		**-77**
Total comprehensive income for the period		**197**		**-69**
Total comprehensive income attributable to:				
– shareholder and other providers of capital	222		72	
– shareholder as holder of non-controlling interests	-76		-169	
Shareholder and other providers of capital (incl. non-controlling interests shareholder)		**146**		**-97**
– other holders of non-controlling interests		51		28
		197		**-69**

Condensed consolidated statement of financial position

In millions of euros	30 June 2024	31 December 2023
Assets		
Property, plant and equipment	3,249	3,263
Intangible assets	1,277	1,302
Deferred tax assets	145	150
Joint ventures and associates	116	113
Employee benefits	8	8
Other assets	59	55
Non-current assets	**4,854**	**4,891**
Inventories	1,691	1,626
Trade and other receivables	1,858	2,033
Cash and cash equivalents	797	569
Assets held for sale	3	
Current assets	**4,349**	**4,228**
Total assets	**9,203**	**9,119**

	30 June 2024	31 December 2023
Equity		
Issued capital	370	370
Retained earnings and other reserves	1,643	1,463
Equity attributable to shareholder	**2,013**	**1,833**
Member bonds	899	931
Perpetual bonds	305	301
Cooperative loan	141	302
Equity attributable to other providers of capital	**1,345**	**1,534**
Equity attributable to providers of capital	**3,358**	**3,367**
Non-controlling interests shareholder	-69	7
Equity directly attributable to providers of capital	**3,289**	**3,374**
Other non-controlling interests	300	296
Total equity	**3,589**	**3,670**
Liabilities		
Employee benefits	183	194
Deferred tax liabilities	29	36
Interest-bearing borrowings	1,362	870
Other liabilities	82	93
Non-current liabilities	**1,656**	**1,193**
Interest-bearing borrowings	398	658
Trade and other payables	3,560	3,598
Current liabilities	**3,958**	**4,256**
Total liabilities	**5,614**	**5,449**
Total equity and liabilities	**9,203**	**9,119**

Condensed consolidated statement of cash flows

In millions of euros	First half-year 2024	First half-year 2023
Operating activities		
Result before tax	**296**	**15**
Depreciation of property, plant and equipment and amortisation of intangible assets	206	213
Impairments of non-current assets and reversals thereof	2	9
Movement in inventories, receivables and liabilities	-4	29
Other operating activities	-103	-176
Net cash flows from operating activities	**397**	**90**
Investing activities		
Investments in property, plant and equipment and intangible assets	-228	-225
Disposals of property, plant and equipment, intangible assets and assets held for sale	1	2
Divestments of businesses, net of cash and cash equivalents		74
Loans issued and received repayments of loans issued	-49	49
Capital contributions to associates	-1	-1
Net cash flows used in investing activities	**-277**	**-101**
Financing activities		
Dividend paid	-47	-103
Interest paid to holders of member bonds and subordinated bonds	-81	-33
Repayment cooperative loan	-150	
Interest-bearing borrowings drawn	672	1,156
Repayment of interest-bearing borrowings	-393	-1,104
Repayment of lease liabilities	-27	-30
Payment of contingent consideration		-26
Settlement of derivatives and other	135	-5
Net cash flows from/used in financing activities	**109**	**-145**
Net cash flow	**229**	**-156**
Cash and cash equivalents at 1 January[1]	538	404
Net cash flow	229	-156
Currency translation differences on cash and cash equivalents	-6	-16
Cash and cash equivalents at 30 June[1]	**761**	**232**

1 Cash and cash equivalents also includes overdrafts that are repayable on demand and form an integral part of the cash management of FrieslandCampina.

Condensed consolidated statement of changes in equity

In millions of euros	First half-year 2024					First half-year 2023				
	Equity attributable to providers of capital	Non-controlling interests shareholder	Equity directly attributable to providers of capital	Other non-controlling interests	Total equity	Equity attributable to providers of capital	Non-controlling interests shareholder	Equity directly attributable to providers of capital	Other non-controlling interests	Total equity
At 1 January	**3,367**	7	**3,374**	296	**3,670**	**4,125**	-284	**3,841**	330	**4,171**
Comprehensive income for the period:										
– result for the period	211	-77	**134**	49	**183**	129	-170	**-41**	49	**8**
– other comprehensive income	11	1	**12**	2	**14**	-57	1	**-56**	-21	**-77**
Total comprehensive income for the period	**222**	**-76**	**146**	**51**	**197**	**72**	**-169**	**-97**	**28**	**-69**
Transactions with providers of capital recognised directly in equity:										
– dividends paid				-47	**-47**		-85	**-85**	-18	**-103**
– interest paid	-81		**-81**		**-81**	-52		**-52**		**-52**
– redemption cooperative loan	-150		**-150**		**-150**					
Total transactions with providers of capital	**-231**		**-231**	**-47**	**-278**	**-52**	**-85**	**-137**	**-18**	**-155**
At 30 June	**3,358**	**-69**	**3,289**	**300**	**3,589**	**4,145**	**-538**	**3,607**	**340**	**3,947**

Notes to the consolidated financial statements

Reporting entity

Royal FrieslandCampina N.V. has its registered office in Amersfoort, the Netherlands. The address is: Stationsplein 4, 3818 LE, Amersfoort, the Netherlands. The Company is registered in the Chamber of Commerce's Trade Register, No. 11057544. The consolidated half-year figures for the first six months ending on 30 June 2024 include Royal FrieslandCampina N.V. and its subsidiaries (collectively referred to as FrieslandCampina).

Zuivelcoöperatie FrieslandCampina U.A. ('Cooperative') is the sole shareholder of Royal FrieslandCampina N.V.

The consolidated half-year figures have not been audited.

Basis of preparation

This half-year report is prepared in accordance with IAS 34 'Interim Financial Reporting'. This half-year report should be read in conjunction with the 2023 consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and, insofar as this is applicable, in accordance with Title 9 Book 2 of the Dutch Civil Code.

The accounting principles and calculation methods used to prepare the 2023 consolidated financial statements are also used to prepare this half-year report.

The consolidated figures are presented in Euros, the functional currency of the Company, and rounded to the nearest million, unless stated otherwise.

Judgements, estimates and assumptions

The preparation of the consolidated half-year figures in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may deviate from management's estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis taking into account the opinion and advice of (external) experts. Gains or losses from revised estimates are reported in the period in which these estimates are revised and in future periods affected by the revised estimates.

Refer to the 2023 consolidated financial statements for an overview of the significant accounting estimates and judgements. No important changes occurred in the first half of 2024.

Changes in accounting policies

New and revised standards, amendments and interpretations as applied by FrieslandCampina

The standards and interpretations that are effective and applicable from 1 January 2024, which have been applied in preparing these consolidated financial statements, did not have a material impact. Those applicable after 1 January 2024 have not been applied.

As of 2024, the accrual for the supplementary cash payment will be part of Cost of goods sold and will not be processed as a dividend payment.

General accounting policies

Basis of consolidation

There were no changes to the consolidation group in the first half of 2024 compared to 31 December 2023.

Financial risk management

The key financial risk management objectives and procedures within FrieslandCampina are consistent with the objectives and procedures set out in the consolidated financial statements 2023.

Seasonal influences

There are no significant seasonal patterns in the first half-year compared to the second half-year.

Segmentation

As of 2024, FrieslandCampina has processed changes in the management structure. The business has been divided in seven business groups, led by the executive team. Food & Beverage has been split into five separate business groups and Global Supply Chain. The activities of Trading have been combined with the activities of Professional into Profession & Trading. Comparative figures are adjusted to reflect this change. As a result of this change, goodwill is reallocated between business groups. FrieslandCampina distinguishes the following seven market-orientated business groups:

— **Europe** | Broad portfolio of consumer brands in Europe, with strong market positions in the home markets Netherlands and Belgium, as well as in other countries, such as Greece, Hungary, Romania and the United Kingdom.

— **Retail & Americas** | Provides consumers in Germany, France, Italy, Spain, and North and South America with cheese and other dairy products under its own brands, as well as private labels, through strategic partnerships with retailers and discounters, and through the operating company Velder.

— **Middle East, Pakistan & Africa (MEPA)** | Focuses on consumer markets, for example in the United Arab Emirates, Saudi Arabia, Pakistan, Nigeria and the Ivory Coast, with partly locally produced dairy products and strong local brands.

— **Asia** | Broad product range of often locally produced brand name products with a focus on consumer markets in various countries, such as the Philippines, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.

— **Ingredients** | Nutritional and functional ingredients for infant, sports, active lifestyle, and medical nutrition. The business group primarily focuses on food producers and the pharmaceutical industry.

— **Specialised Nutrition** | Infant nutrition under the brand name Friso focuses on consumer markets in China, Hong Kong, Vietnam, Malaysia, Greece and Mexico.

— **Professional & Trading**
  - Professional: dairy products and solutions for professionals in the food industry, such as restaurants, fast-food restaurants, bakers, confectioners and pastry chefs.
  - Trading: procurement and sale of commodity dairy products for internal customers and B2B customers.

The business groups are also the operating segments, where Professional and Trading are separate operating segments, that are combined as one reportable segment based on comparable customers and product portfolio.

Corporate activities, discontinued operations and Global Shared Services are recognised as Other, since these activities cannot be classified under the market-oriented business groups. In addition to the seven business groups and the Other activities, Global Supply Chain (GSC) is reported as a segment.

The identified operational segments concern the separate segments within FrieslandCampina for which financial information is available that is frequently evaluated by the Executive Board. The Executive Board consists of the chief operating decision makers in deciding how to allocate resources to the segment and in assessing the segment's performance.

Segmentation by business group

	First half-year 2024										
	Europe	Retail & Americas	MEPA	Asia	Ingredients	Specialised Nutrition	Professional & Trading	Global Supply Chain	Other	Elimination	**Total**
Revenue third parties	794	900	682	834	718	608	1,877	20			**6,433**
Internal deliveries[1]	2	9		14	84	18	472	978		-1,577	
Total revenue	**796**	**909**	**682**	**848**	**802**	**626**	**2,349**	**998**		**-1,577**	**6,433**
Operating result before allocation	47	9	42	102	94	147	53	-54	-139		**301**
GSC allocation	-8	-4	-5	-10	2	-12	-17	54			
Operating result	**39**	**5**	**37**	**92**	**96**	**135**	**36**		**-139**		**301**
Finance income and costs											**-14**
Result from joint ventures and associates									9		**9**
Profit before tax											**296**
Operating result as % net revenue from third parties	4.9	0.6	5.4	11.0	13.4	22.2	1.9				**4.7**
Carrying amount of assets employed in operating activities[2]	451	359	632	1,198	470	465	736	3,690	431	-509	**7,923**
Carrying amount of other assets											**1,280**
Total assets											**9,203**
Liabilities resulting from operational activities[3]	289	176	362	691	58	364	271	1,165	720	-509	**3,587**
Other liabilities											**2,027**
Total liabilities											**5,614**

1 Internal deliveries are accounted for in a similar way as transactions with third parties.
2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.
3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.

Segmentation by business group

First half-year 2023

	Europe	Retail & Americas	MEPA	Asia	Ingredients	Specialised Nutrition	Professional & Trading	Global Supply Chain	Other	Elimination	**Total**
Revenue third parties	889	956	793	853	752	580	1,977	21	77		**6,898**
Internal deliveries[1]	2	2		16	77	19	553	981	6	-1,656	
Total revenue	**891**	**958**	**793**	**869**	**829**	**599**	**2,530**	**1,002**	**83**	**-1,656**	**6,898**
Operating result before allocation	61	-32	39	40	124	133	-163	-37	-118		**47**
GSC allocation	-4	-5	-3	-2		-8	-15	37			
Operating result	**57**	**-37**	**36**	**38**	**124**	**125**	**-178**		**-118**		**47**
Finance income and costs											**-37**
Result from joint ventures and associates									5		**5**
Profit before tax											**15**
Operating result as % net revenue from third parties	6.4	-3.9	4.5	4.5	16.5	21.6	-9.0				**0.7**
Carrying amount of assets employed in operating activities[2]	404	388	759	1,174	481	486	857	3,803	361	-598	**8,115**
Carrying amount of other assets											**940**
Total assets											**9,055**
Liabilities resulting from operational activities[3]	294	235	441	648	55	323	251	1,118	616	-598	**3,383**
Other liabilities											**1,725**
Total liabilities											**5,108**

1 Internal deliveries are accounted for in a similar way as transactions with third parties.
2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.
3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.

Revenue

Revenue by geographical location of customers	First half-year 2024	
		%
The Netherlands	1,533	24
Rest of Europe	1,973	31
Asia and Oceania	2,091	32
Africa and the Middle East	564	9
North and South America	272	4
	6,433	**100**

Revenue primarily consists of the sale of goods with settlement of the performance obligation by FrieslandCampina at a point in time and not over time.

Operating expenses

The cost of goods sold includes the compensation paid for milk to member dairy farmers in the amount of EUR 2.362 million (first half-year 2023: EUR 2.514 million). The compensation for milk to member dairy farmers in 2024 includes EUR 20 million for an underestimated Foqus planet premium for 2023 and EUR 61 million for accrued pro forma supplementary cash payments relating to 2024.

Other operating costs and income

Costs for exchanging foreign currencies in Nigeria

There has been very limited availability of US dollars in Nigeria to meet international payment obligations. As a result of this limited availability, the necessary costs (exchange rate losses) to obtain US dollars are higher compared to the official exchange rate in Nigeria. The company has a liability to exchange Naira to US dollars in the local market. This liability is entered into to meet international payment obligations. In 2024, the liability was partly used for costs to exchange Naira to US dollars to settle receivables and repayments of intercompany loans. Because the official exchange rate devaluated and the availability of US dollars improved, the remaining part of the liability was released in 2024. EUR 10 million was released in Other operating costs and EUR 19 million was released in Finance income and costs.

Finance income and costs

The net interest costs in the first half of 2024 amounted to EUR 36 million (first half-year 2023: EUR 36 million).

In the first half of 2024, a positive result on currency translation in the amount of EUR 24 million for interest bearing receivables and payables in foreign currencies, as well as the results realised from financial derivatives, is included under finance costs and income. In the first half of 2023 the result on currency translation was EUR 4 million negative.

Taxes

The tax expense amounts to EUR 113 million (first half-year 2023: EUR 7 million). The effective tax rate in the first half of 2024 is 38% (first half of 2023: 50%).
The increase in tax expense is mainly due to the higher profit before tax.

Property, plant and equipment

	Total
Carrying amount at 1 January	**3,263**
Additions	192
Currency translation differences	-28
Remeasurements	4
Transfers to assets held for sale	-3
Depreciation	-177
Impairments	-2
Carrying amount at 30 June	**3,249**

Impairments in the first half year of 2024 mainly relate to obsolete assets.

Intangible assets

	Total
Carrying amount at 1 January	1,302
Additions	**3**
Currency translation differences	1
Amortisation	-29
Carrying amount at 30 June	**1,277**

Inventories

During the first half year of 2024, inventories are written down for in total EUR 49 million (first half year 2023: EUR 49 million). The write-down of inventories is recognised in cost of goods sold.

Cash and cash equivalents

Cash and cash equivalents amount to EUR 797 million as at 30 June 2024 (end of 2023: EUR 569 million). Total restricted cash amounts to EUR 5 million, which is restricted in Nigeria for use by the group due to currency restrictions.

Assets and Liabilities held for sale

In 2022 FrieslandCampina made a decision that it would to close the production location in Rotterdam. In 2024 the production stopped and the related assets have been classified as assets held for sale.

Equity

Cooperative loan

In February 2024, FrieslandCampina exercised its right to repay part of the cooperative loan for an amount of EUR 150 million.

Reserve policy

The 2023-2025 reserve policy stipulates that 60% of the Company's profit based on the guaranteed price, as far as it attributes directly or indirectly to the shareholder of the Company, will be added to the retained earnings. As part of the payment for milk supply, 40% of this profit can be paid out to member dairy farmers as a supplementary cash payment. In the event of a goodwill impairment greater than EUR 100 million, it may be decided to deduct the entire amount from retained earnings via the profit appropriation. In case a book profit of at least EUR 100 million is realised relating to divestments of businesses, it may be decided to add the entire amount or part of the amount to retained earnings via the profit appropriation.

The reserve policy is described in the milk price regulation and is being revised every three years. After the General Meeting of Shareholders' adoption of the financial statements, the supplementary cash payments are made, if any. As of 2024, the accrual for the supplementary cash payment will be part of Cost of goods sold and will not be processed as a dividend payment.

Pursuant to the reservation policy, an interim payment can be proposed on the basis of the results for the first half-year of FrieslandCampina and the quantity of milk supplied. The interim payment consists of 75% of the pro forma supplementary cash payment on the value of the quantity of milk supplied in the first half-year. Despite the positive basis for an interim payment to the member dairy farmers, it has been decided not to initiate this payment due to ongoing global economic uncertainties and possible unforeseen events.

Provisions

Restructuring provisions

FrieslandCampina decided in 2023 to implement transformation programme *Expedition 2030*. For this restructuring provisions were recognised. In the first half year of 2024 payments have been made for EUR 32 million, which results in a remaining provision of EUR 102 million.

Commitments and contingencies

The commitments and contingencies do not materially deviate from the commitments and contingencies that were disclosed in the consolidated financial statements 2023.

Transactions with related parties

There was no other significant change in the nature of the information concerning related party transactions.

Financial instruments

Accounting classifications and fair values

The carrying value of the financial assets and liabilities recorded in the consolidated balance sheet are stated below, as are the financial instruments measured at fair value, or with carrying amount that differ from the fair value, shown by valuation method. The fair value is the amount that would be received or paid if the receivables and/or liabilities were settled on the reporting date, without further liabilities.

The different levels of input data for the determination of the fair value are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: input other than quoted market prices that come under Level 1 that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: input related to the asset or liability that is not based on observable market data (unobservable input) whereby this input has a significant impact on the outcome.

	30 June 2024				
	Total carrying amount	Level 1	Level 2	Level 3	**Total fair value**
Financial assets measured at fair value					
Hedging derivatives	**44**		44		**44**
Financial liabilities not measured at fair value					
Interest-bearing borrowings – fixed rate	**1,039**		1,095		**1,095**
Interest-bearing borrowings – variable rate	**721**				**721**
Financial liabilities measured at fair value					
Hedging derivatives	**30**		30		**30**
Put option liabilities	**13**			13	**13**

FrieslandCampina also has other financial assets and liabilities that are not valued at fair value. In principle, the fair value of these financial assets and liabilities does not differ significantly in comparison to the carrying amount, since the interest paid is market based and the term is of short duration.

Hedging derivatives
The fair value of forward currency contracts is calculated by comparing them with the current forward prices of contracts with equal remaining terms based on current market data provided by Bloomberg . The fair value of cross currency - and interest rate swaps is determined on the basis of the present value based on current market data provided by Bloomberg. The fair value of the commodity swaps is determined on the basis of the statement of market-to-market valuations of the relevant counterparties.

Put option liabilities
The put option liabilities to other shareholders in the Dutch legal entity that holds a 51% interest in FrieslandCampina Engro Pakistan Ltd. amount to EUR 13 million as at 30 June 2024 (31 December 2023: EUR 12 million). The exercise price is primarily dependent on FrieslandCampina Engro Pakistan Ltd's profit before interest, taxes, and depreciation and amortisation.

Movements and transfers

The following movements of the financial instruments classified as level 3 took place in the first half of 2024:

	Contingent considerations	Put option liabilities
Carrying amount at 1 January	1	12
Release to income statement	-1	
Finance costs		1
Carrying amount at 30 June		**13**

There were no transfers from or to levels 1, 2 or 3 during the first half year of 2024.

Subsequent events

There were no significant subsequent events noted.

Amersfoort, the Netherlands, 19 July 2024

FrieslandCampina
nourishing by nature

Royal FrieslandCampina N.V.
FrieslandCampina is one of the largest dairy companies in the world with a cooperative tradition of more than 150 years. The company processes the milk from dairy farms into a wide range of dairy products and ingredients. Every day, it provides hundreds of millions of people throughout the world with valuable nutrients from milk.

Royal FrieslandCampina N.V. is fully owned by Zuivelcoöperatie FrieslandCampina U.A., with 14,634 dairy farmers in the Netherlands, Belgium and Germany as members. Through the cooperative, these member dairy farmers own and supervise the company. Together with its member dairy farmers, FrieslandCampina manages the entire production chain: from grass to glass.

FrieslandCampina provides consumers with dairy products, such as milk, yoghurt, condensed milk, dairy-based beverages, cheese, butter, quark and cream. The dairy company supplies specific nutrition to specific consumer groups, such as children, the elderly and sportspeople. Professional customers, such as bakers, pastry chefs, chocolate confectioners, chefs and caterers can rely on FrieslandCampina for a broad product range, including creams, butters, desserts and fillings. In addition, the Company supplies high-quality ingredients to international food producers and pharmaceutical companies.

In 2023, 9,417 member dairy farms in the Netherlands, Germany and Belgium supplied over 9.3 billion kilogrammes of milk for processing into dairy products and ingredients. FrieslandCampina has branches in 29 countries and exports to more than one hundred countries worldwide. In 2023, FrieslandCampina employed an average of 20,928 employees (FTEs). For additional information, visit our website: www.frieslandcampina.com.

Colophon

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