

Annual Report 2024

Pegasus MidCo B.V.



Refresco

Financial statements 2024

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Consolidated income statement

For the year ended December 31

(x 1 million euro)	Note	2024	2023
Revenue from contracts with customers	4.1	5,992	5,926
Other income	4.2	0	0
Raw materials and consumables used	4.3	(2,998)	(3,048)
Employee benefits expense	4.4	(1,004)	(965)
Depreciation, amortization and impairments	4.5	(553)	(682)
Other operating expenses	4.6	(1,264)	(1,303)
Operating profit / (loss)		173	(72)
Finance income	4.7	3	25
Finance expense	4.7	(365)	(303)
Net finance costs	4.7	(362)	(279)
Profit / (loss) before income tax		(189)	(350)
Income tax (expense) / benefit	4.8	(14)	46
Profit / (loss)		(204)	(304)
Profit/(loss) attributable to:			
Owners of the Company		(221)	(318)
Non-controlling interest	5.9	17	14
Profit / (loss)		(204)	(304)

The notes on page 26 to page 61 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

For the year ended December 31

(x 1 million euro)	Note	2024	2023
Profit / (loss)		(204)	(304)
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	5.9	(2)	(4)
Income tax (expenses) / benefits	5.9	1	1
Total		(1)	(3)
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	4.7/5.9	(19)	(61)
Foreign currency translation differences for foreign operations	4.7/5.9	108	(20)
Income tax (expenses) / benefits	4.7/5.9	4	16
Total		93	(65)
Other comprehensive income / (loss)		92	(69)
Total comprehensive income / (loss)		(112)	(373)
Attributable to:			
Owners of the Company		(130)	(386)
Non-controlling interest	5.9	19	13
Total comprehensive income / (loss)		(112)	(373)

The notes on page 26 to page 61 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at December 31

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Assets			
Property, plant and equipment	5.1	2,054	2,009
Right-of-use assets	5.2	430	380
Goodwill	5.3	3,899	3,595
Brands and customer relationships	5.3	1,071	1,139
Other intangible assets	5.3	48	47
Non-current financial assets	5.4	19	15
Derivative financial instruments	3.1.3/3.3	17	42
Deferred income tax assets	5.5	5	4
Total non-current assets		7,544	7,231
Inventories	5.6	661	572
Derivative financial instruments	3.1.3/3.3	9	15
Current income tax receivable		6	14
Trade and other receivables	5.7	456	567
Cash and cash equivalents	5.8	167	122
Total current assets		1,300	1,291
Total assets		8,844	8,523

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Equity			
Issued share capital	5.9	0	0
Share premium	5.9	3,484	3,484
Other reserves	5.9	31	(60)
Retained earnings		(748)	(527)
Equity attributable to equity holders of the Company		2,767	2,896
Non-controlling interests	5.9	12	10
Total equity		2,778	2,906
Liabilities			
Loans and borrowings	5.10	3,685	3,353
Lease liability	5.2	337	289
Other liabilities	5.11	37	29
Employee benefits provisions	5.12	36	38
Other provisions	5.13	126	135
Deferred income tax liabilities	5.5	239	256
Total non-current liabilities		4,460	4,100
Loans and borrowings	5.10	31	19
Lease liability	5.2	105	99
Derivative financial instruments	3.1.3/3.3	1	6
Other liabilities	5.11	8	5
Trade and other payables	5.14	1,395	1,338
Current income tax liabilities		18	6
Other provisions	5.13	47	44
Total current liabilities		1,606	1,517
Total liabilities		6,066	5,617
Total equity and liabilities		8,844	8,523

The notes on page 26 to page 61 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended December 31

(x 1 million euro)	Note	Issued share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total Equity
January 1, 2024		0	3,484	(60)	(527)	2,896	10	2,906
Other comprehensive income / (loss)	5.9	-	-	90	-	90	1	92
Profit / (loss)		-	-	-	(221)	(221)	17	(204)
Total comprehensive income / (loss)		-	-	90	(221)	(130)	19	(112)
Dividends paid / repayment of share premium	5.9	-	-	-	-	-	(17)	(17)
Total transactions with owners recognized directly in equity		-	-	-	-	-	(17)	(17)
December 31, 2024		0	3,484	31	(748)	2,767	12	2,778
January 1, 2023		0	3,484	8	(209)	3,282	9	3,292
Other comprehensive income / (loss)		-	-	(68)	-	(68)	(1)	(69)
Profit / (loss)		-	-	-	(318)	(318)	14	(304)
Total comprehensive income / (loss)		-	-	(68)	(318)	(386)	13	(373)
Dividends paid / repayment of share premium	5.9	-	-	-	-	-	(12)	(12)
Total transactions with owners recognized directly in equity		-	-	-	-	-	(12)	(12)
December 31, 2023		0	3,484	(60)	(527)	2,896	10	2,906

The notes on page 26 to page 61 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended December 31

(x 1 million euro)	Note	2024	2023
Profit/(loss) after tax		(204)	(304)
Adjustments for:			
Depreciation, amortization and impairments	4.5	553	682
Net change in fair value derivative financial instruments	4.6	(3)	(0)
Other net finance costs	4.7	362	278
Other income	4.2	(0)	(0)
Income tax expense / (benefit)	4.8	14	(46)
Movement in employee benefit provisions and other provisions		(9)	(2)
Cash flow from operating activities before changes in working capital		714	609
Changes in:			
Inventories		(55)	83
Trade and other receivables		127	76
Trade and other payables		5	(13)
Movement in provisions in working capital		(26)	5
Total change in working capital		51	150
Prepayments received from customers		14	6
Interest received		3	2
Income taxes paid		(19)	(21)
Net cash generated from operating activities		763	746
Cash flows from investing activities			
Purchase of property, plant and equipment		(239)	(272)
Proceeds from disposal of property, plant and equipment		1	2
Purchased and internally developed intangible assets		(9)	(11)
Proceeds non-current financial assets		–	1
Proceeds from disposals of assets held for sale		8	0
Acquisition of subsidiary, net cash acquired	6.1	(246)	0
Net cash used in investing activities		(485)	(279)

(x 1 million euro)	Note	2024	2023
Cash flows from financing activities			
Dividend payment non-controlling interest		(17)	(12)
Proceeds from loans and borrowings	5.10	1,186	65
Financing costs		(9)	–
Interest paid		(268)	(252)
Repayment of loans and borrowings	5.10	(991)	(184)
Payments interest portion leases	5.2	(27)	(25)
Payments principal portion leases	5.2	(110)	(107)
Net cash used in financing activities		(236)	(515)
Net cash (used in)/generated from operating, investing and financing activities		42	(48)
Translation adjustment		4	2
Movement in cash and cash equivalents		46	(46)
Cash and cash equivalents as at January 1	5.8	122	169
Bank overdraft as at January 1	5.8	(1)	(1)
Cash and cash equivalents as at December 31	5.8	167	122
Bank overdraft as at December 31	5.8	–	(1)
Cash movement		46	(46)

The cash flow statement is prepared according to the indirect method.

The notes on page 26 to page 61 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The consolidated financial statements of Pegasus Midco B.V. and its group companies (collectively the “Group”, “Refresco Group” or the “Company”) concern the financial year 2024 as from January 1, 2024 until December 31, 2024. The consolidated financial statements were approved for issuance by the Supervisory Board, Executive Board and Executive Committee on March 14, 2025 and are subject to adoption by the General Meeting of Shareholders.

On July 12, 2022, a new entity was created by KKR and existing shareholders: Pegasus Bidco B.V. Through this entity, they acquired 100% of the shares in Sunshine Equity B.V. controlling party of Refresco Group B.V. (In 2023 the entities Sunshine Equity B.V. and Refresco Group B.V. were merged into Pegasus Bidco B.V.). Pegasus Midco B.V. was incorporated on February 18, 2022 and domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 264, 3065 WB Rotterdam, trade register number 85543713. The shareholder of Pegasus Midco B.V. is Pegasus Holdco B.V. and the ultimate controlling party is KKR Pegasus Aggregator L.P.

The activities of the Group consist of the manufacturing of an extensive range of products and packaging combinations from juices to carbonated soft drinks and mineral waters in carton, PET, Aseptic PET, cans and glass for Retailer brands and Global, National and Emerging (“GNE”) brands. Sales and production are made both domestically and abroad, with Europe and North America being the most important markets.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS accounting standards”) as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union. IFRS accounting standards as adopted by the European Union (“EU”) differs in certain aspects from IFRS accounting standards as issued by IASB. The differences have no impact on the group’s consolidated financial statements for the periods presented.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest million, unless stated otherwise. As a consequence, rounded amounts may not add up to the rounded total. Amounts rounded to nil are presented as '0' and not applicable is presented as '-'.

The company only financial statements are part of the consolidated financial statements of Pegasus Midco B.V. The Company makes use of the option provided in section 2:402 of the Dutch Civil Code, under which the income statement in the company financial statements can be simplified.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at balance sheet date. The companies listed in note 3.1 of the company financial statements have all been included in the consolidated financial statements.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests (“NCI”) in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Subsequently profits are allocated to NCI based on their net effective interest in the subsidiary. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Acquisition-related costs are expensed as incurred and included in other operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the income statement.

2.3 Foreign currency

FUNCTIONAL AND PRESENTATION CURRENCY

The Group’s consolidated financial statements are presented in euros, which is also Pegasus Midco B.V.’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency, which is the Euro, except for UK (GBP), US (USD), Canada (CAD), Poland (PLN), Mexico (MXN) and Australia (AUD).

TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of foreign currency differences arising from the translation of financial liabilities designated as a hedge of the net investment in a foreign operation. These foreign currency differences are recognized in OCI, to the extent that the hedge is effective.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions (or at an average rate if this is not an unreasonable approximation).

Foreign currency differences arising thereon are recognized, in OCI, in the foreign currency translation reserve. When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Foreign exchange gains and losses arising on a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in OCI in the foreign currency translation reserve.

2.4 Revenue from contracts with customers

Revenue from the sale of products is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods to customers, net of trade discounts and volume rebates. The five-step model of IFRS 15 is applied for revenue arising from contracts with customers. Revenue is recognized when both parties have approved the contract, the Group can identify each party's rights regarding the goods or services to be transferred, the Group can identify the payment terms for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Group has two main revenue streams: (1) sales, manufacturing and distribution of goods for retailer brands (“retailer brands contracts”) and (2) sales, manufacturing and distribution for GNE brands (“GNE brands contracts”). The Group recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied and are recognized at a point in time, which generally occurs either on shipment or on delivery based on contractual terms, which is also when control is transferred. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset.

The primary performance obligation is the sales, manufacturing and distribution of its products to its customers. This performance obligation applies to both revenue streams (1) Retailer brands contracts and (2) GNE brands contracts.

For retailer brands, revenue is recognized when control is transferred. Control is transferred when the product is delivered at the specified location. The performance obligation is satisfied at the point in time in which the customer has (i) legal title to the asset; (ii) physical possession of the asset; (iii) significant risk and rewards of ownership of the asset; (iv) accepted the asset; and (v) a current obligation to pay for the asset. The Group serves as a principal and revenue is recognized in the gross amount of consideration for the products sold.

Manufacturing for GNE brands consist of the provision of manufacturing services and sale of the resultant product. The nature and the risk profile of the contract with the customer are key in determining whether the Group is providing a manufacturing service or is selling a product. The revenue is recognized solely for the activities, ingredients and materials for which the Group is the principal and has control. For most GNE brands contracts, the revenue is recognized similar to retailer brands contracts. For some GNE brands, our customers provide the main ingredients and packaging for the beverages to be manufactured and have control over the production planning. The Group is responsible for the filling process, which is the identified performance obligation. This obligation is generally met when the production has been completed and control is transferred to the customer. Despite the lack of physical possession of the asset, the customer has (i) legal title to the asset; (ii) significant risks and rewards of ownership of the asset; and (iii) a current obligation to pay for the asset. As such, the performance obligation is satisfied at this point in time once production has been completed, and this is the moment that revenue is recognized. GNE brands contracts can also contain take-or-pay clauses related to unsatisfied minimum volume commitments and reserved filling capacities. These penalties are recognized as revenue in accordance with the underlying performance obligations.

For some GNE brands, an additional warehousing contract has been agreed. Revenue for warehousing is recognized over time. For some GNE brands, the Group receives equipment or contributions to purchase equipment, from customers required to manufacture products. The value of the equipment, which is considered non-cash consideration, and the contributions received are recorded as a contract liability and recognized as revenue during the contract with the customer based on the forecasted volumes.

The forecasted volumes determine how the contract liability is released over the contractual term of the agreement with our customers. These forecasted volumes are generally based on volumes disclosed in our contractual agreements with these customers. A contract liability is also recognized for other considerations received from customers before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the related performance obligation is satisfied. The contract liability is disclosed in note 5.11 of our financial statements.

Contracts with customers can include some form of variable consideration. The most common forms of variable consideration are trade promotions, rebates and discounts. Variable consideration is treated as a reduction of revenue at the time product revenue is recognized. Depending on the nature of the variable consideration, we use either the “expected value” or the “most likely amount” method to determine variable consideration.

Contracts with customers can include excise duties and consumption tax, which is paid to the tax authorities by the Group and is recharged to the customers. When the Group serves as the principal, revenue from the contracts with customers, is recognized in the gross amount of consideration for the products sold including excise duties and consumption tax. When the Group serves as agent and does not bear risk toward the tax authorities, revenue from contracts with customers is recognized on a net basis, excise duties and consumption tax is recognized as a deduction from sales.

Uncertainties related to the estimates of variable consideration are resolved in a short time frame and do not require any additional constraint on variable consideration. Our products are sold with no right of return, except in the case of goods which do not meet product specifications or are damaged. No services beyond this assurance- type warranty are provided to customers. Customer remedies include either a cash refund or an exchange of the product. As a result, the right of return and related refund liability is estimated and recorded as a reduction of revenue based on historical sales return experience.

We expect to receive payment on all of our customer account receivables generally within 15 days, and therefore, we classify all such receivables as current assets. Accounts receivable are net of an allowance for lifetime expected credit losses. Recoveries of receivables previously written down are recorded when received. Historically, the Group has experienced an immaterial amount of actual losses due to uncollectible items.

2.5 Government grants

Government grants are recognized at their fair value when it is reasonably assured that the Group will comply with the conditions attached to them and that the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

2.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to business combinations or items recognized in equity or OCI in which case the income tax is recognized in equity or OCI.

Uncertain tax treatments are accounted for in accordance with IFRIC 23. Where it is probable that the tax authorities will accept the treatment in the tax return, current and deferred taxes are recognized in the financial statements consistently with the return. Conversely, if it is not probable that the tax authority will accept the tax treatment, then the uncertainty is reflected in the current and deferred taxes.

Current tax is the income tax expected to be payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following:

- taxable temporary differences on the initial recognition of goodwill;
- temporary differences on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the reporting period they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Current tax assets and current tax liabilities are offset only if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset if:

- there is a legally enforceable right to offset current tax liabilities and assets; and
- they relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities of which will be realized simultaneously.

2.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

Initial recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.4 Revenue from contracts with customers.

Financial assets are classified, at initial recognition as: subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

This classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost;
2. Debt instruments at fair value through OCI with recycling of cumulative gains and losses;
3. Equity instruments designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition;
4. Financial assets at fair value through profit or loss.

Category 2 and 3 are not applicable, and therefore, not further disclosed.

Financial assets at amortized cost

The Group's financial assets at amortized cost includes non-current financial assets, trade and other receivables, cash and cash equivalents. Cash and cash equivalents in the balance sheet include bank balance and bank deposit.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. The amortized cost is reduced by impairment losses. Interest income is recognized within finance income using the effective interest rate method.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value: unhedged commodity contracts, unhedged foreign currency contracts related to the cross currency interest rate swap and unhedged interest rate swap in current assets. These financial assets are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement. Net gains or losses, including any interest or dividend income, are recognized in profit or loss.

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets (excluding equity instruments) not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, lease receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at amortized cost

This is the category most relevant to the Group and applies to interest-bearing loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Interest expense is recognized in profit or loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method ('EIR'). The EIR amortization is included as finance costs in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss concerns unhedged foreign currency contracts in current liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including the fair value of new liabilities assumed) is recognized in profit or loss.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments (interest rate swaps, commodity forward contracts, and foreign currency forward contracts) to hedge the foreign currency, commodity and interest rate risk exposures. The Group seeks to apply hedge accounting in order to minimize the effects of fluctuations in cash flow.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group applies cash flow hedge accounting.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in OCI and accumulated in the hedging reserve (grouped within other reserves). The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. The gain or loss relating to the ineffective portion is recognized in the income statement immediately.

When the hedged item is a non-financial asset, the amount recognized in OCI is transferred to the carrying amount of the asset when it is recognized. In other cases, the amount recognized in OCI is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss. Where the financial instruments are held to hedge foreign currency purchases of raw materials and consumables, the amounts recognized in OCI are included in raw materials and consumables used.

Where the instruments are held to hedge interest rate risk exposure, the amounts recognized in OCI are included in finance income and expense.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued. The cumulative unrealized gain or loss previously recognized in OCI and presented in the hedging reserve in equity, is recognized in profit or loss immediately, or when a hedging instrument is terminated. If the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in OCI and is recognized in accordance with the above-mentioned policy when the transaction occurs.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 3.3. Movements of the hedging reserve in OCI are shown in note 5.9. The fair value of a hedging derivative is classified as non-current asset or liability when the end date maturity of the hedging instrument is more than 12 months and as a current asset or liability when the remaining maturity of the hedge instrument is less than 12 months.

The Group considers hedge reserve interest rate swaps, hedge reserve FX instruments, hedge reserve commodity swaps and currency translation reserve as a legal reserve disclosed in note 3.2 of Company financial statements.

FINANCE INCOME AND EXPENSE

Finance income comprises interest income on bank deposits.

Finance expense comprises interest expense on leases and borrowings including derivative financial instruments, the unwinding of discount on provisions and fair value losses on interest hedging instruments that are recognized in profit or loss. Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognized respectively in finance income and finance cost. Fair value gains and losses on interest hedging instruments are not taken to profit or loss unless (i) they are fair value hedges, (ii) ineffective portion of cash flow hedges or (iii) if the reclassification of net gains and

losses previously recognized in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings that are recognized in profit or loss.

Interest income and expense is recognized in profit or loss as it accrues, using the effective interest method ('EIR').

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.8 Property, plant and equipment

RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a condition suitable for their intended use, and the costs of dismantling and removing the items and restoring of the site on which they are located.

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds of disposal with the carrying amount and are recognized on a net basis in other income in profit or loss.

SUBSEQUENT COSTS

Subsequent expenditure, including the cost of replacing part of an item of property, plant and equipment is capitalized and recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and charged as depreciation. The costs of the day-to-day maintenance of property, plant and equipment are recognized in profit or loss as incurred.

DEPRECIATION

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values and is recognized in profit or loss on a straight-line basis over their estimated useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings: 5-30 years
- Machinery and equipment: 5-15 years
- Other fixed assets: 2-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and where adjustments are required these are made prospectively.

Property, plant and equipment are subject to impairment testing. Refer to note 2.11.

2.9 Intangible assets

RECOGNITION AND MEASUREMENT

Goodwill

Goodwill arising on the acquisition of subsidiaries is initially recognized based on the accounting policy for business combinations. Refer to the accounting policies section 2.2. Goodwill is subsequently measured at cost less accumulated impairment losses.

Internally generated intangible assets

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure, including for internally developed software, is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in business combinations are recognized separately from goodwill and are initially recognized at their fair values at the acquisition dates. Brands and customer relationships acquired as part of a business combination are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. The fair value of brands is based on the relief from royalty method. The fair value of customer relationships is based on the Multi-period Excess earnings valuation method (MEEM) part of Income approach. The relationship between brands and customer relationships is carefully considered so that both are not recognized on the basis of the same cash flows. Subsequent to initial recognition, initial assets acquired in business combinations are reported at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is recognized on a straight- line basis over the estimated useful lives.

Intangible assets acquired separately

Intangible assets acquired separately are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. The purchase price of separately acquired intangible assets provides an indication of the fair value for initial measurement. Subsequent to initial recognition, initial assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is recognized on a straight- line basis over the estimated useful lives.

Subsequent expenditure on intangible assets is capitalized only to the extent that it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

AMORTIZATION

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

- Brands:
 - Refresco brands: 20 years
- Customer relationships:
 - Retailer brands: 5 - 16 years
 - GNE brands: 5 - 20 years
- Software:
 - ERP systems: 6 years
 - Other software: 3 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Goodwill and other intangible assets are subject to impairment testing. Refer to note 2.11.

2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group applies a single recognition and measurement approach for all leases, except for leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group separates lease and non-lease components by reviewing each individual contract.

RIGHT-OF-USE ASSETS

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are adjusted for certain remeasurements of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the lease term on a lease by lease basis based on the individual lease contracts. The average lease terms for the current period are as follows:

- Buildings & warehouses: 6 years
- Machinery: 4 years
- Cars & lift trucks: 3 years
- Other: 2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the underlying asset, which are mentioned in section 2.8 Property, plant and equipment.

The right-of-use assets are also subject to impairment testing. Refer to note 2.11.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of lease liability comprise the following:

- Fixed payments (including in substance fixed payments) less any lease incentives receivable.
- Exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; other variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortized cost using the effective interest method, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of a purchase, renewal or termination option.

LEASES OF LOW-VALUE ASSETS

The Group applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on low-value assets are recognized as expense on a straight-line basis over the lease term. We have used EUR 5,000 or local currency equivalent as a threshold.

2.11 Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is at minimum estimated annually at year end.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating units').

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.12 Inventories

Inventories are measured by cost or net realizable value, depending on which is lower. The cost of inventories is based on the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.13 Assets classified as held for sale

The Group classifies non-current assets as held for sale when the carrying amounts will be recovered principally through a sale transaction and a sale is highly probable. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets classified as held for sale are presented as a part of current assets in the balance sheet.

2.14 Issued share capital

Issued equity share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.15 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution plans are recognized as employee benefit expense in profit or loss when the related services are provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

DEFINED BENEFIT PLANS

The group's net obligation in respect of defined benefit plans concerns the amount of pension benefit that an employee will receive on retirement, which they have earned in the current period and in prior periods. The benefits are dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

In countries where there is no deep market in such bonds, the market rates on government bonds are used.

For pension plans whereby a limit on the employer's future contribution to the pension plans exist, the Group will reflect this limit in its calculations. For these plans, the Group will apply a liability cap in case the present value of the future service cost exceeds the present value of the future maximum employer contributions and the defined benefit obligation exceeds the asset value. The liability cap does not exceed the difference between the defined benefit obligation and the asset value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in OCI in the period in which they arise.

Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan, when the settlement occurs.

When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available if it is realisable during the life of the plan, on settlement or gradual settlement of the plan liabilities.

MULTI-EMPLOYER PLANS

The Group also facilitates multi-employer plans, in which various employers contribute to one central pension union.

In accordance with IAS 19, as the pension union managing the plan is not able to provide the Group with sufficient information to enable the Group to account for the plan as a defined benefit plan, the Group accounts for its multi-employer defined benefit plan as if it were a defined contribution plan.

OTHER LONG TERM EMPLOYEE BENEFITS

The net obligation in respect of long term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the obligations of the Group.

The calculation is performed using the projected unit credit method. Remeasurements are recognized in profit or loss in the period in which they arise.

SHORT TERM BENEFITS

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

2.16 Other provisions

A provision is recognized if, as a result of a past event, the Group has a legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

RESTRUCTURING

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. Future operating costs are not provided for.

ONEROUS CONTRACTS

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with the contract.

2.17 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS accounting standards as issued by the IASB and adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, especially the periodic review of useful lives of property plant and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

ESTIMATED GOODWILL AND IMPAIRMENT OF GOODWILL

The Group estimates the fair values of assets and liabilities acquired as part of acquisitions. This measurement is provisional and can be adjusted within 12 months after the date of each acquisition. The acquisitions are disclosed in note 6.1.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11 .

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and are disclosed in note 5.3. These calculations require the use of estimates: pre-tax discount rate, EBITDA and projected cash flows, including long-term growth rate.

INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the provision for income taxes. Significant estimates are required in case of uncertain tax positions. If it is probable that the tax authorities will accept the tax treatment, the entire amount of the tax position determined is recognized. If it is not probable that the tax treatment will be accepted by the tax authorities, the financial consequences of this uncertainty is accounted for in the tax position.

FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group selects calculation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

PENSION BENEFITS

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 5.12.

Information for other areas of estimation used in applying accounting policies can be found in the following notes:

- Note 3: Financial risk management
- Note 5.1: Property plant and equipment
- Note 5.2: Leases
- Note 5.13: Other provisions

Information for other areas of judgement used in applying accounting policies can be found in the following notes:

- Note 5.13: Other provisions

2.18 New standards and amendments

NEW STANDARDS AND AMENDMENTS EFFECTIVE AS OF JANUARY 1, 2024

The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

The following new standards and amendments became effective as of January 1, 2024:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective January 1, 2024. These amendments have no material impact on the financial statements of the Group.
- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, effective January 1, 2024. These amendments have no material impact on the financial statements of the Group.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7, effective January 1, 2024. These amendments have no material impact on the financial statements of the Group.

Impact on the financial statements of the Group is disclosed in note 5.5.

NEW STANDARDS AND AMENDMENTS NOT YET EFFECTIVE

Below the standards and amendments that are issued, but not yet effective as of December 31, 2024. The Group intends to adopt these standards and amendments, if applicable, when they become effective:

- Lack of exchangeability – Amendments to IAS 21 Effective for annual periods beginning on or after 1 January 2025. These amendments have no impact on the financial statements of the Group.
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7. Effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to IFRS accounting standards - volume 11. Effective for annual periods beginning on or after 1 January 2026;
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7. Effective for annual periods beginning on or after 1 January 2026;
- IFRS 18 – Presentation and Disclosure in Financial Statements. Effective for annual periods beginning on or after 1 January 2027;
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures. Effective for annual periods beginning on or after 1 January 2027.

The Group is reviewing the impact of these standards and amendments on the Group's consolidated financial statements. The changes to those standards are not expected to have a material impact on the Group's financial statements.

3 Financial risk management

3.1 Financial risk

The Group’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and price risk). The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The Executive Board has the responsibility for the establishment of the risk management framework of the Group.

Risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. All derivative activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes may be undertaken. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group. Through its training program and its management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Group Audit Committee reviews the adequacy of the risk management framework in relation to the risks faced by the Group and oversees how management monitors compliance with the Group’s risk management policies and procedures. The Audit Committee is assisted in its oversight role by internal audit. The Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3.1.1 Credit risk

Credit risk represents the risk that counterparties fail to meet their contractual obligations, leading to a financial loss. It arises principally in the receivables and contract assets from customers, derivative financial instruments, deposits with banks and financial institutions. In order to reduce the exposure to customer credit risk, the Group carries out credit evaluations of the financial position of customers monthly, but does not require collateral. These evaluations consist of a combination of independent ratings and risk controls to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales are subject to payment conditions, which are common practice in each country. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in various countries and operate in largely independent markets. Allowance for credit losses are made based on the risk of non-payment taking into account aging, previous experience, economic conditions and forward-looking data.

Credit risk from balances with banks and financial institutions is managed by the Group’s treasury department in accordance with the Group’s policy. The banks and financial institutions used as counterparty for holding cash and cash equivalents, deposits and in derivative transactions can be classified as high credit quality financial institutions (minimal A rating Standard & Poor’s or Moody’s).

The Group has policies that limit the amount of credit exposure to individual financial institutions. Impairment on cash and cash equivalents have been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. Management believes that the likelihood of losses arising from credit risk is remote, particularly in the light of the diversification of activities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date:

(x 1 million euro)	Note	Carrying amount	
		December 31, 2024	December 31, 2023
Non-current financial assets	5.4	19	15
Trade and other receivables	5.7	456	567
Derivative financial instruments	3.3	26	57
Cash and cash equivalents	5.8	167	122
		670	762

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency is as follows:

(x 1 million euro)	Carrying amount	
	December 31, 2024	December 31, 2023
Euro-zone countries (EUR)	128	208
US (USD)	141	153
UK (GBP)	127	132
Australia (AUD)	19	33
Canada (CAD)	18	17
Mexico (MXN)	11	15
Poland (PLN)	11	9
	456	567

The Group uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets from individual customers, which is comprised of a very large number of balances. The loss rates are based on actual credit loss experience and over the past years the actual credit loss of the Group has been close to nil. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. The Group believes that no further impairment loss has occurred in respect of trade receivables not past due or past due by up to 60 days.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at December 31, 2024:

(x 1 million euro)	December 31, 2024	
	Gross carrying amount	Loss Allowance
Not past due	419	–
Past due 0 - 30 days	33	–
Past due 31 - 60 days	7	(1)
Past due more than 60 days	7	(7)
	465	(8)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at December 31, 2023:

(x 1 million euro)	December 31, 2023	
	Gross carrying amount	Loss Allowance
Not past due	509	–
Past due 0 - 30 days	50	–
Past due 31 - 60 days	5	–
Past due more than 60 days	10	(6)
	573	(6)

The movements in the expected credit loss in respect of trade and other receivables during the period are as follows:

(x 1 million euro)	2024	2023
Opening balance	(6)	(1)
Addition	(4)	(5)
Write-off	1	0
Exchange differences	0	(0)
December 31, 2024	(8)	(6)

3.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach of the Group to managing liquidity risk is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and more extreme conditions, without incurring unacceptable losses or risking damage to the reputation of the Group. The Group has a clear focus on financing long term growth as well as current operations. Strong cost and cash management and controls over working capital and capital expenditure proposals are in place to ensure effective and efficient allocation of financial resources.

The Treasury Function is responsible for managing the Group’s cash resources and the financial risks arising from underlying operations. All these activities are carried out under defined policies and procedures. Supervisory and Executive Board delegate oversight of these activities to the Group Finance Director and Treasury Function. The Group utilizes cash pooling and zero balancing bank account structures, dividend distributions in addition to intercompany loans and borrowings to mobilize cash efficiently within the Group.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, if applicable, are as shown based on undiscounted contractual cash flows in the following table. As far as these cash flows depend on future floating interest rates, which were unknown on the balance sheet date, the cash flows have been estimated on the basis of rates prevailing on the balance sheet date.

(x 1 million euro)	December 31, 2024							
	Carrying amount	Contractual cash flows	12 months or less	1 – 2 years	2 – 3 years	3– 4 years	4 – 5 years	> 5 years
Non-derivative financial liabilities								
Syndicated loan	3,600	4,907	285	283	282	281	3,777	–
Mortgage	5	5	3	2	–	–	–	–
Revolving credit facility	100	137	8	8	8	8	105	–
Lease liability	442	537	122	100	86	66	76	87
Other loans	11	12	11	1	–	–	–	–
Other Liabilities	17	25	1	1	1	1	1	20
Trade and Other Payables	1,395	1,395	1,395	–	–	–	–	–
	5,570	7,018	1,825	395	377	356	3,959	107
Derivative financial liabilities								
Derivative financial instruments	1	1	1	–	–	–	–	–

The Group has access to a revolving credit facility (RCF) of EUR 625 million maturing in 2029 of which EUR 100 million (2023: EUR 153 million) was drawn down as per December 31, 2024.

	December 31, 2023							
(x 1 million euro)	Carrying amount	Contractual cash flows	12 months or less	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years
Non-derivative financial liabilities								
Syndicated loan	3,209	4,991	319	318	317	315	314	3,409
Mortgage	7	8	3	3	1	–	–	–
Revolving credit facility	153	218	12	12	12	12	12	160
Lease liability	388	464	114	86	70	56	41	97
Other loans	1	2	0	0	1	0	0	0
Other Long Term Liabilities	17	23	1	1	1	1	1	20
Trade and Other Payables	1,338	1,338	1,338	–	–	–	–	–
	5,113	7,043	1,787	420	401	383	367	3,685
Derivative financial liabilities								
Derivative financial instruments	6	6	6	0	–	–	–	–
	6	6	6	0	–	–	–	–

3.1.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: foreign currency risk, interest rate risk and price risk.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated, which are mainly USD and GBP and the respective functional currencies of Group companies. At any point in time, the Group hedges 80 to 100% of its foreign currency exposure on contracted forecasted purchases. The Group uses forward exchange contracts to hedge its currency risks, most of which have a maturity date of less than one year from the reporting date. When necessary, foreign currency contracts are rolled over on maturity. FX exposure on group revenue is minimal as sales are made within each of the business units (“BU’s”) territories and are denominated in the BU’s currency; as such, the FX risk is not significant.

In order to minimize the impact of accounting mismatches in the profit or loss account, the Group applies cash flow hedge accounting. Its policy is for the critical terms of the option currency contracts and forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Per year-end the cash flow hedge accounting relationships were fully effective. There are no forecasted transactions for which hedge accounting has been applied, but which are no longer expected to occur. The fair value of foreign currency instruments per reporting date is EUR 7 million asset (2023: EUR 6 million liability).

The Group records a hedge reserve of EUR 1 million loss (2023: EUR 9 million loss), net of deferred taxes, in equity relating to the effective part of the fair value of the forward contracts. During the period, no amounts were recorded in raw material costs due to ineffectiveness.

The amounts deferred in equity at year-end are expected to occur and to affect profit or loss for majority in 2024. All of the resulting fair value estimates are included in Level 2.

The notional amounts of exposure to significant foreign currency risks were as follows:

December 31, 2024 (x 1 million euro)										
	USD exposure						EUR exposure		GBP exposure	
	EUR/ USD	GBP/ USD	PLN/ USD	CAD/ USD	MXN/ USD	Total USD	GBP/ EUR	PLN/ EUR	Total EUR	EUR/ GBP
Trade accounts payable	79	4	0	16	6	105	12	4	15	0
Estimated forecast purchases	108	133	–	–	–	240	73	–	73	–
Gross exposure	186	137	0	16	6	345	84	4	88	0
Forward exchange contracts / Currency option contracts	(131)	(160)	–	–	–	(291)	(89)	–	(89)	–
Net exposure	56	(23)	0	16	6	54	(5)	3	(2)	0

December 31, 2023 (x 1 million euro)										
	USD exposure						EUR exposure		GBP exposure	
	EUR/ USD	GBP/ USD	PLN/ USD	CAD/ USD	MXN/ USD	Total USD	GBP/ EUR	PLN/ EUR	Total EUR	EUR/ GBP
Trade accounts payable	54	4	0	14	6	79	17	3	20	0
Estimated forecast purchases	150	119	0	–	–	269	78	6	85	–
Gross exposure	204	123	0	14	6	348	95	10	105	0
Forward exchange contracts / Currency option contracts	(150)	(119)	0	0	0	(269)	(78)	(6)	(85)	0
Net exposure	54	4	0	14	6	79	17	3	20	0

The impact on AUD/USD, EUR/PLN, and USD/PLN is not material.

The change in fair value of the financial instruments used to hedge currency risk is included in raw materials and consumables in the income statement, except for the instruments for which hedge accounting is applied.

The following significant exchange rates were applied:

Value of 1 euro	Average 2024	Year-end 2024	Average 2023	Year-end 2023
USD	1.08	1.04	1.08	1.11
GBP	0.85	0.83	0.87	0.87
PLN	4.31	4.27	4.53	4.35
CAD	1.48	1.50	1.46	1.47
MXN	19.82	21.55	19.18	18.75
AUD	1.64	1.68	1.63	1.63

Sensitivity analysis

A 10% strengthening or weakening of the EUR against the USD, the GBP against the USD, the GBP against the EUR, and the CAD against the USD at reporting date would have changed equity and profit or loss by the amounts shown below.

December 31, 2024
(x 1 million euro)

	EUR/USD		GBP/USD		GBP/EUR		CAD/USD	
	10% stronger	10% weaker	10% stronger	10% weaker	10% stronger	10% weaker	10% stronger	10% weaker
Trade payables	7	(8)	0	0	1	(1)	1	(2)
Foreign currency hedge instruments	(2)	2	(3)	2	(2)	2	0	0
Effect Profit / (Loss) gross of tax	5	(6)	(3)	2	(1)	0	1	(2)
Foreign currency hedge instruments	(8)	8	(10)	8	(6)	5	—	—
Effect OCI increase / (decrease) net of tax	(8)	8	(10)	8	(6)	5	—	—

December 31, 2023

(x 1 million euro)

	EUR/USD		GBP/USD		GBP/EUR		CAD/USD	
	10% stronger	10% weaker	10% stronger	10% weaker	10% stronger	10% weaker	10% stronger	10% weaker
Trade payables	4	(5)	0	(0)	2	(2)	1	(1)
Foreign currency hedge instruments	(3)	3	(2)	2	(1)	2	0	0
Effect Profit / (Loss) gross of tax	2	(3)	(1)	2	0	0	1	(1)
Foreign currency hedge instruments	(8)	8	(6)	7	(4)	5	(0)	0
Effect OCI increase / (decrease) net of tax	(8)	8	(6)	7	(4)	5	(0)	0

The impact on PLN/USD, PLN/EUR, CAD/EUR, MXN/USD, MXN/EUR, EUR/GBP and EUR/AUD is not material.

Interest rate risk

The Group is exposed to the effects of variable interest rates on interest-bearing long term liabilities, which is partly offset by cash held at variable rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For certain variable interest rate long term liabilities, the Group has entered into interest rate swap agreements through which the Group effectively pays fixed interest rates on these liabilities.

The Group applies cash flow hedge accounting to offset the profit or loss impact resulting from timing differences between variable interest rate liabilities and the interest rate swap.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty’s and the Group’s own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates;
- differences in repricing dates between the swaps and the borrowings; and
- timing of hedge relationships of prior acquisitions.

Throughout the year as well as per year-end the cash flow hedge accounting relationships were effective, except for ineffectiveness as disclosed in note 4.7.

The fair value of interest rate swaps per reporting date is EUR 17 million asset (2023: EUR 56 million asset). The effective part of the fair value changes of the interest rate swaps amounts to EUR 5 million gain (2023: EUR 27 million gain) net of deferred taxes in OCI.

The amounts deferred in equity at year-end are expected to affect financing costs within the coming five years. All of the resulting fair value estimates are included in Level 2.

Profile

At the reporting date the interest rate profile of the Group’s interest-bearing financial instruments was as follows:

(x 1 million euro)	Note	Carrying amount	
		December 31, 2024	December 31, 2023
Fixed rate instruments			
Other loan	5	11	1
Total Fixed rate instruments		11	1
Variable rate instruments			
Syndicated term loan	5	3,600	3,209
Mortgage loan	5	5	7
Revolving credit facility	5	100	153
Total Variable rate instruments		3,704	3,369
Total Fixed and Variable rate instruments		3,716	3,371

The Group policy is to hedge 70 to 100% of the forecasted net interest rate risk, including a forecasted cash position. At December 31, 2024, the forecasted position is in line with this policy.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not have affected profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have changed equity and profit or loss by the amounts shown in table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

December 31, 2024

(x 1 million euro)	Profit/(loss)		OCI Increase/(Decrease)	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
Net Interest (paid) / received on variable rate instruments	(10)	10	–	–
Change fair value interest rate swaps	–	–	79	(77)
	(10)	10	79	(77)

December 31, 2023

(x 1 million euro)

	Profit/(loss)		OCI Increase/(Decrease)	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
Net Interest (paid) / received on variable rate instruments	(8)	8	–	–
Change fair value interest rate swaps	–	–	50	(50)
	(8)	8	50	(50)

Price risk

The Group is exposed to commodity price risks. To manage these risks, procurement operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures.

The Group contract positions are based on a thorough understanding of the raw material markets and in principle contracted sales are covered back-to-back. The Group centralizes the procurement of raw materials, packaging materials and indirect spend for Europe and North America. The Group's procurement organization is executing and monitoring the main contracts and important purchase decisions. Commodities are only purchased by business units after approval of the purchasing department.

The group policy is to address cash flow risk from the purchase of the raw material aluminium and the policy is to hedge 80 to 100% of the forecast volume in any given financial year. Where derivative contracts are used, the commodity price risk exposure is hedged up to 24 months of forecast volume through exchange-traded and over-the-counter contracts (futures, forwards and swaps) and cash flow hedge accounting is applied.

Contracts exceeding predefined limits must be authorized by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

To enable the Group to stay ahead of the current situation in the raw materials markets and maintain its gross margins, it implements pass-on clauses into sales contracts with customers. In parallel, the quality of management information has been enhanced by the development of a network enabling knowledge of markets, suppliers and conditions of raw materials to be shared at Group level.

The Group hedges the raw material aluminium through derivatives. The Group applies cash flow hedge accounting on aluminium forward contracts entered into during the period to offset the profit and loss impact resulting from the volatility attributable to price fluctuations of aluminium. The Group policy is to hedge 80 to 100% of the forecasted required aluminium supply for the next two years. Throughout the period, as well as per year-end, the cash flow hedge accounting relationships were effective. The fair value of these derivatives per reporting date is EUR 1 million asset (2023: EUR 1 million asset). The Group records a hedge reserve gain of EUR 1 million (2023: EUR 2 million gain), net of deferred taxes in equity.

3.2 Capital management

The policy of the Group is to maintain a sufficient capital base to maintain investor, creditor and market confidence, to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines ‘capital’ as being net debt plus equity and for the purpose of the Group’s objective to maintain a sufficient capital base, the Group manages the Net debt ratio calculated as the Net debt divided by the adjusted EBITDA.

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Interest-bearing loans and borrowings long term	5.10	3,685	3,353
Interest-bearing loans and borrowings short term	5.10	31	19
Non current lease liability	5.2	337	289
Current lease liability	5.2	105	99
Less: cash and cash equivalents	5.8	(167)	(122)
Less: cash like items		(1)	—
Net debt (A)		3,990	3,637
Equity (B)		2,778	2,906
Capital C = (A+B)		6,768	6,543
Operating profit / (loss) (EBIT)		173	(72)
Depreciation, amortization and impairments	4.5	553	682
EBITDA		726	611
Exceptional cost/(benefit) adjustment		30	40
Adjusted EBITDA (D)		756	651

The exceptional cost adjustment for the financial period mainly relates to EUR 8 million related to the restructuring provision in Europe and North America, EUR 13 million in relation to M&A and integration activities and EUR 7 million associated with the consulting and advisory services. The exceptional cost adjustment for the previous year mainly relates to EUR 14 million of costs associated with the operational excellence project activities, EUR 10 million is related to the restructuring provision in Europe and EUR 13 million in relation to M&A and integration activities. These costs are excluded from the Adjusted EBITDA and net debt ratio.

The Senior Facilities Loan agreement requires, in relation to the revolving credit facility only, that this net debt ratio (Consolidated First Lien Secured Debt to Consolidated EBITDA Ratio) will not exceed 9.6:1 in each relevant period. The actual net debt ratio in accordance to the financing documentation is 5.2 (2023: 5.5).

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting period. There have been no breaches of the capital requirements during the period.

3.3 Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods set out below. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

LEVELS OF FAIR VALUE MEASUREMENT

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis if there is no quoted price in an active market. Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group defines the following different levels of fair value:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

FAIR VALUES

The following table presents the Group’s financial assets and liabilities, measured at fair value as at balance sheet date. This concerns derivatives only. All derivatives are valued using valuation techniques with market observable inputs and the most frequently applied valuation technique include forward pricing and mid-market prices. The interest rates used to discount estimated cash flows of derivative financial instruments, where applicable, are based on Eonia curve at the reporting date.

Non-derivative financial assets and financial liabilities not measured at fair value but at amortized cost are detailed further in note 2.7. The syndicated term loan is measured at amortized cost and its fair value is EUR 3,720 million (2023: EUR 3,315 million) at balance sheet date based on level 2 fair value hierarchy. Fair value of the remaining assets and liabilities measured at amortized cost is considered close to the carrying value, therefore, not disclosed further.

December 31, 2024				
(x 1 million euro)	Level 1	Level 2	Level 3	Total
FX instruments	–	7	–	7
Commodity swaps	–	1	–	1
Interest rate swaps	–	17	–	17
	–	25	–	25

December 31, 2023

(x 1 million euro)	Level 1	Level 2	Level 3	Total
FX instruments	–	(6)	–	(6)
Commodity swaps	–	1	–	1
Interest rate swaps	–	56	–	56
	–	51	–	51

3.4 Offsetting financial assets and financial liabilities

The Group uses a cash pool structure to facilitate the central cash management function. The Group has the intention and the legal right to settle cash on a net basis. The liability represents the bank overdraft on local accounts, which are netted in the overall presentation of the cash, which is in line with the netting agreement. As such, this particular liability is presented as part of cash.

December 31, 2024

(x 1 million euro)	Gross carrying amounts	Gross amounts offset	Net amount presented in balance sheet
Cash and cash equivalents	216	(49)	167
Liabilities	(49)	49	–
	167	–	167

December 31, 2023

(x 1 million euro)	Gross carrying amounts	Gross amounts offset	Net amount presented in balance sheet
Cash and cash equivalents	151	(29)	122
Liabilities	(29)	29	–
	122	–	122

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when either elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

4 Notes to the consolidated income statement

4.1 Revenue from contracts with customers

The revenue by location of sales are set forth in the table below.

(x 1 million euro)	Note	Retailer brands	GNE brands	2024	Retailer brands	GNE brands	2023
Europe		2,575	994	3,569	2,413	1,115	3,528
North America ¹		1,722	701	2,423	1,666	733	2,398
		4,297	1,695	5,992	4,079	1,848	5,926

4.2 Other income

Other income entirely relates to gains and/or losses of sales of property, plant and equipment.

4.3 Raw materials and consumables used

(x 1 million euro)	Note	2024	2023
Raw materials		1,551	1,506
Packaging materials		1,416	1,508
Product tax		31	33
		2,998	3,048

4.4 Employee benefits expense

(x 1 million euro)	Note	2024	2023
Wages and salaries		816	787
Compulsory social security contributions		160	152
Pension contributions to defined contribution schemes		25	23
Pension costs of defined benefit schemes	5.12	3	3
		1,004	965

During the period, the average number of fixed employees in the Group, in full-time equivalents ('FTEs'), was 13,353 (2023: 13,429), of which 12,020 (2023: 12,141) were employed outside the Netherlands.

¹ Revenue from contracts with customers in Australia is disclosed in the revenue from contracts with customers in North America

4.5 Depreciation, amortization and impairments

(x 1 million euro)	Note	2024	2023
Depreciation of property, plant and equipment	5.1	312	329
Depreciation of right-of-use assets	5.2	117	113
Amortization of intangible assets	5.3	116	115
Impairment of property, plant and equipment	5.1	8	6
Impairment of right-of-use assets	5.2	1	1
Impairment of intangible assets	5.3	0	119
Reversal of impairment property, plant and equipment	5.1	(2)	–
	3.2	553	682

4.6 Other operating expenses

(x 1 million euro)	Note	2024	2023
Freight charges		181	181
Other cost of sales		141	89
Promotion costs		16	16
Temporary staff		59	73
Other personnel costs		50	50
Rent and leasing of machinery and equipment		6	7
Maintenance		214	217
Energy		201	291
Advice and legal costs		43	30
Housing costs, other than costs relating to leases		62	57
Storage costs		86	91
Other operating costs		205	203
		1,264	1,303

Advice and legal costs include EUR 8 million (2023: EUR 5 million) related to M&A activities. Other operating expenses include EUR 1 million (2023: 0 million) low value lease expenses and EUR 9 million (2023: EUR 7 million) variable lease.

4.7 Net finance costs

(x 1 million euro)	2024	2023
Interest income	3	9
Foreign currency translation differences	–	15
Finance income	3	25
Interest expense on financial liabilities measured with effective interest method	(292)	(271)
Foreign currency translation differences	(28)	–
Interest expense on lease liability	(27)	(25)
Change in fair value of derivatives recognized in profit and loss	(0)	(0)
Hedge accounting ineffectiveness	(19)	(6)
Finance costs	(365)	(303)
Net finance costs	(362)	(279)

The change in fair value of derivative financial instruments recognized in profit and loss relates to loss in the fair value of EUR 0 million (2023: EUR 0 million loss) of the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The amount reflects the change in fair value of interest rate swaps for which no hedge accounting is applied or released from OCI.

The hedge accounting ineffectiveness of EUR 19 million loss (2023: EUR 6 million loss) relates to the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The ineffectiveness is due to the timing of hedge relationships of prior acquisitions. Refer to note 3.1.3 for disclosure on interest rate risk with respect to the interest rate ineffectiveness.

The foreign currency translation differences of EUR 28 million loss (2023: EUR 15 million profit) mainly relates to EUR 20 million foreign currency translation loss on the syndicated term loans that are not hedged through the net investment hedge in foreign subsidiaries. The Group records a hedge reserve of EUR 13 million profit (2023: EUR 66 million profit) net of deferred taxes in the currency translation reserve relating to the effective part of the syndicated term loans hedged through the net investment hedge in foreign subsidiaries.

(x 1 million euro)	2024	2023
Foreign currency translation differences for foreign operations	108	(20)
Effective portion of changes in fair value of cash flow hedges	(19)	(61)
Tax effect	4	16
Net finance income / (costs) recognized in other comprehensive income, net of tax	93	(65)
Recognized in:		
Translation reserve	107	(20)
Hedging reserve	(14)	(45)
Net finance income / (costs) recognized in other comprehensive income, net of tax	93	(65)

4.8 Income tax (expense) / benefit

(x 1 million euro)	2024	2023
Current tax expense		
Current income tax current year	(35)	(13)
Current income tax previous years	2	(2)
	(33)	(15)
Deferred tax expenses		
Deferred income tax current year	21	61
Deferred income tax previous years	1	1
	21	62
Other tax expenses		
Current portion other taxes	(1)	(2)
Deferred portion other taxes	0	0
Withholding taxes	(1)	1
	(2)	(1)
Total income tax (expense) / benefit	(14)	46

Reconciliation of effective tax rate

(x 1 million euro)	2024		2023	
		%		%
Result before income tax	(189)		(350)	
Income tax based on the Group's blended tax rate	48	26 %	90	26 %
Non-deductible operational expenses	(3)	(2)%	(2)	(1)%
Non-deductible interest expenses	(1)	(1)%	(0)	0 %
Investment allowances	1	1 %	3	1 %
Goodwill impairment	–	0 %	(31)	(9)%
Non-deductible M&A related expenses	(0)	0 %	(1)	0 %
Participation related results	4	2 %	3	1 %
Tax rate change impact	(0)	0 %	0	0 %
(De)recognition (un)recognized deferred tax assets	(64)	(34)%	(17)	(5)%
Other taxes	(2)	(1)%	(1)	0 %
Prior period taxes	3	1 %	(1)	0 %
Movement uncertain tax provision	–	0 %	-	0 %
Other reconciling items	0	0 %	1	0 %
Total income tax (expense) / benefits	(14)	(7)%	46	13 %

The effective tax rate is negative 7%, which differs from the blended Group tax rate of 26%. The effective tax rate is mainly impacted by the effect of unrecognized deferred tax assets for non-deductible interest carry forwards and derecognition of a deferred tax asset for net operating losses.

Income tax recognized in other comprehensive income

(x 1 million euro)	2024	2023
Changes in tax on hedging reserve fx hedge instruments	(3)	1
Changes in tax on hedging reserve interest hedge instruments	8	16
Changes in tax on hedging reserve commodity hedge instruments	0	(1)
Changes in tax on currency translation reserve	(1)	0
Changes in pension provision	1	1
Total income tax (expense) / benefit in other comprehensive income	4	17

The total tax charge through OCI consists of both current and deferred tax effects that are recognized in OCI.

5 Notes to the consolidated balance sheet

5.1 Property, plant and equipment

(x 1 million euro)	Note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
Cost						
January 1, 2024		801	1,461	49	163	2,474
Acquired through business combinations	6.1	12	63	0	0	76
Additions		6	19	2	224	250
Reclassifications		21	205	11	(237)	(0)
Transfer to assets held for sale		(8)	(14)	(0)	(0)	(22)
Disposals		(1)	(23)	(2)	(0)	(26)
Effect of movements in exchange rates		14	47	1	4	66
December 31, 2024		847	1,757	61	153	2,817
January 1, 2023						
Additions		4	31	4	231	271
Reclassifications		31	157	6	(194)	(0)
Disposals		(0)	(12)	(3)	(1)	(17)
Other		–	6	–	–	6
Effect of movements in exchange rates		(2)	(20)	(0)	(2)	(24)
December 31, 2023		801	1,461	49	163	2,474

(x 1 million euro)	Note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
Depreciation and impairment losses						
January 1, 2024		(75)	(375)	(15)	–	(465)
Depreciation for the year	4.5	(51)	(249)	(12)	–	(312)
Impairment	4.5	(1)	(6)	(0)	(1)	(8)
Reversal of impairment	4.5	0	2	–	–	2
Reclassification		–	0	(0)	–	0
Transfer to assets held for sale		3	11	0	–	14
Disposals		1	22	2	1	25
Effect of movements in exchange rates		(2)	(17)	(0)	(0)	(20)
December 31, 2024		(126)	(612)	(26)	(0)	(764)
January 1, 2023						
Depreciation for the year	4.5	(53)	(263)	(13)	–	(329)
Impairment	4.5	(2)	(4)	–	–	(6)
Reclassification		(0)	0	(1)	–	(0)
Disposals		0	10	3	–	14
Effect of movements in exchange rates		1	4	0	–	5
December 31, 2023		(75)	(375)	(15)	–	(465)
Carrying amounts						
December 31, 2024		721	1,146	35	152	2,054
December 31, 2023		726	1,086	34	163	2,009

COLLATERAL

Collateral on the land and buildings in Bridgwater in the UK is given for the mortgage loan for an amount of EUR 38 million (2023: EUR 38 million).

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

Property, plant and equipment under construction relates mainly to expansion of production facilities in North America, France and Italy. After assets are taken into operation, the assets are reclassified to the applicable property, plant and equipment category.

RECLASSIFICATION

The reclassification relates to a transfer of amounts between assets.

TRANSFER TO ASSETS HELD FOR SALE

In 2024, the transfer to assets held for sale relates to the recoverable amount of property, plant and equipment of the Nissan Lez Enserunes factory in France and Dade City and Evansville factories in North America.

IMPAIRMENT LOSSES

In 2024, the impairment relates to the write-down of property, plant and equipment to the recoverable amount as a result of the closure of the Dade City and Evansville factories in North America.

5.2 Leases

RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

(x 1 million euro)	Note	Buildings & Warehouses	Machines	Cars & lift trucks	Other	Total
January 1, 2024		378	91	50	12	531
Acquired through business combinations	6.1	34	1	1	0	36
Additions		82	13	28	2	125
Disposals		(10)	(8)	(10)	(1)	(29)
Effect of movements in exchange rates		14	1	1	0	16
December 31, 2024		498	98	70	13	679
January 1, 2023		317	87	31	11	445
Additions		74	14	21	2	111
Disposals		(5)	(2)	(2)	(0)	(10)
Other		–	(8)	–	–	(8)
Effect of movements in exchange rates		(7)	0	(0)	(0)	(7)
December 31, 2023		378	91	50	12	531
January 1, 2024		(90)	(35)	(21)	(4)	(150)
Depreciation for the year	4.5	(73)	(23)	(18)	(3)	(117)
Impairment	4.5	(1)	(0)	–	–	(1)
Disposals		8	8	10	1	26
Effect of movements in exchange rates		(4)	(1)	(1)	(0)	(6)
December 31, 2024		(160)	(52)	(31)	(7)	(249)
Depreciation and impairment losses						
January 1, 2023		(28)	(13)	(7)	(1)	(49)
Depreciation for the year	4.5	(68)	(25)	(17)	(3)	(113)
Impairment	4.5	(0)	(0)	(0)	–	(1)
Disposals		5	1	2	0	9
Other		–	2	–	–	2
Effect of movements in exchange rates		1	0	0	0	1
December 31, 2023		(90)	(35)	(21)	(4)	(150)
Carrying amounts						
December 31, 2024		338	47	39	6	430
December 31, 2023		288	56	28	8	380

LEASE LIABILITY

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(x 1 million euro)	Note	2024	2023
January 1		388	393
Acquired through business combinations	6.1	28	–
Additions		125	111
Asset return / termination of lease		(2)	(1)
Payment		(137)	(132)
Interest		27	25
Effect of movements in exchange rates		13	(7)
December 31, 2024		442	388
Non current lease liability	3.1.2/3.2	337	289
Current lease liability	3.1.2/3.2	105	99

Total cash out for leases as included in the cash flow statement amounts to EUR 137 million (2023: EUR 132 million) and consists of EUR 27 million (2023: EUR 25 million) in payments interest portion leases and EUR 110 million (2023: EUR 107 million) in payments principal portion leases.

The maturity of the lease liability has been disclosed in 3.1.2.

INCREMENTAL BORROWING RATE

The incremental borrowing rate (IBR) is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates).

Further disclosures on leases can be found in the following notes:

- Note 4.5 Depreciation, amortization and impairments
- Note 4.6 Other operating expenses
- Note 4.7 Net finance costs

5.3 Intangible assets

(x 1 million euro)	Note	Indefinite-life intangible	Finite-life intangibles			Total
		Goodwill	customer	Other	In development	
January 1, 2024		3,713	1,297	37	19	5,066
Acquisitions through business combinations	6.1	205	1	–	–	206
Additions		–	–	1	9	9
Disposals		–	–	(2)	(0)	(2)
Reclassification		–	–	22	(21)	1
Effect of movements in exchange rates		103	48	0	0	151
December 31, 2024		4,022	1,345	58	7	5,432
January 1, 2023		3,732	1,314	31	14	5,092
Additions		–	–	2	10	11
Disposals		–	–	(0)	(1)	(1)
Reclassification		–	–	4	(4)	0
Effect of movements in exchange rates		(19)	(18)	(0)	(0)	(37)
December 31, 2023		3,713	1,297	37	19	5,066
Amortization and impairment losses						
January 1, 2024		(118)	(158)	(9)	–	(285)
Amortization for the year	4.5	–	(107)	(9)	–	(116)
Impairment	4.5	–	–	(0)	–	(0)
Disposals		–	–	2	–	2
Effect of movements in exchange rates		(5)	(8)	(0)	–	(13)
December 31, 2024		(123)	(274)	(16)	–	(413)
January 1, 2023		–	(51)	(2)	–	(53)
Amortization for the year	4.5	–	(109)	(7)	–	(115)
Impairment	4.5	(118)	–	(1)	–	(119)
Disposals		–	–	1	–	1
Effect of movements in exchange rates		–	2	0	–	2
December 31, 2023		(118)	(158)	(9)	–	(285)
Carrying amounts						
December 31, 2024		3,899	1,071	42	7	5,018
December 31, 2023		3,595	1,139	29	19	4,781

Intangible assets in development contain EUR 3 million of internally generated assets in 2024 (2023: EUR 13 million).

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash generating units of the Group. This is the lowest level at which goodwill is monitored for internal management purposes within the Group. Impairment reviews of goodwill and intangible assets are undertaken by the Group when impairment triggers are identified. Trigger event analysis is performed on every reporting date. Goodwill impairment review of goodwill is done at least annually.

For 2024 year-end impairment testing, the CGUs were identified as the three regions namely: Europe, North America and Australia. In 2024 the decision was made to aggregate the various European business units into a single European CGU. This decision was made to align with the current revenue, asset interdependencies, and resulting interdependencies of cash inflows within the European business model, as well as its current management decision making and operations monitoring structures as a result of the business maturing significantly over the past years. The change in the composition of CGUs did not result in different outcomes for the impairment test.

The aggregated carrying amount of goodwill has been allocated to each unit based on the recoverable amount as follows:

(x 1 million euro)	December 31, 2024	December 31, 2023
Europe	2,765	2,537
North America	1,096	1,020
Australia	37	38
Total Group	3,899	3,595

- The recoverable amount of the Group was determined by discounting the future pre-tax cash flows generated from the continuing use of the Group using a pre-tax discount rate and was based on the following key assumptions:
- EBITDA growth based on the current operating results and the most recent business plan covering the period 2025-2027. For cash generating units that are both material and sensitive to changes in EBITDA growth rates, the EBITDA growth rates for this period are mid-single digit rates for all three CGUs.
 - Cash flows projected based on the current operating results and the most recent business plan covering the period 2025-2027. Cash flows for the periods 2028 and 2029 are extrapolated using an estimated long-term growth rate including industry growth based on the expected market developments and ranges from 2.6% to 3.2%. Future cash flows beyond this period were extrapolated using a long-term growth rate, which is based on the growth expectation of the local market. These growth expectations are based on research from independent external sources. The long-term growth rates are ranging from 1.9% to 2.4% and are considered appropriate considering the expected retailer and GNE brands market development. The group takes into account sales growth, production efficiency improvements, waste reduction and the cost reduction program, which are anticipated to contribute positively to the future cash flows.
 - The consolidated pre-tax discount rate is 10.2% and based on the credit risk per country, a weighted average cost of capital applicable to the industry and the Group’s blended tax rate.

Pre-tax discount rate (%)	December 31, 2024
Europe	9.7 %
Australia	11.9 %
North America	11.0 %

The values assigned to the key assumptions represent management’s assessment of future trends in the industry and are based on both external and internal sources (historical data).

The recoverable amount determined in the impairment test is greater than the carrying value for all CGUs.

SENSITIVITY ANALYSIS

A sensitivity analysis was performed for the cash-generating units, to determine if changes of less than 50 basis points for long-term growth rate, 100 basis points for pre-tax discount rate, or 100 basis points for EBITDA growth rate would individually result in different outcomes in the impairment test.

The sensitivity analysis of adverse changes in the individual key assumptions did not result in a different outcome from the impairment test for the cash-generating units Australia or Europe.

The sensitivity analysis of adverse changes in the long-term growth rate and EBITDA growth rate did not result in a different outcome from the impairment test for the cash-generating unit North America however an increase in the pre-tax discount rate by 92 basis points in North America would result in a recoverable amount that equals the carrying amount for the respective cash-generating unit. The recoverable amount is higher than its carrying amount by EUR 237 million in North America.

5.4 Non-current financial assets

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Deposits and other financial fixed assets		17	15
Other non-current receivables		3	—
	3.1.1	19	15

In non-current financial assets, EUR 7 million (2023: EUR 5 million) is related to the revaluation of the insurance assets in relation to workers compensation in North America and EUR 5 million (2023: EUR 5 million) is related to the net defined benefit asset in respect of the retirement scheme in the UK disclosed in note 5.12.

The exposure to credit and currency risks related to non-current financial assets is disclosed in notes 3.1.1 and 3.1.3.

5.5 Deferred tax assets and liabilities

The deferred tax assets and liabilities are related to the following account balances:

(x 1 million euro)	Assets		Liabilities		Net	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Property, plant and equipment	1	1	(322)	(324)	(321)	(323)
Intangible assets	4	5	(182)	(196)	(178)	(191)
Inventories	7	11	–	–	7	11
Trade and other receivables	3	5	(2)	(0)	1	5
Loans and borrowings	78	61	(2)	(11)	76	51
Derivatives	–	0	(4)	(14)	(4)	(14)
Employee benefits provision	2	3	(1)	(1)	2	2
Other provisions	35	37	–	(2)	35	35
Current liabilities	65	61	(0)	–	65	61
Tax loss carry forward	83	112	–	–	83	112
Deferred tax assets / (liabilities)	280	295	(514)	(549)	(233)	(252)
Deferred tax asset					5	4
Deferred tax liability					(239)	(256)
Net deferred income tax assets / (liabilities)					(233)	(252)

(x 1 million euro)	January 1, 2024	Reported in profit and loss account	Reported in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Reclassifications	December 31, 2024
Property plant and equipment	(323)	26	–	(14)	(10)	–	(321)
Intangible assets	(191)	18	–	(0)	(4)	–	(178)
Inventories	11	(4)	–	(0)	0	–	7
Trade and other receivables	5	(2)	–	0	(2)	–	1
Loans and borrowings	51	12	(1)	7	1	7	76
Derivatives	(14)	2	8	–	(0)	–	(4)
Employee benefits provision	2	(2)	1	–	2	–	2
Other provisions	35	(4)	–	1	2	–	35
Current liabilities	61	8	–	0	3	(7)	65
Tax loss carry-forwards	112	(33)	–	–	5	–	83
Deferred tax assets / (liabilities)	(252)	21	7	(6)	(4)	–	(233)

(x 1 million euro)	January 1, 2023	Reported in profit and loss account	Reported in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Reclassifications	December 31, 2023
Property plant and equipment	(400)	25	–	–	13	39	(323)
Intangible assets	(186)	17	–	–	1	(23)	(191)
Inventories	12	(2)	–	–	0	0	11
Trade and other receivables	2	5	–	–	1	(3)	5
Loans and borrowings	48	(2)	0	–	(3)	7	51
Derivatives	(26)	2	16	–	–	(6)	(14)
Employee benefits provision	4	(2)	1	–	–	(1)	2
Other provisions	52	(8)	0	–	(6)	(4)	35
Current liabilities	58	16	–	–	(3)	(10)	61
Tax loss carry-forwards	103	11	–	–	(3)	0	112
Deferred tax assets / (liabilities)	(332)	62	17	–	0	(0)	(252)

On the balance sheet, deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable future taxable profits will be available against which they can be used. The effects of prior period deferred taxes are recognized in the same balance sheet item where the deferred tax amounts were originally recognized in prior years.

At December 31, 2024, the temporary differences associated with investments in subsidiaries, including potential income tax consequences on dividends, for which no deferred tax liabilities are recognized, aggregate to EUR 88 million (2023: EUR 38 million).

TAX LOSSES CARRY-FORWARDS

The Group recognizes deferred tax assets on interest and loss carry forwards to the extent future interest deduction headroom and taxable profits are expected and can be offset with these available interest and losses carried forward. The total net of tax carry forwards (both interest and losses) amount to EUR 250 million (2023: EUR 217 million) as at balance sheet date, for which a deferred tax asset of EUR 83 million (2023: EUR 112 million) is recognized. The deferred tax assets relating to interest and loss carry forwards expire in the following years:

(x 1 million euro)	2024		2023
	Recognized	Unrecognized	
2024			1
2025	0	0	0
2026	0	0	1
After 2026 but not unlimited	1	–	7
Unlimited	82	166	208
	83	167	217
Recognized as deferred tax assets		83	112
Unrecognized		167	105

Unrecognized tax loss carry forwards relate to interest and tax losses that we do not expect to be utilized in the near future.

PILLAR TWO MODEL RULES

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) introduced taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (top-up taxes) if group entities have an ETR (specific Pillar Two definition, measured per jurisdiction) below 15%. These Global Anti-Base Erosion Model Rules (GLoBE Rules or Pillar Two model rules) apply to MNEs with revenue in excess of EUR 750 million per their consolidated financial statements. The Pillar Two model rules provide for a temporary safe harbour, which sets out three routes to a nil top-up tax position in a specific jurisdiction for the first three years of its application (financial years 2024-2026) as well as simplified compliance requirements for those years.

As the Company has revenue in excess of EUR 750 million per its consolidated financial statements, it is in scope of these rules. The legislation will be effective for the Company’s financial year beginning 1 January 2024. The Company applied the mandatory temporary exception to the accounting for deferred taxes that is provided for in IASB’s issued ‘International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12’.

As the Company operates in high tax rate jurisdictions and does not have items which would substantially lower the ETR (Pillar Two definition) in a jurisdiction to a rate below 15%, it does not expect a potential exposure to Pillar Two top-up taxes in the foresee-able future. The Company has performed an assessment of being able to apply the safe harbour based on the information available regarding the FY 2024 financial performance of the group entities. Based on the assessment performed, the jurisdictions all fulfill at least one of the safe harbour tests for FY 2024 and management is not currently aware of any circumstances under which this might change for FY 2025 and 2026. As such, the Company has not accounted for any current tax expense related to Pillar Two in the FY 2024 financial statements. The group is continuing to assess the impact of the Pillar Two rules on its future financial performance.

5.6 Inventories

(x 1 million euro)	December 31, 2024	December 31, 2023
Stock of raw materials	180	147
Stock of packaging materials	114	112
Stock of finished goods	285	253
Other inventory	81	61
	661	572

Inventory is shown net of a provision for obsolescence of EUR 61 million (2023: EUR 43 million). The movement of the provision is as follows:

(x 1 million euro)	2024	2023
Opening balance	(43)	(21)
Addition through profit or loss	(35)	(41)
Release	7	10
Write-offs	12	8
Exchange differences	(1)	0
December 31, 2024	(61)	(43)

5.7 Trade and other receivables

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Trade receivables		325	434
Other receivables, prepayments and accrued income		105	103
Other taxes and social security premiums		26	29
	3.1.1	456	567

Trade receivables is presented net of the factored trade receivables of EUR 267 million (2023: EUR 197 million).

The exposure to credit and foreign currency risks related to trade and other receivables is disclosed in note 3.1.1 and 3.1.3. All receivables are due within 1 year.

The trade receivables is presented net of the allowance of EUR 8 million (2023: EUR 6 million). The movement of the allowance is as follows:

(x 1 million euro)	2024	2023
Opening balance	(6)	(1)
Addition through profit or loss	(4)	(5)
Write-offs	1	0
Exchange differences	(0)	(0)
December 31, 2024	(8)	(6)

5.8 Cash and cash equivalents

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Bank balances		167	122
Cash and cash equivalents	3.1.1/3.2	167	122
Bank overdrafts (included in loans and borrowings)	5.10	–	(1)
Cash and cash equivalents in the consolidated cash flow statement		167	121

The total restricted cash is EUR 4 million (2023: EUR 7 million). All other cash amounts are available for use by the Group.

The exposure to credit and foreign currency risks related to cash and cash equivalents is disclosed in notes 3.1.1 and 3.1.3.

5.9 Equity

SHARE CAPITAL

Share capital during the period and as at balance sheet date consisted of 100 ordinary, fully paid shares of one class with a nominal value of EUR 0.01 each.

SHARE PREMIUM

As at balance sheet date, the share premium consists of ordinary shares only.

OTHER RESERVES

The other reserves consist of currency translation reserves, hedging reserves and actuarial gains and losses on pensions. The translation reserve comprises foreign currency differences arising from the translation of foreign operations of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. Actuarial gains and losses reserve comprises of movements in pension asset and liability due to change in actuarial assumptions.

The Group considers hedge reserve interest rate swaps, hedge reserve FX instruments, hedge reserve commodity swaps and currency translation reserve as a legal reserve disclosed in note 3.2 of Company financial statements.

(x 1 million euro)	Hedge reserve Interest rate swaps	Hedge reserve FX instruments	Hedge reserve commodity swaps	Currency translation reserve	Actuarial gains and losses on pensions	Total
January 1, 2024	27	(9)	2	(79)	0	(60)
Changes in cash flow hedge	(29)	11	(0)	–	–	(19)
Translation results	–	–	–	108	–	108
Employee benefits remeasurement	–	–	–	–	(2)	(2)
OCI non-controlling interest share	–	–	–	(1)	–	(1)
Tax	8	(3)	–	(1)	1	4
December 31, 2024	5	(1)	1	27	(1)	31
January 1, 2023	72	(7)	(0)	(60)	3	8
Changes in cash flow hedge	(61)	(3)	2	–	–	(61)
Translation results	–	–	–	(20)	–	(20)
Employee benefits remeasurement	–	–	–	–	(4)	(4)
OCI non-controlling interest share	–	–	–	1	–	1
Tax	16	1	(1)	0	1	17
December 31, 2023	27	(9)	2	(79)	0	(60)

NON-CONTROLLING INTEREST

The NCI relates to 49% of the shares in North East Retailer Brands LLC (US) and 20% of the shares in JuiSea Shipping B.V. (Europe). A dividend of EUR 17 million (2023: EUR 12 million) was distributed to the holders of the non-controlling interest in North East Retailer Brands LLC (US). No dividend was distributed to the holders of the non-controlling interest in JuiSea Shipping B.V.

5.10 Loans and borrowings

The interest-bearing loans and borrowings are recognized at amortized cost. The exposure to interest rate, foreign currency and liquidity risks is disclosed in note 3.1.

Non-current

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Syndicated term loan	3.1.2	3,582	3,195
Revolving credit facility	3.1.2	100	153
Mortgage loan	3.1.2	2	3
Other long term loans	3.1.2	1	1
	3.2	3,685	3,353

The syndicated term loan together with the RCF is referred to as the Credit Agreement dated July 12, 2022 and its latest amendment dated October 4, 2024. Refer to note 3.1.2 for disclosure of the RCF.

The movement of non-current portion of loans and borrowings is as follows:

(x 1 million euro)	Note	2024	2023
Opening balance		3,353	3,529
Business combinations	6.1	26	-
Proceeds		1,148	65
Capitalized finance costs		(11)	-
Repayments long term portion		(930)	(165)
Interest added to carrying amount		0	0
Amortization of capitalized cost		19	18
Reclassified to current loans and borrowings		(21)	(49)
Translation results		100	(45)
December 31		3,685	3,353

The repayment of loans and borrowings of EUR 991 million (2023: EUR 184 million) as included in the cash flow statement relates to repayments of loans and borrowings long-term portion of EUR 930 million (2023: EUR 165 million) and short-term portion of EUR 61 million (2023: EUR 19 million).

Current

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Current portion of syndicated term loan	3.1.2	17	15
Current portion of mortgage loan	3.1.2	3	3
Current portion of other loans	3.1.2	11	0
	3.2	31	18
Bank overdrafts	5.8	-	1
	3.2	31	19

The terms and conditions of the outstanding loans and notes are as follows:

(x 1 million euro)	Currency	Nominal interest rate %	Repayment	Carrying amount December 31, 2024	Carrying amount December 31, 2023
Syndicated term loan	EUR	3M EURIBOR + 3.50%	2029	1,965	1,530
Syndicated term loan	USD	3M SOFR + 3.25%	2029	1,725	1,442
Syndicated term loan	GBP	3M SONIA + 5.25%	2029	-	334
Capitalized finance costs	EUR			(90)	(97)
Revolving credit facility	EUR	EURIBOR + 2.50%		100	153
Mortgage loan	GBP	3M GBP SONIA + 0.75%	2026	5	7
Other loans	Various	Various	Various	11	1
Total interest-bearing liabilities				3,716	3,370

On July 12, 2022 the Group refinanced its existing syndicated external loan facility (EUR 2,310 million), high yield bonds (EUR 445 million) and revolving credit facility (EUR 70 million) through repaying these debts, and subsequently on the same day entered into a new syndicated external loan facility consisting of a EUR 1,530 million loan facility, USD 1,610 million loan facility and a GBP 290 million loan facility with a duration until July 12, 2029, and a new revolving credit facility of EUR 500 million with a duration until January 12, 2029 of which EUR 100 million (2023: EUR 153 million) was drawn down as per December 31, 2024.

On February 2,2024, the Group finalized repricing transaction as per which, the syndicated term loan in EUR and USD has been increased from EUR 1,530 million to EUR 1,665 million and from USD 1,594 million to USD 1,814 million. The balance of

syndicated term loan remained the same after repricing, as the proceeds from the increased loan facility has been used to repay the Syndicated term loan of GBP 290 million in full. The nominal interest rate for the EUR and USD loan facility has been decreased to 3M EURIBOR + 3.75% and 3M SOFR + 3.75% respectively.

On August 15, 2024, the Group increased syndicated external loan facility balance by EUR 300 million and the credit limit related to the revolving credit facility from EUR 500 million to EUR 625 million.

On October 4, 2024, the Group finalized repricing transaction as per which, nominal interest rate for the EUR and USD term loan facility has been decreased from 3M EURIBOR + 3.75% and 3M SOFR + 3.75% to 3M EURIBOR + 3.50% and 3M SOFR + 3.25% accordingly.

Transaction costs of EUR 11 million are related to the above-mentioned transactions and are included in the amortized costs of the related loans and borrowings. The amortization is included in finance expense based on the Effective Interest Rate method.

Other loans of EUR 11 million is related to the confirming line in Iberia.

The syndicated external loan is fully secured, which includes secured amounts in respect of intangible assets (EUR 5,018 million), property, plant and equipment (EUR 2,054 million) and inventories (EUR 661 million) at December 31, 2024.

MORTGAGE LOAN

The Group has a mortgage loan from HSBC Bank Plc for construction of the production site in Bridgwater (UK). The real estate of the production site in Bridgwater (UK) is pledged as collateral. A fixed quarterly payment of GBP 0.7 million consists of interest of 3 months GBP SONIA + 0.75% plus MLA costs and the remaining part is redemption. The final repayment date of the mortgage is 2026.

5.11 Other liabilities

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Contract liability		29	18
Other liability		17	17
		45	35
Current		8	5
Non-Current		37	29

The other liability relates to the perpetual liability for the right to use the water well and the Bismarck brand in Germany.

The Contract liability relates to deferred revenue from received prepayments from customers for related goods and services that are not yet transferred and includes received cash and non-cash considerations from GNE brands contracts for the purchase or use of specific equipment required to manufacture products for those customers.

The current contract liabilities as per December 31, 2023, resulted in revenue recognized of EUR 4 million in 2024 (2023: EUR 4 million).

5.12 Employee benefits provision

The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Germany, UK, France, US, Italy and Belgium and jubilee plans in the Netherlands, Germany and France. The amount of the benefits depends on age, salary and years of service. Furthermore, the Group has an indemnity plan in France.The amounts recognized for defined benefit plans in the balance sheet are determined as follows:

December 31, 2024							
(x 1 million euro)	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Pension plan France	Pension plan US	Other	Total
Present value of obligation	52	36	43	5	7	5	147
Fair value of plan assets	(52)	(12)	(48)	–	(6)	(3)	(120)
Deficit / (surplus) of funded plans	–	25	(5)	5	0	2	27
Present value of unfunded obligations	1	1	—	0	–	0	3
Present value of net obligations (asset)	1	25	(5)	5	0	2	30
Impact of minimum funding requirement / asset ceiling	–	–	–	–	1	–	1
Present value of net obligations (asset)	1	25	(5)	5	1	2	30
Present value defined benefit liability							36
Present value defined benefit (asset)							(5)

December 31, 2023							
(x 1 million euro)	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Pension plan Belgium	Pension plan US	Other	Total
Present value of obligation	51	37	45	5	6	5	148
Fair value of plan assets	(51)	(11)	(49)	–	(5)	(3)	(119)
Deficit / (surplus) of funded plans	–	25	(5)	5	1	2	29
Present value of unfunded obligations	1	1	–	1	–	1	3
Present value of net obligations (asset)	1	26	(5)	5	1	3	32
Impact of minimum funding requirement / asset ceiling	–	–	–	–	0	–	0
Present value of net obligations (asset)	1	26	(5)	5	2	3	32
Present value defined benefit liability							38
Present value defined benefit (asset)							(5)

Plan assets can be detailed as follows:

(x 1 million euro)	December 31, 2024	December 31, 2023
Equity instruments	–	–
Debt instruments	30	24
Assets held by insurance companies	9	9
Derivatives	3	3
Investment funds	17	16
Cash and cash equivalents	1	8
Other	60	60
	120	119

The debt instruments are plan assets with a quoted market price. The pension plan assets do not include the company’s own shares or notes. The category Other consists of the value of qualifying insurance policies.

Movements in the present value of the defined benefit obligations and plan assets

(x 1 million euro)	Note	Defined Benefit obligation	Plan assets	Total	Impact of minimum funding requirement / asset ceiling	Total
Defined benefit obligations as at January 1, 2024		151	(119)	32	0	32
Current service costs		2	–	2	–	2
Interest expense / (income)		6	(5)	1	0	1
Past service cost and (gains) and losses on settlements		–	–	–	–	–
Administrative expenses		–	0	0	–	0
Cost recognized in income statement	4.4	7	(5)	3	–	3
Return on plan assets		–	6	6	–	6
(Gain) / loss from change in demographic assumptions		(0)	–	(0)	–	(0)
(Gain) / loss from change in financial assumptions		(5)	–	(5)	–	(5)
Experience (gains) / losses		1	–	1	–	1
Change in asset ceiling		–	–	–	1	1
Total remeasurements recognized in OCI		(5)	6	1	1	2
Benefits paid by the plan		(5)	5	–	–	–
Benefit payments from employer		(2)	2	–	–	–
Employer contributions		–	(6)	(6)	–	(6)
Effect of movements in exchange rates		2	(3)	(0)	0	(0)
Defined benefit obligations as at December 31, 2024		149	(120)	30	1	30
Present value defined benefit liability						36
Present value defined benefit (asset)						(5)

(x 1 million euro)	Note	Defined Benefit obligation	Plan assets	Total	Impact of minimum funding requirement / asset ceiling	Total
Defined benefit obligations as at January 1, 2023		141	(112)	29	0	30
Current service costs		2	–	2	–	2
Interest expense / (income)		6	(5)	1	0	1
Past service cost and gains and losses on settlements		(0)	–	(0)	–	(0)
Administrative expenses		–	0	0	–	0
Cost recognized in income statement	4.4	8	(5)	3	0	3
Return on plan assets		–	(4)	(4)	–	(4)
(Gain) / loss from change in demographic assumptions		(1)	–	(1)	–	(1)
(Gain) / loss from change in financial assumptions		9	–	9	–	9
Experience (gains) / losses		1	–	1	–	1
Change in asset ceiling		–	–	–	(0)	(0)
Total remeasurements recognized in OCI		8	(4)	4	(0)	4
Benefits paid by the plan		(4)	4	–	–	–
Benefit payments from employer		(2)	2	–	–	–
Employer contributions		–	(5)	(5)	–	(5)
Effect of movements in exchange rates		(0)	0	(0)	(0)	(0)
Defined benefit obligations as at December 31, 2023		151	(119)	32	0	32
Present value defined benefit liability						38
Present value defined benefit (asset)						(5)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately EUR 18 million (2023: EUR 18 million) related to active employees, EUR 71 million (2023: EUR 69 million) related to deferred members and EUR 61 million (2023: EUR 64 million) related to members in retirement.

The present value of defined benefit asset of EUR 5 million (2023: 5 million) is related to Cott Beverages Limited Retirement & Death Benefit Scheme in the UK and it is disclosed in note 5.4. The UK has an unconditional right to a return of surplus on a gradual settlement of scheme liabilities over time.

In the UK, on 16 June 2023, the High Court issued a ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit (DB) pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. On 25 July 2024, the Court of Appeal dismissed the employers' appeal and upheld the decision of the High Court in the Virgin Media case. The Court of Appeal held that amendments affecting the DB reference scheme test benefits are invalid if made without an actuarial confirmation, not only in the case of amendments affecting past service benefits for service prior to the date of the amendment, but also in the case of amendments affecting future service benefits for service after the date of the amendment. The Group is in the process of developing a plan to evaluate the potential impact of the ruling on the UK pension plans. Defined benefit obligation disclosed in Note 5.12 do not include any adjustments in relation to the Virgin media case.

ACTUARIAL ASSUMPTIONS

Principal actuarial assumptions at the reporting date (expressed as weighted averages for the main plans):

December 31, 2024							
(%)	Netherlands	Germany	France	Italy	UK	Belgium	US
Discount rate	3.6	3.4-3.6	3.5	3.3	5.5-5.6	3.5	5.0-5.3
Inflation	2.0	2.0	2.0	2.0	3.1	2.0	n/a
Salary growth rate	0.0	2.8	3.0	n/a	n/a	3.0	n/a
Pension growth rate	0.0	2.3	n/a	n/a	1.8-4.0	n/a	n/a

December 31, 2023							
(%)	Netherlands	Germany	France	Italy	UK	Belgium	US
Discount rate	3.6	3.4-4.1	3.5-3.6	4.0	4.8	4.2	5.0
Inflation	n/a	2.0	2.0	2.0	3.0	2.0	n/a
Salary growth rate	0.0	2.8	3.6-4.0	n/a	n/a	3.0	n/a
Pension growth rate	0.0	2.5	n/a	n/a	1.8-4.0	n/a	n/a

The assumptions regarding mortality experience are based on actuarial advice and latest available published statistics and mortality tables in each territory. For the Netherlands this was AG Prognose table 2022, for Germany Heubeck 2018G, for France TF/TH0002, for Italy IPS55, for the UK 100% S3PXA CMI 2022 1.25% SK 7, for Belgium MR-5/FR-5 and for the US Pri-2012/MP2021.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		December 31, 2024	December 31, 2023
		Impact on Defined benefit obligation	
		Change in assumption	Increase/(Decrease)
	%	x 1 million euro	x 1 million euro
Discount rate	+0.25	(5)	(5)
	-0.25	5	5
Pension growth rate	+0.25	(4)	(2)
	-0.25	1	3
Salary growth rate	+0.25	(0)	2
	-0.25	0	2
Life expectancy	Increase by 1 year	4	4
	Decrease by 1 year	(4)	(4)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

The Group expects that contributions to the defined benefit plans will be EUR 6 million for 2024 (2023: EUR 6 million). The weighted average duration of the defined benefit obligation is 13 years (2023: 14 years).

Expected maturity analysis of undiscounted pension and other defined benefits:

December 31, 2024

(x 1 million euro)	Less than one year	Year 2	Year 3 up to and including year 5	Year 6 up to and including year 10	Total
Pensions & other	8	7	23	43	80

December 31, 2023

(x 1 million euro)	Less than one year	Year 2	Year 3 up to and including year 5	Year 6 up to and including year 10	Total
Pensions & other	7	7	22	41	76

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets under perform this yield, this will create a deficit. The plan in the UK holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short term volatility can cause additional funding to be required if deficits emerge.
- **Changes in bond yields:** The plan’s liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the plan holds assets such as equities the value of the assets and liabilities may not move in the same way. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.
- **Inflation risk:** Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation or inflation increases are only possible after excessive returns on assets).
- **Life expectancy:** The majority of the plans’ obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans’ liabilities.
- The Group operates unfunded pension and jubilee plans, where the Group meets the benefit payment obligation as it falls due. Future payments depend on salary developments, changes in life expectancy and turnover rates, which might result in fluctuations in cash flows.

MULTI-EMPLOYER PLAN

The Group's employees participate in three multi-employer defined benefit plans: "Stichting Bedrijfstakpensioenfonds voor de Drankindustrie" (an industry-wide plan in the Netherlands), Teamsters Canadian Pension Plan Local 1999 (in Canada) and Teamsters Negotiated Pension Plan Local 688 (in US). These schemes are defined benefit but the Group accounts for the multi-employer plans as if they were defined contribution. This is due to the fact that pension funds are not able to provide the Group with the required Company-specific information to allow the assets and liabilities to be separately identified. Every company participating in the multi-employer plans contribute premium calculated as a percentage of its total pensionable salaries. The pension expense for the multi-employer plan for the fiscal period is equal to the required contribution for that period. In case of a shortfall (or surplus) the Group has no obligation to pay (or receive) any supplementary contributions other than possibly higher (lower) future premiums. The pension rights of each employee are based upon the employee's salary during employment.

5.13 Other provisions

(x 1 million euro)	Note	Restructuring	Strategic partnerships	Other	Total
January 1, 2024		9	135	35	179
Provisions made during the year		7	–	20	27
Provisions used during the year		(8)	–	(9)	(17)
Provisions reversed during the year		(1)	(22)	(6)	(29)
Provisions remeasured during the year		–	3	–	3
Effect of movements in exchange rates		(0)	8	1	9
December 31, 2024		7	124	41	172
Non-current		2	103	21	126
Current		5	21	20	47

(x 1 million euro)	Restructuring	Strategic partnerships	Other	Total
January 1, 2023	3	165	35	203
Provisions made during the year	10	–	14	24
Provisions used during the year	(1)	–	(8)	(10)
Provisions reversed during the year	(2)	(17)	(5)	(25)
Provisions remeasured during the year	–	(8)	–	(8)
Effect of movements in exchange rates	(0)	(5)	(0)	(6)
December 31, 2023	9	135	35	179
Non-current	4	115	16	135
Current	5	20	19	44

The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The strategic partnerships provision relates to the strategic partnerships with The Coca-Cola Company, The Lucas Bols Company and PepsiCo entered into in combination with prior acquisitions of production plants and assets from each partner. The provision reflects the difference between the value of the supply agreement at arm’s length margins and the agreed upon margins based on the forecasted volumes. Discount rate used for calculation of respective strategic partnership provisions is ranging from 3% to 5%. The provision is recognized as revenue during the contract with the customers based on the forecasted volumes. The remeasurement effect of EUR 3 million (2023: EUR 8 million) relates to the discounting impact on the strategic partnership provision and is reflected in finance expense in note 4.8.

In 2024, the restructuring provisions made during the year is mainly related to the closure of Dade City and Evansville plants in North America. There are no significant uncertainties about the amount or timing of outflow of resources.

In 2024, the addition to other provisions of EUR 20 million is mainly related to EUR 7 million workers compensation in North America and EUR 9 million is related to the asset deal in Germany.

5.14 Trade and other payables

(x 1 million euro)	December 31, 2024	December 31, 2023
Trade accounts payable	728	702
Other taxes and social security premiums payable	77	74
Other payables and accruals	590	562
3.1.2	1,395	1,338

The exposure to liquidity and foreign currency risks on trade accounts payable is disclosed in note 3.1.2 and 3.1.3

6 Supplementary notes

6.1 Business acquisitions

ACQUISITION OF VARNI BROTHERS CORPORATION IN THE UNITED STATES

On April 2, 2024, the Group acquired 100% of equity interest in Varni Brothers Corporation (VBC Bottling Company) in the United States for the consideration of EUR 55 million funded by available cash. VBC Bottling Company has deep roots in the California beverages industry, has strong customer base and strategic location, with the opportunities to grow. The provisional accounting for the business combination resulted in a fair value of the identified assets and liabilities at the acquisition date of EUR 41 million and goodwill of EUR 14 million. The value of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair value, translated into the respective currency of the Group using the exchange rates at the date of acquisition.

ACQUISITION OF THERMIN EUROPE S.L IN IBERIA

On November 15, 2024, the Group acquired 100% of equity interest in Thermin Europe S.L (Frias Group), a leading Spanish manufacturer of plant-based drinks in Iberia for the consideration of EUR 197 million funded by available cash. The acquisition expanded our manufacturing capabilities in the plant-based category and enhances our ability to serve our European customers with a broader range of plant-based products. The provisional accounting for the business combination resulted in a fair value of the identified assets and liabilities at the acquisition date of EUR 5 million and goodwill of EUR 192 million. The value of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair value.

GOODWILL ARISING ON ACQUISITION

(x 1 million euro)	VBC Bottling Company	Frias Group	Total
Acquisition price paid	55	197	252
Consideration paid in cash	55	197	252
Less: cash and cash equivalent balances acquired	(4)	(2)	(6)
(Future) Net movement in cash	51	195	246

Cash paid for acquisition of subsidiaries of EUR 246 million, as included in the cash flow statement, relate to consideration paid in cash during the current financial period of EUR 252 million.

The following table summarizes the fair value of assets and liabilities acquired at the acquisition dates (provisional purchase price allocation). If estimates of fair values of assets and liabilities will change materially because additional information becomes available within 12 months after the acquisitions, the Group will adjust the carrying amounts and adjust the corresponding goodwill.

(x 1 million euro)	VBC Bottling Company		Frias Group	Total
Provisional values as per	April 2, 2024		November 15,2024	
Non-current assets				
Property, plant and equipment	5.1	33	42	76
Right-of-use assets	5.2	35	1	36
Brands and customer relationships	5.3	1	–	1
Non-current financial assets	3.1.1/5.4	–	0	0
Deferred income tax assets	5.5	–	1	1
Current assets				
Inventories	5.6	1	19	20
Current income tax receivable		–	0	0
Trade and other receivables	3.1.1/5.7	3	8	12
Cash and cash equivalents	3.1.1/5.8	4	2	6
Non-current liabilities				
Loans and borrowings	5.10	–	(26)	(26)
Lease liability	5.2	(27)	(1)	(28)
Deferred income tax liabilities	5.50	(7)	(0)	(7)
Current liabilities				
Loans and borrowings	5.10	–	(13)	(13)
Lease liability	5.2	(0)	(0)	(1)
Trade and other payables	5.14	(2)	(28)	(30)
Fair value of identifiable net assets acquired	41		5	46

The values of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair values, if applicable, translated into the presentation currency of the Group at exchange rates at the dates of acquisitions. The gross value of the trade receivables amounts to EUR 10 million, the allowance for doubtful debt is EUR 0 million and the balance being the fair value amount of EUR 10 million. It is expected that the full contractual amounts can be collected. The goodwill of EUR 205 million comprises the value of expected future growth from the expected synergies arising from well-established network relationships and operational expertise to support the future growth of the Group. None of the goodwill recognized is expected to be deductible for income tax. The transaction costs related to the acquisitions are EUR 3 million and are included in the other operating expenses line item on the face of the income statement.

(x 1 million euro)	VBC Bottling Company	Frias Group	Total
Consideration transferred	55	197	252
Less: fair value of identifiable net assets acquired	(41)	(5)	(46)
Goodwill arising on acquisition	14	192	205

IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

The results of VBC Bottling Company are consolidated in the results of Pegasus Midco B.V. as of April 2, 2024. The revenue for Group for the year ended December 31, 2024 includes EUR 16 million in respect of VBC Bottling Company. The result of the Group for the year ended December 31, 2024 includes a loss of EUR 7 million.

The results of Frias Group are consolidated in the results of Pegasus Midco B.V. as of November 15, 2024. The revenue for Group for the year ended December 31, 2024 includes EUR 17 million in respect of Frias Group. The result of the Group for the year ended December 31, 2024 includes a loss of EUR 0 million.

If the control of VBC Bottling Company and Frias Group had been obtained on 1 January 2024, revenue and result for the Group for the year ended December 31,2024 would have been EUR 6,142 million and negative EUR 206 million respectively.

6.2 Commitments and contingent liabilities

Off balance sheet purchase and investment commitments

(x 1 million euro)	Less than one year	One to five years	More than five years	Total December 31, 2024
Property, plant and equipment	52	4	–	56
Raw materials, packaging and utilities	1,215	1,002	421	2,638
	1,267	1,006	421	2,694

(x 1 million euro)	Less than one year	One to five years	More than five years	Total December 31, 2023
Property, plant and equipment	80	–	–	80
Raw materials, packaging and utilities	1,073	992	549	2,614
	1,153	992	549	2,694

The off balance sheet commitments as per December 31, 2024 is mainly related to committed raw materials volumes and purchase prices following global market trends.

CONTINGENT LIABILITIES

The total restricted cash is disclosed in note 5.8.

The Group has several facilities for issuing letters of credit and local overdraft facilities for cash pool purposes. As at balance sheet date, there was EUR 37 million (2023: EUR 34 million) of guarantee facilities and zero open letters of credit (2023: EUR 2 million).

The Company forms a fiscal unity for income tax purposes with Pegasus Bidco B.V., Refresco Holding B.V., Refresco Europe B.V., Refresco Benelux B.V., Refresco Benelux FinCo B.V., Refresco Americas B.V. and Refresco Asia-Pacific B.V. The Company also forms a fiscal unity for VAT purposes with Pegasus Bidco B.V, Refresco Holding B.V., and Refresco Europe B.V. in accordance with the standard conditions. The Company and the subsidiaries that are part of the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity.

A limited number of claims have been filed against the Company and Group companies, which the Company disputes. Although the outcome of these disputes cannot be predicted with any certainty, it is expected, partly on the basis of legal advice, that these will not have any significant impact on the Company’s financial position and results.

Assumptions of liability pursuant to section 403, Book 2 of the Dutch Civil Code are disclosed in note 3 in the company financial statements.

6.3 Related parties

IDENTIFICATION OF RELATED PARTIES

Pegasus HoldCo B.V, ultimate controlling party KKR Pegasus Aggregator L.P, the entities under the common ownership and the subsidiaries included in note 3.1 of the company financial statements are considered to be related parties. Other identified related parties are senior management of the Group, members of Executive Board and members of the Supervisory Board. The transactions with these related parties relate primarily to the shareholding and remuneration. Pegasus HoldCo B.V. is the management company of the investors in Refresco Group and is not part of the consolidated accounts.

PERSONNEL COMPENSATION AND TRANSACTIONS WITH EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Executive Board personnel compensation and transactions

In accordance with the terms of the plan, members of the Executive Board retire at age 67.

Compensation of the Executive Board and Executive Committee members was EUR 12 million (2023: EUR 14 million), which is as follows:

- Short-term employee benefits - EUR 9 million (2023: EUR 9 million)
- Post-employment benefits - EUR 1 million (2023: EUR 0 million)
- Other long-term benefits - EUR 2 million (2023: EUR 5 million)

The roles and responsibilities of the Executive Board and Executive Committee are presented on page 24.

Supervisory Board compensation and transactions

The remuneration for Supervisory Board members was EUR 0 million (2023: EUR 0 million).

TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties are as follows:

(x 1 million euro)	2024	2023
Transactions related to advisory services	3	3
Trade and other payable	1	2

Transactions with related parties are priced on an arm's length basis.

6.5 Subsequent events

No subsequent events to be disclosed.

Company income statement

For the year ended December 31

(x 1 million euro)	Note	2024	2023
Share in results from participation interest after taxation	3.1	(221)	(318)
Profit / (loss)		(221)	(318)

Company balance sheet

(After appropriation of result)

(x 1 million euro)	Note	December 31, 2024	December 31, 2023
Assets			
Financial fixed assets	3.1	2,767	2,896
Total non-current assets		2,767	2,896
Total assets		2,767	2,896
Equity			
Issued share capital		0	0
Share premium		3,484	3,484
Legal reserves		31	(60)
Retained earnings		(748)	(527)
Total equity attributable to equity holders of the company	3.2	2,767	2,896
Total equity and liabilities		2,767	2,896

Notes to the company financial statements

1 General

The financial statements of Pegasus Midco B.V. or ‘the Company’ are included in the consolidated financial statements of the Group.

2 Significant accounting policies

The Company makes use of the option provided in section 2:362 (8) of the Dutch Civil Code Title 9, Book 2, under which the principles for the recognition and measurement of assets and liabilities and for determination of the result of the Company financial statements are the same as those applied for the consolidated financial statements (hereinafter referred to as principles for recognition and measurement). In these separate financial statements investments in subsidiaries are accounted for using the equity method.

The share in the result of participating interests represents the Company’s share in the result of these participating interests. To the extent that they are deemed to be unrealized, results are not recognized on transactions between the Company and its participating interests and mutually between participating interests themselves. The Company makes use of the option to eliminate intercompany expected credit losses against the book value of loans and receivables to Group companies, instead of elimination against the investments in Group companies.

3 Notes to the company balance sheet and income statement

3.1 Financial fixed assets

Financial fixed assets consist of participating interests in Group companies. The movements in the participating interests in Group companies were as follows:

(x 1 million euro)	2024	2023
January 1	2,896	3,282
Share in result of participating interests	(221)	(318)
Share in other comprehensive income of participating interests	90	(68)
December 31	2,767	2,896

Pegasus Midco B.V. owns directly or indirectly the following subsidiaries as at balance sheet date:

Company	Statutory seat	Note	Ownership interest	
			2024	2023
Consolidated companies				
Pegasus Bidco B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
Refresco Holding B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
Refresco Europe B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
Refresco Americas B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
Refresco Asia Pacific B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
Refresco Benelux B.V.	Maarheeze (The Netherlands)	1	100 %	100 %
Refresco Benelux FinCo B.V.	Rotterdam (The Netherlands)	1	100 %	100 %
JuiSea Shipping B.V.	Rotterdam (The Netherlands)		80 %	80 %
Refresco N.V.	Ninove (Belgium)		100 %	100 %
Avandis B.V.	Zoetermeer (The Netherlands)	1	100 %	100 %
Avandis C.V.	Zoetermeer (The Netherlands)		100 %	100 %
Refresco Australia Holding Pty Ltd	Condell Park (Australia)		100 %	100 %
Refresco Australia Pty	Condell Park (Australia)		100 %	100 %
Refresco Iberia S.A.	Valencia (Spain)		100 %	100 %
Thermin Europe S.L	Burgos (Spain)	2	100 %	n/a
Frías Nutrición S.A.U.	Burgos (Spain)	2	100 %	n/a
Neutral Foods S.L.U.	Burgos (Spain)	2	100 %	n/a
Refresco Deutschland Services & IT GmbH	Mönchengladbach (Germany)		100 %	100 %
Refresco Deutschland Holding GmbH	Mönchengladbach (Germany)		100 %	100 %
Refresco Hamburg GmbH	Mönchengladbach (Germany)		100 %	100 %
Refresco Calvörde GmbH	Mönchengladbach (Germany)		100 %	100 %
Refresco Deutschland GmbH	Mönchengladbach (Germany)		100 %	100 %
Logico GmbH & Co KG	Mönchengladbach (Germany)		100 %	100 %
Refresco Nord GmbH	Rellingen (Germany)		100 %	100 %
HANSA Mineralbrunnen GmbH	Rellingen (Germany)		100 %	100 %
Refresco Personalmanagement GmbH	Rellingen (Germany)		100 %	100 %
Refresco Finland Holding O.Y.	Kuopio (Finland)		100 %	100 %
Refresco Finland O.Y.	Kuopio (Finland)		100 %	100 %
Ferskur France S.A.S.	Marges (France)		100 %	100 %
Refresco France S.A.S.	Marges (France)		100 %	100 %
J.& C. S.A.S.	Crolles (France)		100 %	100 %

Company	Statutory seat	Note	Ownership interest	
			2024	2023
Pride Foods Ltd.	Bridgwater (UK)		100 %	100 %
Quantock Properties Ltd.	Bridgwater (UK)		100 %	100 %
Refresco Beverages UK Ltd.	Bridgwater (UK)		100 %	100 %
Gerber Emig Group Ltd.	Bridgwater (UK)		100 %	100 %
Yorkshire Spring Mineral Water Holdings Ltd.	Bridgwater (UK)		100 %	100 %
Yorkshire Spring Mineral Water Company Ltd.	Bridgwater (UK)		100 %	100 %
Yorkshire Spring Water Ltd.	Bridgwater (UK)		100 %	100 %
Refresco Financing UK 001 Ltd.	Bridgwater (UK)		100 %	100 %
Refresco Financing UK 002 Ltd.	Bridgwater (UK)		100 %	100 %
Refresco Drinks UK Ltd.	Kegworth (UK)		100 %	100 %
Refresco Developments Ltd.	Kegworth (UK)	3	n/a	100 %
Refresco Poland Sp. z o.o.	Kety (Poland)		100 %	100 %
Refresco Sp. z o.o.	Kety (Poland)		100 %	100 %
Refresco Italia S.p.A.	Cadorago (Italy)	4	100 %	100 %
Refresco US Holding Inc.	Tampa, Florida (US)		100 %	100 %
Northeast Retailer Brands LLC	Tampa, Florida (US)		51 %	51 %
Refresco Beverages US Inc.	Tampa, Florida (US)		100 %	100 %
Varni Brothers Corporation	Modesto, California (US)	5	100 %	n/a
Refresco Canada Inc.	Mississauga, Ontario (Canada)		100 %	100 %
RG Refresco Group Holding SA de CV	Puebla (Mexico)		100 %	100 %
RG Refresco Embotelladora Mexico SA de CV	Ciudad de Mexico (Mexico)		100 %	100 %
Non-Consolidated companies				
Entsorgungsgesellschaft mbH Neues Land	Calvörde (Germany)	6	40 %	40 %
Stichting JuicyChain	Rotterdam (The Netherlands)	6	n/a	n/a

1 Pursuant to section 403, Book 2 of the Dutch Civil Code Pegasus Midco B.V. has issued a 403 liability statement for these companies. Pursuant to section 403, Pegasus Midco B.V. has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries

2 Frias Group was acquired in November 2024 which includes the following entities: Thermin Europe S.L, Frías Nutrición S.A.U., Neutral Foods S.L.U. Disclosed in note 6.1 Business acquisitions.

3 Refresco Developments Ltd. In the UK was dissolved in June 2024.

4 Spumador S.p.A changed its name to Refresco Italia S.p.A in January 2024.

5 Varni Brother Corporation was acquired in April 2024. Disclosed in note 6.1 Business acquisitions.

6 The Non-consolidated companies are not material for the financial statements of Pegasus Midco B.V.

3.2 Equity

For details on equity, a reference is made to note 5.9 of the consolidated financial statements.

Legal reserves include hedge reserve interest rate swaps, hedge reserve FX instruments, hedge reserve commodity swaps, currency translation reserve, capitalized development costs and retained earnings of subsidiaries that can not be freely distributed due to legal and other restrictions. The capitalized development costs legal reserve amount to EUR 20 million (2023: EUR 16 million).

3.3 Remuneration

For the remuneration to the Executive Board a reference is made to note 6.3 of the consolidated financial statements. The Company does not employ personnel.

3.4 Independent auditor's fees

With reference to Section 2.382a(1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by EY Accountants B.V (EY BV) and their network inside and outside the Netherlands to the Company, its subsidiaries and other consolidated entities:

(x 1 million euro)	2024			2023		
	EY BV	Network	Total	EY BV	Network	Total
Statutory audit of financial statements	1	3	4	1	3	3
	1	3	4	1	3	3

There were no non-audit fees for EY during the period.

3.5 Appropriation of results

The General Meeting has the authority to allocate the results by adoption of the annual accounts. The result for the year is added to the retained earnings in accordance with the proposal to the General meeting.

Rotterdam, March 14, 2025.

EXECUTIVE BOARD AND EXECUTIVE COMMITTEE MEMBERS

J.H.W. Roelofs – Chief Executive Officer
B. McFarland – Chief Financial Officer
C.M.L. Michielsen – Chief Supply Chain Officer
M. Zandbergen - Chief People and Legal Officer
B. Goist – Chief Operating Officer North America
D. Schulz – Chief Operating Officer Europe
V.D.J. Delozière – Executive Director Strategic Projects

SUPERVISORY BOARD

J.M. Cunningham
K.P. Casey
R.J. Golden
J.F. Remedios
F.J.M.P. Stévenin
J. Downs

Other information

Statutory provision with respect to appropriation of result

Independent auditor's report



Statutory provision with respect to appropriation of result

The General Meeting has the authority to allocate the results determined by adoption of the annual accounts.

Independent auditor's report

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 31 December 2024 of Pegasus Midco B.V. based in Rotterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Pegasus Midco B.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS Accounting Standards) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Pegasus MidCo B.V. as at December 31, 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated balance sheet as at December 31, 2024
- The following statements for 2024: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at December 31, 2024
- The company income statement for 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Pegasus Midco B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section Risks and risk management of the Executive Board Report for management's risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.17 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. Our understanding of the business forms a source in our fraud risk assessment process. Pegasus MidCo B.V. has customer specific contracts, that differentiate between Global, National, and Emerging (GNE) brands and retailer brands. These conditions give rise to management accelerating revenues by applying incorrect delivery terms or through top side journal entries. In addition, the company has sales promotions-related agreements with certain customers whereby discounts and rebates are provided according to the (forecasted) quantity of goods sold and applicable contract terms. A risk exists those accruals for sales promotions recorded by management are not complete.

We obtained contracts with counterparties and assessed if the terms and conditions matched the IFRS 15 revenue recognition requirements. We also assessed whether the required sales related accruals have been recognized. We have used data analytics, to focus our audit procedures on high risk journal entries and/or non-standard revenue entries. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk. The risk of fraud in revenue recognition did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, regional directors, and the supervisory board.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and have been informed by management that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

OUR AUDIT RESPONSE RELATED TO GOING CONCERN

As disclosed in section Going concern in Note 2.1 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

COMMUNICATION

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

Rotterdam, March 14, 2025

EY Accountants B.V. signed by P.W.J. Laan

Appendices

[Contact us](#)

[Glossary](#)

[Forward-looking statements](#)



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Our manufacturing locations

Australia

- Brisbane, QLD
- Perth, WA
- Sydney, NSW

Benelux

- Bodegraven
- Hoensbroek
- Maarheeze
- Ninove
- Sittard
- Zoetermeer

Canada

- Calgary, AB
- Mississauga, ON
- Pointe-Claire, QC
- Surrey, BC

Finland

- Kuopio

France

- La-Roche-sur-Foron
- Le Quesnoy
- Margès
- Nuits-Saint-Georges
- Saint-Alban-les-Eaux

Germany

- Aumühle
- Bruchsal
- Calvörde
- Erftstadt
- Grüneberg
- Grünsfeld
- Herrath
- Lehnin
- Löhne
- Trappenkamp

Iberia

- Alcolea
- Burgos
- Marcilla
- Oliva
- Sevilla
- Tafalla

Italy

- Caslino al Piano
- Fidenza
- Recoaro Terme
- San Carlo Spinone
- Sulmona
- Quarona Sesia

Mexico

- Puebla, MX

Poland

- Kety
- Koźmierz
- Slemien

United Kingdom

- Bondgate
- Bridgwater
- Kegworth
- Macduff
- Milton Keynes
- Nelson

United States

- Carlisle, OH
- Columbus, GA
- Concordville, PA
- Dunkirk, NY
- Fontana, CA
- Fort Gibson, OK
- Fort Worth, TX
- Greendale, IN
- Greer, SC
- Joplin, MO
- Lakeland, FL
- Modesto, CA
- Paw Paw, Michigan
- San Antonio, TX
- San Bernardino, CA
- Sikeston, MO
- St. Louis, MO
- Tampa, FL
- Tempe, AZ
- Truesdale, MO
- Waco, TX
- Walla Walla, WA
- Wharton, NJ
- Wilson, NC

Glossary

Non-IFRS measures are provided because they are closely tracked by management to evaluate Pegasus's operating performance and to make financial, strategic and operating decisions.

Adjusted EBITDA

Operating profit before depreciation, amortization and impairments (=EBITDA), excluding exceptional items related to acquisitions, refinancing and other one-off items.

Adjusted net profit / (loss)

Net profit excluding the effects of certain exceptional items. Such adjustments relate primarily to substantial one-off restructurings, costs relating to acquisitions or disposals, refinancing and related tax effects.

Capital employed excluding goodwill

Capital employed excluding goodwill is calculated as the total non- current assets excluding goodwill plus the working capital minus the Employee benefits provision.

EBITDA

Operating profit before depreciation, amortization and impairments.

FMCG

Fast-moving consumer goods

Great Place to Work

This is a methodology process adopted by businesses to measure employee engagement.

Gross profit margin per liter

Gross profit margin per liter produced divided by volume. The gross margin used for calculation includes freight charges and other cost of sales.

Net debt

Defined as long-term and short-term borrowings (including lease liabilities) less cash and cash equivalents.

Operating cash flow

We use operational cash flow to monitor cash generation. It is defined as operating income excluding depreciation and amortization, adjusted for the change in operating working capital and capital expenditures.

Operating income

Operating income is defined in accordance with IFRS and includes the relevant exceptional items.

Refresco Group

In this Annual report Pegasus Midco B.V. and its subsidiaries are collectively referred to as Refresco Group or the Company or the Group.

Volume

Volume is defined as number of liters sold.

Forward-looking statements

Certain statements in this document are not historical facts and are or are deemed to be 'forward-looking'. The Company's prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; 'may', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'foresee', 'will', 'could', 'may', 'might', 'believe' or 'continue' or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward- looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward- looking statements are not guarantees of future performances.

Factors, risk and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions; future prices and demand for the Group's products and demand for the Group's customers' products; future expansion plans and capital expenditures; the Group's relationship with, and conditions affecting, the Group's customers; competition; weather conditions or catastrophic damage; and risks relating to global economic conditions and the global economic environment. Forward-looking statements speak only as of the date of this document.

The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward- looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

