

Financial statements

Consolidated statement of profit or loss

x € million

	Notes	2022	2021	2020
Revenue	2, 3	2,483	1,898	1,946
Cost of sales		(1,820)	(1,400)	(1,478)
Gross profit		663	498	468
Other operating income	4	18	7	4
Employee expenses	5	(314)	(226)	(230)
Premises costs		(34)	(29)	(31)
Selling costs		(22)	(10)	(17)
Logistics costs		(140)	(91)	(86)
General and administrative expenses		(45)	(40)	(33)
Depreciation of property, plant and equipment and right-of-use assets	11, 12	(59)	(60)	(68)
Amortisation of intangible assets	10	(21)	(21)	(21)
Impairment of property, plant and equipment	11	0	(0)	0
Impairment of goodwill and other intangible assets	10	(3)	(3)	(62)
Total operating costs		(638)	(480)	(548)
Operating result	2	43	25	(76)
Finance income	8	0	0	0
Finance costs	8	(7)	(7)	(9)
Share in the result of associates	13	7	8	7
Pre-tax profit (loss)		43	26	(78)
Income taxes	9	(4)	(6)	8
Net profit (loss)		39	20	(70)
Profit (loss) attributable to shareholders of the company		39	20	(70)
Details per share (x €1)		2022	2021	2020
Basic earnings (loss) per share	20	0.88	0.45	(1.59)
Diluted earnings (loss) per share	20	0.87	0.45	(1.58)
Dividend per share proposed	19	0.55	0.00	0.00

Consolidated statement of comprehensive income

x € million

	2022	2021	2020
Net profit (loss)	39	20	(70)
Items that have been or may be reclassified to profit or loss:			
Cash flow hedges, after tax	0	0	1
Other comprehensive income that will be reclassified to profit or loss, after tax	0	0	1
Comprehensive income	39	20	(69)
Comprehensive income attributable to shareholders of the company	39	20	(69)

Consolidated statement of cash flows

x € million

	Notes	2022	2021	2020
Receipts from customers		2,739	2,162	2,312
Receipts from other operating income		1	3	0
		2,740	2,165	2,312
Payments to suppliers		(2,308)	(1,802)	(1,936)
Payments to employees		(132)	(128)	(129)
Payments to the government and pension fund ¹⁾		(200)	(164)	(150)
		(2,640)	(2,094)	(2,215)
Net cash flow from business operations	29	100	71	97
Interest paid		(3)	(2)	(5)
Dividends received from participations	13	6	5	4
Income tax received (paid)		(12)	(1)	5
Net cash flow from operating activities		91	73	101
Acquisitions of subsidiaries	1	0	0	0
Proceeds from sales of subsidiaries	1	1	0	1
Purchase of property, plant and equipment	11	(40)	(21)	(45)
Proceeds from disposal of property, plant and equipment		1	7	62
Purchase of intangible assets	10	(21)	(23)	(27)
Purchase of interests in and loans to associates	13	0	0	(2)
Other receipts from sales of interests in and repayment of loans by associates	13	18	2	1
Net cash flow from investing activities		(41)	(35)	(10)
Long-term borrowings drawn	22	0	0	0
Repayments on long-term borrowings	22	(20)	0	(67)
Change in treasury shares		1	1	1
Lease liabilities paid		(25)	(23)	(23)
Dividend paid		(13)	0	0
Net cash flow from financing activities		(57)	(22)	(89)
Change in cash, cash equivalents and short-term borrowings		(7)	16	2
Opening balance		11	(5)	(7)
Closing balance		4	11	(5)

¹⁾ Includes the payment of €4 million received from the government under the NOW wage subsidy scheme (2021: €28).

Consolidated statement of financial position

x € million

		31 December	31 December	31 December		31 December	31 December	31 December
	Notes	2022	2021	2020	Notes	2022	2021	2020
Assets								
Goodwill	10	125	125	125				
Other intangible assets	10	144	146	149				
Property, plant and equipment	11	281	282	299				
Right-of-use assets	12	203	211	216				
Investments in associates	13	56	55	54				
Other non-current financial assets	13	6	7	8				
Deferred tax assets	9	1	0	2				
Total non-current assets		816	826	853				
Inventories	14	266	226	188				
Trade and other receivables	15	240	131	111				
Other current assets	16	39	36	30				
Income tax	9	0	0	1				
Cash and cash equivalents	17	59	12	13				
		604	405	343				
Assets held for sale	18	1	2	2				
Total current assets		605	407	345				
Total assets		1,421	1,233	1,198				
Liabilities								
Paid-up and called-up capital		3	3	3				
Share premium		31	31	31				
Other reserves		(4)	(4)	(5)				
Retained earnings		449	423	403				
Total equity	19	479	453	432				
Deferred tax liabilities	9	12	22	22				
Employee benefits provision	5	2	2	2				
Other non-current provisions	21	0	0	0				
Long-term borrowings	22	110	160	160				
Non-current lease liabilities	12	208	214	218				
Total non-current liabilities		332	398	402				
Current provisions	21	0	0	3				
Current portion of long-term borrowings	22	30	0	0				
Short-term borrowings	22	55	1	18				
Current lease liabilities	12	21	20	19				
Trade and other payables	31	364	255	217				
Income tax	9	7	3	1				
Other taxes and social security contributions	23	29	22	37				
Other liabilities, accruals and deferred income	24	104	81	69				
Total current liabilities		610	382	364				
Total liabilities		1,421	1,233	1,198				

Consolidated statement of changes in shareholders' equity

x € million

	Paid-up and called-up capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 31 December 2020	3	31	(5)	403	432
Share-based payments					
Dividend paid	0	0	0	0	0
Change in treasury shares	0	0	1	0	1
Transactions with owners	0	0	1	0	1
Profit (loss) for the financial year	0	0	0	20	20
Total realised and unrealised results	0	0	0	20	20
Balance as at 31 December 2021	3	31	(4)	423	453
Share-based payments					
Dividend paid	0	0	0	(13)	(13)
Treasury share transactions	0	0	0	0	0
Transactions with owners	0	0	0	(13)	(13)
Profit (loss) for the financial year	0	0	0	39	39
Total realised and unrealised results	0	0	0	39	39
Balance as at 31 December 2022	3	31	(4)	449	479

Notes to the consolidated financial statements

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Notes to the consolidated financial statements

A. General

Reporting entity

Sligro Food Group N.V. comprises food service companies in the Netherlands and Belgium, offering a comprehensive range of food and food-related non-food products and services. The head office of Sligro Food Group N.V. is located at Corridor 11, 5466 RB Veghel, Netherlands. Sligro Food Group N.V. is a public limited company under Dutch law and registered with the Chamber of Commerce under number 160.45.002. The consolidated financial statements cover the company and its subsidiaries (hereinafter referred to as the Group).

Financial year

The Group amended the articles of association of Sligro Food Group N.V. and all its wholly-owned subsidiaries in 2020 and switched from a financial year based on the international week numbering system to a financial year based on the calendar year. This change means that the 2020 financial year comprises the period from 29 December 2019 to 31 December 2020, which amounts to 52 weeks and five days. The 2021 and 2022 financial years each cover a full calendar year.

B. Changes in presentation

With the exception of the changes detailed under E. New standards and interpretations, the Group has applied the accounting policies consistently for all periods covered by these consolidated financial statements.

C. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). The Executive Board approved the financial statements for publication on 6 February 2023.

D. Accounting policies applied in the preparation of the consolidated financial statements

The financial statements are presented in euros, which is Sligro Food Group's functional currency, rounded to the nearest million, unless stated otherwise. Percentages are calculated on the basis of the underlying figures in thousands. The financial statements have been prepared based on historical cost, except for derivatives, which are measured at fair value. Assets held for sale are measured at either the carrying amount or fair value, depending on which is the lowest, less selling costs.

Judgements, estimates and assumptions

IFRS-compliant reporting requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience, as well as on forecasts and various other factors that are considered fair under the circumstances. The results constitute the basis for judgements on the carrying amount of assets and liabilities that cannot be simply derived from other sources. The actual results may differ from these estimates. The estimates and underlying assumptions are under constant review. Revisions to estimates are recognised in the period in which the estimate is revised if the revision only has consequences for that period, or in the revision period and future periods if the revision has consequences for both the reporting period and future periods.

For an explanation of the specific items in the financial statements to which judgements, estimates and assumptions apply, please see Note 28.

Impairments

Regular checks are performed for indications of the carrying amount of qualifying assets being subject to impairment. If such indications exist, an estimation is made of the recoverable amount of the asset based on the present value of projected future cash flows or the direct net realisable value. If the carrying amount exceeds the recoverable amount, an impairment loss will be charged to the result.

E. New standards and interpretations

E.1 New and amended standards effective from the 2022 financial year onwards

With the exception of the changes detailed below, the Group has applied the accounting policies consistently for all periods covered by these consolidated financial statements.

Accounting policy changes as of the 2022 financial year

The European Commission did not approve any new IFRS standards in 2022. The following amendments to existing standards applied from 2022:

- Amendments to IAS 16 Property, Plant and Equipment – the amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, proceeds from selling such items, and the cost of producing those items, must be recognised in the statement of profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets - the amendments are intended to create greater clarity on which costs are to be included in the cost of fulfilling a contract for assessment of whether the contract is loss-making.
- Amendments to IFRS 3 Business Combinations – the amendments update a reference to the conceptual framework for financial reporting without changing the requirements for administrative recognition of business combinations.

- Annual improvements to IFRS Standards 2018-2020:
 - IFRS 1 First-Time Adoption of International Financial Reporting Standards
 - IFRS 9 Financial Instruments
 - IFRS 16 Leases
 - IAS 41 Agriculture

None of these amendments has a direct material impact on the Group.

E.2 New standards and accounting policy changes not yet effective

The new IFRS 17 Insurance Contracts standard, which is set to take effect on 1 January 2023, is not relevant to the Group and will, therefore, not be detailed further in these financial statements.

The following amendments to the existing standards have been approved by the IASB but will not take effect until 1 January 2023:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - clarification of the difference between amendments to accounting policies and accounting estimates.
- Amendments to IAS 12 Income Taxes – the amendments limit the scope of the recognition exemption for deferred tax related to assets and liabilities from a single transaction with equal amounts of deductible and taxable temporary differences on initial recognition.

The following amendments to the existing standards have been approved by the IASB but will not take effect until 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements - clarification of whether liabilities in the financial statements are to be classified as current or non-current and further clarification of which accounting policies should be disclosed in the financial statements.
- Amendments to IFRS 16 Leases – clarification of the measurement of gains and variable lease payments in relation to a sale-and-leaseback transaction.

Aside from that, amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures have been approved, but an effective date has not yet been announced.

F. IFRS accounting policy choices

Statement of cash flows

IFRS offers two options for the preparation of the statement of cash flows, the direct method and the indirect method. IFRS prefers the direct method and the Group does too, as the direct method provides the most accurate insight into actual cash flows. A reconciliation to the indirect method has been included in Note 29.

G. Critical accounting policies

G.1 Revenue

Performance obligation fulfilment

The Group recognises revenue when the buyer takes actual possession of the goods or the service has been provided, which is established based on the time of supply.

Nature of the goods and services

Most of the Group's revenue is generated by its food service operations. On top of that, the Group generates limited revenue from commissions and services. The following will detail the nature of the goods from which the Group generates its revenue, specifying significant payment terms and when the relevant performance obligation will be considered to have been fulfilled:

Food service

The food service companies in the Netherlands and Belgium offer a comprehensive range of food and food-related non-food products. Revenue from the sale of these goods is recognised at the agreed transaction price, exclusive of sales tax, factoring in volume bonuses, the value of loyalty programme benefits, and any other agreed variable elements. Agreed variable elements are recognised to the extent that a significant reversal in cumulatively recognised income is highly unlikely to occur in the future. At the cash-and-carry outlets, revenue is achieved when customers pay for their purchases at the checkout, because this is when the buyer takes actual possession of the goods. If goods are delivered to the customer, the transfer of title takes place when the goods are physically handed over to the customer. Revenue also includes revenue generated through collaboration with fresh partners.

Revenue is measured based on the amount agreed with the customer in a contract, excluding any amounts charged and collected for third parties. Payment terms differ per customer group. Customers generally have a right to return goods. This right has been included in the terms and conditions governing purchase agreements. Returns can be settled through a refund or replacement with another good, and result in a reverse of the revenue. As part of commercial arrangements, we may use signing fees or advance payment of bonuses, whereby the Group will be entitled to compensation for performance obligations not yet fulfilled. These are recognised as contract assets, which relate to revenue generated during the contract term and are debited from the revenue in evenly spread instalments over the full contract term.

Services

Services provided are primarily kitchen maintenance services, logistics services, commissions and other services. Revenue from the provision of services is recognised at the agreed transaction price, exclusive of sales tax, factoring in any other agreed variable elements. Agreed variable elements are recognised to the extent that a significant reversal in cumulatively recognised income is unlikely to occur in the future. Revenue is recognised when actual possession is transferred to the buyer, which is normally when the service is provided and has, if required, been accepted. When the Group is involved in a transaction in the capacity of agent instead of principal, revenue recognised concerns commissions received by the Group. Commissions received by the Group on behalf of third parties are not recognised as revenue.

G.2 Cost of sales

This concerns the purchase value of goods supplied. Any bonuses received from suppliers, promotional benefits and discounts will be deducted from the purchase value. Two of the main forms of benefits received from suppliers are:

- Temporarily lower purchase prices, which are generally related to special offers to buyers, with a view to increasing the direct volume sold. In most cases, the supplier immediately applies the lower purchase prices during the agreed period. Sometimes, however, a supplier charges the normal price and the Group bills the supplier for the discount based on the volume sold. The benefit obtained through lower purchase prices is immediately deducted from the purchase value and, therefore, constitutes (partial) compensation for the lower selling price charged to customers.

- Bonuses are generally based on agreements for the whole year, and mainly come in the form of a fixed percentage or graduated percentages of the purchase value of (the growth of) total purchases. In most cases, these are settled through interim advance payments. Except bonuses, promotional benefits are also negotiated in annual talks with suppliers. These kinds of arrangements with suppliers also involve all kinds of commercial partnerships. Promotional benefits are provided either as absolute figures or as graduated or fixed percentages of the purchase value. Bonuses which can be reasonably expected are included in the measurement of inventories. Promotional benefits cannot be included, because they are intended to cover sales efforts.

G.3 Goodwill and other intangible assets

Goodwill

All acquisitions are recognised in accordance with the acquisition method. Goodwill is the difference between the fair value of the purchase consideration payable, less the amount recognised (which is generally the fair value) for identifiable acquired assets and liabilities assumed. Goodwill relating to acquisitions before 28 December 2003 equals the value allocated to it based on past reporting rules. Goodwill is measured at cost, less, if applicable, cumulative impairments. Goodwill is allocated to cash-generating units. Goodwill is not amortised, but instead there is an annual impairment test, or an impairment test at any other time of the year when there are indications of impairment, by assessing the recoverable amount. The recoverable amount of the cash-generating units, i.e. the Netherlands and Belgium, is based on an enterprise value calculation and determined by calculating the net present value of estimated future cash flows generated through the continued use of these cash-generating units. For associates, the carrying amount of the goodwill is recognised in the value of the participation. When a cash-generating unit is sold, the carrying amount of the goodwill allocated to the cash-generating unit will be included in the measurement of the book profit or loss. Expenditure for internally generated goodwill is charged to the result directly.

Other intangible assets

All other intangible assets are measured at cost less linear amortisation over the estimated service life. For customer relationships, trademarks and places of business, the economic life is estimated. If there are indications of impairment, an impairment test is performed. Expenditure for internally generated trademarks is charged to the result directly.

Software developed by third parties is capitalised at cost. Both external and internal expenditure incurred for the design, building and testing of internally developed and configured software are capitalised, provided a number of criteria, including technical feasibility, are met. Costs relating to licence agreements and maintenance contracts incurred before the software that is to be configured is taken into use are capitalised. After it has been taken into use, these costs are only capitalised if they are inextricably linked to the capitalised software. If there are indications of impairment, an impairment test is performed. This applies both to software already in use and to software under development. Capitalised software is amortised over the estimated service life as per the linear method. The new SAP-based ERP environment, which went live within the Group in 2022, is being amortised over five years.

The following amortisation percentages are used:

Customer relationships	5-20
Trademarks	5-7
Places of business	5-20
Software	20-100

G.4 Property, plant and equipment

Property, plant and equipment are measured at cost, less linear depreciation, based on an estimation of service life, taking any residual value into account. Attributable finance costs have been factored into the cost, provided that the effect can be considered material in terms of scope or term. If property, plant and equipment consist of components with different service lives, these will be recognised as separate items (component approach).

The depreciation term of leasehold improvements is capped at the term of the leases. If necessary, impairments are applied. Costs involved in construction and production work performed by our construction departments are allocated to the individual construction projects. These costs are capitalised and depreciated under property, plant and equipment as part of the 'buildings' category.

The following depreciation percentages are used:

Land	Nil
Buildings	3-12½
Machinery and equipment	12½-33⅓
Other	12½-33⅓

G.5 Right-of-use assets and lease liabilities

Leases under which the Group is the lessee

The lease portfolio contains property and other leases. The 'other leases' category covers company-leased vehicles, IT equipment, forklift trucks and machinery. When entering into a new contract, the Group assesses whether or not it can be considered to be a lease based on the economic benefits ensuing from the use of the assets and the control over the use of the asset. Contracts that are defined as a lease are recognised on the balance sheet under right-of-use assets and lease liabilities, except for leases with a lease term of up to 12 months and low-value leases, for which practical exceptions have been applied. Leases with an intrinsic term of less than 15 years and an option for renewal have been included for up to a maximum of 15 years in order to remain in keeping with the Group's strategic medium-term schedule.

The right-of-use assets are measured at cost, less cumulative depreciation and impairments, whereby the depreciation term is based on the term of the lease unless the projected service life of the asset is shorter than that. If necessary, impairments are applied.

The lease liability is initially measured on the basis of the present value of future cash flows, in which the discount rate is derived from the incremental borrowing rate¹⁾ following which the expired lease instalments are deducted. Non-lease components are not factored into the calculation of the lease liability. Lease liabilities are presented separately on the balance sheet. The lease liability is revalued upon indexation or revision of the lease, upon termination of the lease or upon renewal of the lease. The Group has chosen to take advantage of the practical expedient of recognising rent concessions that took place as a direct consequence of the COVID-19 pandemic as if they were not rent adjustments. Cash flows from lease instalment payments for right-of-use assets are part of cash flows from financing activities, while cash flows relating to leases with a term of up to 12 months, low-value leases and non-lease components are recognised under cash flows from operating activities.

Leases under which the Group is the lessor

For subleases where the Group is the lessor, the master lease agreements and sublease are recognised separately, and an assessment is made based on risk and allocation of the consideration in case of sale whether the sublease is classified as a financial or an operating lease. For financial leases, the related right-of-use asset under the master lease agreement is removed from the balance sheet and replaced by the net investment in the

sublease, which is recognised under non-current financial assets. The master lease agreement will in both cases continue to be recognised under lease liabilities.

H. Other accounting policies

H.1 Foreign currency

Commercial transactions in foreign currencies are converted at the exchange rate on the transaction date. Receivables and debts are converted at the exchange rate on the balance sheet date. Any resulting exchange differences are recognised in the profit or loss. Since the Group only has participations in the Netherlands and Belgium, it is not exposed to a currency risk.

H.2 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other non-current financial assets, trade and other receivables, other current assets, cash and cash equivalents, loans, trade and other payables, and other debts.

Impairment of financial assets

The Group applies the impairment model to financial assets measured at amortised cost and contract assets. To calculate the provision, the Group uses the simplified approach provided by IFRS 9 for trade receivables and contract assets. For the other non-current financial assets, other current assets and supplier bonuses asset items, the Group uses the general approach from IFRS 9.

H.3 Other operating income

This includes rental income from property and book profit or loss on the sale of associates, and property, plant and equipment, as well as similar income.

H.4 Costs in general

Costs are broken down into categories for specification. The same category structure is also used for internal purposes. Costs are allocated to the year to which they relate.

H.5 Employee benefits

Defined contribution plans

Liabilities relating to contributions to defined contribution pension plans are recognised in the statement of profit or loss as expenses as and when they

¹⁾ The interest rate at which the lessee would have been able to borrow the amount needed to purchase the asset with an equivalent term and equivalent security at the time of entering into the lease.

are payable. This goes for virtually all of the Group's top-up and other plans, including plans for specific occupational groups, such as for fruit and vegetable specialists and butchers, who are enrolled in industry-wide pension funds. These plans qualify as defined contribution plans, because the Group only has to pay the premiums agreed and is, other than that, not exposed to actuarial and other risks over the past period of service.

Defined benefit plans

The Group currently does not have any defined benefit plans.

Long-term employee benefits

The Group's net liability on account of service anniversary benefits is the amount of the future benefits that are to be allocated to the professional performance of the employees over the reporting period and prior periods. This liability is calculated using the projected unit credit method and is discounted to the present value.

Share option rights

The current share option plan was revised in 2020. Share options are awarded on the condition of continuation of service. The fair value of share options is charged to the result over the term of the share option rights using the linear method. Profits on share options are paid out entirely in shares. These shares are subsequently locked up for a period of one year for employees and four years for Executive Board members. Share options are recognised entirely as equity settled. The locked-up shares are administered by Stichting Werknemersaandelen Sligro Food Group.

Government facilities in respect of employee expenses

Financial concessions from the government in connection with COVID-19 to compensate the payroll costs are deducted from the employee expenses.

H.6 Finance income and costs

This concerns interest payable to third parties and comparable costs, less interest receivable from customers for loans granted and/or deferred payments. Interest expenses on leases are also recognised under this item. Finance income and costs are recognised in the statement of profit or loss, unless these can be allocated directly to the acquisition, construction or production of an eligible asset. Calculation is based on the effective interest method.

H.7 Results of associates

This refers to the Group's share in the net result. Proceeds from the sale of shares in associates will be recognised in 'Other operating income'.

H.8 Income taxes

Taxes recognised in the statement of profit or loss concern income tax payable for the financial year, as well as movements in deferred taxation, unless these taxes relate to items that are included in shareholders' equity directly. Taxes payable for the financial year are the projected taxes payable on the taxable profit and also include corrections for taxes payable for prior years. The effective tax rate is affected by tax incentives and items that are not or only partly tax-deductible. The provision for deferred tax liabilities ensues from temporary differences between fiscal and financial accounting policies. No provisions have been created either for goodwill that is not tax-deductible, or for participations that qualify for the participation exemption. The provision is calculated at the tax rate as on the balance sheet date or at the rate that has already been decided on the balance sheet date. As agreed with the Dutch and Belgian tax authorities, the Group applies an 'arm's length' transfer pricing method between the two countries that conforms with the transactional net margin method as recommended under the OECD Transfer Pricing Guidelines.

H.9 Non-current financial assets

Associates are measured based on the equity method and are, upon initial recognition, measured at cost, including the goodwill established upon acquisition, but excluding acquisition expenses. The measurement will not be below nil, unless the Group is under an obligation to fully or partially make up losses, and/or has raised realistic expectations that it will do so. Unrealised results between entities within the Group are eliminated. Other non-current financial assets concern, among other things, subleases for property let by the Group. These leases are measured at the present value of the future cash flows. Aside from that, mainly interest-bearing loans to customers and loans to associates are recognised under other non-current financial assets. These are measured at amortised cost, less impairments.

H.10 Inventories

Inventories are measured at cost, calculated on a FIFO basis, or lower market value. The market value is the estimated sale value under normal circumstances, less selling costs. The measurement includes internal distribution costs, while bonuses are deducted.

H.11 Trade receivables and other current assets

Upon initial recognition, trade receivables are recognised at the transaction price and subsequently at amortised cost, less impairments. Impairments are determined based on the expected credit loss (ECL) model, as per IFRS 9. Debtors in major financial difficulty and accounts receivable where the due date of outstanding invoices has been exceeded significantly are classified as doubtful debts. For trade receivables from doubtful debts, a separate provision is created, without using the ECL model. If there is no reasonable expectation that doubtful debts will be paid, they are written off.

H.12 Assets held for sale and directly related liabilities

Assets are classified as 'held for sale' if it is highly likely that their carrying amount will be realised primarily through their sale and not through the continued use of these assets. Such assets are generally measured at the carrying amount or lower fair value less selling costs. Impairment losses on a group of assets and liabilities that are to be disposed of will initially be allocated to goodwill and subsequently to the remaining assets and liabilities on a pro rata basis, on the understanding that impairment losses will not be allocated to inventories, financial assets, deferred tax assets or assets under employee benefits, which will continue to be measured in accordance with the Group's other accounting policies. Impairments ensuing from the initial classification as 'held for sale' and gains or losses produced by revaluation after initial recognition are recognised in the result. Once they have been classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

H.13 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, as well as deposits, and are measured at their nominal value. Bank overdrafts that are repayable on demand and that are an integral part of the Group's cash management, are part of the cash, cash equivalents, and short-term borrowings in the statement of cash flows.

H.14 Provisions

The provision for deferred tax liabilities is recognised at nominal value based on the rate at which the liability is expected to be settled and is detailed in the note to Income taxes. The employee benefits provision is detailed in the note to Employee Benefits. The other non-current provisions concern existing liabilities for guarantee provisions estimated at the amounts that will probably be payable for them in the future, as well as restructuring provisions, insofar as applicable.

A restructuring provision is recognised when the Group has approved a detailed and formalised restructuring plan and the restructuring has either already commenced or been announced publicly. If the effect is material, these provisions are calculated at net present value. Future operating losses are not expected.

H.15 Interest-bearing loans

Upon initial recognition, interest-bearing loans are measured at fair value, less attributable transaction costs. After that, they are measured at amortised cost based on the effective interest method.

H.16 Other liabilities, accruals and deferred income

Upon initial recognition, these are recognised at the transaction price and subsequently at amortised cost.

I. Consolidation principles

Subsidiaries are entities over which Sligro Food Group N.V. has dominant control. Subsidiaries are included in the consolidation in their entirety. Sligro Food Group N.V. is the holding company for the following wholly-owned subsidiaries:

Sligro Food Group International B.V., Veghel

- **Sligro Food Group Nederland B.V., Veghel**
 - Bouter B.V., Zoetermeer
 - Tinteligen B.V., Veghel
 - Exploitiemaatschappij Wheere B.V., Amsterdam
 - Vroegop Ruhe & Co B.V., Amsterdam
 - L.A.J. Duncker B.V., Amsterdam
 - B.V. Levensmiddelengroothandel 'De Kweker', Amsterdam
 - Vroegop A.G.F. B.V., Amsterdam
- **Sligro Food Group Belgium N.V., Rotselaar**
- **Sligro-MFS Belgium N.V., Rotselaar**

The effectiveness of the Group's legal structure is assessed on an annual basis, whereby simplicity is the primary criterion.

Associates are entities where the Group has significant influence over the financial and operating policy, but over which the Group does not have control. The consolidated financial statements include the share in the comprehensive income of the associates based on the 'equity' method. Subsidiaries and associates are included in the consolidated financial statements from the start date of control or significant influence and until the date on which such control or influence ends.

Intra-group items and any unrealised profits or losses on these transactions are eliminated upon preparation of the consolidated financial statements.

J. Segment reporting

The organisational structure of the Group mirrors its international ambitions. A distinction is made in the results between the segments in the Netherlands and Belgium. Segments are reported in line with internal reporting to the Chief Operating Decision Maker (CODM). The Executive Board has been identified as the highest-placed officer (CODM) and is responsible for the allocation of resources and the assessment of the segments' performance. The internal reports and KPIs perfectly match the accounting policies used for the consolidated financial statements.

K. Earnings per share

The Group presents both basic and diluted earnings per share.

Net earnings per ordinary share are calculated based on the dividend payable to the Group's shareholders, divided by the weighted average number of ordinary shares in issue during the reporting period. To calculate diluted earnings per share, the dividend payable to shareholders and the weighted average number of ordinary shares in issue during the reporting period are adjusted for the diluting effect that share options awarded to employees have on the ordinary shares.

L. Discontinued operations

Discontinued operations are a component of the Group's operations that involve activities and cash flows that are clearly distinguishable from the rest of the Group, and that:

- represent a separate significant operation or geographic business territory;
- are part of one coordinated plan to dispose of a separate significant operation or geographic territory; or
- are a subsidiary that was acquired exclusively for the purpose of being sold on.

Operations are classified as discontinued operations on the date of disposal or, if this is before that date, when the operations meet the criteria for classification as held for sale.

1. Acquisition, participation and disposal of operations

On 3 January 2023, the Group acquired control over various assets and liabilities that mainly reflect the activities of nine Metro wholesale outlets. The acquisition is regarded as a business combination on the basis of IFRS 3. The transaction occurred in the context of the court-supervised restructuring of Makro Cash & Carry Belgium N.V. On the basis of its investigation, the Belgian Competition Authority (BCA) issued an 'unconditional decision to grant an exemption' on 17 November 2022, which enabled the transaction to go ahead.

The BCA will formally complete its investigation in the near future; at this time no significant obstacles are expected to emerge from this investigation.

The wholesale outlets are a prominent supplier of food and food-related non-food products to the hospitality industry, healthcare facilities and other food professionals. Acquisition of these outlets will support the Group's continuing growth in the Belgian market.

The assets and liabilities acquired are analysed in the table below, which reflects the assets and liabilities that have been identified at fair value to the extent that can currently be determined. This is due to the limited time between the acquisition date of 3 January 2023 and the preparation of the financial statements, as well as to the limited information that has been obtained to date in order to determine the figures more precisely.

x € million	Metro
Goodwill	*
Other intangible assets	*
Property, plant and equipment	1
Right-of-use assets	*
Trade and other receivables	3
Inventories	1
Cash and cash equivalents	0
Non-current lease liabilities	*
Current lease liabilities	*
Other liabilities, accruals and deferred income	*
Total identifiable net assets	*

Please note that the initial valuation of the business combination has not yet been completed and these values are therefore not final. We intend to provide an update at the presentation of the half-yearly figures for 2023.

Metro's assets and liabilities were acquired for an initial purchase price of €47 million, which includes €5 million as the designated acquisition price for the land and buildings in Liège. Through a separate transaction, the Group acquired control of the land and buildings in Liège as of 28 December 2022 for €5 million.

The land and buildings in Liège are recognised under property, plant and equipment as at 31 December 2022.

The initial purchase price will be increased by the value of inventory and cash balances present in the wholesale outlets on 3 January 2023.

The start-up and acquisition costs amounting to €4 million are recognised in the statement of profit or loss under general and administrative expenses in accordance with IFRS 3.

As of 31 December 2022, an escrow account is available relating to the acquisition of the Metro activities, which serves as a guarantee for the Group. The balance of this escrow account was €5 million at the end of 2022. That balance represents the amount already paid to the notary by the Group in respect of the land and buildings in Liège. The escrow amount will be transferred to the seller, Makro Cash & Carry Belgium N.V., when the sale transaction has become irrevocable.

Other intangible assets are expected primarily to concern places of business and customer relationships. The property, plant and equipment in the table comprise other property, plant and equipment. The acquired right-of-use assets and the associated lease obligations primarily relate to rental contracts for the buildings at the various sites. A small part relates to leases of cars for employees. Trade and other receivables comprise receivables owed by trade debtors, net of a downward revaluation to fair value, and supplier bonuses. Other liabilities, accruals and deferred income consist of payables to employees and customer bonuses. No contingent liabilities have been identified to date. The final purchase price allocation is not yet complete and the goodwill arising on the transaction will be determined at the same time as the fair value of the other assets and liabilities.

Sligro-Metro's (start-up) activities are not currently allocated to any of the Group's segments, but are included in the Belgium segment, as explained in note 2.

* Still to be determined

2. Segment reporting

Our organisational structure mirrors our international ambitions. We now have a management team and local operations and sites in the two segments of the Netherlands and Belgium. These segments are defined on the basis of their geographical location, given the importance of maintaining relationships with customers and understanding local market conditions.

The Netherlands segment includes the cash-and-carry and delivery service operations under the trademarks Sligro, De Kweker and Van Hoeckel, as well as the specialist production companies for convenience SmitVis and Culivers, Bouter institutional kitchens, and Tintelingen Christmas gifts.

The Belgium segment includes the cash-and-carry and delivery service operations under the trademarks Sligro-ISPC and JAVA Food service. Sligro-M's (start-up) activities, which are included in the legal entity Sligro-MFS Belgium N.V., are currently not allocated to any of the segments, but are included in Belgium in the segment reporting table. This also applies to the assets present at the balance sheet date, specifically the cash on hand amounting to €45 million and the building purchased in Liège, valued at €5 million.

The information used by the Executive Board to assess progress and make operational decisions is based on these segments. The Group submits a monthly financial report to the Executive Board and Supervisory Board. The Executive Board assesses the operating result based on this report, which contains primarily the consolidated and segment information with respect to the statement of profit or loss and related KPIs, the statement of cash flows, the balance sheet, and the operating capital. The annual budget and forecasts are also made on the level of these segments and the Chief Operating Decision Maker allocates resources on this level.

The main performance indicator that the Group uses is EBIT. In this report, the local management teams disclose details of their segment's performance. The report is compiled based on the same accounting policies as the financial information in the financial statements.

Transactions between these segments are carried out at going market prices.

Segment reporting

x € million	Netherlands		Belgium		Group	
	2022	2021	2022	2021	2022	2021
Revenue ¹⁾	2,238	1,730	245	168	2,483	1,898
Other operating income	18	7	0	0	18	7
Total income	2,256	1,737	245	168	2,501	1,905
Gross operating result (EBITDA) ⁶⁾	134	110	(8)	(1)	126	109
Depreciation and amortisation ²⁾	(75)	(72)	(8)	(12)	(83)	(84)
Operating result (EBIT) ⁶⁾	59	38	(16)	(13)	43	25
Finance income and costs	(7)	(7)	0	0	(7)	(7)
Share in the result of associates	7	8	0	0	7	8
Income taxes ⁶⁾	(8)	(8)	4	2	(4)	(6)
Net profit (loss) ⁶⁾	51	31	(12)	(11)	39	20
Total assets ⁶⁾	1,233	1,131	188	102	1,421	1,233
Segment liabilities ⁶⁾	655	556	91	64	746	620
Non-allocated liabilities					675	613
Total liabilities					1,421	1,233
Net invested capital ^{3) 6)}	745	753	55	52	800	805
Net interest-bearing debts, provisions and associates					(321)	(352)
Group capital					479	453
Employee expenses ⁶⁾	272	196	42	30	314	226
Average number of employees ⁴⁾ (FTEs)	3,489	3,450	528	525	4,017	3,975
Investments ⁶⁾	52	48	7	1	59	49
Divestments	0	(2)	0	0	0	(2)
Cash flows						
Payments to the government ⁵⁾	(156)	(159)	(46)	(22)	(202)	(181)

¹⁾ Transfers between segments amounted to €54 million (2021: €33) from the Netherlands to Belgium.

²⁾ Including impairments.

³⁾ Less free cash.

⁴⁾ A limited number of head office positions that perform activities Group-wide are included in the Netherlands.

⁵⁾ Includes, besides tax and excise duties paid to the government, the payment of €4 million received from the government under the NOW wage subsidy scheme (2021: €28; 2020 €19) in the Netherlands.

⁶⁾ The Belgium segment in 2022 also includes the unallocated (start-up) activities of Sligro-M.

3. Revenue

Revenue is largely made up of deliveries of food and food-related non-food goods and services to institutional customers, the hospitality industry, catering companies and other large-volume users in the Netherlands and Belgium. The breakdown of revenue by operations is as follows:

x € million	Netherlands		Belgium		Group	
	2022	2021	2022	2021	2022	2021
Deliveries of goods	2,193	1,703	245	168	2,438	1,871
Deliveries of services	45	27	0	0	45	27
	2,238	1,730	245	168	2,483	1,898

The Group does not have any customers that represent over 10% of revenue.

4. Other operating income

x € million	2022	2021
Rental income	1	1
Book result on sale of property, plant and equipment	1	4
Other non-recurring results	16	2
	18	7

This year, a one-off non-taxable book profit of €16 million was realised on the sale of the Group's minority stake in its associate, O. Smeding & Zn. B.V., which is recognised in other non-recurring results.

Two business premises and a plot of land were sold in 2021, resulting in a book profit of €4 million. Within the partnership with Heineken, several administratively burdensome periodic payments were settled in one lump-sum payment in 2021, leading to one-off gain of €2 million.

5. Employee-related items

5.A Employee expenses

Employee expenses break down as follows:

x € million	Notes	2022	2021
Salaries		176	165
Social security costs		31	28
Premiums for defined contribution plans		14	14
Share-based payments	5.C	4	1
Insourced staff and temporary agency workers		70	26
Other employee expenses		19	19
NOW wage subsidy scheme	5.D	0	(27)
		314	226

Movements in the restructuring provision can be shown as follows:

x € million	2022	2021
Opening balance	0	3
Additions	0	0
Withdrawals	0	(3)
Release	0	0
Closing balance	0	0

5.B Employee benefits provision

This provision relates to service anniversary schemes.

x € million	2022	2021
Opening balance	2	2
Benefits	0	0
Additions	0	0
Actuarial result (also result for financial year)	0	0
Closing balance	2	2

5.C Share-based payments (share option scheme)

Other employee expenses includes the costs for share option schemes. The Group runs two schemes under which share options are awarded to employees. The second scheme no longer applies to new allocations from 2020.

The target group for the first scheme is made up of roughly 50 people who are awarded four-year share options that are conditional on continuation of employment and cannot be exercised before the end of the four-year term. Share options are allocated to Sligro Food Group N.V. Executive Board members based on a calculation where the board members' average salary is divided by the strike price and the result is multiplied by a factor that depends on the development of the total shareholder return compared to a peer group and can be anywhere between 0% and 150%. The peer group composition is part of the scheme adopted by the General Meeting of Shareholders and has been published on the website. The peer group test

led to a factor of 0% for 2022 (2021: 0%), which meant that no share options were allocated in 2022.

Depending on their job category, the other members of the target group receive 50% or 25% of the share options awarded to Executive Board members. No shares were allocated to these members in 2022. Any post-tax profits from the share option schemes must be used in full to purchase Sligro Food Group shares. Such shares will (once again) be locked up for four years for Executive Board members. For other participants, a lock-up term of one year applies to the shares purchased.

The target group for the second scheme is broader. For many years now, Sligro Food Group has had an equity participation plan for its employees in the Netherlands. Depending on the profits as a percentage of total Group revenue, employees receive a percentage of their gross pay, up to a maximum gross pay of €50,000, as their share in the company's profits. Up to 2019, this was paid out in the form of Sligro Food Group shares (50% of the profit share) and four-year share options conditional on continuation of employment which could not be exercised before the end of the four-year term (50% of the profit share). Any profits on options (after taxation) were paid out entirely in Sligro Food Group shares. These shares were subsequently (once again) locked up for one year. As of 2020, the scheme has been reviewed and profit sharing – assuming the prevailing criteria are met – will be awarded entirely in the form of shares, which will be locked up for a period of five years.

The strike price is the first ex-dividend price after allocation. The fair value of share options is charged to the result over the term of the share option rights using the linear method. These share options are recognised entirely as equity settled. To hedge this liability, shares are repurchased to cover a section of the share options in issue, based on a forecast using the Black-Scholes formula outlined below.

Movements in the number of share options outstanding were as follows:

x 1	2022	2021
Opening balance	766,185	1,015,071
Exercised	0	0
Redeemed	0	0
Lapsed	(132,578)	(217,642)
Voided on account of termination of employment	(62,408)	(31,244)
Granted	0	0
Closing balance	571,199	766,185

The share options allocated in 2018 have not been exercised and have therefore lapsed, because the actual price on the strike date was lower than the strike price. No options were issued in 2020 and 2021.

Share options in issue at year-end 2022 break down as follows:

	Term	Strike price	Number
22 March 2019	1 April 2023	31.50	571,199

For the exact number of share options allocated to individual Executive Board members, please see Note 6.

Gross expenses ensuing from this scheme have been calculated by external specialists using the Black-Scholes pricing model and amount to €0.0 million for the allocation in March 2022 (2021: €0.0) over the full 4-year term. Costs recognised in 2022 relating to the current option series total €1 million (2021: €1).

5.D NOW and TWO wage subsidy schemes

In the Netherlands, the Group made use of the NOW temporary wage subsidy scheme in 2020 and 2021.

In 2022, our application for a subsidy under NOW 3.1-3.3 was finalised and the final settlement was made, which did not result in any material differences with respect to the balance recognised in the 2021 financial statements.

Movements in NOW wage subsidies still to be received, as recognised under Other current assets (Note 16), are as follows:

x € million	2022	2021
Opening balance	4	3
Payment calculated	0	27
Advance payments received	0	(28)
Settlement	(4)	2
Closing balance	0	4

In Belgium, the Group took advantage of the Belgian wage subsidy scheme TWO in 2022 as well, resulting in lower salary costs and social security expenses amounting to €0 million (2021: €2). This form of support sees the Belgian government pay part of the personnel costs directly to the employee. This means that, rather than a wage subsidy, this is a reduction of the salary costs and social security expenses.

6. Executive Board and Supervisory Board remuneration

The following provides an outline of how the remuneration policy has been put into practice over the past financial year. Members of the Executive Board and Supervisory Board are considered key Group staff members. The remuneration of Executive Board members in office in 2022 that was charged to profit or loss amounted to €2,019 thousand (2021: €1,294).

The COVID-19 outbreak affected the Group's operations. In response to this and in compliance with the conditions for the NOW 3.2 and 3.3 wage subsidy schemes, the Executive Board decided in 2021 not to take the short-term and long-term bonuses awarded to them for that year.

The remuneration can be broken down as follows:

x €1,000	Koen Slippens		Rob van der Sluijs		Total	
	2022	2021	2022	2021	2022	2021
Fixed pay	603	551	525	479	1,128	1,030
Short-term bonus	157	0	136	0	293	0
Long-term bonus	157	0	136	0	293	0
Pension premium and compensation	170	155	115	89	285	244
Value of options	0	0	0	0	0	0
Statutory social security costs	10	10	10	10	20	20
Total	1,097	716	922	578	2,019	1,294

There is one bonus scheme for the Executive Board that offers both a short-term cash bonus and a long-term bonus in the form of shares. The short-term and the long-term component of the variable remuneration are structured identically. Half of the variable remuneration depends on the extent to which the annual budgeted profit target set by the Supervisory Board has been achieved and the other half depends on specific, short-term targets set annually by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee. The short-term and long-term bonuses are both awarded based on performance in the year in question, albeit that quality-related targets have a longer horizon, as they are linked to programmes that contribute to the company's long-term strategy and value creation. Bonuses are paid out in the following year.

When 100% of the 'at-target' level is met, a short-term bonus is paid out in cash, amounting to 30% of the fixed salary, as well as a long-term bonus of 30% of the fixed salary, which (after deduction of tax) must be used to purchase Sligro Food Group shares. These shares are locked up for a period of five years.

The budgeted profit target and other targets were set based partly on remuneration scenario analyses. Each percentage point by which the actual profit falls short of the annual budgeted profit reduces both the short-term and long-term component of the bonus by 1.5 percentage points. No bonus will be paid if the actual profit is below 90% of the target. Each percentage point by which the actual profit exceeds the annual budgeted profit increases both the short-term and long-term component of the bonus by half a percentage point. Although there is no cap on the amount by which

the target can be exceeded, there is a dampening effect. The combination of ambitious targets, correction for excessive one-off items and the dampening mechanism when the target is exceeded has in the past never led to extensive exceeding (>10%) of the bonuses.

Quality targets have been set for 2022 for which the bonus percentage is determined on the basis of achieving:

1. ERP implementation: first version of the new ERP landscape to go live in Antwerp, Ghent and Liège in 2022.
2. Set-up and structure ready to report on 2022 in accordance with the NFRD, CSRD and EU Taxonomy standards in the 2022 report.
3. Elaboration of Sligro Food Group's digital transformation vision with step-by-step plans on an organisational (structure, people and skills), process, data and technical level.
4. 2025 CSR plan completed, embraced and upheld in the organisation, to include step-by-step plans to achieve our goals, including the transition to electric transport in 2030.

Movements in Executive Board members' share and share option holdings break down as follows:

Shares x 1	Koen Slippens		Rob van der Sluijs	
Opening balance		107,402		12,000
Purchase		0		0
Sale		0		0
Closing balance		107,402		12,000

Options x 1	Koen Slippens		Rob van der Sluijs	
Opening balance		21,100		21,100
Lapsed		0		0
Granted		0		0
Closing balance		21,100		21,100

The number of share options in issue as at the end of the financial year breaks down as follows:

x 1	Strike price	Koen Slippens		Rob van der Sluijs	
Valid through to 1 April 2023 ¹⁾	31.50		21,100		21,100
Closing balance			21,100		21,100

In addition to the above, members of the Executive Board also receive an expense allowance, as well as a kilometre allowance for driving a private car for business purposes. The breakdown of these allowances is as follows:

x € thousand	Koen Slippens		Rob van der Sluijs	
	2022	2021	2022	2021
Expense allowance	8	8	8	8
Kilometre allowance	33	18	26	12

Executive Board and Supervisory Board remuneration is not charged to subsidiaries.

Supervisory Board remuneration

The annual remuneration for the chairman of the Supervisory Board amounted to €58 thousand (2021: €58) while the other Supervisory Board members were paid €40 thousand for a full year's service (2021: €40). Supervisory Board members also received compensation for attending Supervisory Board meetings amounting to €45 thousand (2021: €45). Supervisory Board chairman and member remuneration does not depend on the company's results. Total remuneration amounted to €276 thousand (2021: €246). Supervisory Board members are not awarded shares and/or share options. No loans, advances and/or guarantees have been granted to Executive Board and Supervisory Board members.

7. Audit fees

Recognised in the general and administrative expenses, fees paid for the audit of the financial statements totalled €959 thousand in 2022 (2021: €986). The fees for 2022 include an amount of €14 thousand in additional costs relating to the audit from the previous financial year (2021: €93). Other assurance-related services consist mainly of other activities, including assurance and audit services for respectively customer-related arrangements and the NOW2 wage subsidy schemes, which the Group used in the Netherlands in 2020 and 2021. The auditor charged €145 thousand for this in 2022 (2021: €157 thousand). The auditing firm is not engaged for advisory services.

¹⁾ Valid until the date of the 1st ex-dividend listing following the General Meeting of Shareholders in which the financial statements for the past year are approved.

²⁾ Temporary wage subsidy (NOW).

Audit fees break down as follows:

x € million	2022		2021	
	Deloitte	Deloitte	Deloitte	Deloitte
	Accountants B.V.	Deloitte network	Accountants B.V.	Deloitte network
Audit of the parent company's financial statements	860	0	867	0
Audit of subsidiaries	0	113	0	119
Subtotal of consolidated financial statements	860	113	867	119
Other assurance-related services	145	0	157	0
	1,005	113	1,024	119

8. Finance income and costs

x € million	2022	2021
Finance income	0	0
Finance costs on leases	(4)	(4)
Finance costs on other financial liabilities	(3)	(3)
Finance costs	(7)	(7)

Finance income concerns income from loans granted to customers and late charges paid by customers, as well as interest on prepaid tax.

Finance costs relating to other financial liabilities concern interest paid on loans and costs of amended loan contracts.

9. Taxation

9.A Taxation (income tax)

Contributing towards society by paying taxes in line with the (statutory) rules that we have all agreed on as a society is something we take extremely seriously and consider part of decency in business. Although we do use tax breaks and incentives, we neither take these practices to the limit, nor use tax avoidance routes through 'tax havens' to optimise our tax position. As we operate in both the Netherlands and Belgium, we pay attention to the allocation of our taxable profit over the two countries. The basic idea is to align the allocation of operating result (and the tax payable

or receivable on it) with the responsibilities and relevant operations in each of the two countries. Budgeting and long-term planning are never driven by tax options either, and we always observe the intention of the relevant tax legislation. Aside from that, we make sure we stay up to date with the latest changes in tax laws and regulations and apply them correctly by regularly consulting with and seeking advice from tax advisers.

Our aim is to have all our stakeholders see us as a company that adheres to the rules of decency in business, and we are more than happy to render account on our corporate social responsibility as and when asked, such as through meetings with investors or in presenting and explaining our figures to the works council. Tax is also a topic that is regularly addressed by the Executive Board and it is a fixture on the Audit Committee's agenda. The latter committee checks tax advice and returns for compliance with Sligro Food Group's policy. Aside from that, the taxation item is not part of the KPIs that our company uses to monitor performance.

Where appropriate, we proactively engage with the relevant tax authorities. Since 2020, we have formalised this liaison with the Dutch tax authorities in an Individual Monitoring Plan with the Tax Administration, which includes mutual agreements on how to ensure a transparent relationship. This plan furthermore includes specific arrangements on the efforts the company will go to in making tax controlling part of its overall control measures, which is something we are continuously working on. In doing so, we make use of the Group's Internal Control Framework and data analyses using samples to monitor correct application of tax legislation. Progress in this respect is

monitored through regular meetings with the tax authorities, which includes a continued focus on making sure we pay our fair share of taxes and do not push the limits of tax legislation.

The Individual Monitoring plan for 2023 was finalised in December 2022.

Although the concept of an Individual Monitoring Plan does not exist in Belgium, we are proactively engaging with the relevant bodies there as well, as we aim to avoid potential tax risks relating to our Belgian operations, while also building the kind of relationship with Belgian tax authorities that we already have with Dutch tax authorities.

The justification and definition of the transfer pricing method used is an integral part of our tax control practices. We therefore comply with current additional documentation obligations as part of country-by-country reporting and in submitting the group file and local file. Furthermore, the Group reached an agreement with the Dutch and Belgian tax authorities in 2021 about the transfer pricing method between Sligro Food Group Nederland B.V. and Sligro Food Group Belgium N.V. in the context of MLC (Multilateral Control) up to the end of the 2019 tax year. In 2022, an agreement was reached with both tax authorities on the BAPA (Bilateral Advanced Pricing Agreement) application submitted for 2020 to 2025.

The Dutch and Belgian tax systems differ in how they treat the result in the financial statements and the result on which tax is payable/receivable. These differences arise partly as a result of the difference in the measurement of intangible assets, property, plant and equipment, right-of-use assets and lease liabilities, inventories, provisions, investment-related tax credits and amounts that are not or are only partly tax-deductible.

The taxation item in the statement of profit or loss can be explained as follows:

x € million	2022	2021
Payable (receivable) for financial year	6	7
Prior-year corrections	(2)	0
Liability (receivable) for financial year	4	7
Change in and release from deferred tax liabilities	0	(1)
Tax expense (income) from continuing operations	4	6

The tax expense per share is €0.10 (2021: €0.14)

9.B Effective tax rate

The effective tax rate can be explained as follows:

x € million	2022	2021
Pre-tax profit (loss)	43	26
Nominal tax rate (Netherlands 25.8%, Belgium 25.0%)	11	6
Prior-year corrections	(1)	1
Energy-saving investment and similar tax credits	0	0
Change from deferred tax liabilities	0	0
Untaxed results	(4)	0
Rate change	0	1
Other, including tax facilities and non-deductible amounts, untaxed results of associates	(2)	(2)
Effective tax rate 10.4% (2021: 23.0%)	4	6

As part of sustainability, we are investing in more sustainable cooling and heating systems at our sites, for which we use the available tax credits.

The untaxed profits of associates relate to our share in our associates' result after tax, which qualify for the participation exemption. The other corrections concern mainly non-deductible expenditure for employee benefits, including our equity participation plan, and non-deductible consulting fees incurred in relation to acquisitions.

At the end of the financial year, we make an estimate for a number of tax-related items. When filing our tax returns, the actual outcomes may deviate from these estimates, causing (minor) inconsistencies. The subsequent corrections from prior years are recognised in the current financial year. The transfer pricing method agreed on and applied within the context of MLC and the BAPA led to the following tax netting between the segments in 2022:

	Netherlands	Belgium	Group
Financial tax expense (income) for the financial year	(4)	0	(4)
Settlement as per transfer pricing method for 2022	(4)	4	0
Tax expense (income) per segment	(8)	4	(4)

In addition, a settlement amounting to €25 million was made from the Netherlands to Belgium for the transfer pricing for the years 2020 and 2021.

9.C Income tax on receivables and payables

As at the financial year-end, the following items are recognised:

x € million	2022	2021
Receivables	0	0
Payables	(7)	(3)
Net closing balance	(7)	(3)

As at year-end 2022, all Dutch wholly-owned subsidiaries are included in the fiscal unity for corporation tax purposes, meaning that taxes are levied as if it concerned one single company. This also means that all companies in the fiscal unity are liable for the entity's tax debt.

In 2022, an agreement was reached with the Dutch and Belgian tax authorities on the BAPA (Bilateral Advanced Pricing Agreement) application submitted for 2020 to 2025. This left the Group's tax position for previous years unchanged, but resulted in a tax gain of €0 million (rounded figure) in the Netherlands and a tax charge of the same amount in Belgium.

9.D Deferred tax assets and liabilities

As at the financial year-end, the following items are recognised:

x € million	2022	2021
Deferred tax assets	1	0
Deferred tax liabilities	(12)	(22)
Net closing balance	(11)	(22)

The deferred tax assets and liabilities can be broken down as follows:

x € million	2022		2021	
	Asset	Liability	Asset	Liability
Intangible assets	1	10	0	10
Property, plant and equipment	0	10	0	18
Right-of-use assets	0	52	0	51
Lease liabilities	59	0	57	0
Inventories	0	1	0	0
Tax loss carryforward	1	0	0	0
Other	1	0	0	0
Closing balance	62	73	57	79
Net liability as at the end of the financial year		11		22

The deferred tax liabilities relate primarily to the recognition of intangible assets from acquisitions, right-of-use assets and related lease liabilities, and deviating measurement of property, for which fiscally specific rules are used.

Given that participations of over 5% in the equity of other companies qualify for the participation exemption, results and dividends are not taxed and/or are non-deductible. The difference in measurement of participations has, therefore, not been factored into the calculation of deferred tax liabilities.

Movements over the financial year were as follows:

x € million	2022	2021
Net liability as at the beginning of the year	22	20
Acquisitions	0	0
Release added to result	0	(3)
Change during financial year	(8)	(1)
Prior-year change	(3)	6
Transfer from/to liabilities relating directly to assets held for sale	0	0
Net liability as at the end of the year	11	22

Losses from past acquisitions have been recognised on the balance sheet, as we expect to be able to utilise them in the future. Receivables and liabilities are offset per tax entity.

10. Goodwill and other intangible assets

Movements in this item can be broken down as follows:

x € million	Goodwill		Other intangible assets		
		Places of business, customer relation- ships, trademarks and other	Software	Assets in progress	Total
Cost	168	180	48	40	268
Cumulative amortisation and impairment	(43)	(82)	(37)	0	(119)
Balance as at 31 December 2020	125	98	11	40	149
Investments	0	0	7	17	24
Divestments	0	0	(0)	0	(0)
Acquisitions	0	0	0	0	0
Transfers	0	0	4	(5)	(1)
Amortisation	0	(11)	(10)	0	(21)
Impairments and inefficiencies	0	(3)	(0)	(2)	(5)
Total changes	0	(14)	1	10	(3)
Cost	168	180	43	50	273
Cumulative amortisation and impairment	(43)	(96)	(31)	0	(127)
Balance as at 31 December 2021	125	84	12	50	146
Investments	0	0	11	11	22
Divestments	0	0	0	0	0
Acquisitions	0	0	0	0	0
Transfers ¹⁾	0	0	58	(58)	0
Amortisation	0	(11)	(10)	0	(21)
Impairments and inefficiencies	0	0	(3)	0	(3)
Total changes	0	(11)	56	(47)	(2)
Cost	168	180	109	3	292
Cumulative amortisation and impairment	(43)	(107)	(41)	0	(148)
Balance as at 31 December 2022	125	73	68	3	144

¹⁾ Concerns the start of use of the new SAP-based ERP environment in Belgium.

Breakdown of intangible fixed assets by cash-generating units

The goodwill is distributed across the segments as follows:

Cash-generating unit

x € million	2022	2021
Netherlands	125	125
Belgium	0	0
Closing balance	125	125

The Group makes a distinction between two cash-generating units: the Netherlands and Belgium. Note 2 contains more details of the organisational structure and segments that these units are based on.

The assessment of the annual impairment testing results was threefold:

1. the annual assessment of the goodwill of cash-generating units in the Netherlands
2. the annual assessment of the goodwill of the Belgium cash-generating unit
3. the annual assessment of the corporate assets in progress, which are allocated to the net invested capital of the Netherlands and Belgium cash-generating units based on the 'revenue' allocation formula

The recoverable amount of the cash-generating units, i.e. the Netherlands and Belgium, is based on an enterprise value calculation and determined by calculating the net present value of estimated future cash flows generated through the continued use of these cash-generating units.

Given the impact of COVID-19 on the Group's revenue and result, the conclusion drawn on 30 June 2020 based on a recalculation of the recoverable amount was that the recoverable amount of the Belgium cash-generating unit was lower than the net invested capital and therefore an impairment loss of €60 million has been recognised, comprising €43 million in goodwill and €17 million in customer relations. At year-end 2021, the recoverable amount for Belgium was reassessed and an additional impairment of €3 million was recognised, which was allocated to the 'trademarks' intangible asset.

The going-concern assumption was used in measuring the assets. Given the Group's current liquidity and solvency, it sees no reason to assume that it will be unable to continue its operations in the foreseeable future. This assessment is based on the realised operating result (EBIT) for the Netherlands and Belgium in the past year, the 2023 budget for the Netherlands and Belgium, projections for the 2024-2027 period for the Netherlands and the 2024-2052 period for Belgium, and projections based on the terminal growth rate for the years beyond 2027 for the Netherlands and beyond 2052 for Belgium, which are based partly on empirical figures.

The Group has been operating in Belgium for a few years and is currently still busy developing its market position there. At the present stage, significant investments are being made and start-up losses are being incurred. In its expectations for the coming years, the Group assumes that revenue in Belgium will outgrow the market because the set-up is still in full swing. A significant improvement in the results is expected to appear over the coming years.

On account of the fact that Belgium is still in the set-up phase, the expectation is that this segment will need more than five years to reach a stable investment cash flow situation. This is why the management has, like in previous years, opted to use an extended forecast period of 30 years. Management's estimate is that stable EBITDA cash flow will be reached after five years. As a precaution, however, management therefore assumes EBITDA at a constant level over the years after 2027 and capital expenditure is based on past figures from the Netherlands.

The assumptions underlying the calculation of the recoverable amount concern the discount rate and the terminal growth rate. Other key assumptions were: the average annual revenue growth, average improvement of the gross profit margin percentage compared to revenue and average improvement of the EBITDA percentage compared to revenue for the next five years.

The assumptions are the following:

Assumptions used at year-end 2022

in %	Netherlands	Belgium
	2023-2027	2023-2027
Pre-tax discount rate	11.1	11.5
Terminal growth rate ¹⁾	2.0	2.0
Revenue growth	7.4	13.0
Gross profit percentage improvement (% point)	0.3	0.5
EBITDA percentage improvement (% point)	0.5	1.5
WACC	8.3	8.6

The pre-tax discount rate used is derived from the weighted average cost of capital (WACC). The WACC is calculated by a professional external party, using parameters based on the peer group and market data. Estimated EBIT growth is expressed as the compound annual growth rate as a percentage of revenue over the 5-year period covered by the projections used.

The conclusion drawn from this calculation is that the realisable value of both cash-generating units is higher than the net invested capital and therefore no impairment has been recognised. The headroom for the Belgium cash-generating unit is €85 million, compared to net invested capital of €59 million. This is mainly due to a higher terminal growth rate, higher and faster than expected revenue growth in the coming years and a greater improvement in both gross profit margin and the EBITDA to revenue ratio, compared to the expectations one year ago.

The places of business, customer relationships and trademarks can be broken down as follows:

x € million	2022	2021
Intangible assets relating to acquisitions		
Customer relationships	56	65
Places of business	12	13
Trademarks	5	6
	73	84
Intangible assets not relating to acquisitions		
Software	68	12
Assets in progress	3	50
	71	62
Closing balance	144	146

Impairments relating to software and assets in progress

The €3 million impairment on software (2021: €0) concerns licences included in the new ERP landscape which will not be put into use. The €2 million change in 'impairments and inefficiencies' relating to assets in progress in 2021 concerns unused licences and the associated configuration costs of the Group's new ERP landscape.

In 2022, the Group again conducted a review to determine whether there are inefficiencies that can be reliably identified in relation to the new ERP landscape that went live in November. Based on the outcome, the Group has determined there are none in 2022.

¹⁾ After 2027 for the Netherlands and after 2052 for Belgium.

11. Property, plant and equipment

Movements in this item can be broken down as follows:

x € million	Land and buildings	Machinery and equipment	Other fixed operating assets	Assets in progress	Total
Cost	405	71	185	1	662
Cumulative depreciation	(166)	(53)	(144)	0	(363)
Balance as at 31 December 2020	239	18	41	1	299
Investments	6	3	3	13	25
Divestments	(2)	0	(0)	0	(2)
Acquisitions	0	0	0	0	0
Transfers	0	0	1	(1)	0
Depreciation	(16)	(5)	(19)	0	(40)
Impairments	0	0	(0)	0	(0)
Transfers to assets held for sale	0	0	0	0	0
Total changes	(12)	(2)	(15)	12	(17)
Cost	408	75	185	13	681
Cumulative depreciation	(181)	(59)	(159)	0	(399)
Balance as at 31 December 2021	227	16	26	13	282
Investments	13	2	11	11	37
Divestments	0	0	0	0	0
Acquisitions	0	0	0	0	0
Transfers	12	1	3	(16)	0
Depreciation	(16)	(6)	(16)	0	(38)
Impairments	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Total changes	9	(3)	(2)	(5)	(1)
Cost	432	75	185	8	700
Cumulative depreciation	(196)	(62)	(161)	0	(419)
Balance as at 31 December 2022	236	13	24	8	281

In 2022, one property was purchased in relation to the acquisition of the Metro activities in Belgium. Further information on this is included in note 1. In addition, several cash-and-carry outlets were remodelled and the new Dievers distribution centre in Veghel was completed and put into operation. Two business premises and a plot of land were sold in 2021.

Assets in progress

The Group is constantly in the process of acquiring, expanding or improving cash-and-carry and delivery service sites. After completion of a project, assets in progress are transferred to the relevant property, plant and equipment categories.

Cash-and-carry outlets and distribution centres

The land and buildings item breaks down as follows:

x € million	2022	2021
Land	54	54
Buildings	118	108
Freehold land and buildings	172	162
Leasehold premises	2	2
Leasehold improvements	62	63
Rented property and premises	64	65
Closing balance	236	227

The land covers a total surface of 638,000m² (2021: 639,000m²), of which 288.000m² is used for the central complex (2021: 288.000m²).

	Number		GFA ¹⁾		Carrying amount (x € million)	
	2022	2021	2022	2021	2022	2021
Cash-and-carry outlets ²⁾	29	28	196	177	98	95
Delivery service sites	1	1	13	13	8	9
Production sites	2	2	10	10	5	5
Central complex	1	1	155	140	59	50
Decommissioned assets	0	0	0	0	0	0
Other	2	2	5	5	2	3
Financial year-end	35	34	379	345	172	162

¹⁾ Gross floor area
x 1,000m².

²⁾ Increase of one cash-and-carry outlet concerns the former Metro site in Liège, with a gross floor area of 18,000m².

12. Right-of-use assets and lease liabilities

Movements in right-of-use assets can be shown as follows:

x € million	Buildings	Other operating assets	Total
Cost	332	6	338
Cumulative depreciation	(119)	(3)	(122)
Balance as at 31 December 2020	213	3	216
Additions	0	1	1
Renewals	12	0	12
Terminations	(0)	(0)	(0)
Depreciation	(18)	(2)	(20)
Indexation	2	0	2
Total changes	(4)	(1)	(5)
Cost	344	6	350
Cumulative depreciation	(135)	(4)	(139)
Balance as at 31 December 2021	209	2	211
Additions	0	2	2
Renewals	1	0	1
Terminations	0	0	0
Depreciation	(19)	(2)	(21)
Indexation	10	0	10
Total changes	(8)	0	(8)
Cost	355	6	361
Cumulative depreciation	(155)	(3)	(158)
Balance as at 31 December 2022	200	3	203

The lease liabilities have the following term:

x € million	2022	2021
Non-current lease liabilities	208	214
Current lease liabilities	21	20
Closing balance	229	234

The total outflow of cash was:

x € million	2022	2021
Lease liabilities paid	25	23
Finance costs	4	4
Closing balance	29	27

The term of the contractual future lease liabilities calculated at net present value is as follows:

x € million	2022	2021
Under one year	21	20
One to five years	79	77
Over five years	129	137
Contractual future lease liabilities	229	234

The statement of profit or loss contains the following items:

x € million	2022	2021
Finance costs under leases	(4)	(4)
Variable lease expenses not recognised as lease liabilities	(1)	(1)
Income from subleases	1	1
Costs of short-term lease contracts	(1)	(1)
Costs of low-value lease contracts	(1)	(1)

In 2021, the Group received a few hundred thousand euros in rent concessions in relation to the consequences of the COVID-19 pandemic. In line with IFRS 16, these concessions were recognised directly through profit or loss.

The term of the contractual, non-discounted future income from subleases is as follows:

x € million	2022	2021
Under one year	1	1
One to five years	1	2
Over five years	0	0
Contractual future income from subleases	2	3

Leases with an intrinsic term of less than 15 years and an option for renewal have been included for up to a maximum of 15 years. If the contracts with a renewal option were included for 20 years rather than 15, this would result in an increase of both the right-to-use asset and the lease liability of approximately €13 million (2021: €18). The impact on EBIT and EBITDA is not material.

13. Investments in associates and other non-current financial assets

x € million	2022	2021
Associates	56	55
Other non-current financial assets		
Loans to customers	5	6
Financial subleases	1	1
Closing balance	6	7

Associates

The associates can be broken down as follows:

Ownership percentage as at year-end	2022	2021
O. Smeding & Zn. B.V., Sint Annaparochie	0%	49%
M. Ruig & Zn. B.V., Oostzaan	25%	25%
G. Verhoeven Bakkerij B.V., Veldhoven	25%	25%
Slagerij Kaldenberg B.V., Herwijnen	33%	33%
Vemaro B.V., Venlo	40%	40%
Spar Holding B.V., Waalwijk	45%	45%
Coöperatie Inkoopvereniging Superunie B.A., Beesd ¹⁾		

Measurement is based on associates' last-known figures. All participations held are of a strategic nature. Voting rights equal the ownership percentage. The stake in Smeding, which was transferred to Assets held for sale in 2021, was sold in 2022.

Movements in associates were as follows:

x € million	2022	2021
Opening balance	55	54
Investments/divestments	0	0
Transfers to assets held for sale	0	(2)
Result	7	8
Dividend	(6)	(5)
Closing balance	56	55

The summarised financial details of the associates, based on 100% ownership, as presented in their most recent financial statements (i.e. 2021 and 2020 respectively):

x € million	Spar Holding B.V.		Other associates	
	2022	2021	2022	2021
Assets	136	126	61	62
Liabilities	83	79	48	50
Shareholders' equity as at financial year-end	53	47	13	12
	2022	2021	2022	2021
Revenue	692	692	657	845
Profit (loss)	16	15	3	1

Other non-current financial assets

Loans to customers have an average term of several years and are generally granted at market rate, while some loans are granted interest-free.

14. Inventories

The inventories item breaks down as follows:

x € million	2022	2021
Central Distribution Centre Veghel	95	83
Sites	162	132
Packaging	7	7
Inventories in transit	2	4
Closing balance	266	226

The measurement of inventories includes a write-down of €5 million (2021: €5). Additional inventories were built up at the end of 2022 in preparation for the acquisition of the Metro activities.

¹⁾ Concerns membership of procurement organisation

15. Trade and other receivables

x € million	2022	2021
Accounts receivable	188	93
Suppliers	52	38
Closing balance	240	131

Receivables from suppliers concern bonuses, promotional benefits and outstanding credit notes. Details of the Group's exposure to credit and market risks and the age analysis for trade receivables are provided in Note 25.

The accounts receivable item includes a provision for doubtful debts of €5 million (2021: €6). This provision was formed under IFRS 9 based on the model for calculation of the provision for expected credit losses. Given that the Group assesses supplier bonuses separately, these were not deducted when setting the provision.

Movements in this item were as follows:

x € million	2022	2021
Opening balance	6	7
Items written down	(3)	(1)
Added through profit or loss	2	0
Closing balance	5	6

16. Other current assets

x € million	2022	2021
Contract assets	4	4
NOW wage subsidy to be received	0	4
Other receivables and prepayments	35	28
Closing balance	39	36

Specific signing fees with customers are recognised under contract assets. Other receivables and prepayments concern, among other things, loans to employees and purchasing discounts for promotion periods that have already expired. The contract assets item includes a provision of €0 million (2021: €0).

The payment of €4 million receivable under the NOW scheme at the end of 2021 was received in 2022. Information on the NOW wage subsidy payment can be found in Note 5.D.

17. Cash and cash equivalents

x € million	2022	2021
Cash balances in transit	7	5
Free bank balances	52	7
Closing balance	59	12

In preparation for the acquisition of the Metro activities, a bank facility was drawn down in late 2022, resulting in a higher than usual cash balance.

18. Assets held for sale

Fixed assets held for sale

In 2021, one property in the Netherlands was first transferred from property, plant and equipment to assets held for sale and subsequently sold. In addition, a Dutch property that was recognised under assets held for sale at the start of the 2021 financial year was sold. In 2022, the minority stake in Smeding, which had a carrying amount of €2 million, was sold. In 2022, one property was transferred from property, plant and equipment to assets held for sale.

Movements in this item were as follows:

x € million	2022	2021
Opening balance	2	2
Transfers	1	2
Sales	(2)	(2)
Closing balance	1	2

19. Shareholders' equity

Paid-up and called-up capital

The authorised share capital of €12,000,000 consists of 200,000,000 shares with a nominal value of €0.06 each.

As at 31 December 2022, the number of shares in issue and paid up was 44,255,015 (2021: 44.255.015), representing capital of €2,655,300.90 (as at 31 December 2021: €2,655,300.90).

Movements in the number of share options outstanding were as follows

x 1	2022	2021
Opening balance	44,170,415	44,143,415
Effect of treasury share transactions	15,900	27,000
Closing balance	44,186,315	44,170,415
Average number of shares in issue	44,181,015	44,161,415

All shareholders are entitled to dividend as announced from time to time, and they also have the right to cast one vote per share at the shareholders' meeting. The movement in shareholders' equity is specified in the consolidated statement of changes in shareholders' equity.

Share premium

This includes amounts paid on shares above the nominal value.

Other reserves

An amount of €22 million (2021: €20) of this reserve is not distributable. This relates to the difference between the retained earnings calculated based on the parent company's accounting policies and the direct changes in equity as a result of revaluations of the participations on the one hand and the part thereof that the parent company could have distributed on the other.

Treasury share reserve

This concerns the purchase value of 68,700 (2021: 84,600) shares repurchased as part of the share option scheme.

Undistributed profit/dividend

The dividend for 2021 was set at nil in the General Meeting of Shareholders held on 23 March 2022.

After the balance sheet date, the Executive Board, with the approval of the Supervisory Board, has proposed the following distribution of the profit realised in 2022:

x € million	2022	2021
Interim dividend paid (2022: €0.30 per share; 2021 €0)	13	0
Available for final dividend (2022: €0.25 per share; 2021 €0)	11	0
Transfer to other reserves	15	20
Profit for the financial year	39	20

20. Earnings per share

x €1	2022	2021
Basic earnings per share	0.88	0.45
Diluted earnings per share	0.87	0.45

Share options allocated to employees with a strike price below the average price over the year are factored into the calculation of diluted earnings per share.

21. Other non-current provisions

The other non-current provisions relate to warranty obligations. The current provisions relate to a provision for restructuring costs formed by the Group in the past, which has now been settled. Further details on this provision and how it has developed are provided in Note 5.A.

22. Loans

x € million	Interest	Remaining term (years)	2022	2021
€30 million loan (Bullet)	1.33%	1	30	30
€40 million loan (Bullet)	1.67%	3	40	40
€70 million loan	Euribor + variable markup	2	40	40
€50 million loan	Euribor + variable markup	2	30	50
Long-term borrowings			140	160
Short-term borrowings			55	1
Closing balance			195	161
Repayment obligations				
Within 1 year			30	0
Between 1 and 5 years			110	160
After 5 years			0	0
Closing balance			140	160

In April 2016, the Group took out a USPP loan, amounting to €30 million, with a term of 7 years and a fixed annual rate of interest of 1.33%. In September 2017, the Group took out a USPP loan, amounting to €40 million, with a term of 8 years and a fixed annual rate of interest of 1.67%.

In December 2020, the bank facility with Rabobank was revised and expanded. The revised facility has a ceiling of €70 million. The Group had already drawn down a €70 million loan under this bank facility in 2017. This loan has a remaining term of two years and interest on it is paid at a variable Euribor-linked rate of interest. Interim repayments of €30 million in total were made on this loan, putting the remaining debt at €40 million. The remainder will be repaid in full on the maturity date.

Furthermore, an acquisition loan of €50 million was taken out with Rabobank in 2019, with a 5-year term. Interest is paid on this loan at a variable Euribor-linked rate of interest. An interim repayment of €20 million was made against this loan this year. The remainder will be repaid in full on the maturity date.

An acquisition bank facility was also negotiated in 2019. This is a non-committed facility with a ceiling of €200 million, which will be available to the Group for a period of five years. The interest rate is determined on the date of the drawdown. The Group had not yet made use of this facility.

Short-term borrowings

As at year-end 2022, the Group has short-term credit facilities available totalling €166 million, of which an amount of €55 million was in use at the end of the financial year. In mid-2022, the commitment amount under the short-term committed credit facility with Rabobank was reduced from €160 million to €100 million. This €60 million reduction was then reversed in connection with the acquisition of the Metro activities, in order to finance the acquisition and integration activities. In 2023, we will carry out a refinancing plan in order to establish our financing structure for the next five-year period. Collateral totalling €1 million and guarantees totalling €4 million have been provided for long-term and short-term borrowings from credit institutions.

The Group is required to determine the following ratios for its non-current liabilities and current credit facilities:

- Based on the figures reported in the financial statements on 31 December 2022:

	Condition	Actual
Rabobank: Net interest-bearing debts/EBITDA	< 3.5	2.9
USPP: Net interest-bearing debts/EBITDA	< 3.0	2.9

- Based on the normalised figures, on 31 December 2022, not including application of IFRS 16.

The facilities' documentation states that, in the event of changes to the accounting rules that exceed the boundaries of the covenants, the report may be based on rules that were applicable before the change.

	Condition	Actual
Rabobank: Net interest-bearing debts/EBITDA	< 3.5	1.4
USPP: Net interest-bearing debts/EBITDA	< 3.0	1.4

The designated ratios were met in accordance with method 1 and method 2 at the end of the financial year.

23. Other taxes and social security contributions

x € million	2022	2021
VAT, excise duties and waste management charge	22	16
Income tax and social security contributions	7	6
Pension premiums	0	0
Closing balance	29	22

24. Other liabilities, accruals and deferred income

x € million	2022	2021
Employees	23	21
Customer bonuses	31	18
Packaging	9	8
Other	41	34
Closing balance	104	81

Payables to employees includes liabilities for profit sharing, holiday pay and holiday leave.

25. Risk management

As part of its normal operations, the Group is exposed to a credit, liquidity and market risk (interest, currency and other market risk). The Group's policy and controls with respect to these risks have not changed compared to the previous year.

Credit risk

Part of the deliveries to customers as part of the food service operations are provided without guaranteed prepayment. The ensuing receivables are largely settled through European Business-to-Business Direct Debits. In a small number of cases, payment is initiated by the customer. The above direct debit method is not a payment tool that guarantees payment, as it is conditional on the customer having sufficient funds in the account. Given the great spread of customers and short payment terms, the credit risk on deliveries on credit is relatively small in the food service operations.

At year-end 2022, receivables from food service customers, as recognised under financial assets, amounted to approx. €5 million (2021: €6).

The credit risk the Group is exposed to, particularly in relation to receivables from food service customers, has been reassessed.

The age of these debtors can be broken down as follows:

x € million	2022	2021
< 1 month	159	74
1-3 months	24	19
3-12 months	5	0
> 12 months	0	0
Closing balance	188	93

At year-end 2022, the Group's receivables from suppliers amounted to €52 million (2021: €38). These receivables relate mainly to procurement-related annual arrangements that are paid out after the end of the year. In the event of non-payment by the supplier, the Group is generally able to set off these items against outstanding liabilities.

Expected credit loss calculation

The Group's portfolio of accounts receivable is made up of a large number of relatively small amounts. The Group uses a matrix to measure the ECLs of individual customers. Loss rates are calculated using a roll rate method based on the likelihood of a receivable progressing through the consecutive stages of delinquency having to be written off. Roll rates are calculated separately for exposures in the Group's various operations, based on the following shared credit risk features – geographical area, length of the customer relationship and type of product purchased. For customers where it is clear that they are in major financial difficulty or where payment arrangements have been breached significantly, a specific provision is created to cover the potential loss. If there is no reasonable expectation that trade receivables will be paid, they will be written off.

The table below shows the age and ECLs for accounts receivable as at the end of the financial year:

x € million	2022		
	Average weighted loss rate	Gross carrying amount	Expected credit loss
< 1 month	0.17%	159	0
1-3 months	0.99%	24	0
3-12 months	7.25%	6	1
> 12 months	52.36%	0	0
Doubtful debtors	102.38%	4	4
Closing balance		193	5

x € million	2021		
	Average weighted loss rate	Gross carrying amount	Expected credit loss
< 1 month	0.21%	74	0
1-3 months	1.01%	19	0
3-12 months	10.65%	0	0
> 12 months	109.32%	0	0
Doubtful debtors	96.11%	6	6
Closing balance		99	6

Expected credit losses on contract assets, receivables from food service customers and suppliers are measured based on the general approach, factoring in the creditworthiness of the customers and suppliers in question, and amount to €1 million as at the end of the year (2020: 1).

Liquidity risks

The Group aims to maintain sufficient liquidity (partly in the form of commitments from financial institutions) to be able to meet its financial liabilities at all times. The Group does so by, among other things, making relatively extensive use of medium to long-term credit facilities with spread repayment schedules to finance its business operations. Besides that, the availability of €166 million in short-term facilities is legally enforceable.

The following breaks down the financial liabilities, including estimated interest payments.

x € million	Non-current liabilities¹⁾	Current liabilities
< 1 year	31	580
1-5 years	112	0
> 5 years	0	0
Contractual cash flows	143	580
Carrying amount as at 31 December 2022	140	580

Market risk (interest and currency risk)

Part of the risk of fluctuations in foreign currency exchange rates and interest rates is hedged using derivatives.

Interest rate risk

Note 22 explains the long-term financing and associated interest rate conditions.

Currency risk

The Group is exposed to a currency risk on procurement. The annual USD-denominated procurement volume amounts to approx. USD 24 million, with an average term of approximately two months. Hedge accounting is not applied to forward exchange contracts for procurement commitments. The currency impact is recognised in the cost of sales.

Capital management

Where possible, the Group aims to make maximum use of its credit facilities for its financing, provided the associated covenants can be met comfortably. The Group does not have an explicit return objective with respect to the capital used. Instead, the Group targets average net profit growth that is at least on a par with the targeted average revenue growth.

Fair value

The carrying amount of financial instruments is virtually equal to the fair value. In terms of the measurement method, financial instruments recognised at fair value fall into 'level 2', meaning that measurement is based on inputs from a financial institution that are partly based on observable market data. Assets held for sale are also measured at fair value and fall into 'level 3' (own measurement method based on knowledge available at the Group, as explained under F in the accounting policies).

Sensitivity analyses

The following shows for a number of external factors how changes to these factors impact on the Group's pre-tax profit. The following table provides a simplified rundown of the results:

x € million	Percentage increase	Effect on pre-tax profit in millions of €
Interest	1% point	(1)
Currency (USD)	1%	0
Wages	1%	(3)
Oil/energy	5%	(1)
Rents	5%	(1)

26. Investment liabilities

At year-end 2022, investment liabilities totalled approx. €19 million (2021: €9). The investment liabilities mainly relate to investments in the distribution centre under construction in Evergem, a number of cash-and-carry outlets that will be converted in 2023 and electric lorries that are already on order.

¹⁾ Contractual cash flows are recognised at the swap price on the due date of the liabilities.

27. Contingent liabilities

Claims

On 10 November 2021, the Court of Amsterdam returned a ruling on the case brought against Sligro Food Group by the Jumbo & Coop consortium in relation to the transaction regarding the sale of EMTÉ in 2018. The court dismissed all claims by the consortium and ordered Jumbo & Coop to pay the costs involved in the proceedings. This ruling was wholly in line with the expectations previously expressed by Sligro Food Group.

The Jumbo & Coop consortium did not avail itself of the option to bring an appeal, the deadline for which expired on 10 February 2022. The proceedings have therefore ended.

28. Estimates and judgements by the Executive Board

For a number of items in the financial statements, the Executive Board has made estimates. Although these are supported by analysis and calculations to the greatest degree possible, they always include some level of uncertainty, particularly in impairment testing on goodwill and other intangible assets. Historically, these estimates have not led to material misstatements.

Goodwill and other intangible assets

Note 10 goes into the measurement of goodwill and intangible assets and the associated impairment testing. It also includes information about the measurement of software and the assets in progress and the associated impairment and inefficiency testing.

Credit, liquidity and other market risk

Note 25 contains information about these risks, including a sensitivity analysis.

Procurement and sales bonuses

Estimation of purchasing bonuses is based on a bottom-up calculation of purchasing volume and conditions on the one hand and based on inputs from our procurement association, Superunie, on the other. Customer bonuses are estimated based on sales combined with contractual arrangements with our customers.

Inventories

In connection with the go-live of the new ERP system at the Group's Antwerp site shortly before year-end, the determination of the value of the inventory of this branch, as of the balance sheet date, involves a high degree of estimation and judgement. The value of the inventories could not be fully determined based on underlying transactional data and was therefore estimated by the Executive Board, based on knowledge, experience and data available within the Group. This estimated value of the inventories at the Antwerp site amounts to 1.3% of the Group's total inventory.

Provision for obsolete inventories

When it comes to the inventory, an estimate is made of potentially obsolete inventory included in the inventory at year-end. For food, we also base this estimate in part on historical write-downs.

For non-food, we base this estimate on judgements made by our procurement and retail assortment managers in combination with an analysis of the turnover ratio of the available inventory.

Property, plant and equipment and assets held for sale

The Group owns a relatively large number of properties that it uses for its operations, as well as assets held for sale. At year-end 2022, these items, excluding investments in rented property, amounted to approx. €173 million (2021: €165). This is based on the assumption that these properties will be continued to be used for the same purposes, unless these assets have been designated to be sold. Any changes to this assumption, such as in case of relocations, may prompt a downward revision of the measurement to a lower direct net realisable value. The net realisable value may also turn out to be higher than the carrying amount.

The Executive Board makes judgements when measuring property, plant and equipment during preparation of the financial statements.

29. Statement of cash flows

The statement of cash flows has been prepared using what is known as the direct method. The statement of cash flows shows cash receipts and disbursements instead of income and expenditure. Acquisitions are recognised in the statement of cash flows at the purchase price, less cash and cash equivalents. Receipts from customers concern revenue inclusive of VAT and the change in receivables from customers. Payments to the government include both VAT and excise duty payments and payments of income tax, social security contributions and pension premiums, as well as

the payment received under the NOW wage subsidy scheme. Income tax paid is recognised separately.

The following statement shows the reconciliation of cash flow from business operations to the operating result:

x € million	2022	2021
Operating result	43	25
Amortisation and depreciation	80	81
Impairments	3	3
EBITDA	126	109
Other operating income included in cash flow from investing activities	(17)	(4)
	109	105
Movements in working capital and other changes:		
Inventories	(40)	(38)
Trade receivables and other current assets	(112)	(25)
Current liabilities	143	27
Current provisions	0	0
Shareholders' equity	0	0
	(9)	(36)
Net cash flow from business operations	100	69

The cash, cash equivalents and short-term borrowings item is reconciled to the balance sheet as follows:

x € million	2022	2021
Cash and cash equivalents	59	12
Short-term borrowings	(55)	(1)
Closing balance	4	11

Short-term borrowings are bank overdrafts which are due on call and are an integral part of the Group's cash management.

30. Related parties

In the fresh produce segment, the Group has struck up partnerships with and acquired participations in the fresh produce companies listed in Note 13. In 2022, these partnerships and participations represented a total procurement value of €134 million (2021: €151) at prices that were in line with market conditions. At year-end 2022, net trade payables to these companies amounted to €30 million (2021: €27). Given the nature of these payables, they are recognised under trade and other payables.

The Group has a 40% stake in Vemaro B.V. for tobacco products. The Group guarantees Vemaro's receivables from certain customers without limits. At year-end 2022, net trade payables to Vemaro amounted to €5 million (2021: €5). Given the nature of these payables, this item is recognised under trade and other payables. The Group is a member of the Superunie procurement cooperative, which covers a significant part of the Group's procurement needs. In 2022, the procurement value amounted to €589 million (2021: €451). At year-end 2022, net trade payables amounted to €48 million (2021: €25). Given the nature of these payables, they are recognised under trade and other payables.

Please refer to Note 6 for details of the relationship with members of the Executive Board and members of the Supervisory Board. On balance, 20,000 shares in Sligro Food Group were bought in 2022 (2021: 30,000 bought) from Stichting Werknemersaandelen Sligro Food Group at the going market rate.

31. Supply Chain Finance

The Group has a Supply Chain Finance programme that offers participating suppliers the option to get credit up to the amount of their invoices at a participating bank at an interest rate of the 1-month Euribor rate plus 1.15% on an annual basis. The trade and other payables item included an amount of €104 million at year-end 2022 (2021: €58) relating to the participating suppliers. Sligro Food Group receives a (small) consideration under this programme, which has been recognised under Other operating income.

32. Events after the balance sheet date

At the end of 2022, with regard to the court-supervised restructuring process in relation to Makro Cash & Carry Belgium NV, the court in Antwerp authorised the judicial trustees appointed in the case to sell most of Metro's business activities in Belgium to Sligro Food Group. On 3 January 2023, the Group completed the acquisition of these Metro activities and paid the acquisition price due. See Note 1 for more information. One of the parties involved in the case has appealed the court's decision. This appeal procedure will be heard in 2023.

Company statement of profit or loss

x € million

	2022	2021	2020
Net result from group companies	0	0	0
Result from participations	39	20	(70)
Pre-tax profit (loss)	39	20	(70)
Income taxes	0	0	0
Profit (loss) for the financial year	39	20	(70)

Company statement of financial position before profit distribution

	31 December	31 December	31 December
x € million	2022	2021	2020
Assets			
Non-current financial assets	475	449	432
Total non-current assets	475	449	432
Receivables from group companies	4	4	0
Total current assets	4	4	0
Total assets	479	453	432

	31 December	31 December	31 December
x € million	2022	2021	2020
Liabilities			
Paid-up and called-up capital	3	3	3
Share premium	31	31	31
Other reserves	384	379	451
Legal reserves	22	20	17
Undistributed profit (loss)	39	20	(70)
Total equity	479	453	432
Payables to group companies	0	0	0
Total current liabilities	0	0	0
Total liabilities	479	453	432

Notes to the company financial statements

General

Sligro Food Group N.V. is based in Veghel and registered with the Chamber of Commerce under number 160.45.002 and LEI code 724500YLB8OA6WK5CH48. The company financial statements were prepared in compliance with Title 9, Book 2 of the Dutch Civil Code based on the accounting policies specified in Section D of the summary of accounting policies, whereby shares in group companies over which dominant control is exercised were measured based on net asset value, while applying the accounting policies of the consolidated financial statements.

Taxation

Sligro Food Group N.V. is the head of the Group's Dutch fiscal unity. The Group has opted to recognise the chosen tax positions at the level of the Group entity where agreements are entered into and transactions are concluded. This goes for both the transfer pricing method with Belgium, which was agreed by Sligro Food Group Nederland B.V., and the tax positions based on the Group entities' taxable results. This means that neither tax positions nor payable positions with the Dutch Tax and Customs Administration in the context of the transfer pricing method have been recognised in the company financial statements for Sligro Food Group N.V., because these are settled by Sligro Food Group Nederland B.V.

Non-current financial assets

x € million	2022	2021
Share in group companies	450	424
Receivables from group companies	25	25
Closing balance	475	449

Share in group companies

Movements in this item can be broken down as follows:

x € million	2022	2021
Opening balance	424	403
Result	39	20
Share-based payments	0	0
Net result recognised directly in shareholders' equity	0	0
Change in treasury shares	0	1
Dividend	(13)	0
Closing balance	450	424

Receivables from group companies

A loan granted with a total principal of €25 million and a term that was extended through to 22 June 2027 this financial year is recognised under this item. The loan will be repaid in full on the maturity date and bears interest at an annual rate of 1%.

Shareholders' equity

Changes in shareholders' equity are detailed on Page 97. For further details on shareholders' equity, please see Note 19 to the consolidated financial statements.

The reserves in the company financial statements reconcile to the consolidated financial statements as follows:

x € million	2022	2021
Consolidated		
Other reserves	449	423
Treasury share reserve	(4)	(4)
	445	419
Company		
Other reserves	384	379
Legal reserves	22	20
Undistributed profit (loss)	39	20
	445	419

Other reserves

Movements in other reserves were as follows:

x € million	2022	2021
Opening balance	379	451
Result on previous reporting period	20	(70)
Change in legal reserves	(2)	(3)
Other changes	(1)	0
Change in treasury shares	0	1
Dividend	(13)	0
Closing balance	383	379

Legal reserves

The statutory reserves of €22 million (2021: €20) relate to the difference between the retained earnings calculated based on the parent company's accounting policies and the direct changes in equity as a result of revaluations of the participation on the one hand and the part thereof that the parent company could have distributed on the other. The legal reserves are determined on an individual basis.

Employee expenses and number of employees

Sligro Food Group N.V. has no employees. Its employee expenses are nil.

Proposed appropriation of profit

As stated in note 19, the Executive Board, with the approval of the Supervisory Board, has proposed the following profit appropriation:

x € million	2022	2021
Interim dividend paid (2022: €0.30 per share; 2021 €0)	13	0
Available for final dividend (2022: €0.25 per share; 2021 €0)	11	0
Transfer to other reserves	15	20
Profit for the financial year	39	20

Other notes

Contingent liabilities

Being the head of the fiscal unity of the Group in the Netherlands as a whole, the company is liable for the tax liability of the fiscal unity as a whole.

The company has assumed joint and several liability for debts ensuing from the legal acts of its direct and indirect subsidiaries (Section 403, Book 2, Dutch Civil Code), as specified on Page 119.

As approved for publication, Veghel,

6 February 2023

The Supervisory Board

Freek Rijna, Chairman
Hans Kamps
Gert van de Weerdhof
Angelique de Vries
Inge Plochaet
Aart Duijzer

The Executive Board

Koen Slippens, Chairman
Rob van der Sluijs

Other information

Independent auditor's report

To the shareholders and the Supervisory Board of Sligro Food Group N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2022 of Sligro Food Group N.V. (the Group), based in Veghel. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Sligro Food Group N.V. as at December 31, 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) 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 Sligro Food Group N.V. as at December 31, 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2022.
2. The following statements for 2022: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows.
3. The notes to the consolidated financial statements comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at December 31, 2022.
2. The company statement of profit or loss for 2022.
3. The notes to the company financial statements 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 Sligro Food Group N.V. in accordance with the EU regulation on specific requirements regarding statutory audits of public-interest entities, de Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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 was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 6,1 million (2021: € 6.0 million). The materiality is based on 5.5% of EBITDA and takes in to consideration

incidental income and expenses. We also consider misstatements and/or possible misstatements which in our view could be qualitatively material for the users of the financial statements. For some elements in the financial statements, we have applied a lower materiality (e.g. Executive Board Remuneration), as in our opinion these elements are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 0,3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Sligro Food Group N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Sligro Food Group N.V.

Our group audit focused on the Dutch and Belgian activities of Sligro Food Group N.V. We performed audit procedures ourselves at all Dutch group entities of Sligro Food Group N.V. We used the work of Deloitte Belgium for the Belgian activities.

For both components we performed an audit of the financial information using the component materiality. We divided the group materiality over the Dutch and Belgian components based on professional judgement and qualitative factors. We have considered the relative size in relation to EBITDA and revenues of the Group. We have provided the Belgian component auditor with audit instructions and held several meetings with Belgian management and the Belgian audit teams during the planning, interim and year-end audit. We have also reviewed the audit files of, and the procedures performed by the component auditor.

By performing the aforementioned procedures at group and component entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Audit approach 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 entity 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 Risk management of the management report for management's fraud risk assessment and the supervisory board report in which the supervisory board reflects on this fraud 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 among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, 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 in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. Based on this evaluation, we have not identified additional fraud risks, next to the presumed fraud risk on management override of controls.

The presumed fraud risk on revenue recognition is rebutted considering that the revenues of Sligro Food Group N.V. are spread amongst multiple locations, where the average revenues per transaction are relatively low. Revenue recognition takes place based on an automated process, with the use of a scanning system. Prices are registered in the system as part of this automated process, and customer discounts and customer bonuses form an integral part of this. These discounts and bonuses are based on underlying contracts, which contain limited complexity or subjectivity. Risks and rewards are shifted to the customer upon delivery of the goods and the related performance obligation are non-complex or subjective.

The identified fraud risk and the specific procedures performed to address this risk are included below:

Identified fraud risk

The risk of management override of controls

Description

Management is in a unique position to perpetrate fraud, because of management's ability to manipulate financial records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as reporting fictitious journal entries.

How this matter is addressed in our audit

We evaluated the design and the implementation of internal controls and processes related to creating and processing journal entries and preparing management estimates, based on the risk of override within these processes. We also evaluated the processes around the preparation of the financial statements and the identification of significant transactions outside the normal course of business. We paid specific attention to access security in the IT systems and the potential to override segregation of duties within the IT systems.

We paid further specific attention to:

Preparing and processing journal entries

We selected and evaluated journal entries based on risk criteria, such as manual journal entries in the revenue recognition, manual journal entries related to the project for the development of SAP and manual journal entries with fraudulent descriptions.

Management estimates

Key management estimates, amongst which estimates in relation to the determination of the impairment of (im)material fixed assets, inappropriate capitalization of inefficiencies in the development of SAP, the estimate for supplier bonuses, provisions around the obsolescence of inventory, the inventory of the location in Antwerp and the doubtful debt provision. In relation to the estimate for supplier bonuses, we paid specific attention to the subsequent receipt of the bonus estimate of 2021 in 2022 and the manual corrections from Management. We further paid attention to possible tendencies of management in preparing these estimates.

Significant transactions outside the normal course of business

For 2022 this concerns the sale of the of the stake in Smeding and the acquisition of the property in Luik before the end of the fiscal year as part of the acquisition of the activities of Metro Food Group Belgium after fiscal year-end. We assessed whether the transactions were at arm's length and paid attention to potential fraud risk factors.

We evaluated the risk paragraph in the annual report. The Executive Board describes its fraud risk analysis in the annual report, chapter Risk Management. We evaluated the disclosures in the annual report around significant estimates. In chapter 28. Estimates and judgements by the Executive Board, Sligro discloses the uncertainty and estimates.

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 noncompliance.

We considered available information and made enquiries of Executive Board, Audit Committee and Supervisory Board as well as other employees within the Group, including the legal counsel and head of the central purchasing department.

We have not identified any signals of fraud which indicated a possible material misstatement due to fraud.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with the Executive Board and legal counsel, reading minutes and reports of internal audit. We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the Group's business and the complexity of laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the Group's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to: (i) inquiry of management, the Supervisory Board, the Executive Board and others within the Group as to whether the Group is in compliance with such laws and regulations; and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Management has prepared the financial statements of Sligro Food Group N.V. based on the going concern assumption of going concern and that it will continue its business for the foreseeable future. Our audit approach to evaluate this going concern assessment by management included:

- Consider whether management's assessment of going concern contains all relevant information of which we are aware as a result of our audit. In addition, we inquired with management about the key assumptions underlying the assessment of going concern.
- Evaluate whether management's assumptions are reasonable and whether plans for future action by management are feasible under the given circumstances. In addition, we determined the impact of these assumptions and future actions on the going concern assumption by evaluating various scenarios.
- Assess whether management has identified events and/or circumstances that may cast reasonable doubt on the entity's ability to continue as a going concern.
- Inquire with management regarding their knowledge of events and/or circumstances beyond the period of management's assessment.
- Reviewing the Outlook section as part of our work on the Annual Report. In the Annual Report section Outlook, the Executive Board described its vision for the future.

Our audit procedures did not produce results that were inconsistent with management's assumptions and judgments in applying the going concern assumption.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matters

1. SAP Accounting and impact on business processes

Description

In 2018 Sligro Food Group N.V. started with the design and implementation of a new SAP S/4HANA ERP system (hereafter referred to as: SAP). The system was ultimately implemented during November 2022 at one location, being Sligro-ISPC Antwerp. The attention for SAP as part of our audit was twofold.

Accounting matters

The implementation of SAP took longer than originally planned. The related costs are exceeding the budget. These facts were reasons to evaluate whether there are investments which will not be used and to assess if there are any inefficiencies capitalized during the build period of SAP. Furthermore, we paid attention to the amortization term (5 years), start of the amortization and the total amount of capitalized costs that should be amortized per the go live date.

Impact SAP on the business processes

Besides the accounting complexities regarding SAP as intangible asset, the go-live of SAP also impacted the business processes.

Area's impacted are: recording and invoicing of deliveries to customers, recording of purchase invoices and the valuation and existence of the inventory in Antwerp.

The SAP go-live also impacted the available capacity on the head office in Belgium for the other locations. Due to this matter the quality of the financial closing process in Belgium was negatively impacted.

How the key audit matter was addressed in the audit

Our audit focused on the design and implementation of the controls around the budget to actual analysis of the SAP implementation. We also gained insight in the processes around initiating and authorization of contracts, statements of work, purchase orders and invoices related to SAP. We also focused on the processes around the allocation of the project costs and the governance around the intangible fixed asset register.

Our audit procedures have mainly focused on:

Accounting matters

- Inspection and evaluation of key contracts and purchase orders related to SAP and KPS (Sligro's external system implementation partner)
- Inquiries with our internal SAP specialists and IT auditors to gain more insight in the average time and spend of comparable SAP projects
- Review and assessment of the budget to actual analysis and cost to come as prepared by management
- Review and assessment of the inefficiency analysis as prepared by management
- Technical consultation with our professional practice department regarding the accounting of the inefficiencies and evaluation of the amortization period of the intangible asset SAP
- Review of the intangible fixed asset to determine the amount of capitalized costs is in use as per reporting date
- Substantive procedures on capitalized external and internal SAP configuration costs

Impact SAP on the business process

- Substantive procedures on the data migration from the legacy systems to SAP
- Close cooperation with our component auditor and monitoring of the audit process
- Frequent contact between the central audit team and the Belgium and Dutch directors from Sligro and the location Antwerp
- Review and assessment of the additional estimates by Sligro due to insufficient functionality and supporting processes around the SAP system
- Extended audit procedures regarding the inventory balance as per year end of the Antwerp location

Observation

Based on the materiality level and our procedures performed, consisting of the testing the design and implementation of controls as well as of substantive audit procedures, we concur with the conclusion of the Executive Board that inefficiencies related to the SAP project cannot be reliably identified. We further refer to disclosure note 10. Goodwill and other intangible assets where this matter is further disclosed. We also concur with management that the intangible asset SAP qualifies as a corporate asset and as such is included in the impairment analysis. We refer to the disclosure which includes the analysis of this matter by management to note 10. Goodwill and other intangible assets in the annual report.

We also concur with the amortization period for the intangible asset SAP which is set at 5 years by management and to start the depreciation as of the first go-live at the Antwerp location.

Due to the go-live of SAP in Belgium management had to make an assessment of the inventory balance at Antwerp as per year-end. In note 28 Estimates and Judgements by the Executive Board in the annual report management discloses the uncertainty and estimates related to the inventory balance. We have assessed the estimates and concur with the estimates made by management.

2. VALUATION OF (IN)TANGIBLE FIXED ASSETS CASH GENERATING UNIT BELGIUM

Description

Belgium is one out of two cash generating units of Sligro Food Group N.V. (hereafter: Sligro Food Group N.V. or Sligro).

The results in 2022 in Belgium were lower than expected. In 2022, as in the previous year, there is an operating loss in Belgium.

The remaining net investment is EUR 59 million per December 31, 2022. Based on the impairment analysis performed by management, the recoverable amount is higher than the next investment and therefore it is concluded that a further impairment is not necessary.

Considering that the results in Belgium stay behind for consecutive years, this topic got continuous significant attention in our current audit and in previous audits.

The aforementioned resulted in us identifying the valuation of the (in)tangible assets of Belgium as a key audit matter.

The results of the value-in-use calculation that was used to value the cash generating unit was most sensitive to:

- Net sales growth;
- Gross profit margin;
- EBITDA margin;
- WACC.

How the key audit matter was addressed in the audit

Based on our materiality level, the requirements in IFRS and the applicable auditing standards, we have audited the impairment analysis in relation to the valuation of the (in)tangible assets of the Belgian segment. We have gained insight in the process and regarding this management estimate as well as evaluated the design and implementation of the relevant internal controls. We have, considering the risk, mainly adopted a substantive audit approach and did not rely on internal controls.

Our audit procedures have mainly focused on:

- Obtaining and evaluating the budget of 2023 that is approved by the Supervisory Board and the long-term forecast up to 2027.
- Assessment of the key assumptions in the impairment model and discuss the results thereof with management of the Belgian segment and the Executive Board.
- Assessment of the management estimate in relation to the budget of prior years based on the actual financial results until 2022.
- Assessment of the impairment model, the calculated WACC and the long-term growth percentage, using internal valuation experts.
- The accuracy and completeness of the related disclosures in the annual report.

Observation

Based on the materiality level and our procedures performed, consisting of testing the design and implementation of internal controls as well as of substantive audit procedures, we concur with the estimates of the Executive Board.

We noticed that the higher net realizable value from the impairment analysis as performed by Management is primarily driven by the higher long-term growth percentage, higher and faster expected net sales growth in the coming years and a higher improvement of the gross profit margin as well as the EBITDA margin in the analysis of 2022. We refer to the disclosures of management in relation to the impairment analysis as included in disclosure note 10. *Goodwill and other intangible assets*.

In comparison with prior year, we have not included the key audit matters around the impact of COVID-19 and the bonuses and promotional contributions. COVID-19 had a minor impact on the operational activities and financial results of Sligro. Furthermore, Sligro did not obtain any support measures from the government. Next to this, the estimation element in relation to the manual corrections on the supplier bonuses became less significant over the past years. This is the result of further automating the bonus estimation process, as well as a positive trend that we observed in differences in the subsequent receipt of the bonus estimate that are no longer significant.

Emphasis of a matter around disclosures in relation to sustainability

We draw attention to the element “Sustainable Business” in the disclosures from page 58 of the annual report. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Executive Board Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information, not belonging to the annual report.

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.

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.

The Executive Board is responsible for the preparation of the other information, including the Executive Board Report and the other information, in accordance with Part 9 of Book 2 of the Dutch Civil

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of Sligro Food Group N.V. on March 19, 2014, as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Sligro Food Group N.V. has prepared its annual report in ESEF. The requirements for this are laid down in the Delegated Regulation (EU) 2019/815 with regulatory technical standards for the specification of a uniform electronic reporting format (hereinafter: the RTS for ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked consolidated financial statements as included by Sligro Food Group N.V. in the reporting set, complies in all material aspects with the RTS for ESEF.

The Executive Board is responsible for preparing the annual report including the financial statements in accordance with the RTS for ESEF, whereby the board combines the different parts into a single reporting set. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures have been conducted in accordance with Dutch law, including the Dutch auditing standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument'.

Our procedures included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and estimating the risks that the Annual Report may not comply in all material respects with the RTS for ESEF and in response to those risks, determining and performing further assurance procedures as a basis for our opinion, including:
 - o Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF.
 - o Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board 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, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Executive Board 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 assignment 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 errors and fraud 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 judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 the Executive Board.

- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. [Click here to enter text.](#)

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, February 6, 2023

Deloitte Accountants B.V.

drs. A.J. Heitink RA

Profit distribution policy in the articles of association

Article 46 of the articles of association stipulates as follows on dividends and reserves:

- 1) The company can only pay dividend to shareholders and other entitled parties from profits eligible for distribution to the extent that its shareholders' equity exceeds the amount of the paid-up and called-up part of the equity plus reserves that have to be maintained by law or under the articles of association.
- 2) The Executive Board is authorised to allocate all or part of the profits to the reserves, albeit only with the Supervisory Board's consent. The general meeting of shareholders can reverse such an allocation to the reserves by a two-thirds majority vote at a meeting where over half of the issued share capital is represented.
- 3) Any profits remaining after the aforementioned allocation to the reserves will be available to the general meeting of shareholders to distribute.
- 4) If the general meeting of shareholders does not decide to pay out the remaining profits for any financial year, these profits will be added to the reserves.
- 5) The Executive Board can, albeit only with the Supervisory Board's consent, decide to pay interim dividend, provided the requirement specified in paragraph 1 of this article is met and it is justified by an interim statement of assets and liabilities as specified in Section 2:105, subsection 4, of the Dutch Civil Code. The company shall make such a statement of assets and liabilities available at its offices for inspection within eight days of the announcement of the decision to pay interim dividend. The payment of interim dividend is also subject to paragraph 9 of this article.
- 6) The general meeting of shareholders can, following a proposal submitted by the Executive Board, opt for profit distribution from a distributable reserve, albeit only with the Supervisory Board's consent.
- 7) The general meeting of shareholders can, following a proposal submitted by the Executive Board, decide to distribute profits in the form of shares in the company, albeit only with the Supervisory Board's consent. Such distribution shall be without prejudice to share issue stipulations in these articles of association.
- 8) Dividends will be paid at the time and place defined by the general meeting of shareholders, albeit no later than one month after the relevant decision adopted by the general meeting of shareholders.
- 9) Dividends that have not been claimed within five years of the date on which they became payable will expire and revert to the company.
- 10) A deficit may be offset against the statutory reserves only to the extent permitted by law.

Other information

Five-year overview

x € million ¹⁾	2022	2021	2020	2019	2018		2022	2021	2020	2019	2018
Result						Sustainability					
Revenue	2,483	1,898	1,946	2,395	2,346	Carbon reduction since 2010 as %	(33.4)	(19.5)	(22.7)	(27.7)	(20.9)
EBITDA	126	109	75	127	114	Sustainable product range as % of revenue ⁶⁾	11.8	10.8	10.5	10.7	8.8
EBITA	67	49	7	66	73	Customer satisfaction ⁷⁾	68	69	73	73	75
EBIT	43	25	(76)	44	53	Employee satisfaction ⁷⁾	66	62	63	56	57
Profit from continuing operations	39	20	(70)	34	46	Supplier satisfaction ⁷⁾	63	66	63	67	63
Net cash flow from operating activities	91	73	101	132	45	Investments					
Free cash flow	6	15	67	38	102	Net investments ⁸⁾	59	47	13	85	74
Dividend (proposed)	24	0	0	24	62	Depreciation and amortisation ⁹⁾	(48)	(49)	(58)	(54)	(50)
Equity						Ratios					
Shareholders' equity	479	453	432	500	537	Revenue growth as %	30.8	(2.5)	(18.7)	2.1	9.5
Net invested capital ²⁾³⁾	800	805	802	902	675	Organic revenue growth as %	30.8	(2.5)	(20.5)	(0.9)	1.0
Net interest-bearing debts ³⁾	365	382	402	424	162	Profit growth as %	93.6	128.5	(304.3)	(25.3)	(39.6)
Total equity	1,421	1,233	1,198	1,455	1,214	Gross profit as % of revenue	26.7	26.3	24.0	24.4	24.1
Employees						EBITDA as % of revenue	5.1	5.8	3.9	5.3	4.9
Number of employees (FTEs) ⁴⁾	4,113	3,987	4,046	4,100	4,056	EBITA as % of revenue	2.7	2.6	0.4	2.8	3.1
Workforce male/female ratio ⁴⁾	70/30	71/29	71/29	74/26	74/26	EBIT as % of revenue	1.7	1.3	(3.9)	1.8	2.2
Senior management male/female ratio ⁴⁾	72/28	70/30				Profit (loss) as % of revenue	1.6	1.1	(3.6)	1.4	2.0
Executive Board male/female ratio ⁴⁾	100/0	100/0	100/0	100/0	100/0	Net profit as % of average shareholders' equity	8.3	4.5	(15.0)	6.4	7.7
Supervisory Board male/female ratio ⁴⁾	67/33	100/0	80/20	80/20	80/20	EBIT as % of average net invested capital	5.3	3.1	(8.9)	5.0	7.2
Employee expenses ⁵⁾	228	211	219	218	209	Net interest-bearing debts/EBITDA ¹⁰⁾ as %	1.4	1.8	2.8	2.2	1.4
						Shareholders' equity as % of total equity	33.7	36.7	36.0	34.3	44.2
						Revenue per employee ¹¹⁾ (x €1,000)	618	477	473	584	578
						Employee expenses per employee ¹¹⁾ (x €1,000)	57	53	53	53	51
						Details per share with nominal value of €0.06 (x 1 €)					
						Number of shares in issue (x million)	44.2	44.2	44.1	44.1	44.1
						Shareholders' equity	10.84	10.25	9.78	11.33	12.16
						Profit	0.88	0.45	(1.59)	0.78	1.04
						Dividend proposed	0.55	0.00	0.00	0.55	1.40

²⁾ Excluding associates.

³⁾ Inclusive of IFRS 16 Leases from 2019.

⁴⁾ The definition was changed as of 2020 from the average over the year to the average at the end of the year.

⁵⁾ Salaries, social security costs, and pension costs.

⁶⁾ Concerns the sustainable product range in the Netherlands, improved 2018-2021 data

⁷⁾ Data based on StakeholderWatch, average of the last 90 days, including Belgium from 2021.

⁸⁾ In property, plant and equipment, assets held for sale, and software (on a transaction basis).

⁹⁾ Excluding impairments and depreciation of other intangible assets and right-of-use assets.

¹⁰⁾ Excluding IFRS 16 Leases.

¹¹⁾ Based on the average number of employees.

¹⁾ If changes to the accounting system have been implemented, only the figures from the previous year that are shown in the main table have been recalculated. The IFRS 16 accounting policy change is applicable from 2019 onwards.

Profile

Sligro Food Group consists of companies that specifically focus on the food service market in the Netherlands and Belgium by offering a comprehensive range of food and food-related non-food products and services in the wholesale market.

Netherlands

In the Netherlands, we are the market leader and operate a nationwide network of Sligro cash-and-carry outlets and delivery service sites serving large and small-scale companies in the hospitality industry, leisure facilities, caterers, large-volume users, company restaurants, petrol stations, small and medium-sized enterprises, small retail businesses, and the institutional market. Van Hoeckel focuses specifically on the institutional market, while Sligro serves all the other segments. We operate in the City Region of Amsterdam under the wholesale format 'De Kweker'. In a long-term strategic partnership with Heineken, Sligro is responsible for the exclusive distribution of Heineken keg beer in the Netherlands. Sligro/De Kweker and Van Hoeckel each have a dedicated commercial organisation focusing on their specific markets, while they make operational use of joint delivery and other shared networks and the back-office organisation.

Belgium

In Belgium, JAVA Foodservice, based in Rotselaar, focuses primarily on the institutional, corporate catering and hotel chain market segments within the Belgian food service market. Sligro-ISPC supplies high-quality, innovative food and food-related non-food products and services to culinary professionals, the rest of the hospitality market, wholesale customers and small and medium-sized enterprises. Sligro-ISPC operates combined cash-and-carry and wholesale delivery service outlets in Antwerp, Ghent and Liège. Sligro-M is the wholesale formula that targets food professionals through a nationwide network of cash-and-carry outlets (former Metro stores) and a delivery service. The formulas in Belgium have their own commercial organisations and make increasing use of a common delivery structure and shared services.

Sligro Food Group has its own production facilities for specialist convenience products (Culivers) and fresh fish (SmitVis). The company also sources

meat, game and poultry, and bread and pastries through its participations in fresh partners, which serve both the Dutch and Belgian market.

Sligro Food Group has two specialist companies: Bouter for advice, design, delivery, installation and maintenance of professional kitchens, kitchen equipment and refrigeration and freezing equipment. Tintelingen is our business unit for online gift concepts and Christmas gifts. Sligro also sells traditional Christmas hampers.

We offer our customers a selection of around 75,000 food and food-related non-food items, together with numerous services to support our customers' businesses and help them to advance. Most of the procurement for specific food service products is handled directly through the Sligro Food Group, although a portion is arranged through CIV Superunie BA.

Sligro Food Group companies actively seek to share knowledge and make good use of the extensive scope for synergy and economies of scale on a national and international level. Activities that are primarily customer-related are carried out separately in each country and business unit. By combining our central procurement with direct, meticulous category and margin management, we aim to continuously improve our gross margins and offer our customers a unique and innovative product range. Operating expenses are kept under control by having an integrated supply chain and through our constant focus on cost control. Centralised management of our IT landscape, centralised design and control of master data management, and centralised talent and management development all work to further enhance group synergy.

Sligro Food Group strives to be a high-quality business for all its stakeholders that constantly grows in a controlled manner. Sligro Food Group shares are listed on Euronext Amsterdam. The Group's head office is located in Veghel, Netherlands.

Important dates

Agenda

Scheduled press releases will be published at 7.30 a.m.

4 January 2023	2022 annual revenue
2 February 2023	2022 annual figures
2 February 2023	Press conference, 11.00 a.m.
2 February 2023	Analysts' meeting, 1.30 p.m.
6 February 2023	Publication of the annual report
22 February 2023	AGM registration date
22 March 2023	General Meeting of Shareholders for 2022 at the company's offices, 10.30 a.m.
24 March 2023	Ex-dividend date for 2022 final dividend
27 March 2023	Record date
3 April 2023	Payable date for 2022 final dividend
20 April 2023	First-quarter trading update

20 July 2023	2023 half-year figures
20 July 2023	Analysts' meeting, 1.30 p.m.
19 October 2023	Third-quarter trading update
4 January 2024	2023 annual revenue
8 February 2024	2023 annual figures
8 February 2024	Press conference, 11.00 a.m.
8 February 2024	Analysts' meeting, 1.30 p.m.
8 February 2024	Publication of the annual report
27 March 2024	General Meeting of Shareholders for 2023 at the company's offices, 10.30 a.m.

The company is based in Veghel and registered in the trade register of the Chamber of Commerce and Industry for East Brabant in Eindhoven under number 160.45.002.

Corridor 11, PO Box 47, 5460 AA Veghel, Netherlands
Telephone +31 413 34 35 00 www.sligrofoodgroup.nl

Shares and dividend policy

Sligro Food Group N.V.'s shares are traded on the Euronext Amsterdam N.V. stock exchange and are included in the AScX index.

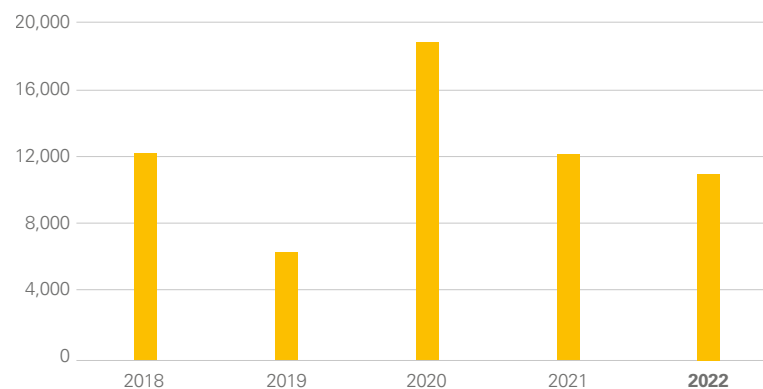
The share

There were 44,186,315 shares in issue at the end of 2022. This is an increase of 15,900 compared with year-end 2021. This increase can be attributed to the change in the number of shares repurchased to cover the share option plan.

The volume of traded shares in the reporting year amounted to 11,181 thousand (2021: 12,004) and the total value of shares traded was €205 million (2021: €272).

Following the change to the Dutch law on converting bearer shares, traditional bearer shares that are not included in the book-entry securities transfer system will automatically be converted into registered shares on 1 January 2020. As a result, physical bearer certificates have automatically ceased to be valid. The amendment to the articles of association on 27 June 2020 in connection with this law gives holders of former traditional bearer shares the opportunity to report to Sligro Food Group by 2 January 2026 to hand in bearer certificates and receive shares that will be included in the book-entry securities transfer system. As at 31 December 2022, Sligro shareholders hold a total of 3,760 (2021: 3,780) former traditional bearer shares.

Number of shares traded (x 1,000)



¹⁾ This summary has been compiled on the basis of the 'Register of substantial participations and gross short positions' (www.afm.nl).

The majority of these shares are held by Dutch investors. Market information has been used to estimate the geographical distribution of share capital. This information covers 82% of the capital in 2022 (2021: 88%).

Breakdown of share capital

in %	Private individuals		Institutions		Total	
	2022	2021	2022	2021	2022	2021
Netherlands	49	49	22	22	71	71
USA			5	6	5	6
Norway			2	2	2	2
Canada			2	0	2	0
Australia			0	3	0	3
Other countries			2	6	2	6
Total	49	49	33	39	82	88

Given that shareholders are required by law to report any substantial holding or short position reaching, exceeding, or falling below a certain threshold, this can result in shares being counted more than once, meaning that these notifications do not always provide an accurate view of the number of freely tradable shares. In the table below, where possible this 'double-counting' has been taken into account and corrected.

Substantial participations¹⁾

Date of most recent disclosure	Subject to reporting obligations	in %
28 April 2021	B.V. 'Hoogh Blarick' investment fund	4.61
2 September 2020	NN Group N.V.	10.15
1 November 2016	APG Asset Management N.V.	10.03
3 July 2015	Boron Holding N.V.	5.03
6 April 2009	Stichting Administratiekantoor Arkelhave B.V.	5.06
1 November 2006	Stichting Administratiekantoor Slippens	33.96

We seek to have regular contact with our investors and analysts. Twice a year, with the publication of the half-year report and the annual figures, we organise an analysts' meeting at our cash-and-carry outlet in Amsterdam. Additionally, we actively seek contact with analysts and investors during roadshows and conferences.

The General Meeting of Shareholders will be held on 22 March 2023.

Dividend policy

Sligro Food Group aims to pay a regular dividend of approximately 60% of the result after tax (excluding non-recurring items). A proposal may be made to pay a variable dividend, depending on the solvency and liquidity position. The dividend is paid in two instalments, i.e. an interim dividend in the second half of the year and a final dividend after the General Meeting of Shareholders.

Earnings and dividend per share 2018-2022

x €1	2022	2021 ¹⁾	2020 ¹⁾	2019 ¹⁾	2018
Profit (loss) from continuing operations	0.88	0.45	-1.59	0.78	1.04
Dividend	0.55	-	-	0.55	1.40

For 2022, the proposed dividend payment amounts to €0.55, which equates to a payment percentage of 63%.

Of the total dividend, €0.30 per share was already paid as an interim dividend on 3 October 2022, leaving a final dividend of €0.25.

On a cash basis, a dividend of €0.30 per share was paid in 2022, being the interim dividend for 2022.

More information about Sligro Food Group

Sligro Food Group's website (www.sligrofoodgroup.nl) provides information about the Group, its financial position, press releases, articles of association, remuneration, directors' shareholdings and share transactions, and corporate governance. This information is available in both Dutch and English.

¹⁾ A dividend was not paid for the 2019, 2020, and 2021 financial years because relief provided under the Dutch government's NOW wage subsidy scheme is conditional on not paying out dividends.

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