Financial statements

Consolidated statement of profit or loss

x € million

	Notes	2023	2022	2021
Revenue	2.3	**2,859**	**2,483**	**1,898**
Cost of sales		(2,097)	(1,820)	(1,400)
Gross profit		**762**	**663**	**498**
Other operating income	4	**8**	**18**	**7**
Employee expenses	5	(370)	(314)	(226)
Premises costs		(41)	(34)	(29)
Selling costs		(22)	(22)	(10)
Logistics costs		(144)	(140)	(91)
General and administrative expenses		(56)	(45)	(40)
Depreciation of property, plant and equipment and right-of-use assets	11, 12	(65)	(59)	(60)
Amortisation of intangible assets	10	(38)	(21)	(21)
Impairment of property, plant and equipment and right-of-use assets	11, 12	(2)	0	(0)
Impairment of goodwill and other intangible assets	10	(17)	(3)	(3)
Total operating costs		**(755)**	**(638)**	**(480)**
Operating result	2	**15**	**43**	**25**
Finance income	8	0	0	0
Finance costs	8	(16)	(7)	(7)
Share in the result of associates	13	7	7	8
Pre-tax profit (loss)		**6**	**43**	**26**
Income taxes	9	0	(4)	(6)
Net profit (loss)		**6**	**39**	**20**
Profit (loss) attributable to shareholders of the company		**6**	**39**	**20**

Details per share (x €1)		2023	2022	2021
Basic earnings (loss) per share	20	0.14	0.88	0.45
Diluted earnings (loss) per share	20	0.14	0.87	0.45
Dividend per share proposed	19	0.30	0.55	0.00

Consolidated statement of comprehensive income

x € million

	2023	2022	2021
Net profit (loss)	6	39	20
Items that have been or may be reclassified to profit or loss:			
Cash flow hedges, after tax	0	0	0
Other comprehensive income that will be reclassified to profit or loss, after tax	0	0	0
Comprehensive income	**6**	**39**	**20**
Comprehensive income attributable to shareholders of the company	**6**	**39**	**20**

Consolidated statement of cash flows

x € million

	Notes	2023	2022	2021
Receipts from customers		3,260	2,739	2,162
Receipts from other operating income		1	1	3
		3,261	**2,740**	**2,165**
Payments to suppliers		(2,728)	(2,308)	(1,802)
Payments to employees		(159)	(132)	(128)
Payments to the government[1]		(222)	(200)	(164)
		(3,109)	**(2,640)**	**(2,094)**
Net cash flow from business operations	29	152	100	71
Interest paid		(9)	(3)	(2)
Dividends received from participations	13	8	6	5
Income tax received (paid)		(9)	(12)	(1)
Net cash flow from operating activities		**142**	**91**	**73**
Acquisitions of subsidiaries	1	(44)	0	0
Proceeds from sales of subsidiaries	1	0	1	0
Purchase of property, plant and equipment	11	(64)	(40)	(21)
Proceeds from disposal of property, plant and equipment / assets held for sale		8	1	7
Purchase of intangible assets	10	(19)	(21)	(23)
Purchase of interests in and loans to associates	13	0	0	0
Other receipts from sales of interests in and repayment of loans by associates	13	0	18	2
Net cash flow from investing activities		**(119)**	**(41)**	**(35)**
Drawdown of long-term and short-term borrowings	22	161	0	0
Repayment of long-term and short-term borrowings	22	(100)	(20)	0
Change in treasury shares		1	1	1
Lease liabilities paid		(33)	(25)	(23)
Dividend paid		(24)	(13)	0
Net cash flow from financing activities		**5**	**(57)**	**(22)**
Change in cash, cash equivalents and short-term borrowings		**28**	**(7)**	**16**
Opening balance		4	11	(5)
Closing balance		**32**	**4**	**11**

[1] Includes the payment of €0 million received from the government under the NOW wage subsidy scheme (2022: €4; 2021: €28).

Consolidated statement of financial position

x € million

	Notes	31 December 2023	31 December 2022	31 December 2021
Assets				
Goodwill	10	130	125	125
Other intangible assets	10	143	144	146
Property, plant and equipment	11	296	281	282
Right-of-use assets	12	250	203	211
Investments in associates	13	56	56	55
Other non-current financial assets	13	13	6	7
Deferred tax assets	9	4	1	0
Total non-current assets		**892**	**816**	**826**
Inventories	14	268	266	226
Trade and other receivables	15	244	240	131
Other current assets	16	37	39	36
Income tax	9	0	0	0
Cash and cash equivalents	17	32	59	12
		581	**604**	**405**
Assets held for sale	18	9	1	2
Total current assets		**590**	**605**	**407**
Total assets		**1,482**	**1,421**	**1,233**

	Notes	31 December 2023	31 December 2022	31 December 2021
Liabilities				
Paid-up and called-up capital		3	3	3
Share premium		31	31	31
Other reserves		(2)	(4)	(4)
Retained earnings		429	449	423
Total equity	19	**461**	**479**	**453**
Deferred tax liabilities	9	9	12	22
Employee benefits provision	5	2	2	2
Other non-current provisions	21	0	0	0
Long-term borrowings	22	40	110	160
Non-current lease liabilities	12	255	208	214
Other liabilities	21	3	0	0
Total non-current liabilities		**309**	**332**	**398**
Current provisions	21	0	0	0
Current portion of long-term borrowings	22	0	30	0
Short-term borrowings	22	161	55	1
Current lease liabilities	12	26	21	20
Trade and other payables	30	364	364	255
Income tax	9	5	7	3
Other taxes and social security contributions	23	37	29	22
Other liabilities, accruals and deferred income	24	119	104	81
Total current liabilities		**712**	**610**	**382**
Total liabilities		**1,482**	**1,421**	**1,233**

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 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 profit (loss)	0	0	0	39	39
Balance as at 31 December 2022	**3**	**31**	**(4)**	**449**	**479**
Share-based payments					
Dividend paid	0	0	0	(24)	(24)
Treasury share transactions	0	0	2	(2)	0
Transactions with owners	0	0	2	(26)	(24)
Profit (loss) for the financial year	0	0	0	6	6
Total realised and unrealised profit (loss)	0	0	0	6	6
Balance as at 31 December 2023	**3**	**31**	**(2)**	**429**	**461**

Notes to the consolidated financial statements

Summary of accounting principles

List of notes

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).

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 7 February 2024.

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.

The most important estimates and judgements are described in the relevant notes to the consolidated financial statements. Items that call for a higher degree of judgement and complexity in the application of the adopted policies and for which changes in assumptions and estimates could lead to results that diverge significantly from the results in these consolidated financial statements are as follows:

Acquired operations

Note 1 contains information on acquired operations. When identifying and measuring intangible assets, use is made of estimates of future revenue, profit and cash flows and assumptions are made concerning the discounting rate and percentage of growth.

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.

- Note 10 contains information on the measurement of goodwill and other intangible assets and the associated impairment testing. In determining whether there is any indication that a cash-generating unit to which goodwill has been allocated has suffered an impairment loss, judgements must be made by the Executive Board. Estimates and assumptions must be made in order to determine the recoverable amount of the cash-generating unit. These include assumptions about discount rates and cash flow forecasts, which are based on estimates regarding the percentage of growth of revenue, gross profit, costs and capital expenditure.
- Note 10 also contains information on the measurement of software and the associated impairment testing. The Executive Board has formed a judgement of whether the software recognised as an asset has suffered an impairment loss. Estimates and judgements are used in order to determine the expected future use of the software and to allocate capitalised indirect costs to components of the software.

Inventories

Note 14 contains the measurement of inventories. The Executive Board forms a judgement of the potential amount of obsolete inventories at year-end. For food inventories, an estimate is made on the basis of data on historical write-downs. For non-food, the estimate is based on the judgement of our procurement and product range management department in combination with an analysis of the turnover rate of the inventories.

Procurement and sales bonuses

Note 15 contains information on supplier bonuses receivable and note 24 contains information on bonuses payable to customers. 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.

Credit, liquidity and other market risk

Note 25 contains information about the credit, liquidity, interest rate and currency risk to which the Group is exposed in the ordinary course of business.

The outturn of customer bonuses payable resulted in a material difference in 2023. No material differences arose from the outturn of other items that were estimated at the previous year-end.

E. New standards and interpretations

E.1 New and amended standards effective from the 2023 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 2023 financial year

The new standard IFRS 17 Insurance Contracts and the related amendments were applicable as from 1 January. The Group has no contracts that meet the definition of an insurance contract under IFRS 17.

The following amendments to existing standards applied from 2023:

- Amendments to IAS 1 Presentation of Financial Statements - further clarification of which accounting policies should be disclosed in the financial statements.
- 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.

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

In addition, the scope of application of IAS 12 has been amended in order to clarify that this standard applies to income taxes arising from tax legislation enacted in order to implement the Pillar Two GloBE model rules published by the OECD in respect of a qualified domestic top-up tax. The amendments introduce a temporary exception to the accounting requirements for deferred tax in IAS 12 and clarify that information does not need to be recorded or disclosed in respect of deferred tax assets and liabilities related to Pillar Two income taxes and that current tax income and expenses related to Pillar Two income taxes should be separately presented.
The Group has assessed the impact of Pillar Two tax legislation and concluded that it will have no material impact on the Group. Information on the assessment is provided in Note 9 Taxation.

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

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.
- Amendments to IAS 1 Presentation of Financial Statements – clarification of the classification of non-current liabilities in connection with the settlement of covenants.
- Amendments to IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments – an obligation to provide more information in the notes to the financial statements on the effects of supply chain finance arrangements on the Group's liabilities and cash flows and the potential concentration of liquidity risk as a result of such arrangements.
- Amendments to IFRS 16 Leases – clarification of the measurement of gains and variable lease payments in relation to sale-and-leaseback transactions.

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 28.

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

Sligro's 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 places 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 buyer 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. Signing fees are recognised as contract assets. These assets are linked to the revenue earned over the term of the contract and are debited from 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. The Group recognises two cash-generating units, corresponding to the Netherlands and Belgium segments. 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 the software has been taken into use, costs relating to licence agreements 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 refurbishments in rented property 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 tangible fixed assets as part of the 'company 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 commitments, 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 rate[1] 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

[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.

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 financial fixed 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 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.3 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 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.

The Group's liability on account of variable remuneration schemes is the amount of the expected future long-term bonuses that are to be allocated to the professional performance of the management team in the reporting period and prior periods. The liability is calculated on the basis of the

expected results and agreed targets, the expected turnover of management and the expected Sligro Food Group share price.

H.4 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.5 Results of associates

This concerns the Group's share in the net result of associates and in income from the sale of associates' shares.

H.6 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.7 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.8 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.9 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.10 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.11 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.12 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.

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**
  - Sligro Food Group Transport B.V., Veghel
  - Tintelingen B.V., Veghel
  - Exploitatiemaatschappij 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. Subsidiary Bouter B.V. merged with Sligro Food Group Nederland B.V. in the 2023 financial year. In addition, Sligro Food Group Transport B.V. was established for the transport activities that the Group performs in-house with its own drivers and trucks.

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 Group's organisational structure was changed in 2023. The separate national executive boards for the Netherlands and Belgium were abolished and the organisation is now managed on a BeNe basis by the central Executive Board. A distinction is still made between the Netherlands and Belgium segments in the results. 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 audit 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 profit attributable 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 profit attributable to shareholders and the weighted average number of ordinary shares in issue during the reporting period are adjusted for the diluting effect that shares 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

Acquisition of Metro Belgium

On 3 January 2023, the Group acquired dominant 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. In the court-supervised restructuring proceedings for Makro Cash & Carry Belgium NV, the court in Antwerp authorised the court-appointed judicial trustees on 7 December 2022 to sell the majority of the Metro activities in Belgium to Sligro Food Group. An appeal was filed against this decision by the Antwerp court, but on 30 March 2023 the Antwerp Court of Appeal rejected the arguments made in the appeal. On 3 April 2023, the Belgium Competition Authority BCA gave its final, unconditional approval of the transaction. 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 and establish a nationwide network of cash-and-carry and delivery wholesalers for food professionals.

The transaction is recognised in the Group's figures. The assets and liabilities acquired are measured at fair value.

x € million	**Metro**
Goodwill	6
Other intangible assets	38
Property, plant and equipment	1
Right-of-use assets	33
Trade and other receivables	3
Inventories	1
Cash and cash equivalents	0
Non-current lease liabilities	(30)
Current lease liabilities	(3)
Other liabilities, accruals and deferred income	(5)
Total identifiable net assets	**44**

Metro's assets and liabilities were acquired for a purchase price of €49 million paid in cash, of which €5 million was the designated acquisition price for the land and buildings in Liège. Through a separate transaction, the Group acquired dominant 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.

Goodwill amounts to €6 million and is expected to be fully tax-deductible. Other intangible assets relate to the places of business (€31 million) and customer relationships (€7 million). The property, plant and equipment comprise other property, plant and equipment. The acquired right-of-use assets and the associated lease obligations 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 write-down 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.

The Sligro-M operations form part of the Belgium segment. Since the acquisition, which took place in early 2023, the Group has earned revenue of €157 million and made a net loss of €9 million from the acquired sites during the financial year.

Acquisition of Simon Loos transport activities

On 2 January 2024, the Group obtained dominant control of various assets and liabilities that primarily reflect the transport activities performed by Simon Loos on behalf of the Group at the Amsterdam, Berkel en Rodenrijs and Drachten sites. The acquisition marks an important step towards our aim of bringing part of our transport activities in-house. The assets and liabilities acquired are analysed in the table below, which shows the assets and liabilities at their fair value at the time of identification, insofar as a fair value can indeed be established. This is due to the limited time between the acquisition date of 2 January 2024 and the preparation of the financial statements.

x € million	**Simon Loos**
Other intangible assets	0
Property, plant and equipment	9
Other liabilities, accruals and deferred income	0
Total identifiable net assets	**9**

The other intangible assets concern a fee for the knowledge and expertise of the employees who transferred to Sligro Food Group Transport as a result of this transaction. The property, plant and equipment concern the vehicles and associated equipment. The other liabilities, accruals and deferred income relate to the employee-related liabilities that transferred to Sligro Food Group Transport as a result of this transaction.

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. These two segments are also the cash-generating units recognised by the Group.

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, JAVA Foodservice and Sligro-M. In 2022, the (start-up) activities of Sligro-M, which were contained within the legal entity Sligro-MFS Belgium N.V., had not yet been assigned to a segment, but were included in Belgium in the segment reporting table. This was also the case for the assets held on 31 December 2022, specifically the cash on hand of €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 working 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 measure that the Group uses is EBITDA. In this report, the local operational teams give 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 2023	Netherlands 2022	Belgium 2023	Belgium 2022	Group 2023	Group 2022
Revenue[1)]	**2,429**	**2,238**	**430**	**245**	**2,859**	**2,483**
Other operating income	8	18	0	0	8	18
Total income	**2,437**	**2,256**	**430**	**245**	**2,867**	**2,501**
Gross operating result (EBITDA)	**146**	**134**	**(9)**	**(8)**	**137**	**126**
Depreciation and amortisation[2)]	(101)	(75)	(21)	(8)	(122)	(83)
Operating result (EBIT)	**45**	**59**	**(30)**	**(16)**	**15**	**43**
Finance income and costs	(14)	(7)	(2)	0	(16)	(7)
Share in the result of associates	7	7	0	0	7	7
Income taxes	(7)	(8)	7	4	0	(4)
Net profit (loss)	**31**	**51**	**(25)**	**(12)**	**6**	**39**
Total assets	**1,239**	**1,233**	**243**	**188**	**1,482**	**1,421**
Segment liabilities	657	655	163	91	820	746
Non-allocated liabilities					662	675
Total liabilities					**1,482**	**1,421**
Net invested capital	708	745	158	55	866	800
Net interest-bearing debts, provisions and associates					(405)	(321)
Group capital					**461**	**479**
Employee expenses	292	272	78	42	370	314
Average number of employees[3)] (FTEs)	3,616	3,489	963	528	4,579	4,017
Investments	63	52	18	7	81	59
Divestments	(3)	0	0	0	(3)	0
Cash flows						
Payments to the government[4)]	(180)	(156)	(35)	(46)	(215)	(202)

1) Transfers between segments amounted to €152 million (2022: €54) from the Netherlands to Belgium.

2) Including impairments.

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

4) Includes, besides tax and excise duties paid to the government, the payment of €0 million received from the government under the NOW wage subsidy scheme (2022: €4) in the Netherlands.

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:

	Netherlands		Belgium		Group	
x € million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Goods and services						
Deliveries of goods	2,384	2,193	430	245	2,814	2,438
Deliveries of services	45	45	0	0	45	45
	2,429	**2,238**	**430**	**245**	**2,859**	**2,483**
Cash-and-carry and Delivery service						
Cash-and-carry	812	801	209	45	1,021	846
Delivery service	1,617	1,437	221	200	1,838	1,637
	2,429	**2,238**	**430**	**245**	**2,859**	**2,483**

The Group does not have any customers that represent over 10% of revenue. Delivery service revenue also includes revenue from the Group's other activities, including Bouter and Tintelingen.

4. Other operating income

x € million	**2023**	**2022**
Rental income	1	1
Proceeds from disposal of property, plant and equipment and assets held for sale	2	1
Other non-recurring results	5	16
	8	**18**

In 2023, a one-off gain of €5 million related to the acquisition of the Wheere activities in 2019 became unconditional.
It is recognised under other non-recurring results.
In 2022, a one-off non-taxable gain of €16 million was realised on the sale of the Group's minority interest in the associate O. Smeding & Zn. B.V., which is disclosed in other non-recurring results.

5. Employee-related items

5.A Employee expenses

Employee expenses break down as follows:

x € million	Notes	**2023**	**2022**
Salaries		217	176
Social security costs		40	31
Premiums for defined contribution plans		16	14
Share-based payments	5.C	1	4
Insourced staff and temporary agency workers		74	70
Other employee expenses		22	19
NOW wage subsidy scheme	5.D	0	0
		370	**314**

5.B Employee benefits provision

x € million	Notes	2023	2022
Service anniversary scheme		1	2
Long-term bonus scheme	5.C	1	0
Closing balance		**2**	**2**

Movements in the provision for the service anniversary scheme were as follows:

x € million	2023	2022
Opening balance	2	2
Benefits	(1)	0
Additions	0	0
Actuarial result (also result for financial year)	0	0
Closing balance	**1**	**2**

Movements in the provision for the long-term bonus scheme were as follows:

x € million	2023
Opening balance	0
Conditionally granted	1
Voided on account of termination of employment	0
Performance adjustment	0
Fair value adjustment	0
Closing balance	**1**

For details of the long-term bonus plan, please refer to Note 5.C.

5.C Share-based payments

Share-based payments include the costs of share option schemes and variable remuneration schemes.

Until the end of 2022, the Group had a share option scheme under which options were awarded. No further awards have been made under this scheme as from 2023. The target group for the option scheme was made up of roughly 50 people who were awarded four-year share options that were conditional on continuation of employment and could not be exercised before the end of the four-year term. Share options were allocated to Sligro Food Group N.V. Executive Board members based on a calculation where the board members' average salary was divided by the strike price and the result was multiplied by a factor that depended on the development of the total shareholder return compared to a peer group and ranged between 0% and 150%. In the years 2020-2022, the peer group test led to a factor of 0%, with the result that no options were granted and no options remained in issue at the end of the 2023 financial year.
The target group for the second scheme was 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.

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

x 1	2023	2022
Opening balance	571,199	766,185
Exercised		0
Buyout		0
Lapsed	(557,189)	(132,578)
Voided on account of termination of employment	(14,010)	(62,408)
Granted		0
Closing balance	**0**	**571,199**

The share options outstanding at the end of 2022 were not exercised and therefore lapsed, because the actual price on the strike date was lower than the strike price.

As of 2023, a new variable remuneration scheme applies to the International Board and a target group of around 50 managers. The scheme contains a long-term bonus (LTB) component based on the new variable remuneration scheme for the Executive Board. For the International Board, the number of conditionally awarded shares is salary-based. For the managers, the conditional award is for a fixed number of shares. The vesting period, lock-up period and the targets to be achieved for the bonus to become unconditional are all similar to the LTB scheme for the Executive Board. This is a cash-settled scheme. For more details of the scheme and for the number of shares conditionally awarded to individual directors, please refer to Note 6 Executive Board and Supervisory Board Remuneration.

The fair value of the conditionally awarded shares is calculated at the closing share price at the end of the 2023 financial year. Calculation of the fair value does not take account of expected future dividends.
The provision for expected share awards accrues on a linear basis over a three-year period, taking account of the number of shares that are expected to be unconditionally awarded after three years, and is disclosed under the Employee Benefits Provision.

Movements in the net number of conditionally awarded shares under the LTB were as follows:

	2023-2025
Opening balance	0
Conditionally granted	66,337
Voided on account of termination of employment	(6,203)
Performance adjustment	0
Shares that have become unconditional	0
Closing balance	**60,134**
Fair value per share on date of award x €1	15.74

5.D NOW wage subsidy scheme

In the Netherlands, the Group made use of the NOW temporary wage subsidy scheme in 2020 and 2021. In 2022, the application for NOW 3.1-3.3 was finalised and the final portion of the outstanding subsidy of €4 million was received.

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. Remuneration of Executive Board members in office in 2023 that was charged to the result amounted to €2,011 thousand (2022: €2,019).

The remuneration can be broken down as follows:

	Koen Slippens		Rob van der Sluijs		Total	
x € thousand	2023	2022	2023	2022	2023	2022
Fixed-variable remuneration[1]	**76%-24%**	**71%-29%**	**74%-26%**	**70%-30%**	**75%-25%**	**71%-29%**
Fixed pay	624	603	543	525	1,167	1,128
Short-term bonus	125	157	109	136	234	293
Long-term bonus[2]	142	157	123	136	265	293
Pension premium and compensation	206	170	115	115	321	285
Statutory social security costs	12	10	12	10	24	20
Total	**1,109**	**1,097**	**902**	**922**	**2,011**	**2,019**

The revised remuneration policy was approved at the General Meeting of Shareholders of 22 March 2023. As a result, the option scheme for the Executive Board expired and the short and long-term bonuses for the Executive Board were amended.

The amended bonus scheme for the Executive Board offers both a short-term cash bonus and a long-term bonus in the form of shares. The composition of half of the short-term bonus 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 the achievement of specific, short-term targets set annually by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee. The short-term bonus is 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. The short-term bonus is paid out in the following year.

The composition of the long-term bonus depends on three targets, comprising two financial targets and one non-financial target, which are set in advance by the Supervisory Board on the basis of a proposal by the Remuneration and Appointments Committee. This long-term bonus is conditionally granted annually in shares, based on performance over a three-year period commencing 1 January of the year in which it is conditionally granted. If and to the extent that the conditions for granting the long-term bonus are met, the grant of the shares becomes unconditional in the year after the three-year period referred to above has expired.

If the 'at target' level is achieved, a short-term bonus equal to 40% of fixed salary is paid out in cash and a long-term bonus of 60% of fixed salary is awarded. This long-term bonus is awarded in shares after deduction of tax. These shares are locked up for a period of two years.

[1] Fixed remuneration is the sum of fixed salary, pension contributions/compensation and statutory social security contributions. Variable remuneration is the sum of the short-term and long-term bonuses.

[2] Cost of the long-term bonus recognised by the Group as a current-year expense in the statement of profit or loss under IFRS. This amount does not reflect the value of the long-term bonus on either the award date or the vesting date.

In the event of overachievement or underachievement of bonus targets, the short-term and long-term bonus will be determined in line with the percentages shown in the table below, with each bonus component assessed separately and, in the case of performance between 80% and 120% in relation to a component, the percentage will be calculated based on a linear ratio. The remuneration policy contains a more detailed explanation of the calculation method.

For the year 2023, the four qualitative targets for the STB were set as follows (each 5% of fixed salary):

1. Achieve Metro integration in line with plan
2. Digital roadmap in progress as per 2023 plan
3. Ready for ESG reporting by 1 January 2024
4. Cost-saving measures in the supply chain: as per budget

Variable remuneration	Bonus component	Threshold	Bonus 'at target'	Maximum
Short-term bonus (STB): cash	Budgeted profit target	10.0%	20.0%	30.0%
	Four qualitative targets	10.0%	20.0%	30.0%
Total STB		**20.0%**	**40.0%**	**60.0%**
Long-term bonus (LTB): shares	Financial target	9.0%	18.0%	27.0%
	Financial target	9.0%	18.0%	27.0%
	Non-financial target	12.0%	24.0%	36.0%
Total LTB		**30.0%**	**60.0%**	**90.0%**
Total		**50.0%**	**100.0%**	**150.0%**

The following targets have been set for the 2023-2025 long-term bonus:

1. Financial target (18% of fixed salary): 2025 EBITDA: 7.5% of revenue
2. Financial target (18% of fixed salary): Total Shareholders' Return (TSR) based on 2025 AMX & AScX ranking)[1]
3. Non-financial target (24% of fixed salary): 40% decrease by 2025 in CO_2 emissions as % of revenue relative to 2010

Long-term bonus

In 2023, 25,351 shares were conditionally awarded to the Executive Board under the long-term bonus plan. The number of conditionally awarded shares is determined by dividing the value of the bonus by the volume-weighted average share price during the 4th quarter of 2022, subject to a tax provision of 10% and with a two-year prohibition on resale.

[1] Subject to application of the following scale: <25%: 0%; ≥25%-50%: 9%; ≥50%-75%: 18% (at target); ≥75%: 27%

The table below summarises the shares that have been conditionally granted to Executive Board members:

x €	Date of conditional award	Number of conditionally awarded shares net of tax (x1)	Market value per share on date of conditional award	Net market value on date of conditional award	Date on which the award becomes unconditional	Lock-up period following unconditional award	Market value per share at the end of the financial year	Net market value at the end of the financial year	Gross fair value at the end of the financial year
Koen Slippens	22/03/2023	13,561	15.74	213,450	AGM 2026	2 years	15.86	215,077	425,896
Rob van der Sluijs	22/03/2023	11,790	15.74	185,575	AGM 2026	2 years	15.86	186,989	370,276

The number of shares awarded is based on the Group's most recent forecasts, according to which the targets to be achieved will be 'at target' on the unconditional award date. The setting of the financial target for the TSR involves the use of a Monte Carlo simulation model. For the year-end value under IFRS, the gross fair value of Sligro shares at the end of the financial year has been used. In the view of the Executive Board, this is the best estimate of the market value of Sligro shares on the unconditional award date. The gross fair value at the year-end is recognised on a linear basis over the three-year performance period, which begins on 1 January of the year in which the LTB is conditionally awarded.

Options and shares held

The option scheme expired upon the approval of the revised remuneration policy in 2023. 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	6,749	5,867
Sale	0	0
Closing balance	**114,151**	**17,867**

Options

x 1	Koen Slippens	Rob van der Sluijs
Opening balance	21,100	21,100
Lapsed	(21,100)	(21,100)
Closing balance	**0**	**0**

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:

	Koen Slippens		Rob van der Sluijs	
x € thousand	2023	2022	2023	2022
Expense allowance	8	8	8	8
Kilometre allowance	36	33	25	26

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 (2022: €58) while the other Supervisory Board members were paid €40 thousand for a full year's service (2022: €40). Supervisory Board members also received compensation for attending Supervisory Board meetings amounting to €32 thousand (2022: €45). Supervisory Board chairman and member remuneration does not depend on the company's results. Total remuneration amounted to €270 thousand (2022: €276). 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 €1,384 thousand in 2023 (2022: €973). The fees for 2023 include an amount of €183 thousand in additional costs relating to the audit from the previous financial year (2022: €14). Other assurance-related services consist primarily of other activities, including audits for customer-related arrangements, and the review of Sligro Food Group Transport BV. The auditor charged €27 thousand for this in 2023 (2022: €145 thousand). The auditing firm is not engaged for consulting services.

Audit fees break down as follows:

	2023		2022	
x € thousand	**Deloitte Accountants B.V.**	**Deloitte network**	**Deloitte Accountants B.V.**	**Deloitte network**
Audit of the parent company's financial statements	1,071	0	860	0
Audit of subsidiaries	0	313	0	113
Subtotal of consolidated financial statements	**1,071**	**313**	**860**	**113**
Other assurance-related services	27	0	145	0
	1,098	**313**	**1,005**	**113**

8. Finance income and costs

x € million	2023	2022
Finance income	**0**	**0**
Finance costs on leases	(6)	(4)
Finance costs on other financial liabilities	(10)	(3)
Finance costs	**(16)**	**(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 2024 was discussed with the Tax Administration in December 2023.

Although the concept of an Individual Monitoring Plan does not exist in Belgium, we are proactively engaging with the relevant tax authority 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. In 2022, in the context of the MLC (Multilateral Control), the Group reached an agreement on the BAPA with both tax authorities up to the end of the 2025 tax year. In 2023, the Group submitted a request to add Sligro-MFS Belgium N.V. to the BAPA for the period up to and including 2025. This request had not yet been processed at the year-end. As a result, Sligro-MFS Belgium N.V. has not yet been added to the existing BAPA and is regarded as independently subject to tax.

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.

In 2023, the Pillar Two model rules published by the OECD came into effect. Under this legislation, the Group is obliged to pay a domestic top-up tax on profits earned by subsidiaries that are taxed at an effective tax rate of less than 15%. The Group has carried out an analysis of whether a qualified domestic top-up tax may apply in either of the two countries in which it operates. On the basis of this analysis, the conclusion is that a qualified domestic top-up tax will not be payable in either country. The impact of Pillar Two on the effective tax burden is limited in both countries. The Group will continue to assess the effect of the Pillar Two legislation on its future financial performance.
In addition, the Group makes use of the temporary exception with respect to deferred taxes pursuant to IAS 12, and therefore does not include the impact of Pillar Two in the determination and disclosure of its deferred tax position.

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

x € million	2023	2022
Payable (receivable) for financial year	6	13
Prior-year corrections	0	2
Current taxation	**6**	**15**
Recognition and reversal of temporary differences	(7)	(6)
Change in recognition of deferred tax assets and liabilities	0	(2)
Prior-year corrections	1	(3)
Deferred taxation	**(6)**	**(11)**
Income taxes	**0**	**4**

The tax expense per share is €0.00 (2022: €0.10)

9.B Effective tax rate

The effective tax rate can be explained as follows:

x € million	2023	2022
Pre-tax profit (loss)	**6**	**43**
Nominal tax rate (Netherlands 25.8%, Belgium 25.0%)	2	12
Changes not previously recognised in deferred tax assets	1	(2)
Prior-year corrections	(1)	(1)
Untaxed results	0	(4)
Effect of share in the result of associates	(2)	(2)
Other, including tax facilities and non-deductible amounts	0	1
Effective tax rate -6.5% (2022: 10.4%)	**0**	**4**

As part of sustainable business, 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 mainly concern non-deductible expenditure for employee benefits, including our equity participation plan.

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 2023:

	Netherlands	Belgium	Group
Financial tax expense (income) for the financial year	1	(1)	0
Settlement as per transfer pricing method	6	(6)	0
Tax expense (income) per segment	**7**	**(7)**	**0**

9.C Income tax on receivables and payables

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

x € million	2023	2022
Receivables	0	0
Debts	(5)	(7)
Net closing balance	**(5)**	**(7)**

As at year-end 2023, 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.

9.D Deferred tax assets and liabilities

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

x € million	2023	2022
Deferred tax assets	4	1
Deferred tax liabilities	(9)	(12)
Net closing balance	**(5)**	**(11)**

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	1 January 2023	Recognised in statement of profit or loss	31 December 2023
Intangible assets[1]	(7)	0	(7)
Property, plant and equipment[1]	(12)	3	(9)
Right-of-use assets	(52)	(4)	(56)
Lease liabilities	59	5	64
Inventories	(1)	0	(1)
Tax loss carryforward	1	3	4
Other	1	(1)	0
Net deferred tax assets/ (liabilities)	**(11)**	**6**	**(5)**

x € million	1 January 2022	Recognised in statement of profit or loss	31 December 2022
Intangible assets[1]	(8)	1	(7)
Property, plant and equipment[1]	(20)	8	(12)
Right-of-use assets	(51)	(1)	(52)
Lease liabilities	57	2	59
Inventories	0	(1)	(1)
Tax loss carryforward	0	1	1
Other	0	1	1
Net deferred tax assets/ (liabilities)	**(22)**	**11**	**(11)**

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 fiscal unity. Following the acquisition of the Metro activities by Sligro-MFS Belgium N.V., additional losses of €3 million were recognised on the balance sheet in 2023 as this company is not part of the BAPA.

[1] In the opening balance sheet at 1 January 2022, the closing balance sheet at 31 December 2022 and the opening balance sheet at 1 January 2023, a €2 million deferred tax liability in relation to property, plant and equipment has been reclassified to intangible assets.

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, trade-marks and other	Software	Assets under develop-ment	Total
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	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**
Investments	0	0	13	3	16
Divestments	0	0	0	0	0
Acquisitions	5	38	0	0	38
Transfers	0	0	2	(2)	0
Amortisation	0	(13)	(25)	0	(38)
Impairments and inefficiencies	0	0	(17)	0	(17)
Total changes	5	25	(27)	1	(1)
Cost	173	218	118	4	340
Cumulative amortisation and impairment	(43)	(120)	(77)	0	(197)
Balance as at 31 December 2023	**130**	**98**	**41**	**4**	**143**

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

Breakdown of intangible assets by cash-generating unit

The goodwill is distributed across the segments as follows:

Cash-generating unit

x € million	2023	2022
Netherlands	125	125
Belgium	5	0
Closing balance	**130**	**125**

The Group distinguishes two cash-generating units: the Netherlands and Belgium. These are identical to the Group's two segments. 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 Belgium segment includes the cash-and-carry and delivery service operations under the trademarks Sligro-ISPC, JAVA Foodservice and Sligro-M. In 2022, the (start-up) activities of Sligro-M, which were contained within the legal entity Sligro-MFS Belgium N.V., had not yet been assigned to a segment, but were included in the segment reporting table in Belgium.

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 under development, 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.

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 2024 budget for the Netherlands and Belgium, projections for the 2025-2028 period and projections based on terminal growth rate for the years beyond 2028, which are based partly on empirical figures.

In early 2023, the Group made an acquisition in Belgium and subsequently invested in improving its logistics network in Belgium. In the current phase, start-up losses are still being incurred. In its expectations for the coming years, the Group assumes that revenue in Belgium will outgrow the market and that there is also scope to improve both gross margin and EBITDA, on the grounds that the set-up phase is still ongoing and considerable differences remain relative to the Group's comparable businesses in the Netherlands. Significant improvements in results are expected over the coming years.

It is expected that the investment cash flow situation in Belgium will stabilise within five years. For this reason, management no longer considers it necessary, unlike in previous years, to use an extended forecast period of 30 years.

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 2023

in %	Netherlands 2024-2028	Belgium 2024-2028
Pre-tax discount rate	11.3	11.7
Terminal growth rate	2.0	2.0
Revenue growth	2.5	8.9
Gross profit percentage improvement (% point)	0.8	0.3
EBITDA percentage improvement (% point)	0.7	1.6
WACC	8.4	8.8

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 €27 million, compared to net invested capital of €161 million. The assumptions used are based on recent figures and plans for the coming year. Based on the expertise and experience from recent years, the Group deems these assumptions realistic.

A sensitivity analysis of the Belgium cash-generating unit and assumptions was used to estimate the present value of the cash flows. This involved considering what adjustment would have to be made to the assumptions to get down to the point where the remaining headroom is nil.

Assumptions 2024-2028 Belgium

in %	Applied	Nil head-room scenario
Revenue growth	8.9	7.3
WACC	8.8	9.7
Gross profit percentage improvement (% point)	0.3	0.2
EBITDA percentage improvement (% point)	1.6	1.5

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

x € million	2023	2022
Intangible assets relating to acquisitions		
Customer relationships	55	56
Places of business	38	12
Trademarks	5	5
	98	**73**
Intangible assets not relating to acquisitions		
Software	41	68
Assets under development	4	3
	45	**71**
Closing balance	**143**	**144**

Software impairments

The impairment of €17 million recognised on software in 2023 concerns part of the ERP software commissioned in 2022. This primarily concerns modules implemented for delivery service functionality that were derecognised in the fourth quarter of 2023, based on an assessment of their technical operation and the amended action plan for further ERP implementation. These modules need to be reconfigured and reimplemented in order to generate future economic benefits. This impairment was allocated to both segments, i.e. the Netherlands and Belgium. The impairment of €3 million recognised on software in 2022 concerns licences in relation to the new ERP landscape which were not utilised.

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 under construction	Total
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**
Investments	18	6	32	9	65
Divestments	(3)	0	0	0	(3)
Acquisitions	0	0	1	0	1
Transfers	4	2	2	(8)	0
Depreciation	(16)	(5)	(17)	0	(38)
Impairments	(1)	0	0	0	(1)
Transfers to assets held for sale	(9)	0	0	0	(9)
Total changes	(7)	3	18	1	15
Cost	431	81	213	9	734
Cumulative depreciation	(202)	(65)	(171)	0	(438)
Balance as at 31 December 2023	**229**	**16**	**42**	**9**	**296**

Capital expenditure and impairment

In 2023, some cash-and-carry outlets were remodelled, a new delivery service site was completed in Evergem and the first electric trucks were acquired. In 2022, one property was purchased in relation to the acquisition of the Metro activities in Belgium. In addition, several cash-and-carry outlets were remodelled and the new Dievers distribution centre in Veghel was completed and put into operation.

The impairment of €1 million in 2023 concerned the delivery service site with pick-up option in Antwerp, which is expected to generate lower future cash flows than previously forecasted in connection with the redesign of the Belgian delivery network and the expansion of the distribution sites in Belgium. A large part of the site's delivery activities will be taken over by the new distribution site opened in Evergem in 2023.
This led to a total impairment in 2023 of €2 million, of which €1 million concerned property, plant and equipment and €1 million concerned right-of-use assets. Significant assumptions in this regard are the Executive Board's plans for the location and revenue estimates for the next few years. Underlying revenue growth of 7.7% and an EBITDA improvement of 4.7% are estimated for the years 2024-2028. If revenue growth had been 1.0%-point lower, i.e. 6.7%, this would have resulted in an impairment of €4 million. If the EBITDA improvement had been 4.6%, the impairment would have been €3 million.

Assets under construction

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 under construction 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	2023	2022
Land	53	54
Buildings	106	118
Freehold land and buildings	**159**	**172**
Rented property premises	2	2
Rented property refurbishments/extensions	68	62
Rented property and premises	70	64
Closing balance	**229**	**236**

The land covers a total surface of 624,066 m² (2022: 638,000 m²), of which 288,000 m² is used for the central complex (2022: 288,000 m²).

	Number		GFA[1]		Carrying amount (x € million)	
	2023	2022	2023	2022	2023	2022
Cash-and-carry outlets	29	29	194	196	87	98
Delivery service sites	1	1	13	13	13	8
Production sites	1	2	3	10	1	5
Central complex	1	1	154	155	56	59
Decommissioned assets	0	0	0	0	0	0
Other	2	2	5	5	2	2
Financial year-end	**34**	**35**	**369**	**379**	**159**	**172**

1 Gross floor area x 1,000 m².

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	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**
Additions	17	4	21
Acquisitions	33	1	34
Renewals	10	0	10
Curtailments	(3)	0	(3)
Terminations	0	0	0
Depreciation	(24)	(3)	(27)
Impairments	(1)	0	(1)
Indexation	13	0	13
Total changes	45	2	47
Cost	423	9	432
Cumulative depreciation	(178)	(4)	(182)
Balance as at 31 December 2023	**245**	**5**	**250**

The lease liabilities have the following term:

x € million	2023	2022
Non-current lease liabilities	255	208
Current lease liabilities	26	21
Closing balance	**281**	**229**

The total outflow of cash was:

x € million	2023	2022
Lease liabilities paid	33	25
Finance costs	6	4
Closing balance	**39**	**29**

The term of the contractual, non-discounted future lease liabilities is as follows:

x € million	2023	2022
Under one year	34	25
One to five years	118	91
Over five years	178	136
Contractual future lease liabilities	**330**	**252**

The statement of profit or loss contains the following items:

x € million	2023	2022
Finance costs under leases	(6)	(4)
Variable lease expenses not recognised in lease liabilities	(2)	(1)
Income from subleases	1	1
Costs of current leases	(2)	(1)
Costs of low-value lease contracts	(1)	(1)

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

x € million	2023	2022
Under one year	1	1
One to five years	1	1
Over five years	0	0
Contractual future income from subleases	**2**	**2**

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 €28 million (2022: €13). The impact on EBIT and EBITDA is not material.

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

x € million	2023	2022
Associates	**56**	**56**
Other non-current financial assets		
Loans to customers	4	5
Non-current receivables	8	0
Financial subleases	1	1
Closing balance	**13**	**6**

Associates

The associates can be broken down as follows:

Stake as at financial year-end	2023	2022
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.[1], Beesd		

Measurement is based on associates' last-known figures. All participations held are of a strategic nature. Voting rights equal the percentage of the stake held.

Movements in associates were as follows:

x € million	2023	2022
Opening balance	56	55
Investments/divestments	0	0
Transfers to assets held for sale	0	0
Result	7	7
Dividend	(7)	(6)
Closing balance	**56**	**56**

[1] Concerns membership of procurement organisation

Summarised financial details of the associates, based on 100% ownership, as presented in their most recent financial statements (i.e. 2022 and 2021 respectively):

	Spar Holding B.V.		Other associates	
x € million	2023	2022	2023	2022
Assets	130	136	67	61
Liabilities	75	83	51	48
Shareholders' equity as at financial year-end	55	53	16	13

	2023	2022	2023	2022
Revenue	718	692	717	657
Profit (loss)	14	16	4	3

Other non-current financial assets

Non-current receivables are receivables in relation to the agreed reallocation of De Kweker in Amsterdam, part of which are payable to the former owner and part of which have been recognised as other operating income in the current financial year. 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	2023	2022
Central Distribution Centre Veghel	86	95
Sites	170	162
Packaging	10	7
Inventories in transit	2	2
Closing balance	**268**	**266**

The measurement of inventories includes a write-down of €4 million (2022: €5). The cost of holding inventory, as included in cost of sales, was €2,097 million in 2023 (2022: €1,820)

15. Trade and other receivables

x € million	2023	2022
Accounts receivable	190	188
Suppliers	54	52
Closing balance	**244**	**240**

Receivables from suppliers concern bonuses, promotional benefits and outstanding credit notes, which are customary in the industry. Bonuses and benefits are dependent on purchase volumes and payment behaviour. In some cases they are not finally determined until after the year-end, which means that calculating the outstanding receivable involves a degree of estimation. The Group makes use of a forecasting tool in which the actual purchases and applicable bonus terms are recorded.
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 €7 million (2022: €5). 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	2023	2022
Opening balance	5	6
Items written down	(1)	(3)
Added from result	3	2
Closing balance	**7**	**5**

16. Other current assets

x € million	2023	2022
Contract assets	4	4
Prepaid expenses	17	16
Purchasing discounts receivable	0	0
Other receivables	16	19
Closing balance	**37**	**39**

Specific signing fees with customers are recognised under contract assets. The contract assets item includes a downward revaluation of €0 million (2022: €0). Movements in contract assets were as follows:

x € million	2023	2022
Opening balance	4	4
Paid out	3	3
Amortisation	(3)	(3)
Closing balance	**4**	4

17. Cash and cash equivalents

x € million	2023	2022
Cash balances in transit	8	7
Free bank balances	24	52
Closing balance	**32**	**59**

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 at the end of that year.

18. Assets held for sale

Fixed assets held for sale

In 2023, two properties with a total carrying amount of €9 million were transferred from property, plant and equipment to assets held for sale. These comprised two buildings in the Netherlands which will be progressively surrendered as and when needed in connection with the redevelopment of a business park and one building in Belgium which will be sold and leased back in 2024. In 2022, the minority stake in Smeding, which had a carrying amount of €2 million, was sold. A gain of €16 million was realised, which has been recognised as other non-recurring income in other operating income. In 2022, one property in the Netherlands was transferred from property, plant and equipment to assets held for sale. This property was sold in 2023. A book profit of €1 million was realised, which has been recognised in other operating income.

Movements in this item were as follows:

x € million	2023	2022
Opening balance	1	2
Transfers	9	1
Sales	(1)	(2)
Closing balance	**9**	**1**

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 2023, the number of shares in issue and paid up was 44,255,015 (2022: 44,255,015), representing capital of €2,655,300.90 (as at 31 December 2022: €2,655,300.90).

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

x 1	2023	2022
Opening balance	44,186,315	44,170,415
Effect of treasury share transactions	68,700	15,900
Closing balance	**44,255,015**	**44,186,315**

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

The following specifies amounts paid on shares above the nominal value.

Other reserves

An amount of €20 million (2022: €22) 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.

Undistributed profit/dividend

The dividend for 2022 was set at €0.55 per share in the General Meeting of Shareholders held on 22 March 2023.
After the balance sheet date, the Executive Board, with the approval of the Supervisory Board, has proposed the following appropriation of the profit realised in 2023:

x € million	2023	2022
Interim dividend paid (2023: €0.30 per share; 2022 €0.30)	13	13
Available for final dividend (2023: €0.00 per share; 2022 €0.25)	0	11
Transfer to (from) other reserves	(7)	15
Profit for the financial year	**6**	**39**

20. Earnings per share

The calculation of basic and diluted earnings (loss) per share is based on the profit (loss) attributable to shareholders of the company, the weighted average number of shares in issue and the diluted weighted average number of shares in issue.

x € million	2023	2022
Profit (loss) for the financial year	6	39
Weighted average number of shares in issue	44,237,840	44,181,015
Diluted weighted average number of shares in issue	44,255,015	44,255,015
Basic earnings (loss) per share (x €1)	0.14	0.88
Diluted earnings (loss) per share (x €1)	0.14	0.87

The calculation of diluted earnings per share takes account of the conditional share awards under the long-term bonus scheme.

21. Other provisions and other non-current liabilities

The other non-current provisions relate to warranty obligations.
Other non-current liabilities comprise a liability in relation to the non-current receivable in connection with the De Kweker reallocation, which is recognised in non-current financial assets.

22. Loans

x € million	Interest	Remaining term (years)	2023	2022
€30 million loan (Bullet)	1.33%	-	0	30
€40 million loan (Bullet)	1.67%	2	40	40
€70 million loan	Euribor + variable markup	-	0	40
€50 million loan	Euribor + variable markup	-	0	30
Long-term borrowings			**40**	**140**
Short-term borrowings for financing activities			161	0
Short-term borrowings for operating activities			0	55
Closing balance			**201**	**195**
Repayment obligations				
Within 1 year			0	30
Between 1 and 5 years			40	110
After 5 years			0	0
Closing balance			**40**	**140**

Long-term borrowings

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%. The loan was repaid in 2023. 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%.

The bank facility of up to €70 million with Rabobank, of which €40 million remained outstanding at the end of 2022, was repaid early in 2023.
The acquisition loan of €50 million, of which €30 million remained outstanding at the end of 2022, was also repaid early in 2023.

An acquisition bank facility was negotiated in 2019. This is a non-committed facility with a ceiling of €200 million, which is 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

In April 2023, the Group completed a refinancing plan and opted to take out a committed facility totalling €260 million with three major Dutch banks. This new facility is made up of two components: a three-year component of €160 million with two one-year extension options, split into a facility for €61 million and a bank facility for €99 million, and a second component of €100 million with a term of one year and a one-year extension option. Both components have a variable rate of interest. At the year-end €161 million of these facilities had been utilised.

The long-term and short-term bank borrowings are unsecured.

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

1. Based on the figures reported in the financial statements at 31 December 2023:

	Condition	Actual
Short-term borrowings: Net interest-bearing debts/EBITDA	< 3.5	3.3
USPP loan: Net interest-bearing debts/EBITDA	< 3.0	3.3

2. Based on the adjusted figures at 31 December 2023, 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
Short-term borrowings: Net interest-bearing debts/EBITDA	< 3.5	1.6
USPP loan: Net interest-bearing debts/EBITDA	< 3.0	1.6

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

23. Other taxes and social security contributions

x € million	2023	2022
VAT, excise duties and waste management charge	28	22
Income tax and social security contributions	9	7
Pension premiums	0	0
Closing balance	**37**	**29**

24. Other liabilities, accruals and deferred income

x € million	2023	2022
Employees	27	23
Customer bonuses	41	31
Packaging	9	9
Pending invoices	22	15
Other	20	26
Closing balance	**119**	**104**

Customer bonuses are mostly based on annual agreements. The bonuses are dependent among other things on the volumes purchased by the customers. In most cases they are not finally determined and paid until after the year-end, which means that calculating the outstanding payable involves a degree of estimation. The Group makes use of a forecasting tool in which the actual sales and applicable bonus terms are recorded. 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 2023, receivables from food service customers, as recognised under financial assets, amounted to approx. €4 million (2022: €5).

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

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

x € million	2023	2022
< 1 month	159	159
1-3 months	23	24
3-12 months	8	5
> 12 months	0	0
Closing balance	**190**	**188**

At year-end 2023, the Group's receivables from suppliers amounted to €54 million (2022: €52). 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			2023
	Average weighted loss rate	**Gross carrying amount**	**Projected credit loss**
< 1 month	0.15%	159	0
1-3 months	0.89%	23	0
3-12 months	11.59%	9	1
> 12 months	109.02%	1	1
Doubtful debts	94.74%	5	5
Closing balance		**197**	**7**

x € million			2022
	Average weighted loss rate	**Gross carrying amount**	**Projected 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 debts	102.38%	4	4
Closing balance		**193**	**5**

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 €0 million as at the end of the year (2022: 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. It does so by, among other things, using a mix of long and short-term borrowings with a range of repayment schedules to finance its business operations. Besides that, the availability of €260 million in short-term facilities is legally enforceable.

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

x € million	**Non-current liabilities[1)]**	**Current liabilities**
< 1 year	1	708
1-5 years	40	0
> 5 years	0	0
Contractual cash flows	**41**	**708**
Carrying amount as at 31 December 2023	**40**	**708**

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

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 18 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. 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
Interest	1% point	(2)
Currency (USD)	1%	0
Wages	1%	(3)
Oil/energy	5%	(1)
Rents	5%	(2)

26. Investment liabilities

At year-end 2023, investment liabilities totalled approx. €22 million (2022: €19). These mainly relate to investments in a number of cash-and-carry outlets that will be converted in 2024 and electric trucks that are on order.

27. Contingent liabilities

Claims

Claims have been filed against Sligro Food Group and/or group companies, which the Group dispute. None of these claims is material.

28. 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	2023	2022
Operating result	15	43
Amortisation and depreciation	103	80
Impairments	19	3
EBITDA	**137**	**126**
Other operating income included in cash flow from investing activities	(7)	(17)
	130	**109**
Movements in working capital and other changes:		
Inventories	(2)	(40)
Trade receivables and other current assets	(2)	(112)
Current liabilities	25	143
Current provisions	1	0
Shareholders' equity	0	0
	22	**(9)**
Net cash flow from business operations	**152**	**100**

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

x € million	2023	2022
Cash and cash equivalents	32	59
Short-term borrowings for operating activities	0	(55)
Closing balance	**32**	**4**

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

29. 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 2023, these partnerships and participations represented a total procurement value of €143 million (2022: €134) at prices that were in line with market conditions. At year-end 2023, net trade payables to these companies amounted to €31 million (2022: €30). 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 2023, net trade payables to Vemaro amounted to €7 million (2022: €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 2023, the procurement value amounted to €647 million (2022: €589). At year-end 2023, net trade payables amounted to €49 million (2022: €48). 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, 0 shares in Sligro Food Group were bought in 2023 (2022: 20,000 bought) from Stichting Werknemersaandelen Sligro Food Group at the going market rate.

30. Supply Chain Finance

The Group has a Supply Chain Finance programme that offers participating suppliers the option to get credit to the amount of their invoices at participating banks 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 €99 million at year-end 2023 (2022: €104) relating to the participating suppliers. Sligro Food Group receives a (small) consideration under this programme, which has been recognised under Other operating income.

31. Events after the balance sheet date

On 2 January 2024, the Group took over the existing transport activities of the Sligro Delivery Service locations in Amsterdam, Berkel en Rodenrijs and Drachten from Simon Loos Transport B.V. See Note 1 for more information.

Company statement of profit or loss

x € million

	2023	2022	2021
Finance income	1	0	0
Result from participations	5	39	20
Pre-tax profit (loss)	**6**	**39**	**20**
Income taxes	0	0	0
Profit (loss) for the financial year	**6**	**39**	**20**

Company statement of financial position before profit distribution

x € million	31 December 2023	31 December 2022	31 December 2021
Assets			
Non-current financial assets	458	475	449
Total non-current assets	**458**	**475**	**449**
Receivables from group companies	3	4	4
Total current assets	**3**	**4**	**4**
Total assets	**461**	**479**	**453**
Liabilities			
Paid-up and called-up capital	3	3	3
Share premium	31	31	31
Other reserves	401	384	379
Legal reserves	20	22	20
Undistributed profit (loss)	6	39	20
Total equity	**461**	**479**	**453**
Payables to group companies	0	0	0
Total current liabilities	**0**	**0**	**0**
Total liabilities	**461**	**479**	**453**

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 participations 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	2023	2022
Shares in group companies	433	450
Receivables from group companies	25	25
Closing balance	**458**	**475**

Shares in group companies

Movements in this item can be broken down as follows:

x € million	2023	2022
Opening balance	450	424
Result	6	39
Share-based payments	0	0
Net result recognised directly in shareholders' equity	0	0
Change in treasury shares	0	0
Dividend	(23)	(13)
Closing balance	**433**	**450**

Receivables from group companies

A loan granted with a total principal of €25 million and a term through to 22 June 2027 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 106. 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	2023	2022
Consolidated		
Other reserves	429	449
Treasury share reserve	(2)	(4)
	427	**445**
Company		
Other reserves	401	384
Legal reserves	20	22
Undistributed profit (loss)	6	39
	427	**445**

Other reserves

Movements in other reserves were as follows:

x € million	2023	2022
Opening balance	383	379
Result on previous reporting period	39	20
Change in legal reserves	2	(2)
Change in treasury shares	0	0
Dividend	(24)	(13)
Other changes	1	(1)
Closing balance	**401**	**383**

Legal reserves

The legal reserves of €20 million (2022: €22) 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	2023	2022
Interim dividend paid (2023: €0.30 per share; 2022 €0.30)	13	13
Available for final dividend (2023: €0.00 per share; 2022 €0.25)	0	11
Transfer to (from) other reserves	(7)	15
Profit for the financial year	**6**	**39**

Other notes

Contingent liabilities

As the head of the fiscal unity of the Group in the Netherlands as a whole, the company is liable for the tax debt 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 115.

As approved for publication, Veghel,

7 February 2024

The Supervisory Board

Freek Rijna, Chairman
Dirk Anbeek
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 2023 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2023 of Sligro Food Group N.V. (the Group), based in Veghel. The financial statements comprise 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, 2023, and of its result and its cash flows for 2023 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, 2023, and of its result for 2023 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, 2023.
2. The following statements for 2023: 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, 2023.
2. The company statement of profit or loss for 2023.
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 the statutory audits of public interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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 € 6.9 million. The materiality is based on 5.5% of EBITDA and takes in to consideration incidental income and expenses. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. 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 mainly focused on significant group entities the Netherlands, Sligro-M ("Metro") and Sligro Food Group Belgium N.V. excluding Sligro-M ("Belgium"). We have performed audit procedures ourselves at group entities the Netherlands and Sligro-M. We used the work of other auditors, being Deloitte Belgium, when auditing the group entity Belgium excluding Sligro-M.

We have performed an audit of the financial information for all group entities using the component materiality. We have divided the group materiality between the Dutch and Belgian components based on professional judgement and qualitative factors. We have considered the relative size of the component in relation to the Group's EBITDA and revenue. We have provided the Belgian component auditor with audit instructions and held several meetings with Belgian management and the Belgian audit team during the planning, interim and year-end audit. We have also reviewed the audit file of, and the procedures performed by the Belgian component auditor.

By performing the procedures mentioned above at group 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 on 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 Report of the Supervisory Board 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 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 and manual journal entries with fraudulent descriptions.

Management estimates
Key management estimates, amongst which estimates in relation to the determination of the impairment of (in)tangible fixed assets, the determination of the impairment on SAP, the valuation of the acquisition of the activities of Metro Belgium, the determination of the supplier bonuses and the determination of the customer bonuses. In relation to the estimate for supplier bonuses, we paid specific attention to the subsequent receipt of the bonus estimate of 2022 in 2023 and the manual corrections from Management. We further paid attention to possible tendencies of management in preparing these estimates. We also refer to the key audit matters for our work performed on the determination of the impairment of (in)tangible fixed assets, the determination of the impairment on SAP, the valuation of the acquisition of the activities of Metro Belgium and the customer bonus estimate.

Significant transactions outside the normal course of business
For 2023 this concerns the acquisition of the activities of Metro Belgium, the reallocation of De Kweker and the new long-term bonus scheme for the Executive Board. Lastly, this also concerned the acquisition of part of Simon Loos' transport activities 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 *Judgements, estimates and assumptions*, 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 non-compliance.

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.

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, Sligro Food Group N.V. 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 Sligro Food Group N.V.'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 Sligro Food Group N.V.'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 Sligro Food Group N.V.'s as to whether Sligro Food Group N.V. 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. Recognition and valuation of intangible assets SAP

Description

In 2018, Sligro Food Group N.V. started with the design and implementation of a new SAP S/4HANA ERP system (hereinafter: SAP). The system was ultimately implemented during November 2022 at one location, Sligro Antwerp.

As explained by management in the press release accompanying the 2023 half-year results as well as in the 2023 annual report, there have been significant problems since SAP went live in Antwerp in November 2022, specifically in the delivery operations. These disruptions affected amongst others actual deliveries to customers and the administrative processing thereof.

Management has carried out an analysis of the SAP project in 2023. As part of this analysis, management has evaluated which of the separately identifiable and implemented modules that are part of the SAP landscape are being derecognized, as these are currently not being used and will not be used in the future and as such will no longer generate economic benefits.

Based on this analysis, management has come to the conclusion that this is the case for two modules, which both specifically relate to delivery operations functionalities. As a result, the implementation and configuration costs for these modules are derecognized. In the future the implementation and configuration should be done again. Based on this, the initial capitalised costs related to these modules (consisting of license and implementation costs) have been derecognized and have been recognized as such as an expense in the consolidated statement of profit or loss in 2023. This is recognized as an expense in 2023 for € 16.8 million, which has been recognized by management on the line *"Impairment of goodwill and other intangible assets"* in the consolidated statement of profit or loss and is further explained in note 10. Goodwill and other intangible assets in the financial statements.

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 management's analysis of the SAP asset. We have gained insight in the process and regarding this management estimate (derecognizing of a number of modules) 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:

- 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 to gain more insight in the components of a SAP implementation process.
- Inquiries with key personnel within the organisation in order to gain a better understanding of the analysis carried out on the SAP project and the route forward.
- Review and assessment of the derecognition analysis from management.
- Review and assessment of the reasonableness of the way in which the license and implementation costs are allocated to the separately identifiable and implemented modules within the SAP landscape.
- Technical consultation with our professional practice department regarding the accounting implications and accounting matters of the derecognition analysis from management.
- Inspection of the intangible asset register to determine the amount of capitalized costs which is in use as per reporting date.
- Substantive procedures on the capitalized external and internal SAP configuration and implementation costs.
- Review and assessment of the accuracy and completeness of the related disclosures in the annual report.

Observation

Based on the materiality described above and the procedures performed by us and described above, we concur with the analysis and calculations prepared by management.

2. Valuation of (in)tangible fixed assets cash generating unit Belgium and the location in Antwerp

Description

Valuation (intangible assets) of the cash generating unit in Belgium
Belgium is one out of the two cash generating units of Sligro Food Group N.V.

The performance in 2023 in Belgium for the JAVA and Sligro-ISPC components were lower than budgeted. As in previous years, there was an operating loss. At Sligro-ISPC, a significant part of this loss is due to the issues with SAP after the go-live in Antwerp in November 2022, which primarily impacted operations during the first half of 2023. This has resulted in write-offs to the trade receivables balance and additional commercial arrangements to settle disputes with customers. In 2023, Sligro-M has been added to the existing cash generating unit Belgium.

At year-end, the net invested capital of the cash generating unit Belgium amounted to € 163 million. Based on the impairment analysis performed by management, the recoverable amount is higher than the net invested capital and therefore it is concluded that no impairment is required.

Considering that the results of the components JAVA and Sligro-ISPC in Belgium stay behind for consecutive years and the recent further expansion of Belgian activities in which Sligro-M was in the start-up phase, this has continued to get significant attention in the current audit just as in previous years.

Valuation location Antwerp
As part of the optimization of the delivery landscape, a new delivery service location was opened by Sligro in Evergem on the AS400 platform in 2023. This new location will take over activities from existing locations within the Sligro-ISPC network. This has led to overcapacity at the Antwerp location and is a potential trigger for impairment, because the existing assets have to be recovered with a more limited part of the activities.

Net invested capital amounted to € 18 million at the end of the year. Based on the impairment analysis performed by management, the recoverable amount is lower than the net invested capital and it has been concluded that an impairment of € 2 million is required.

This resulted for us in identifying the valuation of the (in)tangible fixed assets for the cash generating unit Belgium and the valuation of the Antwerp location as a key audit matter.

The results of the impairment calculations are the most sensitive to estimates relating to:
- Revenue 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 of the (in)tangible assets of Belgium and the Antwerp location. 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 2024 that is approved by the Supervisory Board and the long-term forecast up to 2028.
- 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 2023.
- Assessment of the impairment model, the calculated WACC and the long-term growth percentage, using internal valuation experts.
- Performing sensitivity analyses on the most sensitive assumptions;
- Review and assessment of the accuracy and completeness of the related disclosures in the annual report.

Additional for the Antwerp location:
- Visiting the location and having discussions with the location manager and the responsible International Board member of Sligro Food Group;
- Benchmarking of the potential of the Antwerp location and the cost level with comparable locations in the Dutch network and Sligro-M locations.

Observation

Based on the materiality described above and the procedures performed by us and described above, we concur with the management estimate.

We also refer to management's disclosure of the key assumptions for the impairment analysis as included in note 10. Goodwill and other intangible assets and notes 11. Property, plant and equipment.

3. Customer Bonuses

Description

Sligro has entered into bonus agreements with larger customers. On the one hand, these bonus agreements have become more complex over the years and, on the other hand, the size in terms of revenue of these customers to which the bonus agreements apply, has increased.

In the past year, administrative differences and deviations occurred in relation to the estimates, between the amounts accrued by Sligro and the actual settled amounts.

This resulted in us identifying the accrued customer bonuses as a key audit matter.

How the key audit matter was addressed in the audit

Based on our materiality level and the applicable auditing standards, we have audited the accrued customer bonuses. 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.

In particular, work has focused on:

- The subsequent settlement of the accrued customer bonuses as recorded in prior year and assessing the reasons for deviations.
- Obtaining and reviewing the accrual for customer bonuses for the year 2023.
- Identification and assessment of the most important bonus components in the agreements with customers.
- For a number of customers, building up an independent expectation and comparing it with the accrual determined by Sligro.
- We performed a test of detail on the advances and settlements paid out during the financial year.

Observation

Based on the materiality described above and the procedures performed by us and described above, we concur with the analysis and calculations prepared by management.

4. Valuation of places of business – acquisition of Metro Belgium

Description

On 3 January 2023, Sligro Food Group acquired control of the assets and liabilities of Makro Cash & Carry Belgium N.V. Sligro acquired the assets and liabilities that mainly relate to 9 Metro stores, including employees, for a total amount of €49 million including inventory.

In accordance with IFRS 3, the purchase price must be allocated to the acquired assets and liabilities ("Purchase Price Allocation" / PPA). On the basis of "Purchase Price Allocation", the largest amount has been allocated to the places of business (€ 31 million).

Management's most significant estimates relate to the valuation of the places of business. Due to the subjective and complex nature of this assessment, we have identified the valuation of the places of business as part of Sligro's acquisition of the Metro activities a key audit matter.

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 valuation of the places of business in Sligro-M's opening balance. 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.

In particular, work has focused on:

- Evaluating whether the assumptions used in the fair value calculation are reasonable in the context of the applicable financial reporting framework.
- Assessment of the valuation of Sligro-M places of business, specifically aimed at estimating the regular term for obtaining a permit at such a location, using internal experts.
- Assessment of the discount rate and the methodology used to determine the value of the places of business, using internal experts;
- Review and assessment of the accuracy and completeness of the related disclosures in the annual report (note 1. Acquisition, participation and disposal of operations) in the financial statements.

Observation

Based on the materiality described above and the procedures performed by us, we concur with management's estimates as part of the Purchase Price Allocation.

We also refer to management's explanation of the acquisition of the Metro activities as included in note 1. Acquisition, participation and disposal of operations.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

The other information 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 all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

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 service as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits 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 set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by Sligro Food Group N.V. complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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 7, 2024

Deloitte Accountants B.V.
Signed on the original: A.J. Heitink

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	2023	2022	2021	2020	2019
Result					
Revenue	2,859	2,483	1,898	1,946	2,395
EBITDA[1]	137	126	109	75	127
EBITA[1]	70	67	49	7	66
EBIT	15	43	25	(76)	44
Profit from continuing operations	6	39	20	(70)	34
Net cash flow from operating activities	142	91	73	101	132
Free cash flow[1]	34	6	15	67	38
Dividend proposed	13	24	0	0	24
Equity					
Shareholders' equity	461	479	453	432	500
Net invested capital[1]	866	800	805	802	902
Net interest-bearing debts[1]	450	365	382	402	424
Total equity	1,482	1,421	1,233	1,198	1,455
Employees					
Number of employees (FTEs)[2]	4,524	4,113	3,987	4,046	4,100
Workforce male/female ratio[2]	69/31	70/30	71/29	71/29	74/26
Senior management male/female ratio[2]	68/32	72/28	70/30		
Executive Board male/female ratio	100/0	100/0	100/0	100/0	100/0
Supervisory Board male/female ratio[2]	67/33	67/33	100/0	80/20	80/20
Employee expenses[3]	275	228	211	219	218

x € million	2023	2022	2021	2020	2019
Sustainability					
Carbon reduction since 2010 as %	(38.9)	(33.4)	(19.5)	(22.7)	(27.7)
'Eerlijk & Heerlijk' product range as % of revenue	14.3	11.8	10.8	10.5	10.7
Customer satisfaction	71	68	69	73	73
Employee satisfaction	66	66	62	63	56
Supplier satisfaction	65	63	66	63	67
Investments					
Net investments[1]	78	59	47	13	85
Amortisation and depreciation	(63)	(48)	(49)	(58)	(54)
Ratios					
Revenue growth as %	15.2	30.8	(2.5)	(18.7)	2.1
Organic revenue growth[1] as %	8.8	30.8	(2.5)	(20.5)	(0.9)
Profit growth as %	(83.4)	93.6	128.5	(304.3)	(25.3)
Gross profit as % of revenue	26.7	26.7	26.3	24.0	24.4
EBITDA[1] as % of revenue	4.8	5.1	5.8	3.9	5.3
EBITA[1] as % of revenue	2.4	2.7	2.6	0.4	2.8
EBIT as % of revenue	0.5	1.7	1.3	(3.9)	1.8
Profit (loss) as % of revenue	0.2	1.6	1.1	(3.6)	1.4
Net profit as % of average shareholders' equity[1]	1.4	8.3	4.5	(15.0)	6.4
EBIT as % of average net invested capital	1.8	5.3	3.1	(8.9)	5.0
Net interest-bearing debts/EBITDA (not including IFRS 16)[1]	1.6	1.4	1.8	2.8	2.2
Shareholders' equity as % of total equity	31.1	33.7	36.7	36.0	34.3
Revenue per employee (x €1,000)	624	618	477	473	584
Employee expenses per employee (x €1,000)	60	57	53	53	53
Details per share with nominal value of €0.06					
(x 1 €)					
Number of shares in issue (x million)	44.3	44.2	44.2	44.1	44.1
Shareholders' equity	10.43	10.84	10.25	9.78	11.33
Profit	0.14	0.88	0.45	(1.59)	0.78
Dividend proposed	0.30	0.55	0.00	-	0.55

1) This is an alternative performance measure. For the definition and a reconciliation with the most directly comparable IFRS measure, see 'Definitions and alternative performance measures' on p. 166 onwards.

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

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

Definitions and alternative performance measures

The financial information in this annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and as explained in the Notes to the consolidated financial statements. This annual report also includes alternative financial and non-financial performance indicators. The Executive Board assesses and uses these alternative performance measures as important additional metrics to measure the Group's performance.
The definitions used by the Group and the significance of these indicators and other metrics used in the annual report are explained below.

Alternative financial performance measures

Organic revenue growth

Revenue growth achieved through the Group's own initiatives and resources. This does not include growth attributable to mergers and acquisitions. This measure shows the extent to which the Group achieves growth with existing customers, through price increases or higher sales, and the level of independent growth realised by acquiring new customers.

	2023	2022	change (%)
Organic revenue	2,702	2,483	8.8%
Revenue from subsidiaries acquired or sold	157	0	
Total revenue	**2,859**	**2,483**	**15.2%**

Gross operating result (EBITDA)

EBITDA is short for Earnings Before Interest, Taxes, Depreciation and Amortisation and is calculated as follows: operating result (EBIT) plus depreciation, amortisation and impairment. EBITDA is considered a useful measure for analysing profitability by excluding the effects of taxes, financing (finance income and expenses) and fixed asset investments (depreciation, amortisation and impairment). For the reconciliation of EBITDA to EBIT, please refer to the abridged statement of profit or loss in the 'Financial results' section.

Gross operating result before amortisation (EBITA)

EBITA is short for Earnings Before Interest, Taxes and Amortisation and is calculated as follows: operating result (EBIT) plus amortisation and impairment of intangible assets. EBITA is considered a useful measure for analysing profitability by excluding the effects of taxes, financing (finance income and expenses) and investments in intangible assets (amortisation and impairment of intangible assets). For the reconciliation of EBITA to EBIT, please refer to the abridged statement of profit or loss in the 'Financial results' section.

Cash conversion as %

Free cash flow divided by net profit. The measure shows the extent to which net profit can be converted into free cash flows and is thus a measure of operating efficiency. For the calculation, please refer to the 'Abridged statement of cash flows' table in the 'Financial results' section.

Net investments

The balance of investments and divestments in intangible assets and property, plant and equipment, excluding intangible assets from acquisitions, i.e. goodwill and the value of places of business, customer relationships and brand names. This measure is a good indicator for long-term value creation from the reinvestments taking place within the Group. For the calculation, please refer to the 'Net change in fixed assets' table in the 'Financial results' section.

EBIT as % of average net invested capital

The operating result (EBIT) as a percentage of the average net invested capital is a measure of the return generated by the capital invested by the Group. The measure provides a guideline for long-term value creation. The net invested capital is calculated as the sum of shareholders' equity plus net interest-bearing debts, long-term provisions and deferred tax assets, excluding investments in associates.

x € million	31 December 2023	31 December 2022
Shareholders' equity	461	479
Net interest-bearing debts	450	365
Deferred tax liabilities	9	12
Employee benefits provision	2	2
Other non-current liabilities	3	0
Other non-current provisions	1	0
Minus: deferred tax assets	(4)	(1)
Minus: investments in associates	(56)	(56)
Net invested capital at financial year-end	**866**	**800**
Operating result (EBIT)	15	43
Average net invested capital	833	803
EBIT as % of average net invested capital	**1.8**	**5.3**

Net change in fixed assets

The balance of net investments in and depreciation, amortisation and impairment relating to intangible assets and property, plant and equipment, excluding intangible assets from acquisitions, i.e. goodwill and the value of the places of business, customer relationships and brand names. This measure is a good indicator for long-term value creation from the reinvestments taking place within the Group. For the calculation, please refer to the 'Net change in fixed assets' table in the 'Financial results' section.

Net interest-bearing debts

Total interest-bearing debts minus cash and cash equivalents.

Net interest-bearing debts/EBITDA

Net interest-bearing debts divided by the gross operating result (EBITDA) for the past 12 months. This measure shows how many years the Group would have to perform at the current level to pay off its debts.

Net interest-bearing debts/EBITDA (not including IFRS 16)

Net interest-bearing debts excluding non-current and current lease liabilities divided by the gross operating result (EBITDA) plus expenses for lease contracts for the past 12 months.

x € million	31 December 2023	31 December 2022
Long-term borrowings	40	110
Non-current lease liabilities	255	208
Current portion of long-term borrowings	0	30
Short-term borrowings	161	55
Current lease liabilities	26	21
Cash and cash equivalents	(32)	(59)
Net interest-bearing debts	**450**	**365**
Gross operating result (EBITDA)	137	126
Net interest-bearing debts/EBITDA	**3.3**	**2.9**
Net interest-bearing debts	450	365
Minus: non-current and current lease liabilities	(281)	(229)
Net interest-bearing debts (ex IFRS 16)	**169**	**136**
Gross operating result (EBITDA)	137	126
Costs of lease contracts	(34)	(26)
EBITDA (not including IFRS 16)	**103**	**100**
Net interest-bearing debts/EBITDA (ex IFRS 16)	**1.6**	**1.4**

Free cash flow

Net cash flow from operating activities minus lease liabilities paid minus net investment activities (excluding cash flows arising from: the acquisition and/or sale of subsidiaries and/or the purchase or sale of interests in associates).

The free cash flow shows the cash flow available to repay debt or pay dividends. For the calculation, please refer to the 'Abridged statement of cash flows' table in the 'Financial results' section.

Working capital

Current assets excluding cash and cash equivalents minus current liabilities excluding interest-bearing items. The interest-bearing items are the total of the current portion of long-term borrowings, short-term borrowings and current lease liabilities. This measure shows the extent to which the Group can continue its operations and whether there is sufficient cash available to meet maturing current liabilities and upcoming operating expenses. For the calculation, please refer to the 'Development of working capital' table in the 'Financial results' section.

Non-financial performance measures

Number of employees (FTEs)

The number of people with an employment contract with the Group, expressed as the number of full-time equivalents (FTEs). Full-time Equivalent is a unit of measure based on the hours during which an employee carries out work-related activities. An FTE of 1.0 means that the employee is equivalent to a full-time employee, while an FTE of 0.5 indicates that the employee works half-time. The number of employees is measured at the end of the financial year, unless used in the calculation of a KPI over a period. In the latter case, the average number of employees (FTEs) over that period is used, determined at the end of each month.

Remuneration costs per employee

The annual total remuneration costs for all company employees with a contract, divided by the average number of employees in FTEs. The annual remuneration costs include salary, bonuses, stock and option plans, social security expenses and pension expenses.

Carbon reduction compared to 2010 in %

The Group has set a target for reducing its CO_2 emissions, with 2010 as the reference year. The target is related to revenue to also reflect the development of our company. Since 2010, we have used the same definition, scope and conversion factors to calculate the reduction in our CO_2 emissions. This involves the CO_2 emissions arising from the Group's core activities: the gas and electricity consumption of the Group's own buildings and rental premises plus the fuel consumption related to transport for the delivery service activities, comprising both in-house organised transport and outsourced transport, including the transport activities for Heineken. The CO_2 emissions and revenue of subsidiaries acquired are included in the calculations from the date of ownership. The CO_2 emissions are measured in CO_2 equivalents (CO_2-eq), a unit of measurement that indicates the global warming potential (GWP) of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. For the calculation, please refer to the 'Carbon emissions in relation to revenue' table in the 'Environment' section.

'Eerlijk & Heerlijk' product range as % of revenue

The revenue generated by the items in our 'Eerlijk & Heerlijk' products relative to total Group revenue. 'Eerlijk & Heerlijk' is not a quality mark, but a classification method we use to help our customers make a responsible choice. 'Eerlijk & Heerlijk' is based on four pillars: organic, sustainable, fair trade and regional.

Items in our product database are classed as 'Eerlijk & Heerlijk' if they have at least one independent, transparent and audited quality mark as defined by Milieu Centraal. We track 11 of Milieu Centraal's 12 top quality marks, plus some other quality marks that appear in their Keurmerkenwijzer (certification mark guide), depending on the score for transparency, auditing and independence of the 'animals', 'environment' or 'people' mark. The top quality marks set the toughest requirements in relation to the environment, animal welfare and people & labour. The figures up to 2021 relate only to the product range in the Netherlands. From 2022 onward, they relate to the entire Group.

Satisfaction of customers, employees and suppliers

The level of employee, customer and supplier satisfaction is an important measure for our performance. We measure satisfaction among these stakeholder groups by means of StakeholderWatch, a research method in which these groups are surveyed on a daily basis. This enables us to constantly 'take the temperature' in the organisation, so that we can identify trends sooner and respond to them where required. It provides both quantitative and qualitative information. StakeholderWatch captures stakeholder satisfaction on a scale of 0 to 100. StakeholderWatch scores are also used as KPIs when setting targets for managers and teams. For employees, the scores reported up to and including 2022 are the average of the last 90 days. Starting in 2023, the score relates to a survey that is simultaneously sent out to all employees in the last quarter of the financial year. As of 2021, the scores also include Belgium.

For customers, the scores reported are the average of the last 90 days. The scores for all years exclude Belgium.

For suppliers, the scores reported up to and including 2022 are the average of the last 90 days. The score for 2023 is based on assessments relating to the complete year.

EU taxonomy CapEx table

		2023		Substantial contribution criteria[1]						DNSH criteria ('Do no significant harm')							2022		
Economic activities	Code(s)	Absolute CapEx (x € million)	Proportion of CapEx (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of CapEx (%)	Enabling activity category	Transitional activity category
Text		*Currency*	*%*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
No taxonomy-aligned activities yet																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
				el; n/el	*el; n/el*	*el; n/el*	*el; n/el*	*el; n/el*	*el; n/el*										
Capital expenditure on cars and light commercial vehicles	KM6.5	6	4%	el	n/el	n/el	el	el	n/el							N	3%		
Capital expenditure on lorries	KM6.6	9	7%	el	n/el	n/el	el	el	n/el							N	0%		
Construction of new buildings	KM7.1/CE3.1	14	10%	el	n/el	n/el	el	el	n/el							N	4%		
Renovation of existing buildings	KM7.2/CE3.2	27	20%	el	n/el	n/el	el	el	n/el							N	30%		
Capital expenditure on refrigeration and freezer equipment and LED lighting	KM7.3	1	0%	el	n/el	n/el	el	el	n/el							N	2%		
Capital expenditure on charging stations for electric vehicles	KM7.4	1	1%	el	n/el	n/el	el	el	n/el							N	0%		
Capital expenditure on solar panels	KM7.6	1	1%	el	n/el	n/el	n/el	el	n/el							N	1%		
Acquisition and ownership of buildings	KM7.7/CE3.7	37	28%	el	n/el	n/el	el	el	n/el							N	9%		
CapEx of taxonomy-eligible but not taxonomy-aligned activities (A.2)		**96**	**71%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**49%**		
Total (A.1 + A.2)		**96**	**71%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**49%**		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		**40**	**29%**																
Total (A + B)		**136**	**100%**																

[1] el = eligible; n/el = not eligible.

EU taxonomy OpEx table

		2023		Substantial contribution criteria[1]						DNSH criteria ('Do no significant harm')							2022		
Economic activities	Code(s)	Absolute OpEx (x € million)	Proportion of OpEx (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of OpEx (%)	Enabling activity category	Transitional activity category
				Y; N; n/el	Y; N; n/el	Y; N; n/el	Y; N; n/el	Y; N; n/el	Y; N; n/el										
Text		*Currency*	*%*							*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
No taxonomy-aligned activities yet																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
				el; n/el	el; n/el	el; n/el	el; n/el	el; n/el	el; n/el										
Maintenance and repair of forklifts	KM6.5	4	14%	el	n/el	n/el	el	el	n/el							N	14%		
Maintenance and repair of lorries	KM6.6	1	5%	el	n/el	n/el	el	el	n/el							N	4%		
Maintenance and repair of new buildings	KM7.1/CE3.1	2	7%	el	n/el	n/el	el	el	n/el							N	6%		
Maintenance and repair of renovated buildings	KM7.2/CE3.2	6	22%	el	n/el	n/el	el	el	n/el							N	19%		
Maintenance and repair of refrigeration and freezer equipment and LED lighting	KM7.3	0	0%	el	n/el	n/el	el	el	n/el							N	0%		
Maintenance and repair of charging stations for electric vehicles	KM7.4	0	0%	el	n/el	n/el	el	el	n/el							N	0%		
Maintenance and repair of solar panels	KM7.6	0	0%	el	n/el	n/el	n/el	el	n/el							N	0%		
Maintenance and repair of purchased buildings	KM7.7/CE3.7	0	2%	el	n/el	n/el	el	el	n/el							N	6%		
OpEx of taxonomy-eligible but not taxonomy-aligned activities (A.2)		**13**	**50%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**49%**		
Total (A.1 + A.2)		**13**	**50%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**49%**		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities (B)		**14**	**50%**																
Total (A + B)		**27**	**100%**																

[1] el = eligible; n/el = not eligible.

EU taxonomy Revenue table

		2023		Substantial contribution criteria[1]						DNSH criteria ('Do no significant harm')							2022		
Economic activities	Code(s)	Absolute revenue (x € million)	Proportion of revenue (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of revenue (%)	Enabling activity category	Transitional activity category
Text		*Currency*	*%*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y; N; n/el*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
No taxonomy-aligned activities yet																			
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
				el; n/el	*el; n/el*	*el; n/el*	*el; n/el*	*el; n/el*	*el; n/el*										
No taxonomy-eligible activities yet		0	0%													N	0%		
Turnover of taxonomy-eligible but not taxonomy-aligned activities (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total (A.1 + A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities (B)		**2,859**	**100%**																
Total (A + B)		**2,859**	**100%**																

[1] el = eligible; n/el = not eligible.

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 and delivery service wholesale outlets 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 backoffice organisation.

Belgium

In Belgium, Sligro and Sligro-M focus on food professionals, the gastronomic catering market, bulk consumers and SMEs through a nationwide network of cash-and-carry wholesale outlets and delivery service centres. JAVA Foodservice focuses primarily on the institutional, corporate catering and hotel chain market segments. The brands 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. In Bouter, Sligro Food Group has a specialist company for consultancy, design, supply, installation and maintenance of professional kitchen equipment, appliances and refrigeration and freezing equipment. Sligro Food Group is one of the largest players in the end-of-year gift market, with traditional Christmas hampers being offered through Sligro and online gift concepts through Tintelingen.

Our customers have access to more than 75,000 food and food-related non-food products, 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. Both countries are centrally managed based on a BeNe organisational model. Activities that are primarily customer-related are carried out in the separate countries and business units. 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 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.
18 April 2024	First-quarter trading update
18 July 2024	2024 half-year figures
18 July 2024	Analysts' meeting, 1.30 p.m.
17 October 2024	Third-quarter trading update
7 January 2025	2024 annual revenue
27 March 2025[1]	2024 annual figures
27 March 2025	Press conference, 11.00 a.m.
27 March 2025	Analysts' meeting, 1.30 p.m.
27 March 2025	Publication of the annual report
14 May 2025	General Meeting of Shareholders for 2023 at the company's offices, 10.30 a.m.

[1] The Group has chosen to take more time in 2025 for the preparation and external audit of the 2024 Annual Report, in connection with the new requirements in relation to the Sustainability Report to be included in the Annual Report on the basis of the Corporate Sustainability Reporting Directive.

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.

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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 44,255,015 shares in issue at the end of 2023. an increase of 68,700 compared with year-end 2022. This increase can be attributed to the change in the number of shares repurchased to cover the share option plan, which ended in 2023.
The volume of traded shares in the reporting year amounted to 7,840 thousand (2022: 11,181) and the total value of shares traded was €129 million (2022: €205).

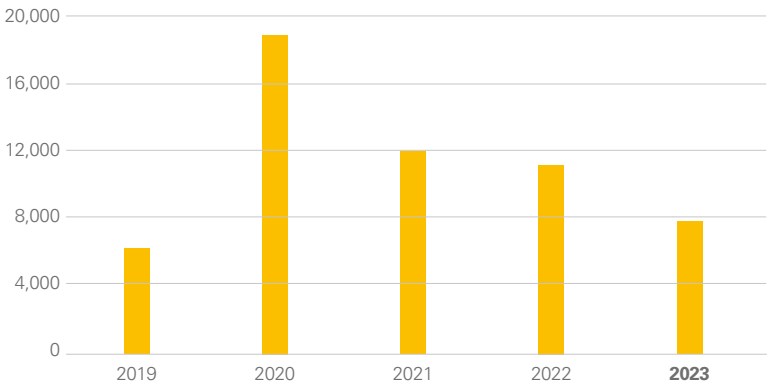
Following the change to the Dutch law on converting bearer shares, traditional bearer shares that are not included in the book-entry securities transfer system will automatically be converted into registered shares on 1 January 2020. As a result, physical bearer certificates automatically ceased to be 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 2023, Sligro shareholders hold a total of 3,740 (2022: 3,760) former traditional bearer shares.

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

	Private individuals		Institutions		Total	
in %	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Netherlands	48	49	31	22	79	71
USA			2	5	2	5
Belgium			2	0	2	0
Norway			1	2	1	2
Canada			0	2	0	2
Other countries			1	2	1	2
Total	**48**	**49**	**37**	**33**	**85**	**82**

Number of shares traded
(x 1,000)



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 participations[1)]

Date of most recent disclosure	Subject to reporting obligations	in %
14 August 2023	Van Lanschot Kempen Capital Management N.V.	3.01
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

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

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 27 March 2024.

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 2019-2023

x €1	2023	2022	2021[1]	2020[1]	2019[1]
Profit (loss) from continuing operations	0.14	0.88	0.45	(1.59)	0.78
Dividend	0.30	0.55	-	-	0.55

For 2023, the proposed dividend payment amounts to €0.30, which equates to a payment percentage of 175%.
Of the total dividend, €0.30 per share was already paid as an interim dividend on 2 October 2023, leaving a final dividend of €0.00.
A cash dividend of €0.55 per share was paid in 2023, comprising the final dividend of €0.25 per share for 2022 and the interim dividend of €0.30 per share for 2023.

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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