Sligro Food Group N.V.

Smarter Together

2023 annual report

Sligro Food Group

Highlights

Contents

Key figures for 2023

x € million

2,859
Revenue
2022: 2,483 ▲ 15.2%

137
EBITDA[1)]
2022: 126 ▲ 8.5%

6
Net profit
2022: 39 ▼ -80.4%

15
EBIT
2022: 43 ▼ -64.6%

34
Free cash flow[1)]
2022: 6 ▲ 468.1%

0.30
Dividend per share proposed (x €1)
2022: 0.55 ▼ -45.5%

-38.9
Carbon reduction compared to 2010 (% of revenue)
2022: -33.4

14.3
'Eerlijk & Heerlijk' product range[2)] (% of revenue)
2022: 11.8

4,524
Number of employees (FTEs)[3)]
2022: 4,113 ▲ 10.0%

69/31
Male/female ratio (%)[3)]
2022: 70/30

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) Netherlands.
3) As at year-end.

Foreword

Our market share has again risen, through organic growth in the Netherlands, and through organic growth and acquisitions in Belgium.

Koen Slippens, CEO

'In the light of market conditions and the underlying development of our EBIT result, we are moderately pleased with 2023 and extremely eager to continue the positive underlying trend in the results.'

Rob van der Sluijs, CFO

'In 2024 and beyond, we will do everything we can to achieve our medium to long-term return targets.'

Operations and market

"After a turbulent 2022 with considerable pressure on operations and a globally disrupted supply chain, 2023 was all about restoring stability. Our basic service provision needed to become better and also more efficient, partly in view of the continuing steep inflation in costs. All things considered, we were successful in that regard, achieving a much improved and consistently stable service level coupled with timely delivery.

Indeed, this improvement was necessary as our customers needed good, reliable service more than ever. For 2024, we can see further opportunities to improve from good-on-average to good-in-every-case. After all, individual customers still experience inferior service from time to time and that is a reason for switching to a different supplier. Our competitors also struggled with the same issues. We welcomed many new customers, but also saw some leave. On balance, the result for us was positive and we gained market share in both countries, but ultimately we would prefer to secure customer loyalty over the longer term, keeping the 'back door' closed and the 'front door' wide open.

The market is in the grip of change and our customers are increasingly price-sensitive. This is no surprise, seeing as high inflation is confronting them with rising costs in virtually every aspect of their business model. Moreover, many of our customers saw consumers increasingly pare back spending in the 'out of home' channel. As a result, we had to keep a tight rein on pricing policy and support our customers through services and product range choices so that they could continue offering acceptable menu prices despite the price inflation. We believe we amply succeeded but this issue is set to persist into the future and thus demands our continued attention.

Sligro-M

At the end of 2022, with regard to the court-supervised restructuring process in relation to Makro Cash & Carry Belgium N.V., the court in Antwerp authorised the judicial trustees appointed in the case to sell most of Metro's business activities in Belgium to Sligro Food Group. The activities were finally transferred on 3 January 2023. Although one party to the proceedings appealed the decision of the court, this appeal was decisively rejected, whereupon the transaction was completed.

After intensive and thorough preparations, the nine Metro wholesalers in Antwerp South, Wevelgem, Liège, Hasselt, Middelkerke, Namur, Sint-Katelijne-Waver, Brussels and Vorst were reopened under our banner over a period of ten days, so that we were operational again at all locations by 18 January. This formidable achievement was made possible by the commitment of many of our Dutch and Belgian colleagues who worked together smoothly and effectively in mixed teams.

Our target was to get back to around 70% of original revenues by the end of the first year. We are still some way behind that target. We did not begin offering deliveries from our new delivery service site in Evergem until well into the fourth quarter of 2023, and in Middelkerke are still operating from the temporary pop-up site. Despite the somewhat lower revenue achievement, we are extremely satisfied with the operational results, which significantly exceed the assumptions of our business case. Thanks not least to the commitment of the staff at the sites, we are making progress daily, costs are under control, and these sites have made a positive contribution to Group EBITDA since the fourth quarter.

ERP implementation

Since going live with our new ERP solution in Antwerp in November 2022, we experienced problems, specifically in delivery operations. This led to unsatisfactory performance towards our customers, in terms of both actual deliveries and the administrative processing. In the first half of the year, we launched an improvement effort that is seeing us troubleshoot issues and stabilise processes and systems. While this effort is increasingly showing results, the situation is still insufficiently stable and too complex for us to start rolling out the ERP to other sites, and we have therefore chosen not to do so.

The programme has been extensively evaluated and, based on the quality assessment of the system as it is now, we do still see a way to migrate to a future-proof and scalable SAP-based platform. With these lessons and experience under our belt, we have now opted to unbundle the current solution and split it into separate delivery and cash-and-carry modules, which we will then be able to roll out more easily. As an interim solution, we are implementing a locally adapted version in Belgium of the current IBM platform used in the Netherlands. This will enable the roll-out to be organized smoothly, without disrupting operations. Our Sligro-M (ex-Metro) sites are already running successfully on this IBM platform. In the light of this decision and on the basis of the quality assessment of the SAP system, we have concluded that we must book an impairment to derecognise part of the current SAP solution.

In our view, this approach will accelerate the improvement of overall returns in Belgium, while reducing the costs involved in the further ERP roll-out in both countries. Most of all, however, we can more quickly offer our customers in Belgium much better quality of service, coupled with access to numerous features that we have been applying successfully for many years in the Netherlands. Development of this new SAP-based route will continue in the first half of 2024 and will include creating the right conditions and safeguards to prevent a recurrence of our previous experience.

From separate countries to a BeNe organisation

Separately from the change of course regarding the ERP implementation, we also took the decision during the summer to change the way our Belgian activities are run. This, too, was preceded by an evaluation, which involved in particular a comparison of our approach to the 'existing Belgian operations' with our approach to the Sligro-M operations. This led to the conclusion that the management of the Belgian business, the technical and logistics infrastructure and the harmonisation of product ranges had drifted too far from the basic principles of our business model, and that changes therefore had to be made. After all, the situation at Sligro-M has taught us that we can make changes successfully in a relatively short timeframe.

We changed the management approach by disbanding the separate country boards for the Netherlands and Belgium. As of the end of 2023, the entire organisation is managed on a BeNe basis by the International Board. We expect this to promote both effectiveness and speed on the one hand and synergy and efficiency on the other. Centralised where operationally possible and decentralised where necessary while always looking for group synergy opportunities is our guiding principle here. We are endeavouring to standardise processes, systems and the product ranges in all Belgian activities, with supplies provided centrally from the central distribution centre in Veghel. In time, this will lead to aggregated volumes and better prices. Our customers are increasingly experiencing standardisation and operational stability, something that is vital for growth.

Sustainability

In 2023, we took significant steps towards meeting the sustainability requirements under the Corporate Sustainability Reporting Directive (CSRD). We performed our double materiality analysis during the year and identified fourteen material topics for which we will develop policies and formulate KPIs and targets. We started consulting various stakeholders and this will be completed in early 2024. Much time and energy has been spent on carefully defining the KPIs and identifying which data source the information will be obtained from. Besides focusing on accountability and compliance, we have not shirked from taking action to actually improve sustainability, as that is ultimately the primary goal.

In 2024, we will also continue to focus on making our operations more sustainable. We are continuing to invest in solar energy, heat recovery, insulation for our buildings and our electric vehicle fleet in order to reduce our CO_2 emissions. Making our product range more sustainable, by increasing the revenue share of our 'Eerlijk & Heerlijk' products and by transitioning to smarter packaging, is also on the agenda. In addition, focused consideration for our employees and partners is on the agenda for 2024. The reporting requirements under the EU Taxonomy and CSRD have already required us to make a great deal of effort. We are on course, but additional efforts will be required from us in 2024.

Sligro Food Group Transport

In 2023, we began operating our own transport business under the name Sligro Food Group Transport. We are doing this for three important reasons. Firstly, to reduce dependence on external service providers in this 'route to market', which is of key importance to us. Secondly, we want to increase our own understanding of the costs and cost structure of what, for us, is an important component of our services. Thirdly, we want to accelerate sustainability and it seems that the high level of investment associated with purchasing electric trucks (twice as much as fossil) is holding back our external partners.

On 2 January 2024, the Group took over the transport activities for the Sligro delivery service locations in Amsterdam, Berkel en Rodenrijs and Drachten from Simon Loos Transport B.V. Although it happened somewhat earlier than expected, this was one of the reasons why Sligro Food Group Transport was set up. Following a strategic reassessment, Simon Loos had opted to withdraw from these activities. Because we were able to take them over together with one of our partners (Koninklijke Euser), continuity of service at all sites is assured.

Results

The operating result (EBIT) decreased by €28 million to €15 million. The higher impairment at €16 million and the €10 million lower book profit fully explain this decrease. Seemingly what remains is a €2 million drop in the operational results, but they were negatively impacted by two items of €14 million in total: the increased recovery costs at Antwerp and the ramp-up costs and losses at Sligro-M, which were higher than last year.

All in all, our expectations for the result in 2023 were higher at the start of the year. Market conditions became significantly more challenging after the summer and caused us to change course on many fronts, shifting our emphasis from growth to cost control. In the light of market conditions and the underlying development of our EBIT result, we are moderately pleased with 2023 and extremely eager to continue the underlying trend in the results as we pursue our medium-term target of 7.5% EBITDA.

Market conditions became significantly more challenging after the summer and caused us to change course on many fronts, shifting our focus from growth to cost control.

We had a positive free cash flow of €34 million in 2023. This was used to pay a final dividend for 2022 of €11 million and an interim dividend for 2023 of €13 million. We acquired Metro's sites in Belgium for €44 million.

Dividend

In accordance with our dividend policy, we pay a dividend of approximately 60% of the result after tax, excluding the non-recurring result. We view the non-cash impairment charges associated with the ERP package and our Antwerp site, resulting from the change of course, as non-recurring. A dividend of €0.30 per share is proposed for 2023. An interim dividend of €0.30 per share was paid previously in 2023, meaning that no final dividend will be paid.

Risk management

As in previous years, we also reassessed the main risks and focus areas in the light of our redefined strategic aims in 2023. Our International Board and Supervisory Board regularly examine the opportunities and threats in the market in which we operate, and the impact they have on our business model.

Outlook

Based on the trends in the second half of 2023 and signs regarding the development of the economy in the Netherlands and Belgium, we foresee challenging market conditions for most of 2024. Consumer confidence is low and uncertainty in the political realm is fuelling unrest. That sentiment usually leads to restraint in spending with a dampening effect on volumes in the 'out of home' channel. Based in part on currently available market information, we expect the market volume to shrink slightly. Inflation (related to food products) appears to have peaked and is now falling, but it is still significant. Our estimate for 2024 is 5% to 6%. On balance, there will be modest market growth. Historically, the economic cycle picks up again after 1 to 1½ years, so recovery is expected in late 2024 to early 2025.

For Sligro Food Group, a market with high inflation and declining volumes means that we must closely monitor and manage costs and reduce them where possible. We have been working on this since the summer of 2023 and it will continue to be an area of explicit focus in the coming years.

Managing inflation in our pricing in a competitive environment is also an important matter in the Netherlands and Belgium. In combination with clear choices in product ranges, promotions and our own brands, we provide appropriate solutions for our customers who also face these challenging market conditions.

In line with the information presented during our most recent Capital Markets Day, we are fully committed to achieving our medium-term return target in 2024 and beyond. Although some of the planned improvements will contribute to the return in 2024, there will be many interventions in the course of 2024 which will start to bear fruit from 2025 on.

In terms of technology and processes, we are bringing our logistics base in Belgium in line with the principles we have successfully applied in the Netherlands for several years. We deploy the central distribution centre as the primary supply channel for the cash-and-carry operations and to a slightly lesser extent for our delivery service activity. The customers who use our delivery services are served at the front end via the different brands, however the actual logistics are set up and handled through the integrated delivery network based on geographic proximity.

We have already made changes to the management of the organisation and we are working to further roll these out into the organisation in 2024. Centralised where operationally possible and decentralised where necessary is our guiding principle here, which offers extensive potential for optimisation and cost reduction. During the year, we expect to phase out approximately 150 positions as a result of the integration, most of which can be absorbed through natural employee turnover and the pool of flexible workers created in recent years. Cost reduction is one of the focus areas. There are also numerous initiatives to improve the gross profit margin. We are having focused but fair discussions on conditions with suppliers and we are looking for opportunities there to limit price increases for our customers.

Following a good first year, Sligro-M has its sights set on revenue growth in 2024. The cash-and-carry site operating model is in good shape, so adding volume within that same structure is the way to further strengthen returns.

In the Netherlands and Belgium, we are committed to growth and a healthy revenue mix. Phasing out the tobacco product offering from 1 July 2024 will result in a significant decrease in (low-profit) revenue, but we still expect to increase revenue through growth with existing customers and by acquiring new customers. In the current economic climate, the main emphasis is on retaining existing customers and driving growth with them, but growth through customer acquisition in the region is also high on the agenda.

Just do it

In the coming period, giving day-to-day operations and the challenges created by the current economic climate the attention they deserve will keep our hands full. In other words, an unwavering focus on healthy revenue growth, controlling costs and cutting back overhead. This requires rigorous choices and change programme prioritisation and that is exactly what we are doing.

Our new BeNe structure with integrated management, extensive control and emphatic hands-on involvement on the part of the Executive Board, fits well with our culture and the current spirit of our times. On our path to achieving our profitability target of 7.5% in 2025, we have the interests of our customers, who require both high-quality service and appropriate pricing, especially in these times, at the forefront of our minds.

Rather than engaging in an excess of planning, theoretical models and pretty presentations, our entire focus is on doing and delivering. So our theme for 2024 is: **Just do it!**

Koen Slippens
CEO

Key data

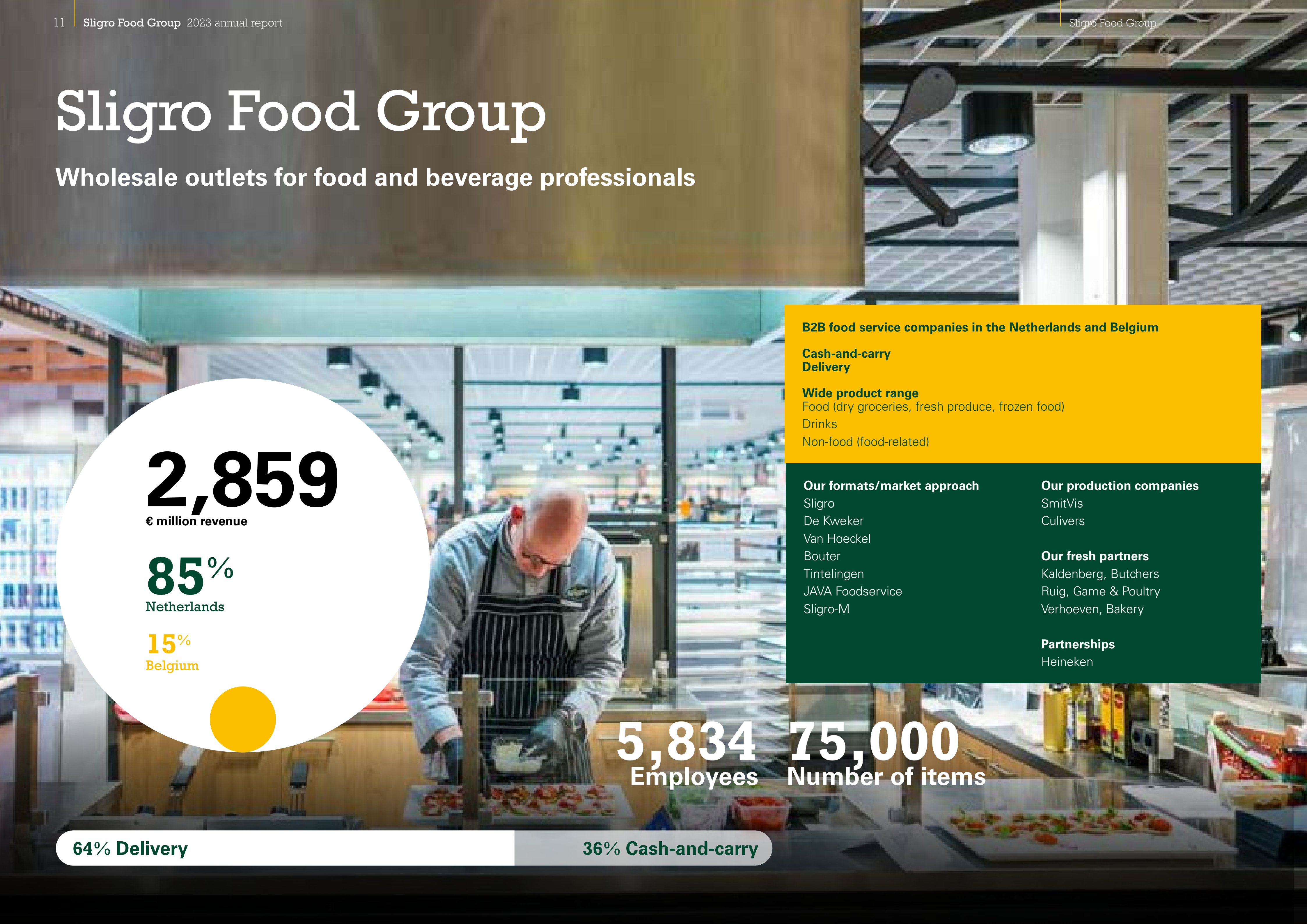
x € million	2023	2022	Change (%)
Result			
Revenue	2,859	2,483	15.2
EBITDA[1]	137	126	8.5
EBITA[1]	70	67	4.0
EBIT	15	43	(64.6)
Net profit (loss)	6	39	(83.4)
Net cash flow from operating activities	142	91	55.1
Free cash flow[1]	34	6	468.1
Dividend proposed	13	24	(45.8)
Closing capital balance			
Shareholders' equity	461	479	(3.7)
Net invested capital[1]	866	800	8.3
Net interest-bearing debts[1]	450	365	23.4
Total equity	1,482	1,421	4.3
Employees			
Number of employees (FTEs)	4,524	4,113	10.0
Workforce male/female ratio	69/31	70/30	
Senior management male/female ratio	68/32	72/28	
Executive Board male/female ratio	100/0	100/0	
Supervisory Board male/female ratio	67/33	67/33	
Employee expenses[2]	275	228	20.5
Revenue per employee (x €1,000)	624	618	1.0
Employee expenses per employee (x €1,000)	60	57	5.7
Sustainability			
Carbon reduction since 2010 as % of revenue	(38.9)	(33.4)	
'Eerlijk & Heerlijk' product range as % of revenue	14.3	11.8	
Customer satisfaction	71	68	
Employee satisfaction	66	66	
Supplier satisfaction	65	63	

x € million	2023	2022	Change (%)
Investments			
Net investments[1]	78	59	28.8
Depreciation and amortisation[3]	(63)	(48)	29.7
Ratios			
Revenue growth as %	15.2	30.8	(15.6)
Organic revenue growth[1] as %	8.8	30.8	(22.0)
Profit (loss) growth as %	(83.4)	93.6	(177.0)
Gross profit as % of revenue	26.7	26.7	0.0
EBITDA[1] as % of revenue	4.8	5.1	(0.3)
EBITA[1] as % of revenue	2.4	2.7	(0.3)
EBIT as % of revenue	0.5	1.7	(1.2)
Profit (loss) as % of revenue	0.2	1.6	(1.4)
Net profit (loss) as % of average shareholders' equity	1.4	8.3	(6.9)
EBIT as % of average net invested capital[1]	1.8	5.3	(3.5)
Net interest-bearing debts/EBITDA (ex IFRS 16)[1]	1.6	1.4	0.2
Shareholders' equity as % of total equity	31.1	33.7	(2.6)

Details per share with nominal value of €0.06

x €1	2023	2022	Change (%)
Number of shares in issue (x million)	44.26	44.19	0.2
Shareholders' equity	10.43	10.84	(3.8)
Profit (loss)	0.14	0.88	(83.4)
Dividend proposed	0.30	0.55	(45.5)

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) Salaries, social security costs and pension expenses.
3) Excluding impairments and depreciation of other intangible assets and right-of-use assets.



Sligro Food Group

Wholesale outlets for food and beverage professionals

2,859
€ million revenue

85%
Netherlands

15%
Belgium

B2B food service companies in the Netherlands and Belgium

Cash-and-carry
Delivery

Wide product range
Food (dry groceries, fresh produce, frozen food)
Drinks
Non-food (food-related)

Our formats/market approach
Sligro
De Kweker
Van Hoeckel
Bouter
Tintelingen
JAVA Foodservice
Sligro-M

Our production companies
SmitVis
Culivers

Our fresh partners
Kaldenberg, Butchers
Ruig, Game & Poultry
Verhoeven, Bakery

Partnerships
Heineken

5,834
Employees

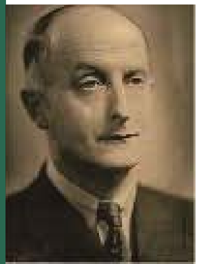
75,000
Number of items

64% Delivery | **36% Cash-and-carry**

History

1935

Abel Slippens founds **'Slippens Groothandel',** a wholesaler specialising in margarine, fats and oils.



1961

The **first Sligro cash-and-carry outlet** opened.

1987

Acquisition of the Jan Louwers cash-and-carry wholesale business in Eindhoven and the first foray into the wholesale market for entrepreneurs in the hospitality industry.

1989

Sligro Food Group is listed on **the Amsterdam stock exchange**

1992

The first wholesale outlet to combine cash-and-carry with delivery opened its doors.

1996

With the acquisition of Van Hoeckel, the Group became active in the institutional segment of the food service market.

2001

Start in food retail with franchise supermarkets **through the acquisition of Prisma Foodretail**.

2002

With the acquisition of EMTÉ, half of the Edah retail chain (2006), and Sanders Supermarkten (2010), **food retail operations continued to grow to over 130 EMTÉ supermarkets by 2018.** In that year, a decision was made to sell the food retail operations and focus solely on food service.

2004

The acquisition of VEN Groothandelcentrum **significantly reinforced the Sligro brand's position in the food service market**, especially in the Randstad area of the Netherlands.

2014

The first Sligro 3.0-format cash-and-carry outlet opened in Maastricht.

2016

Sligro entered the Belgian market by taking over JAVA (2016) and ISPC (2017).

2017

Start of the **strategic food service partnership with Heineken Nederland**.

2018

Sligro-ISPC in Antwerp opened its doors, the first Sligro-ISPC site in Belgium.

2019

Acquisition of the operations of De Kweker, a wholesaler in Amsterdam.

2023

Acquisition of **Metro wholesale outlets** in Belgium.

Our strategy

Sligro Food Group focuses specifically on the food service market in the Netherlands and Belgium with a comprehensive range of food and food-related non-food products and services. Our individual business units primarily focus on our professional customers. Each has its own distinctive profile in the market. Operating under centralised management and supported by an internationally integrated, professional and efficient back-office organisation, the business units work closely together across the border between the Netherlands and Belgium. Knowledge-sharing between the various operations is encouraged to maximise synergies across the Group.

Objectives:

Organic revenue growth (excluding tobacco)*:

approx. 3%

Aim for profit to grow

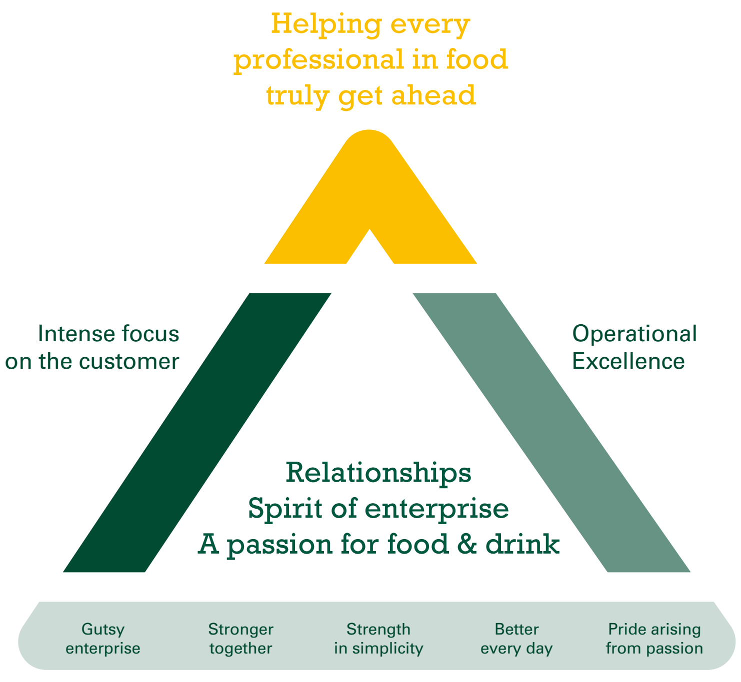
EBITDA as a % of revenue to increase to 7.5% in the coming years

Carbon reduction in 2030:**

50%

* The 3% figure is based on a multi-year average over the economic cycle, in combination with expected inflation at 1.5% per year and volume growth also at 1.5% per year. Starting from 1 July 2024, Sligro Food Group will reduce its tobacco revenues in order to reach zero by the end of 2025.

** Based on the scope definition used by Sligro Food Group since 2010, as a percentage of revenue.



Our purpose

We see **helping every professional in food truly get ahead** as our role. Increasingly, our business is not just about supplying our customers with food and food-related non-food products correctly, at the right price, on time and completely; our customers expect more from us. People want maximum convenience through an extensive range of services, and data and digitalisation are increasingly an important basis for this.

In meeting this expectation, we try to strike an optimum balance between **customer intimacy (extreme customer focus)** and **operational excellence**. We want to be an organisation in which everybody always goes the extra mile for a customer and understands how crucial our role is to our customers' operations and fully realises the responsibility that entails. At the same time, our customers demand an efficient supply chain and we see that data, (digital) platforms, systems and innovation are increasingly important.

The organisation is managed based on our results-oriented, entrepreneurial culture, which focuses consistently on building and maintaining long-term relationships with customers, employees, suppliers and other stakeholders. Our shared passion for delicious, good and honest food is anchored in our company's DNA.

In a growing organisation, preserving and further conveying our signature culture is a constant focus of attention for us. The influx of new talent, and therefore new experience, and the know-how of employees who have been working at Sligro Food Group for years create an engaging and powerful mix of people. We will further strengthen this in the coming years through our efforts in relation to themes such as diversity and inclusiveness. Building balanced, diverse teams and ensuring that they work together effectively are among the main priorities of our leadership programme.

Sligro Food Group operates in a highly competitive environment where rising costs can only be passed on in part to customers. We absorb the remaining cost impact by continually improving the efficiency of our operations with measures such as effective logistics and communication, data and information systems.

The Group handles most of its own procurement for both the Dutch and the Belgian business units. Bundling volumes internationally where possible and purchasing locally where desired gives us a nice mix of synergy and local fit within this process. Being a member of the Superunie procurement cooperative also allows us to benefit from economies of scale through joint procurement with our fellow members.

'We handle most of our own procurement for both the Dutch and the Belgian business units. Bundling volumes internationally where possible and purchasing locally where desired.'

Bert Vanmoortel
Chief Buying & Merchandising Officer

We target annual average organic revenue growth (excluding tobacco) over the economic cycle of around 3%, assuming an inflation rate of around 1.5%. As from 1 July 2024, we will begin reducing our tobacco revenues, with the goal of reaching zero by 2025. We expect to accelerate our growth through acquisitions, although this growth will be more sudden and sporadic in nature. We will strive to increase profitability over the next few years and reach EBITDA of 7.5% of revenue.

Given the current level of fragmentation of the Dutch food service market, further acquisition opportunities are likely to arise in the coming years, whereby we will primarily target relatively large players, as the benefits of an acquisition need to outweigh the complexity of the integration. In Belgium, where the food service landscape is even more fragmented, we aim to achieve a leading position in the food service market through a combination of organic growth and acquisitions. Our focus for the coming years will be on these two countries.

Our strategy focuses on being able to offer shareholders attractive long-term returns. In achieving this, we are committed to our corporate social responsibility and we report on our CSR performance. As the new reporting rules relating to sustainability are introduced, that transparency will increase even further. This aspect is discussed in more detail later in this report. In our business, financial and social returns have gone hand in hand for years, underpinning an independent position in the market that Sligro Food Group aims to hold on to for many years to come.

Our company, the purpose for Sligro Food Group

Our ambition is to be the undisputed market leader in food service and set the tone in good food in the Benelux countries. By combining our customer intimacy (extreme customer focus) with operational excellence, we aim to help **every professional in food truly get ahead**.
Through our core values, the power of our people, our infrastructure and collaboration with our partners, we create value for all stakeholders.

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Helping every professional in food truly get ahead

What will help us along?

- Intense focus on the customer
- Operational excellence

Who are we?

- Relationships
- A passion for food and drink
- Spirit of enterprise

What do we stand for?

- Gutsy enterprise
- Stronger together
- Strength in simplicity
- Better every day
- Pride arising from passion

Where are we active?

- Netherlands/Belgium

How do we add value?

- Intense focus on the customer
- Operational excellence
- Long-term value creation

Strategies for 2022-2025

- Reaping, growing, improving returns
- Uniform working method
- Intense focus on the customer
- People and organisation strategy
- Digital ambition
- Sustainability

How we add value

Through our core values, the power of our people, our infrastructure and collaboration with our partners, we create value for all stakeholders.

Resources

Central in-house procurement department
combined with partnerships through Superunie and fresh partners.

Centralised IT infrastructure
with integrated online and data capabilities.

Integrated network
of cash-and-carry outlets and delivery service sites in the Netherlands and Belgium, supported from a central distribution centre in Veghel.

ZiN Inspiration platform, Sligro Solutions
that allow us to offer our customers relevant services and inspiration.

Committed employees
united in our entrepreneurial culture.

Long-term partnership
with Heineken.

Trends & developments

Digitalisation
Digitalisation and its effects on the food service market.

Labour market
Businesses must formulate an answer to changes in the labour markets between now and 2025.

Sustainability
The influence and impact of sustainability issues is increasingly a factor in business success.

Markets
In the post-COVID era, the food service market will be driven by changed consumer behaviour and market conditions will continue to consolidate further.

Helping every professional in food truly get ahead

Strategies

Reaping, growth, and returns
Reaping, growing organically and improving our returns by capitalising on the initiatives of recent years, organically and with the right acquisitions

Uniform working method
Ensuring one way of working, internationally (in a scalable model) through the successful implementation/acceptance of the new ERP environment.

Intense customer focus
Intense focus on the customer across the entire market by offering the right combination of good, honest, tasty food and drinks, services and new and existing solutions

People and organisation
Set for further domestic and international growth by implementing our people and organisation strategy, with a focus across all of Sligro Food Group on the further development of leadership, management model, operational excellence, competencies and core values.

Digital ambition
Significantly improving the whole of our proposition to customers, by delivering our digital ambition and the conditions required to make it work.

Sustainability
The demonstrable achievement of our sustainability objectives, by adding initiatives with linked internal and external communication.

Outcomes in 2025

Customers
Customer satisfaction - Cash and Carry
Customer satisfaction - Delivery Service
Increase Solutions offer and impact
Improvements in digital proposition and preconditions

Employees
Employee satisfaction
Complete digital ambition 2 preparations
Ready for 'country 3' in 2025
ERP roll-out in the Netherlands and Belgium ready in 2025

Suppliers and partners
Supplier satisfaction
Upsell Heineken
Increase JAVA Foodservice market share

Society
40% carbon reduction (compared to 2010)
NL: 15% Sustainable product range
BE: 10% Sustainable product range

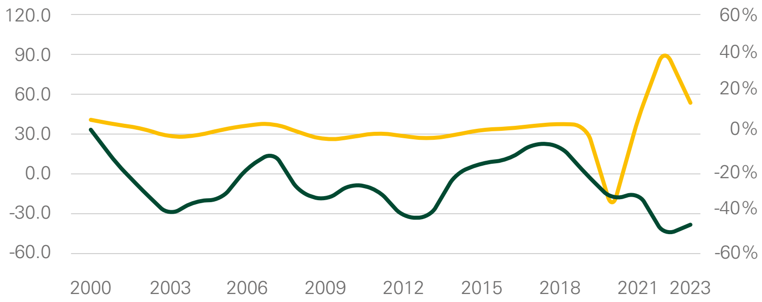
Shareholders
Organic revenue growth
Rising returns
Revenue growth > overhead growth

Market approach

Sligro Food Group focuses on the market for food and drink. Sligro Food Group is active in all key food service market segments in the Netherlands and Belgium – from restaurants to fast food, from hospitals to hotels, from caterers to convenience stores, from amusement parks to sports clubs, from SMEs to multinationals, from bars to cinemas. This market is known as the ''out-of-home'' channel.

Relationship between consumer confidence and food service growth

Consumer confidence
Food service revenue growth (as %)



We are indirectly dependent on the food spending of consumers. Economic indicators such as consumer confidence and the unemployment rate are important indicators for developments in our markets. FoodService Instituut Nederland (FSIN) traditionally plots the correlation between consumer confidence and the development of food service revenue in the Netherlands over a period of several years. This correlation has become increasingly less clear over the past years.

Through the Group's various formats, we target various segments of the food service market. Our primarily customer-oriented operations are separated to be able to respond to and anticipate customer needs in each specific segment to the maximum degree possible, while operations behind the scenes are managed centrally as much as possible. We have adopted this structure in both the Netherlands and Belgium and manage the business as a whole as one BeNe organisation. This synergy gives us a distinctive profile, helps us learn as an organisation and makes us highly efficient. We only use individual systems and processes where shared solutions are undesirable or not feasible. In this way, we aim for maximum synergy, while also focusing on the customer and the market situation for each business unit and in each country.

'We focus on the customer and on maximum synergy, while also taking account of the market situation for each business unit, in each country.'

Dries Bögels (49)
Chief Commercial Officer

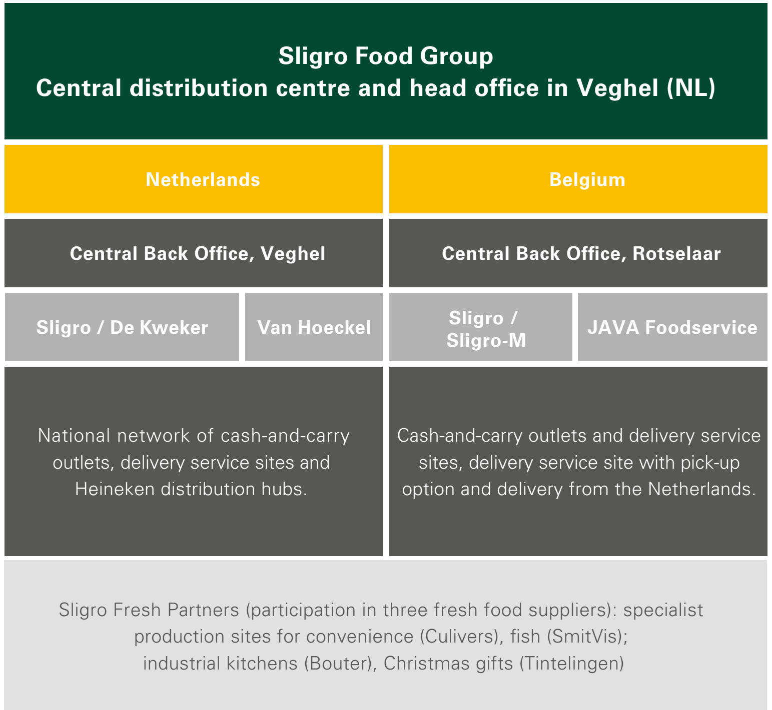
Market share

Netherlands
25.7%
Market leader
in food service

3.9%
Belgium
Top three
in food service

Given the current level of fragmentation of the Dutch food service market, further acquisition opportunities are likely to arise in the coming years, whereby we will primarily target relatively large players, as the benefits of an acquisition need to outweigh the complexity of the integration.

In Belgium, where the food service landscape is even more fragmented, we aim to achieve a leading position in the food service market through a combination of organic growth and acquisitions. Our focus for the coming years will be on these two countries.



‘The cash-and-carry outlet is the inventory and cash-and-carry centre par excellence and an inspirational environment for customers who prefer to do their own purchasing while talking shop and bouncing ideas off our specialists.’

Kees Kiestra
Executive Managing Director for Cash-and-Carry Wholesale

We believe in the power of a strong network consisting of an integrated group of cash-and-carry and wholesale delivery service outlets, combined with a digital environment, where our people make the difference. The power of the network lies in mutual collaboration. For example, 70% of our delivery customers visit a cash-and-carry outlet twice per month on average for inspiration and advice, or for a last-minute or forgotten purchase. The cash-and-carry outlets are ideally suited as a source of inspiration. They also function as showrooms and inventory and cash-and-carry centres for smaller food service customers, who can easily switch to delivery as they grow and if they wish to do so.

There are also relatively large cash-and-carry customers who prefer to do their own purchasing and select their fresh and other products themselves. They also enjoy having the opportunity to talk shop and bounce ideas off our specialists. As such, while the operations are separate in the interests of efficiency and meeting customer demands, collaboration on a commercial level is solidly anchored in our business. This is also reflected in the unified pricing, loyalty offers and management information structure for our customers, which makes purchasing through both channels equally convenient for them.

In the Netherlands, we are the market leader in food service with a market share of 25.7% (source: FSIN). In Belgium, we are in the top three with a market share of 3.9% (in-house estimate, based in part on data from Foodservice Alliance).

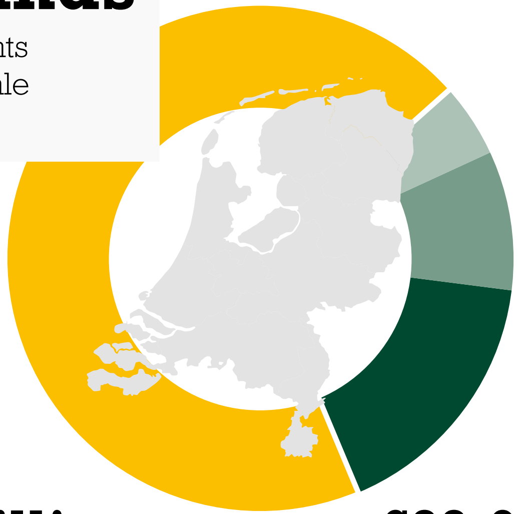
Food service market parties[1] as %	2023	2022	2021
Sligro Food Group	25.7	25.6	24.9
Hanos	11.2	11.1	11.7
Bidfood	11.2	10.9	9.0
Pascal Groep	10.7	10.2	10.0
Makro	4.6	5.1	6.4
Drinks wholesalers	11.8	12.7	10.9
Other wholesalers	12.0	11.8	13.2
Subtotal wholesalers	**87.2**	**87.4**	**86.2**
Logistics service providers	6.6	6.5	7.3
Supply via retailers	6.2	6.1	6.4
	100.0	**100.0**	**100.0**

[1] Source: FSIN

Netherlands

17.9 million residents
€7.7 billion wholesale market size

Source: FoodService Instituut Nederland (FSIN)



At-home channels[1)]

€50,719 million

+ 6.9%

Out-of-home channels

€22,018 million

+ 15.8%

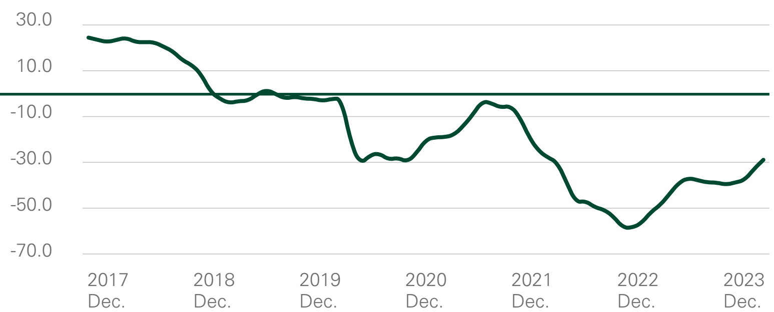
% growth 2022-2023

Traditional hospitality	Catering	Convenience
€12,066	€3,564	€6,388
+ 17.5%	+ 16.1%	+ 12.6%

1) Excluding non-food and supplies to hospitality

Consumer confidence, Netherlands

Source: CBS



Market and market size in the Netherlands

In tracking the development of the food service market in the Netherlands, we use data from FoodService Instituut Nederland (FSIN). This institute makes its market estimates based on consumer spending and also expresses the market in terms of wholesale prices, which is our benchmark. The difference between consumer spending and wholesale prices lies in VAT and the value added (incl. general price trends) by parties purchasing from wholesalers, i.e. our customers. The revenue development in consumer spending and wholesale value will, therefore, not necessarily be in sync, seeing as they involve different units. The value added as part of consumer spending differs greatly from one food service market segment to the next (healthcare institutions, restaurants, corporate catering, canteens at sports clubs).

For 2023, FSIN estimates that the food service market in terms of consumer spending has grown by 15.8% on the previous year, measured based on a calendar year. This puts market size in terms of consumer spending at approximately €22.0 billion. On that basis, FSIN estimates the value of the wholesale market at €7.7 billion, which would represent a 12% increase on the previous year. The market grew very strongly in the first few months of the year, although this is in comparison with the first few weeks of 2022 when COVID measures were still in force.

FSIN estimates the total net revenue from food and drink sales by wholesalers to their business customers in the Netherlands, i.e. not including revenue from SMEs, excluding the following components:

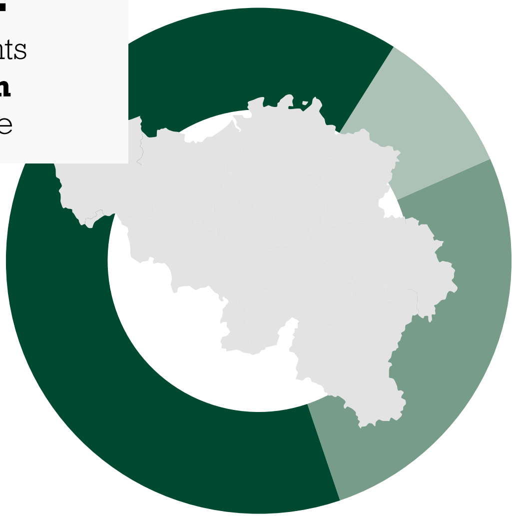
- VAT
- Tobacco products
- Non-food
- Proprietary production companies

In total, the FSIN market definition excludes over 18% of our net revenue.

Belgium

11.7 million residents
approx. **€10.9 billion**
wholesale market size

Source: FoodService Alliance



Out-of-home channels

€24,650 million

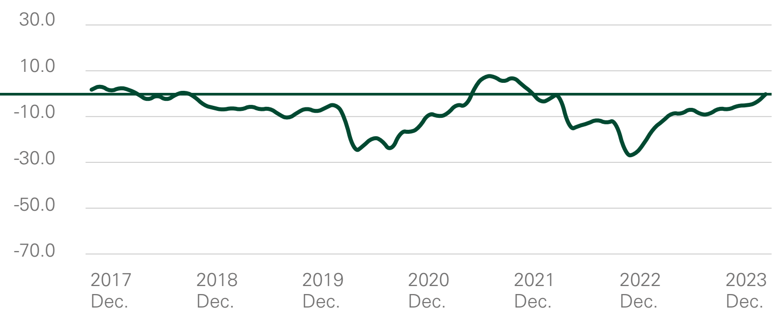
+ 3.9%

Traditional hospitality	Catering	Convenience
€15,763	**€2,364**	**€6,523**
+ 1.4%	+ 14.5%	+ 6.6%

% growth 2022-2023

Consumer confidence Belgium

Source: NBB.stat



Market and market size in Belgium

In Belgium, we use information from Foodservice Alliance to monitor developments in the market. The figures are not updated as frequently as those for the Netherlands. Foodservice Alliance does, however, produce a growth figure for the food service market using information available on the market and its own interpretations. The definitions used to determine the scope of the food service market in Belgium are different to those used in the Netherlands, making the scope not directly comparable.

For 2023, Foodservice Alliance estimates for Belgium that the food service market in terms of consumer spending has grown by 3.9% on the previous year, measured based on a calendar year. This puts market size at approximately €24.7 billion. On that basis, Foodservice Alliance estimates the value of the wholesale market at roughly €10.9 billion, which would represent a 13.7% increase. The difference between the trend in consumer spending and the wholesale value is unusually large. However, these are the figures that Foodservice Alliance presents and we will keep to them.

The market shares and players have not been measured consistently in recent years, meaning that there is no clear picture of market gainers and losers. The picture becomes even less clear if you consider, as Foodservice Alliance suggests, that almost 60% of the market is still supplied through traditional retailers and fresh produce and other specialists, including all specialist wholesalers that do not offer a ‘full’ product range, meaning that 40% of the market is left for wholesalers that do offer a full product range.

In Belgium, our market share based on 2023 market figures is around 3.9%.

Synergies

Instead of a group of companies, Sligro Food Group is a single integrated company with overlapping customer groups and distribution channels. Although specific tastes sometimes vary between the Dutch and Belgian food service markets, we see many similarities and opportunities for synergy.

We serve a large number of customers in both countries through our full network. The know-how and skills of our employees are deployed on a broad scale across the organisation, and we are pleased to find that employees in both countries are highly committed to sharing and adopting best practices.

Our central distribution centre in Veghel plays an important role in the efficiency and effectiveness of the Group's logistics operations, helping us make the most of the increased scale created by the use of different routes to market. Maximum supply chain efficiency is not only beneficial from a cost and service quality perspective, it also offers opportunities for sustainability. Geographical proximity means that this network can also be used for our food service activities in Belgium. The same synergies are achieved in the centralised structure and systems, with departments and processes set up in a way that enables them to serve the Group as a whole wherever useful. These joint activities are precisely what enables us to invest in people and systems wherever it can make a difference.

Our commercial systems and data can be deployed across all channels, although there are clear differences in how we implement this in each segment in response to our customers' demands. We constantly see new opportunities for development in this area by using internal benchmarking, as well as successes from other markets. The supporting technology and data management are centrally organised. We believe that data-driven business is a crucial factor in remaining competitive.

We organise our procurement and particularly product range management close to the customer in both countries. We also combine procurement across borders where possible. Being a member of the Superunie procurement cooperative furthermore gives us access to significant savings on the part of our food service product range that overlaps with the retail market. In combination with the in-house procurement department, Sligro Food Group thus creates a strong procurement block in the market, whereby we define 'strong' in terms of 'strength' and not in terms of 'power'. We believe in creating value rather than diminishing or destroying it. We believe in sustainable partnerships with supply-side partners. Together with our own production companies and fresh partners, we are able to offer distinctive products to all our customers. The wide range of high-quality, innovative Exclusive Brands gives our formats a distinctive profile in the market. Our Exclusive Brands are generally developed in close collaboration with our suppliers on the basis of long-term partnerships.

The power of our unique company culture is an important factor that differentiates us from our competitors in the market. Given that our passion for food and beverages, as well as our customer focus, is in our DNA, and not something we have acquired, it is 'genuine' and virtually impossible to copy, and our customers experience it that way. This is something that we are immensely proud of. We call it our 'Green Blood'.

Strong brands

Sligro-M customers embrace the Sligro Food Group exclusive brands.

Within a few months the Sligro Food Group **Exclusive Brands** were embraced by our Sligro-M customers and their revenue share is now close to the high level achieved under the Metro banner. Although product ranges are always subject to change, we find that we now have the right offering for customers and that customer recognition and appreciation of our Exclusive Brands range have substantially increased.

more than
15,000
items

in more than
100
item groups

Developments in 2023

Operations and market

After a turbulent 2022 with considerable pressure on operations and a globally disrupted supply chain, 2023 was all about restoring stability. Our basic service provision needed to become better and also more efficient, partly in view of the continuing steep inflation in costs. All things considered, we succeeded, with substantially improved and above all consistent average service levels and on-time delivery. Moreover, we did so with much greater efficiency, especially as the availability of people and equipment in transport significantly improved. Despite steep inflation in transport costs, we were able to minimise the temporary costs we were still seeing in 2022 and also to reduce regular costs further.

'Our basic service level has substantially improved with consistent average service levels and on-time delivery.'

Gerrit Buitenhuis
Chief Supply Chain Officer

Indeed, this improvement was necessary as our customers needed good, reliable service more than ever. For 2024, we can see further opportunities to improve from good-on-average to good-in-every-case. Nevertheless, individual customers did experience suboptimal service from time to time, giving them grounds to switch supplier. Our competitors also struggled with these issues. We welcomed many new customers, but also saw some leave. On balance, the result for us was positive, but ultimately we would prefer to secure customer loyalty over the longer term, keeping the 'back door' closed and the 'front door' wide open.

The market is in the grip of change and our customers are increasingly price-sensitive. This is no surprise, seeing as high inflation is confronting them with rising costs in virtually every aspect of their business model. Moreover, many of our customers saw their sales volumes decline after the summer as consumers increasingly pared back spending in the 'out of home' channel. As a result, we had to keep a tight rein on pricing policy and support our customers through services and product range choices so that they could continue offering acceptable menu prices despite the price inflation. We believe we amply succeeded, but this issue is set to persist into the future and thus demands our continued attention. One consequence was that we too saw volumes shrink after the summer and were unable to pass on all of our suppliers' price rises in the prices charged to our customers, which squeezed our results. To compensate for this, we looked carefully at our brand fundamentals and product ranges, adjusted them where necessary and also made different choices in our advertising and promotions.

Sligro-M

At the end of 2022, with regard to the court-supervised restructuring process in relation to Makro Cash & Carry Belgium N.V., the court in Antwerp authorised the judicial trustees appointed in the case to sell most of Metro's business activities in Belgium to Sligro Food Group. The activities were finally transferred on 3 January 2023. Although one party to the proceedings appealed the decision of the court, this appeal was decisively rejected, whereupon the transaction was completed.

After intensive and thorough preparations, the nine Metro wholesalers in Antwerp South, Wevelgem, Liège, Hasselt, Middelkerke, Namur, Sint-Katelijne-Waver, Brussels and Forest were reopened under our banner over a period of ten days, so that we were operational again at all locations by 18 January. This formidable achievement was made possible by the commitment of many of our Dutch and Belgian colleagues who worked together smoothly and effectively in mixed teams.

The rapid start-up was followed by an acclimatisation and optimisation period, during which training and support enabled our new colleagues to accustom themselves to the Group's processes and systems and work was carried out, partly based on customer feedback and market data, towards achieving an appropriate product range and price position. Where pricing was concerned, we initially had some catching up to do, as the previous owner had not adjusted prices for a long time despite the pressures of inflation. The strong own-brand proposition for which Metro was well known was replaced by the Sligro Food Group own-brand portfolio. Naturally, our customers needed to be informed and get used to it, but within a few months the Sligro Food Group Exclusive Brands were embraced by our Sligro-M customers and their revenue share is now close to the high level achieved when the outlets were under the Metro banner. Although product ranges are always subject to change, we find that we now have the right offering for customers and that customer recognition and appreciation of our Exclusive Brands range have substantially increased.

Our target was to get back to around 70% of original revenues by the end of the first year. We are still some way behind that target, but we did not begin offering deliveries from our new delivery service site in Evergem until well into the fourth quarter of 2023, and in Middelkerke we are still operating from the temporary pop-up site.

Despite the somewhat lower revenue, we are extremely pleased with the operating results. Thanks not least to the commitment of the staff at the sites, we are making progress daily, costs are under control, and these sites have made a positive contribution to Group EBITDA since the fourth quarter.

ERP implementation

Since going live with our new ERP solution in Antwerp in November 2022, we experienced problems, specifically in delivery operations. This led to unsatisfactory performance towards our customers, in terms of both actual deliveries and the administrative processing. During the first half of the year, we launched an improvement effort through which we gradually resolved problems and stabilised processes and systems. While the results of this effort were increasingly visible, the situation was still insufficiently stable and too complex for us to start rolling out the solution to other sites, and we have therefore chosen not to do so.

The programme has been extensively evaluated and, based on the quality assessment of the system as it is now, we do still see a way to migrate to a future-proof and scalable SAP-based platform. We are seeing great success with our SAP Hybris online environment, the value created by our new item master data environment, and the improved functionality of the SAP Finance modules, which are all live already. With these lessons and experience under our belt, we have now opted to unbundle the current solution and split it into separate delivery and cash-and-carry modules, which we will then be able to roll out more easily. As an interim solution, we are implementing a locally adapted version of the current IBM platform in Belgium, a platform that is successfully used in the Netherlands. This will allow the roll-out to be organised smoothly, without disrupting operations. In our view, this approach will accelerate the improvement of overall returns in Belgium, while reducing the costs involved in the further ERP roll-out in both countries. Development of this new route will continue in the first half of 2024 and will include creating the right conditions and safeguards to prevent a recurrence of our previous experience.

In the light of this decision and on the basis of the quality assessment of the system, we have concluded that we must book an impairment to derecognise part of the current solution. This applies especially to the components that were built for the delivery process. The total impairment recognised in 2023 is €17 million, which will reduce the amortisation charge on software over the next four years.

From separate countries to a BeNe organisation

Separately from the change of course regarding the ERP implementation, we also took the decision during the summer to change the way our Belgian activities are run. This, too, was preceded by an evaluation, which involved in particular a comparison of our approach to the 'existing Belgian operations' with our approach to the Sligro-M operations. This led us to conclude that the management of the Belgian business, the technical and logistics infrastructure and the harmonisation of product ranges had drifted too far from the basic principles of our business model, and that changes therefore had to be made. After all, the situation at Sligro-M has taught us that we can make changes successfully in a relatively short timeframe.

We changed the management approach by abolishing the separate country boards for the Netherlands and Belgium. As from 2024, the entire organisation will be managed on a BeNe basis by the International Board. The teams of all the Board members were merged and optimised to create a flat, efficient and more hands-on combination of Belgian and Dutch colleagues that follows the same principles and policy frameworks in every section of our business. We expect this to promote both effectiveness and speed on the one hand and synergy and efficiency on the other. Centralised where operationally possible and decentralised where necessary while always looking for group synergy opportunities is our guiding principle here.

In the fourth quarter of 2023, as mentioned above, we transferred the delivery operations at our new delivery service site in Evergem, the delivery service for Belgium in Maastricht and the former ISPC sites in Liège and Ghent to the same ERP environment as the Sligro-M sites and the Dutch outlets. The Rotselaar delivery service site is to follow in early 2024. Compared to the past, this greatly improves our control and insight over product ranges, prices and logistics services in a uniform way for all our staff. We are endeavouring to standardise the product ranges in all Belgian activities, with supplies provided centrally from the central distribution centre in Veghel. In time, this will lead to aggregated volumes and better prices. Our customers are increasingly experiencing standardisation and operational stability, something that is vital for growth.

> 'So that we can carry out the SAP integration smoothly, a version of the current IBM platform successfully used in the Netherlands is being implemented in Belgium as an interim solution.'
>
> **Bart Luijten**
> CIO

Sustainability

In 2023, we took significant steps towards meeting the sustainability requirements under the CSRD. We performed our double materiality analysis during the year and identified fourteen material topics for which we will develop policies and formulate KPIs and targets. We started consulting various stakeholders and this will be completed in early 2024. Much time and energy has been spent on carefully defining the KPIs and identifying which data source the information will be obtained from. We are ready to start measuring the majority the mandatory KPIs and KPIs chosen by us as from 1 January 2024, with a view to providing full-year reporting for 2024. However, data for some KPIs is not yet available and we are partly dependent on developments in the industry and/or supply chain. In the meantime, where it makes sense to do so, we will work on the basis of estimates and approximation methods.
Besides focusing on accountability and compliance, we have not shirked from taking positive action to increase sustainability. Our investments in electric vehicles, solar panels and sustainable buildings continued unabated. The choices we make in our product range, packaging, and the increase in sales under our Eerlijk & Heerlijk banner also contribute to making our proposition more sustainable.

Sligro Food Group Transport / Takeover of Simon Loos operations

In 2023, we began operating our own transport business under the name Sligro Food Group Transport. We are doing this for three important reasons. The first is to reduce dependence on external service providers. We have worked together with our transport partners for many years, and this has been a mostly positive experience. However, we can see the pressure in the market and recently we have had to deal more often with sudden bankruptcies or cessations of operations, which puts pressure on the continuity of service to our customers. Having our own share in this market shelters us from this problem. Secondly, we want to increase our own understanding of the costs and cost structure of what, for us, is an important component of our services. We spend more than €100 million a year on transport and the costs are rising steeply. Building up greater experience ourselves will potentially enable us to negotiate better propositions or even organise the joint procurement of important components with our partners. Thirdly, we want to boost sustainability. We began the business with 25 electric trucks and the associated infrastructure in Amsterdam, and we ordered 25 more electric trucks in 2023, which are due to arrive in 2024. We are focused strictly on bringing part of the fleet, but not all of it, under our own control. We are happy to continue working in combination with our partners in a good mix. We are also focused solely on transport for Sligro Food Group and will not enter the market to provide transport for third parties.

On 2 January 2024, the Group took over the transport activities for the Sligro delivery service locations in Amsterdam, Berkel en Rodenrijs and Drachten from Simon Loos Transport B.V. Although it happened somewhat earlier than expected, this was one of the reasons why Sligro Food Group Transport was set up. Following a strategic reassessment, Simon Loos had opted to withdraw from these activities. Because we were able to take them over together with one of our partners (Koninklijke Euser), continuity of service at all sites is assured.

We are focusing expressly on bringing part of the fleet, but not all of it, under our own control.

Growing product range

We track 10 of Milieu Centraal's 12 top quality marks, plus some other quality marks that appear in their Keurmerkenwijzer (quality mark guide).

"Eerlijk & Heerlijk"

Items that we stock are classed as 'Eerlijk & Heerlijk' if they have at least one independent, transparent and audited quality mark as defined by Milieu Centraal.

Product range

7.9%
"Eerlijk & Heerlijk"
Belgium

14.3%
"Eerlijk & Heerlijk"
Netherlands

85.7%
Other
Netherlands

92.1%
Other
Belgium

Netherlands

Sligro/De Kweker
Cash-and-carry outlets
51

Sligro/Van Hoeckel
Delivery service sites
9

Sligro distribution hubs
3

Culivers/SmitVis
Production companies
2

Specialists

Bouter
Institutional kitchen specialist

Tintelingen
Online gift concepts and Christmas gifts

ZiN
Inspiration lab

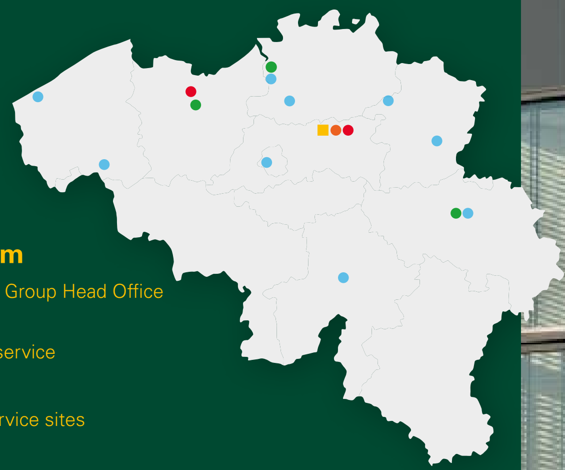
Stores in the Netherlands

- Sligro Food Group head office
- Central distribution centre
- Production sites
- Cash-and-carry outlets
- Delivery service sites
- Sligro distribution hubs
- Bouter
- Van Hoeckel
- ZiN Inspiration Lab
- Tintelingen

Belgium

Sligro/Sligro-M
Cash-and-carry outlets[1]
12

Sligro/Sligro-M/JAVA Foodservice
Delivery service sites
2



Stores in Belgium

- Sligro Food Group Head Office Belgium
- JAVA Foodservice
- Sligro
- Delivery service sites
- Sligro-M

[1] Includes one delivery outlet with pick-up option and one outlet located in a pop-up store pending a definitive permit.

Netherlands

Cash-and-carry revenue in the Netherlands levelled out in 2023. Although volumes came under pressure, this was more than offset by ongoing high inflation. Growth in the delivery segment was higher than the previous year. We gained additional volumes, with the inflation effect on top. Furthermore, in the first few weeks of 2022 we still had to deal with restrictive COVID-related measures, as a result of which the apparent first-quarter growth in 2023 is magnified. Halfway through the year, after careful consideration, we took leave of one of our top 10 delivery customers, for whom we mainly provided logistics services. This service is essentially a bad fit with our business model and the increased costs and scarcity of resources are prompting us to make conscious choices about our portfolio. This weighed on revenue growth in the second half of 2023 (and will continue to do so in the first half of 2024).

Belgium

In Belgium, cash-and-carry revenues again rose, and with Sligro-M we added nine more sites whose revenues are predominantly cash-and-carry. We also saw growth in delivery services in Belgium, where the steady rise in new customers in 2022 led to further growth in 2023. In the second half of the year, however, the opposite picture prevailed as delivery services declined. This was directly due to customers served from our Antwerp site, whom we let down with our inadequate service provision after the ERP transition. We were able to hold on to many customers, whom we now successfully serve from a stable operation at our delivery service site in Evergem, but unfortunately some of them chose to procure their supplies elsewhere. This effect grew worse during the second half of the year, and while the outflow has now ceased, the customers who have already left will continue to have a visible impact on revenue in the first quarters of 2024. Outside Antwerp, the picture for delivery operations is stable, although in some cases we reached a decision, in consultation with the customers, to cease services where we were unable to pass on a sufficient portion of the cost rises in our prices.

Cash-and-carry sites with pick-up option

	Number of sites at financial year-end		x 1,000 m² sfa[1] as at financial year-end	
	2023	**2022**	**2023**	**2022**
Cash-and-carry 2.0 style	18	21	113	132
Cash-and-carry 3.0 style	32	29	226	211
De Kweker	1	1	12	12
Netherlands	**51**	**51**	**351**	**355**
Cash-and-carry	11	2	41	15
Delivery site with pick-up option	1	1	11	11
Belgium	**12**	**3**	**52**	**26**
Total	**63**	**54**	**403**	**381**

[1] Sales floor area.

Financial

(x € million)

Revenue
2,859

EBIT
15

EBITDA
137

EBITDA as % of revenue
4.8%

Net profit
6

Shareholders' equity
461

Free cash flow
34

Net investments
78

Dividend per share proposed (x €1)
0.30

Financial results

We believe in the strength of the Group as a whole, and encourage knowledge sharing and the optimisation of group synergies based on that conviction. The individual results of the underlying business units are of secondary importance. To facilitate this, Sligro Food Group has a high degree of (back-office) integration.

Governance model and policy

We stimulate a Group-based approach and try not to undermine it with complicated internal charging, accrual and approval procedures.

The Executive Board is actively involved in policy-making at all business units, as well as in policy implementation. We govern our organisation based on a medium-term strategic plan with a three to five-year horizon. To convey those strategic plans to the rest of the organisation, we capture them in specific goals and result areas that are clear and easy to understand for everyone. We challenge our people to come up with (creative) plans themselves to achieve those goals and results.

An annual plan and annual budget are put together, based on the strategic multi-year plan. On a quarterly basis, we review planning progress and make a monthly report based on KPIs to assess whether the targeted results will or will not be achieved if we continue along the course we have charted. Forecasts of the financial results for the remaining months of the current year are prepared on a quarterly basis. If the expectation is that we will not achieve our targets, we proceed to adjust our business operations. This involves looking at progress in relation to the annual plans and consideration of how external (market) factors are developing.

In governing our business operations, we draw on detailed reports that view the developments from multiple perspectives. The focus when doing so is not on financial indicators but rather on clearly defined process-related key performance indicators (KPIs) that relate to operations that are within the recipient's control. Given that we have similar operations at many different sites, we make widespread use of internal benchmarking to create focus and encourage the feeling of continuous improvement and healthy competition to which we aspire. On several occasions every year, we establish the correlation between the performance indicators and our financial results.

As we grow, we develop unequivocal international standards, which we communicate openly. Our Group Control and Internal Audit departments supervise compliance with the standards, helping us maintain the quality of our information and ensure a consistent reporting speed. The implementation of a new IT and data landscape also provides a positive impulse in this respect.

To keep improving the service we provide to our customers, we permanently invest in improvements to our online environment, data quality, logistics and store networks, and our retail brands.

We finance investments through long-term and short-term credit facilities, and aim for a comfortable margin in respect of the financing covenants we have negotiated. By reducing capital lock-up in working capital, we are able to free up funds for our investments. Only if, as a result of (major) acquisitions, the margin on the financing covenants is deemed to be inadequate, we may decide to use the option of issuing shares to raise funds for investments. In the long term, the Group's net investment scope totals approximately 2.5% of revenue.

Results

The abridged statement of profit or loss can be presented as follows:

x € million	2023	2022	As % of revenue 2023	As % of revenue 2022
Revenue	2,859	2,483	100.0	100.0
Cost of sales	(2,097)	(1,820)	(73.3)	(73.3)
Gross profit	**762**	**663**	**26.7**	**26.7**
Other operating income	8	18	0.3	0.7
Total operating costs excluding depreciation, amortisation and impairment	(633)	(555)	(22.2)	(22.3)
Gross operating result (EBITDA)	**137**	**126**	**4.8**	**5.1**
Depreciation of property, plant and equipment and right-of-use assets	(65)	(59)	(2.3)	(2.4)
Impairment of property, plant and equipment and right-of-use assets	(2)	0	(0.1)	0.0
Operating result before amortisation (EBITA)	**70**	**67**	**2.4**	**2.7**
Amortisation of intangible assets	(38)	(21)	(1.3)	(0.9)
Impairment of goodwill and other intangible assets	(17)	(3)	(0.6)	(0.1)
Operating result (EBIT)	**15**	**43**	**0.5**	**1.7**
Financial income and expenses	(9)	0	(0.3)	0.0
Pre-tax profit (loss)	**6**	**43**	**0.2**	**1.7**
Income taxes	0	(4)	0.0	(0.1)
Net profit (loss)	**6**	**39**	**0.2**	**1.6**

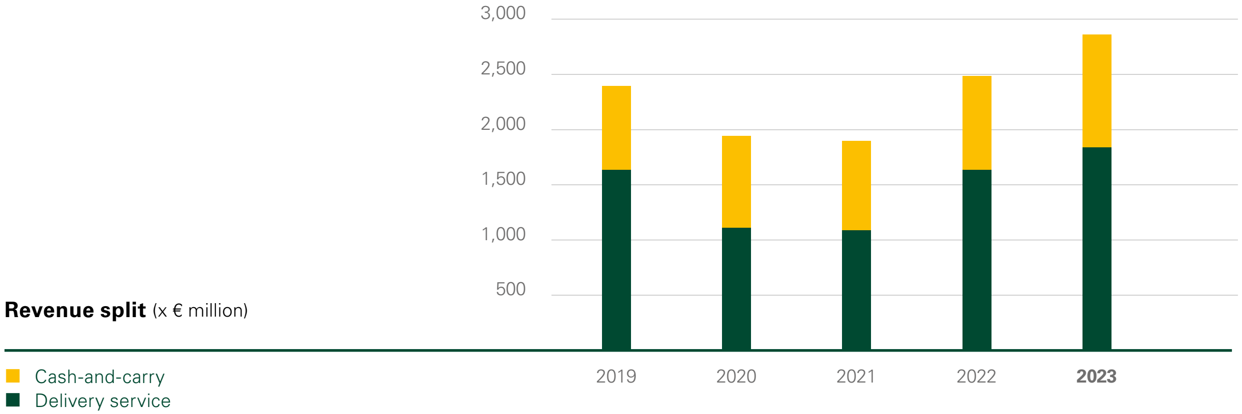
Development of revenue

In 2023, we generated €2,859 million in revenue, up 15.2% on last year. In the Netherlands, revenue was up by 8.6%. In Belgium, the increase in revenue amounted to 75.4%. In the Netherlands, revenue growth was entirely organic. Organic growth in Belgium was 11.3%, with the remainder of the growth stemming from the Metro sites acquired in January 2023, which we now operate under the name Sligro-M.

In the Netherlands, revenue growth was partly driven by high inflation, The impact on revenue was over 8%, and there was thus little growth in volumes. This led to intense discussions in the market about prices and price increases. In the vast majority of cases, the result was a new and mutually acceptable arrangement, but in a few cases, including one of our key clients, we decided to wind down our services. Nevertheless, the revenue from delivery operations excluding tobacco products increased by nearly 14% and we also saw a pleasing increase in volume in that activity. The revenue from cash-and-carry operations excluding tobacco products increased by roughly 2% and the volumes declined during the year. On balance, we performed slightly better than the overall market in the Netherlands, so our market share increased somewhat.

In Belgium, we saw a pleasing organic increase in revenue, both in terms of value and volume. However, the trend during the course of the year was less favourable. Following the ERP implementation in November 2022, we experienced a lot of problems, specifically with delivery service operations at our Antwerp site. It took until summer 2023 to stabilise the situation, during which time the service we provided to our customers and the associated administration were below the standard we strive for. In the light of those problems, a number of customers chose to make their purchases elsewhere. Price and price increases were also a major theme in Belgium. Passing on (part) of the increased costs in the price proved to be challenging sometimes, particularly in the institutional market. This led to deliberate decisions to terminate our services to some customers in Belgium as well. The combination of these effects slowed revenue development, particularly from the third quarter on.

Revenue split (x € million)



Our Sligro-M stores had a strong first year. Due to the disruption that prevailed in the quarters preceding our acquisition, many buyers had already taken their custom elsewhere. From mid-January, after the refurbishment and reopening, we therefore had to win them back one by one and accustom them to our product ranges and pricing. It also took time, working in consultation with our customers, to adjust the product range so as to meet their requirements. We made improvements week by week, month by month and believe that we now have a very well-aligned product offering – something to which we will naturally continue to pay constant attention. Revenue in the first year was €157 million. Although our expectation at the start of the year was perhaps a little higher, we are satisfied with where we are now. Our Middelkerke branch operated throughout 2023 from the temporary emergency site and we have only been able to serve former Metro delivery customers from our new Evergem delivery service site since early 2024.

The combination of organic growth and acquisition has increased our market share in Belgium.

Legislation relating to the sale of tobacco products is causing significant shifts in the market. Sales of tobacco products will be prohibited for Dutch retailers from 1 July 2024. We increasingly saw supermarket chains and other retailers take early action by phasing out the sale of tobacco products during 2023, with that volume shifting to shops at manned petrol stations and other outlets. This led to month-on-month growth in our sales of tobacco products during the year, although the percentage of tobacco products sold in 2023 still decreased slightly relative to the previous year, dropping to 7.4% of revenue.

Gross profit

Gross profit as a percentage of revenue remained stable at 26.7%.

As in 2022, managing inflation was a dominant issue during the year. Inflation had a major impact not only on the purchase price of products and on costs, but also on supplier contributions and customer bonuses. Our customers felt the same cost pressure in all areas of their operations, resulting in a greater focus on price in our discussions with them and a significant reduction of our scope for passing on price increases in the supply chain.

We were able to pass on some of the price increases on procurement in the supply chain, although we used the annual improvement in our conditions to limit those increases. As there was no scope in the market for raising the cost of our service provision, we offset them to some extent through efficiency gains but absorbed an element of the increased costs in our result.

Costs, depreciation and amortisation

Costs, including depreciation and amortisation, rose to 26.5% of revenue, an increase of 0.8% relative to the previous year. These costs include non-cash impairment charges related to software and our operation in Antwerp. The amount concerned in 2023 was €19 million, compared to €3 million in 2022, which explains the net increase. On balance therefore, other costs remained the same, as a percentage of revenue compared with a year earlier. Many colleagues made a huge effort to achieve this against the background of steep price increases imposed on us at the beginning of the year.

Wages rose by more than 11% in Belgium and by nearly 5% in the Netherlands. We were able to absorb a large portion of those cost increases by making well-considered choices in our staffing, by scrapping vacancies and by reducing the use of agency workers for change projects in particular. What remained was an increase in employee expenses equal to 0.3% of revenue.

Logistics costs dropped by 0.8% as a percentage of the revenue from deliveries. We started the year with an increase in our transport charges of about 8%. Due to limited availability, we were forced to incur significant additional costs for foreign drivers and additional co-drivers in 2022. There was almost no need for this in 2023. We were able to handle the required volume through our normal transport arrangements, resulting in a cost reduction of at least 50% compared to the use of foreign drivers with all the associated additional costs. We also launched many initiatives to cut logistical costs in 2023. Stability in the chain allowed us to again spend time on expanding delivery windows, postcode optimisation and shifting deliveries to afternoon hours. On balance, we successfully managed to fully offset the rate increases.

General costs increased strongly. Although inflation and cost increases related to service provision also had an impact in this respect, most of the increase was caused by the costs we incurred to stabilise the ERP solution in Antwerp. We chose to charge this €6 million expense directly to the result, due to its non-recurring nature.

Selling costs declined due to targeted cost-saving measures taken in the light of the trends in the market and our revenue over the year.
After the summer, we saw a decline in volumes. As part of our savings initiatives, we made choices in relation to our marketing spend and reduced costs. However, we also had to increase the provision for bad debts in view of the deteriorating market conditions.

Depreciation and amortisation increased by €39 million compared to a year earlier. The increase in impairment, as explained previously, accounts for €16 million of this amount. In addition, Sligro-M resulted in an addition of over €10 million in depreciation and amortisation expenses. Since December 2022, we have been amortising the investments in our new ERP environment over a five-year period. Amortisation of €13 million was charged in 2023, which, together with the impairment, means that half the original investment has now been charged through the profit and loss account. The remaining portion of the amortisation charge will be spread evenly over the next 4 years.

Other operating income

Other operating income decreased by €10 million compared to the previous year. This year we sold some real estate positions that we either no longer actually use as a business, or no longer intend to use in the future, resulting in a book profit of €7 million. Last year's book profit amounted to €17 million partly due to the sale of our minority holding in Smeding, which resulted in a one-time untaxed book profit of €16 million.

EBIT

The operating result decreased by €28 million to €15 million. The increase in impairments referred to above and the lower book profits fully explain this decrease. Seemingly what remains is a €2 million drop in the operational results, but they were negatively impacted by two items of €14 million in total: the increased recovery costs at Antwerp and the ramp-up costs and losses at Sligro-M, which were higher than last year. Results are improving month by month and although we did not fully achieve our revenue target, the results from Sligro-M were better than in our business case.

All in all, our expectations for the result in 2023 were higher at the start of the year. Market conditions became significantly more challenging after the summer and caused us to change course on many fronts, shifting our emphasis from growth to cost control. In the light of market conditions and the underlying development of our EBIT result, we are moderately pleased with 2023 and extremely eager to continue the underlying trend in the results as we pursue our mid-term goal.

EBITDA

As confirmed during our Capital Markets Day, we will be targeting improved earnings in the coming years and will use EBITDA as a percentage of revenue to measure progress. Our goal is to achieve an EBITDA of 7.5% by 2025. In 2023, we achieved an EBITDA of 4.8%, comprising a positive EBITDA of 6.0% in the Netherlands and an EBITDA loss of 2.1% in Belgium. This represents an improvement compared to the previous year in both countries, and, when we look at the extraordinary income and exceptional expenses in 2023 and 2022 in detail, it is clear that the operation in the Netherlands and Belgium has already made quite significant progress. In Belgium, we are extremely pleased by the development shown by Sligro-M, where we recorded an EBITDA loss of €2 million for the full year.

After a loss of €4 million in the first half of the year, Sligro-M made a positive contribution of €2 million to EBITDA in the second part of the year.

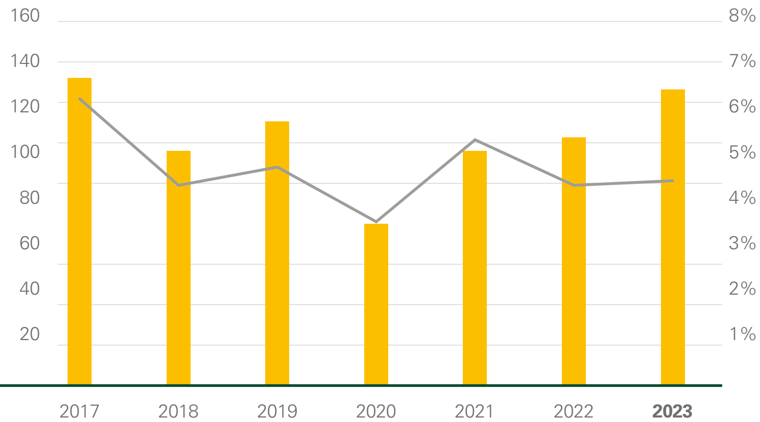
Financial income and expenses

Financial income and expenses increased on balance by €9 million compared to the previous year. Due in part to the acquisition of the Metro sites in Belgium, our debt position increased. In combination with increased interest rates, interest expenses increased by €7 million. The interest component of the leases under IFRS 16 increased by €2 million, largely due to the addition of the rented sites for Sligro-M. Like last year, the result from participations was €7 million.

Taxation

The tax expense decreased by €4 million compared to last year. Profit before tax decreased due to impairment and because last year's profit before tax included the untaxed book profit resulting from the sale of our holding in Smeding. Like last year, the settlement of tax in relation to previous financial years resulted in a small income inflow of €1 million.

Foodservice 2017-2023



Net profit
As % of revenue

Net profit

As a result of the above, net profit came in at €6 million in 2023. Earnings per share are calculated on the average number of shares in issue (externally) and amount to a profit of €0.14 (2022: €0.88) per share.

Investments

Net investments increased to €78 million or 2.7% of revenue in 2023. In the Netherlands, we invested in sustainability improvements for our cash-and-carry outlets and their conversion to our 3.0 concept, and in modifications, sustainability improvements and replacements at our delivery service and production sites. We also purchased our first 25 electric trucks at a total cost of €8 million. In Belgium, we invested a total of €18 million in the following projects: conversion of our Herstal site to the 3.0 concept, our new delivery service site in Evergem and conversion of the sites acquired from Metro.
The €16 million investment in software and intangible assets went mainly to our online platform and software used in the existing systems. The modifications needed to stabilise the SAP environment in Antwerp were mostly charged directly to earnings as an expense, and not recognised as investments.

x € million	**2023**	**2022**
Software	13	11
Intangible assets in progress	3	11
Property, plant and equipment	65	37
Divestments	(3)	0
Net investments	**78**	**59**
Depreciation of property, plant and equipment	(38)	(38)
Impairments	(18)	(3)
Amortisation of software	(25)	(10)
Amortisation and depreciation	**(81)**	**(51)**
Net change in fixed assets	**(3)**	**8**

Working capital and cash flow

Our net working capital position decreased slightly compared to the previous year, and working capital also decreased slightly when measured as days of revenue. During the year, the supply chain stabilised somewhat, allowing us to reduce our inventory position again. That reduction is not immediately apparent because the addition of the nine outlets acquired in Belgium and opening a new delivery service location in Belgium led to an increase of inventory within the business. Receivables and payables at the year-end were comparable to the year before, in spite of the increased business levels and higher inflation.
We achieved a net free cash flow of €34 million. Of this, €24 million was paid out in the final dividend for 2022 and the interim dividend for 2023. We acquired Metro's sites in Belgium for an amount of €44 million, increasing our debt position by € 33 million on balance.

Development of working capital

x € million	2023	2022	2021	2020	2019
Current assets	590	605	407	345	526
Minus: cash and cash equivalents	(32)	(59)	(12)	(13)	(19)
Minus: derivatives	0	0	0	0	(9)
Minus: current liabilities	(712)	(610)	(382)	(364)	(593)
Plus: current portion of long-term borrowings	0	30	0	0	26
Plus: short-term borrowings	161	55	1	18	77
Plus: current lease liabilities	26	21	20	19	15
	33	**42**	**34**	**5**	**23**
In days of revenue	4	6	7	1	4

Abridged statement of cash flows

x € million	2023	2022	2021	2020	2019
Net cash flow from operating activities	142	91	73	101	132
Lease liabilities paid	(33)	(25)	(23)	(23)	(18)
Net cash flow from investing activities	(119)	(41)	(35)	(10)	(127)
Minus: acquisitions of subsidiaries	44	0	0	0	52
Minus: proceeds from sales of subsidiaries	0	(1)	0	(1)	(1)
Minus: other receipts from sales of interests in associates	0	(18)	0	0	0
Free cash flow	**34**	**6**	**15**	**67**	**38**
For comparison, net profit (loss) from continuing operations	6	39	20	(70)	34
Cash conversion as %	530	16	75		103
Free cash flow has been used as follows:					
Net acquisitions	(44)	19	0	1	(51)
Dividend payment and share repurchase	(24)	(13)	1	1	(63)
Balance of change in debt and liquidity	34	(12)	(16)	(69)	76
	(34)	**(6)**	**(15)**	**(67)**	**(38)**

Financing

For our financing, we use both the capital market (long-term financing) and the bank market (long-term and short-term financing). Note 22 to the financial statements gives an overview of the loans and short-term borrowings from credit institutions and our bank facilities.

Positive free cash flow, together with the acquisition of the Metro outlets in Belgium and the payment of the dividend, led in total to an increase in net interest-bearing debts (as adjusted in line with IFRS 16). Our EBITDA also increased in comparison to the previous year. As a result, our borrowing ratio (net interest-bearing debts/EBITDA) went up slightly to 1.6, which was comfortably within our covenants.

In the first quarter of 2023, we implemented a refinancing plan in order to establish our financing structure for the next few years. We also took into account the acquisition opportunities that we expect to arise in the coming years. We entered into committed credit facilities totalling €260 million with three major Dutch banks. There is a €100 million facility with a term of 1 year, with an option to extend for 1 year and a €160 million facility with a term of 3 years, with the option to extend for 1 year on two occasions.

At the beginning of 2023, we repaid one of the existing USPP loans, for an amount of €30 million, at the end of its specified term. Only one USPP loan remains, a €40 million loan which matures in 2025.

Results in the Netherlands and Belgium

	Netherlands		Belgium	
x € million	2023	2022	2023	2022
Revenue	2,429	2,238	430	245
Organic revenue growth[1] as %	8.6	29.3	11.3	46.3
Gross profit as % of revenue	27.1	27.1	24.1	23.0
Gross operating result (EBITDA)[1]	146	134	(9)	(8)
Operating result before amortisation (EBITA)[1]	93	82	(23)	(15)
Operating result (EBIT)	45	59	(30)	(16)
Net profit (loss)	31	51	(25)	(12)
Net investments[1]	60	52	18	7
Free cash flow[1]	79	25	(45)	(19)
EBITDA[1] as % of revenue	6.0	6.0	(2.1)	(3.4)
EBIT as % of revenue	1.9	2.6	(7.0)	(6.4)
Average net invested capital[1]	726	749	107	53
EBITDA as % of average net invested capital[1]	20.0	14.8	(8.3)	(2.7)
EBIT as % of average net invested capital[1]	6.2	7.8	(28.2)	(29.4)

[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.

Outlook

‘In the current economic climate, the emphasis is on retaining existing customers and driving growth with them, as well as on seizing opportunities to win new customers.’

Dirk van Iperen
Sales Director

General

Based on the trends in the second half of 2023 and signs regarding the development of the economy in the Netherlands and Belgium, we foresee challenging market conditions for most of 2024. Consumer confidence is low and uncertainty in the political realm is fuelling unrest. That sentiment usually leads to restraint in spending with a dampening effect on volumes in the ‘out of home’ channel. Based in part on currently available market information, we expect the market volume to shrink. Inflation (related to food products) appears to have peaked and is now falling, but it is still significant. Our estimate for 2024 is 5% to 6%. On balance, there will be modest market growth. Historically, the economic cycle picks up again after 1 to 1½ years, so recovery is expected in late 2024 to early 2025.

For Sligro Food Group, a market with high inflation and declining volumes means that we must closely monitor and manage costs and reduce them where possible. We have been working on this since the summer of 2023 and this will continue to be an area of explicit focus in the coming years. Managing inflation in our pricing in a competitive environment is also an important issue in the Netherlands and Belgium. In combination with clear choices in product ranges, promotions and our own brands, we provide appropriate solutions for our customers who also face these challenging market conditions.

Annual plans

In line with the information presented during our most recent Capital Markets Day, we are fully committed to achieving our medium-term return target in 2024 and beyond. Although some of the planned improvements will also contribute to the return in 2024, there will be many interventions in the course of 2024 which will start to bear fruit from 2025 on.

In terms of technology and processes, we are bringing our logistics base in Belgium in line with the principles we have successfully applied in the Netherlands for several years. We deploy the central distribution centre as the primary supply channel for the cash-and-carry operations. The customers who use our delivery services are served at the front end via the different brands, however the actual logistics are set up and handled through the integrated delivery network based on geographic proximity.

We have already made changes to the management of the organisation and we are working to further roll these out into the organisation in 2024. Centralised where operationally possible and decentralised where necessary is our guiding principle here, which offers extensive potential for optimisation and cost reduction. During the coming year, we expect to phase out approximately 150 positions as a result of the integration, most of which can be absorbed through natural employee turnover and the pool of flexible workers created in recent years.

Following a good first year, Sligro-M has its sights set on revenue growth in 2024. The cash-and-carry site operating model is in good shape, so adding volume within that same structure is the way to further strengthen returns.

In the Netherlands and Belgium, we are committed to growth and a healthy revenue mix. Phasing out the tobacco product offering from 1 July 2024 will result in a significant decrease in (low-profit) revenue, but we still expect to increase revenue through growth with existing customers and by acquiring new customers. In the current economic climate, the main emphasis is on retaining existing customers and driving growth with them, but growth through customer acquisition in the region is also high on the agenda.

As mentioned previously, cost reduction is one of the focus areas. The price component associated with staff, energy and logistics is once again increasing strongly and this calls for plans to boost efficiency and to make different choices in our spending. With regard to logistics, we are implementing new forms of mechanisation and optimising the logistics arrangements in consultation with our customers in order to limit cost increases. In the central costs area, we are making rigorous choices to sharply reduce spending.

There are also numerous initiatives to improve the gross profit margin. We are having focused discussions on conditions with suppliers and we are looking for opportunities there to limit price increases. We expect to improve gross profit through better collaboration on events, promotions and data valorisation. Choices in the product range and further harmonisation within Belgium and the Netherlands will certainly contribute to this, as well as our continued commitment to our Exclusive Brands.

With regard to our ERP roll-out, we will use the first six months of the year to draw up our new plan for transitioning to a new landscape with SAP at its core and put in place the prerequisites for a successful relaunch. We remain committed to our goal of achieving a full transition in the next two to three years.

In 2024, we will also continue to focus on making our operations more sustainable. We are continuing to invest in solar energy, heat recovery, insulation for our buildings and our electric vehicle fleet in order to reduce our CO_2 emissions. Making our product range more sustainable by increasing the 'Eerlijk & Heerlijk' revenue share, by adopting smarter packaging and by giving due consideration to our employees and partners are also on the agenda for 2024. The reporting requirements under the EU Taxonomy and Corporate Sustainability Reporting Directive have had our attention for some time. We are on course, but additional efforts will be required from us in 2024.

Sligro Food Group Transport

In 2023, we moved fulfilment of some of our transport requirements in-house by starting up Sligro Food Group Transport with 25 new electric vehicles. Another 25 new electric vehicles will be added during 2024. On 2 January 2024, we took over Simon Loos' transport operations in Amsterdam, Berkel en Rodenrijs and Drachten. In view of the total number of trucks that these actions bring under our direct management, we are well ahead of plan and much closer to the target ratio between in-house transport and outsourced transport. Consequently, (rapid) further growth is not to be expected in the coming years. Sligro Food Group Transport only provides intra-group services, and this will remain the case in the future. This year will be dedicated to strengthening the operational control of our fleet and managing transport smoothly in order to offer our customers reliable service. We do not expect the change to in-house management of some our transport needs to deliver any material cost benefits.

Just do it

In the coming period, giving day-to-day operations and the challenges created by the current economic climate the attention they deserve will keep our hands full. In other words, an unwavering focus on healthy revenue growth, controlling costs and cutting back central costs. That requires rigorous choices and change programme prioritisation and that is exactly what we are doing.

Our new BeNe structure with integrated management, extensive control and emphatic hands-on involvement on the part of the Executive Board, fits well with our culture and the current spirit of our times. On our path to achieving our profitability target of 7.5% in 2025, we have the interests of our customers, who require both high-quality service and appropriate pricing, especially in these times, at the forefront of our minds.

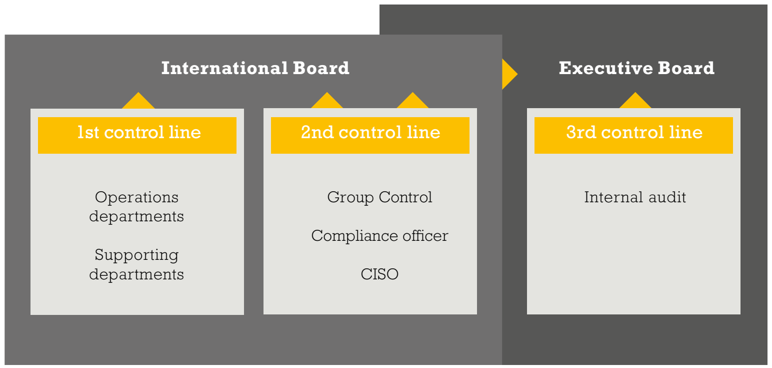
Rather than engaging in an excess of planning, theoretical models and pretty presentations, our entire focus is on doing and delivering. So our theme for 2024 is: **Just do it!**

Risk management

Risk management responsibility

Identifying and responding to potential events and risks that may significantly affect the Group's strategy or continuity is something that we focus on continuously. This shapes how we identify and manage risks associated with the Group's strategy, activities and objectives. It is our conviction that risk management needs to be part of all our employees' day-to-day thinking and working, not because the law requires it to be, but because it feels natural and is the right thing to do.

The Executive Board has ultimate responsibility for being in control of the Group, and therefore also for risk management. In this respect, the Executive Board is supported by the International Board, Group Control, the Compliance Officer, the Corporate Information Security Officer, and the Internal Auditor. The Supervisory Board and Executive Board jointly identify and assess opportunities and threats in the market in which we operate, and how they impact on our business model.



The operations and support departments focus on the delivery of goods and services to our customers, and are also the first line of defence for risk management. The second-line positions provide additional expertise, support and supervision to the operations and support departments in relation to risk management and internal control, and challenge them when necessary.

Group Control supports the International Board with the definition of risks, the operational implementation of the associated control measures and the overall handling of strategic, tactical and operational risk management. The team manages Sligro Food Group's Internal Control Framework, assesses whether the design, existence and operation of the control measures it contains are sufficiently secured by the first line of control and reports on this to the International Board. In addition, Group Control provides support in the development and expansion of risk management within the Group.

The Compliance Officer is the officer in charge of ensuring compliance with laws and regulations. He ensures that the company's operations and the conduct of its employees are in line with requirements set by the legislator, and that new laws and regulations are implemented on time and in full.

The Corporate Information Security Officer (CISO) supports the Executive Board with the definition and monitoring of the information security policy.

Internal audit is an independent and objective function that supports the Executive and Supervisory Boards, enhancing and protecting the value of the organisation by providing risk-based and objective assurance and insight. The internal audit function helps Sligro Food Group achieve its objectives by applying a systematic and disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

Group Control, Internal Audit, the Compliance Officer and the CISO work closely together in supporting departments such as Legal, IT, Finance, and Programme and Process Management.

Risk management and control systems

In recent years, we have taken steps towards more formalised monitoring processes, appropriate to our international growth, in order to stay in control. Such formalisation must, however, be balanced with the (informal) hands-on entrepreneurial spirit that exists across our company. After all, we want our people to keep thinking for themselves and identify both risks and opportunities, instead of blindly going by lists. Thankfully, this is embedded in our culture, and we therefore consider our culture the main soft control that protects us from the inside against many risks and forms of fraud. In these times of relatively high staff turnover across the market and as Sligro Food Group grows and becomes more international, we therefore continue to focus heavily on preserving the strength of our culture.

Risk management
We approach risk management from a strategic perspective, and subsequently translate risk management efforts to processes, people and systems on an operational level. During the past year, Group Control provided support to the Executive Board to securely embed risk management in relation to strategic risks, operational risks, reporting risks and fraud. Under the supervision of the risk owners, the main risks and their associated measures and concrete actions were evaluated. The risk owners periodically review the status and progress of these measures and actions and their impact on risk mitigation and report their findings to the International Board and the Audit Committee.

Fraud risks
In the area of fraud risk management, theme sessions were used to conduct the annual review of fraud risks and the related control measures in our Internal Control Framework in 2023. Recommendations for improvements were made to the International Board based on the outcomes. Additionally, during 2023, some recommendations from last year's evaluation session were incorporated in the Internal Control Framework or implemented as process improvements.

Internal Control Framework
The Internal Control Framework (ICF) contains the financial, compliance, fraud and reporting risks and related control measures for the Group's primary and supporting business processes in relation to the reliability of the Group's financial reporting. Last year, the ICF was rolled out further within the Group, with Group Control providing support in demonstrating and assessing the existence of the control measures in the Netherlands and Belgium.
The responsible Executive Board members and their teams created implementation plans for the control measures that were not yet in place. For the coming year, the main points needing attention will again be the IT controls, improvement of specific reporting controls and the management of authorisations.
An approach for periodically demonstrating the operation of the control measures in the ICF and their assessment by Group Control has also been developed. As before, the basic premise will be that controls should be integrated into or form part of daily business processes, and that people should continue to think about and understand why individual controls matter and what roles and responsibilities they themselves have in this regard.
The International Board and Audit Committee are regularly informed about progress and points for improvement in relation to the controls that are assessed.

In the coming year, Group Control will provide further support for, and perform an assessment of, the control measures that apply to the business processes in Belgium, in cases where they are adapted as a result of changes in the approach to the ERP implementation and management of the Belgian operations. In addition, work will begin to demonstrate the operation of the control measures.

Tax Control Framework
Over the past year, further action was taken to optimise and monitor the Tax Control Framework (TCF). Based on the identified tax risks and the risk appetite associated with the tax policy, the internal controls for the applicable processes were laid down in the TCF and implemented in practice. In principle, the TCF includes all taxes applicable to us, the most important of which are corporation tax, VAT, payroll tax, import duties and excise duties. The design and existence of the control measures in the area of payroll tax were again assessed by the Dutch Tax and Customs Administration in 2023. We use data analysis and sample testing of administration and tax process to ensure compliance with laws, regulations and internal procedures.
In 2023, further follow-up steps were performed in the set-up, execution and monitoring for VAT and payroll taxes.

Internal audit
In 2023, the Internal Auditor implemented the 2023 Internal Audit plan that had been approved by the Executive Board and the Audit Committee the previous year. Several audit assignments were formally reported, and the findings were shared with the auditees, the Executive Board and the Audit Committee. In addition, periodic feedback is provided regarding follow-up in relation to the findings identified in previous reports. During the year, the Internal Auditor attended all the meetings of the Audit Committee and held regular discussions with the external auditor.

Corporate Information Security Officer
Last year, the CISO once again took action to embed the information security policy in the work processes for managing information security and continuity risks. As in previous years, this mainly involved continuing the approach previously adopted. In 2023, extra attention was paid to awareness in respect of information security. This programme will continue through 2024. In 2024, priority will be given to monitoring and response capabilities and action to strengthen security in that area. The CISO team will also conduct assessments to identify and improve risk areas within our own IT systems and applications and those of our partners and suppliers.

Our main risks

On several occasions during the past year, the International Board explicitly evaluated and monitored key risks that might have an impact on the achievement of the 2025 strategic objectives. This involved looking at the control measures and actions that need be implemented to manage these risks on the one hand and, on the other hand, developing strategies to take advantage of possible opportunities that these risks might open up if they were to occur. In this way, sustainable business issues such as developments in electric transport, the transition to a circular economy and the increasing laws and regulations on sustainability were fully incorporated into the risk assessment. For more information about these risks, please refer to the 'Sustainable business' section.

Some changes have occurred with respect to our most important risks:
- The estimated potential impact of the 'Competition accelerates international consolidation in food service' risk on our strategic objectives has reduced, mainly due to developments in the market. In addition, we estimate the probability of occurrence of the 'Acquisitions and integration processes' risk to be lower. Based on the acquisition and integration of Sligro-M, which we completed successfully thanks to close management scrutiny and tight project management, we are confident that we have sufficient control over this type of process. As a result, we no longer include these risks in our main risks category.
- Last year, the increasing regulatory burden was not recognised as a risk in its own right, but rather as a component of the 'Unpredictable developments in society' risk. Given the increasing number of laws and regulations that are relevant for the Group and their impact on business operations, we feel compelled to separately identify this risk as one of our main risks and act specifically to mitigate it. Unfortunately, in recent years, both national and European governments have regularly demonstrated a lack of pragmatic knowledge about the impact of the occasionally bureaucratic measures they impose, which sometimes result in an unattractive business environment and hinder us in our business activities. So we will focus more on this risk.
- We estimate the probability of occurrence of the 'Control of change programmes', 'Availability of competencies' and the 'Loss of the Sligro Food Group culture' risks to be somewhat more limited due to the changing labour market and the internal readjustments that have taken place over the past year.
- We have revised our risk assessment with regard to cyber security and data security slightly upward due to the increasingly rapid evolution of cybercrime.

Events in 2023

The combination of risks associated with the control of change programmes and the availability of certain competencies led us to make adjustments to the ongoing change programmes during the year, altering the course of the planned ERP implementation.

In addition, starting in the fourth quarter, the management of our organisation transitioned to a BeNe structure, bringing all activities under the direct and joint management of the International Board. This change ensures clear, efficient and unambiguous communication and management across the entire Group and more effectively safeguards Sligro Food Group's strong culture as a result.

In respect of the stated risks, no other significant events occurred in 2023 that led to concrete actions.

Taking into account developments in the market and internal changes, ten key risks have been identified. The risk appetite with respect to these risks has been assessed, as has the likelihood of them materialising and their potential impact. Aside from that, an assessment has been made of the extent to which we, as a Group, can influence these risks. The resulting picture is shown in the following table.

Our responsibility is to set up control measures and perform internal audits to reduce known risks, including the ten risks specified here, to a level that we consider acceptable.

Sligro Food Group risk areas

Strategic	Change based on likelihood and impact	Likelihood	Impact	Influence	Risk acceptance
Loss of the Sligro Food Group culture	↓	●●●	●●●●	●●●●●	●
New business models and diversification		●●●●●	●●●●	●●●	●●
Control of change programmes	↓	●●●●	●●●●●	●●●●●	●●

Operational	Change based on likelihood and impact	Likelihood	Impact	Influence	Risk acceptance
Availability of competencies and sustainable employability	↓	●●●●	●●●	●●●●	●●
Raw materials and commodities shortages		●●●●●	●●●●●	●●●●	●●
Cyber security and data security	↑	●●●●●	●●●●●	●●●	●●
Interruption of business operations		●●●●●	●●●●●	●●●●	●

Finance and compliance	Change based on likelihood and impact	Likelihood	Impact	Influence	Risk acceptance
Increasing regulatory burden	new	●●●●	●●●●	●	●●●
Unpredictable developments in society	↓	●●●●	●●●	●	●●●
Food safety		●●	●●●●●	●●●	●

● Low ●●●●● High ↑ Up ↓ Down

Strategic risks

Loss of the Sligro Food Group culture

Risk

The Group has traditionally had a strong culture in which flexibility, entrepreneurship, trust, collaboration and high consideration for our colleagues in operational roles feature prominently. The important thing is to maintain the good balance between culture and structure. Internationalisation and the influx of new employees can lead to dilution of the culture.

Control measures

Besides being the driving force behind our company, our culture is also an important control measure in our risk management efforts. In a growing and increasingly international organisation, preserving this culture is something we focus on heavily. The international roll-out of Sligro's core values, the transition at management level to a BeNe structure, our 'Green Blood', the code of conduct and the onboarding programme for new employees contribute to securing the culture. Our People Strategy offers a solid basis for ensuring its preservation both now and in the future. In addition to exemplary conduct on the part of the Executive Board and management and explicit anchoring of the connection between Group functions and the regions in consultative structures and job profiles, monitoring the engagement and satisfaction of our employees is also important here.

Opportunities and possibilities

Our growing, international organisation and the transformation towards the new IT landscape call for new skills and changes to responsibilities. We have a constantly improving mix of experienced staff members steeped in our culture and relatively new employees, working together in a healthy balance to transform Sligro Food Group into an organisation that is ready to fulfil our international food service ambition while also preserving our culture. We pay close attention to the development and engagement of both experienced and new employees.

New business models and diversification

Risk
In the markets in which we operate, competition continues to be fierce and the market landscape is becoming increasingly complex and challenging. We see that the boundaries between food service and food retail are blurring and that new forms of customer loyalty are emerging, as more and more new (online) players enter the market and existing ones broaden their horizons by moving into adjacent (niche) markets.

Control measures
We closely monitor the various initiatives, assessing to what extent they impact on the course we have charted as a Group. By benchmarking against new concepts and using monitoring tools, we obtain insights on which we can take further action. We have opted to primarily follow our own path and develop initiatives that suit us, such as looking for strategic partnerships and further extending our online platform.

Opportunities and possibilities
When market developments progress faster than expected, we have sufficient flexibility and financial muscle to react accordingly. We take a proactive stance to building contacts with industry peers and food service operators.

Control of change programmes

Risk
The pace of developments in the market is becoming more and more frenetic. Digitalisation, mechanisation and developments in the area of sustainability are just some examples of things that are going on in the market. We are also simultaneously implementing several major changes that have an impact on our current processes and way of working, or introducing completely new concepts and working methods. Effective control of change programmes is important to achieving our strategic goals.

Control measures
In recent years, we have taken steps in respect of leadership and skills management in order to strengthen the organisation. Selecting, monitoring and evaluating programmes and projects more critically, and keeping the scope of individual programmes manageable through central control, will help ensure better control and embedding of the future changes.

Opportunities and possibilities
Strengthening competencies and methods as prerequisites for achieving greater proficiency in managing transitions will also make us increasingly agile in a changing society and competitive environment, and help us adapt ever better and faster to new circumstances.

Operational risks

Availability of competencies and sustainable employability

Risk
We are experiencing a tight labour market and limited availability of specific competencies across the board. In addition, the average age of our workforce is continuing to increase. Given the physically strenuous work carried out in large parts of our organisation, the ageing of our workforce is a matter that will continue to demand a great deal of attention.

Control measures
We are preparing for a future in which finding staff will become more and more challenging. We are increasingly adopting automation and using small-scale mechanisation in our supply chain, standardising our IT systems and processes and introducing alternative forms of transport. We are also making our HR policy, labour market communications and recruitment & selection activities more target-group-oriented, to ensure better alignment with specific needs in different segments of the labour market. Our proactive policy on vitality and sustainable employability is an example of this.

Opportunities and possibilities
We focus on solutions that allow us to retain employees in a tight market and simultaneously offer our customers continuity in the form of valued familiar faces, in the area of transport for example, where we have brought some of the activities in-house.
Using smaller (electric) vehicles helps us appeal to a larger pool of people who can play a role in localised delivery of the product flows going to our customers.
We are working to continue improving our attractiveness as an employer. However, this will require a target group-oriented approach.

Raw materials and commodities shortages

Risk
Climate change, macroeconomic developments and structural global population growth are factors that increase the likelihood of raw material and commodity scarcity, thereby negatively affecting the availability of our items, packaging materials or building materials. Globalisation and new sustainability laws and regulations may also lead to shortages in the longer term.

Control measures
A clear procurement strategy, including in terms of geographical diversification and supplier selection, increases our flexibility. In addition, long-term collaborative relationships with our strategic suppliers are of great importance. Good coordination between the procurement and supply chain departments ensures the right inventory levels of critical products and materials. Through good communication with the customer about possible alternatives, we can maintain or increase customer satisfaction.

Opportunities and possibilities
Where necessary, we will adjust or refine the procurement strategy to minimise the risk of not obtaining certain items. We will continue to devote attention to spreading this risk, both geographically and within our supplier network, and to increasing our understanding of how our suppliers and the macro environment respond to future developments.

Cyber security and data security

Risk
Information availability, integrity and reliability in respect of our products, services, and sites are extremely valuable for our operational activities and reputation. The increasing digital dependence of our organisation also has a direct impact on the development of risks associated with these aspects. Both internal and external threats to our data connections and data integrity demand increasing attention. The transfer of services to third parties makes management control more important, and this is now a priority.

Control measures
We pay continuous attention to implementing operational and tactical security technologies and services on/in our platforms, connections and data. By making our architecture and principles more uniform, we limit the complexity of technology and thereby actively reduce our risk. We have these technologies and security measures reviewed internally and externally in order to check their adequacy. This is an area where we increasingly include our partners who play a role in the digitalisation of our communications and supply chain. In addition to technology, we also pay explicit attention to cybersecurity awareness in respect of risks in the business operations.

Opportunities and possibilities
Ensuring the quantity and quality of available data requires a great deal of responsibility, but offers us a competitive advantage and promotes data-driven decision-making. Proper management of data processing also has reputational benefits.

Interruption of business operations

Risk
Breakdowns of or disruptions in our online platforms and the supply chain can threaten the continuity of daily operations within a relatively short period of time. The continuity of both digital and physical business processes, and thus the delivery of items and services, has a significant impact on the business operations of customers and partners. The threats themselves and the speed at which they are evolving require increasing attention for resilience and alternative ways to maintain full continuity at all times.

Control measures
During the past year we have implemented preventive and reactive measures to ensure continuity across our logistical framework, in line with the tactical plans, In addition, plans have been drawn up to strengthen the operational stability of the systems and connections that support our organisation's critical processes. Implementation of these plans will continue unabated in the coming year. Adopting a uniform approach in our architecture and principles is one of our strategies for managing and guiding this development.

Opportunities and possibilities
In the event of unexpected developments, preventive plans and measures in the area of business continuity also enhance flexibility and allow rapid adaptation to a changing situation. This will be more important in the future.

Financial and compliance risks

Unpredictable developments in society

Risk
Regularly and to an increasing greater extent, governments in the countries where we operate, or the authorities at European level, implement far-reaching and sometimes unpredictable measures that can have a major impact on our business operations or results. Furthermore, interest groups, stakeholder groups or society as a whole, each with its own diverse interests, may also form opinions to which we as an organisation must adjust our policies or practices. These interests are not always aligned with economic justification and may affect the priorities of our change programmes.

Control measures
Although our control over developments in society and government measures is limited, we try to track these developments as closely as possible and identify the consequences of legislation and regulations at the earliest possible stage. We do this by joining trade associations and by obtaining external advice. Aside from that, we aim to maintain an open dialogue with legislators and regulatory authorities to be able to manage any developments proactively. Having an agile organisation model allows us to change faster. We strive to clearly establish our own position and stay close to our own strategy and vision.

Opportunities and possibilities
Opportunities may also arise if the measures or standards apply to the entire industry and are enforced for all competitors (level playing field). The changes often require competencies and access to investment funding that we as a market leader can provide. As a result, we can strengthen our position in relative terms.

Food safety

Risk
Given that the Group primarily sells and processes food, food safety plays a key role within our organisation. Food safety issues can seriously damage our company's reputation and therefore have a major impact on business continuity.

Control measures
The measures we take in the area of food safety are primarily focused on avoiding risks for our customers and staff. We have defined food safety as a standard from both a process perspective and a product perspective within the various parts of the organisation. Through our well-equipped quality assurance department, we make sure we work professionally in the area of quality control and set the same high requirements for the quality delivered by our suppliers and their quality assurance mechanisms. We directly and indirectly monitor this, through specialist bodies and further certification requirements. Moreover, constant attention is given to the expertise of our employees and the culture of high quality and high safety.

Opportunities and possibilities
Knowledge of food safety and quality is also very important for our customers. Inspiring customer trust by delivering goods with a guaranteed high level of quality and giving our customers the right attention fast in case of emergencies are among our specific strengths. Commitment to quality is part of our culture, something which makes a positive contribution to the Group's reputation and the trust people place in us.

Increasing regulatory burden

Risk
Laws and regulations continue to increase in numbers and complexity, requiring sufficient capacity and expertise to respond to the changes and ensure that we as an organisation meet new requirements in a timely manner. The capacity required for this, and the associated costs, may have an effect on the business operations and results. In the coming years, we will have to devote considerable attention to developments in the area of sustainability, and the proliferation of laws and regulations in that sphere, such as the CSRD and CSDDD, and also national laws and regulations on various sustainability themes.

Control measures
Timely identification, impact analysis and implementation of new laws and regulations is a competency that is becoming more important for various departments within our organisation and for management. Where necessary, we will develop these competencies by training employees as in-house experts or by temporarily using external expertise or support. In addition, management and the central staff departments are more alert to the need for clear assignment of responsibilities for new laws and regulations, communication about changes and training courses for employees who will have to deal with the changes that this entails.

Opportunities and possibilities
We will increasingly seek collaboration with industry peers, local business owners or networking groups in the coming years to jointly develop affordable solutions by sharing knowledge and costs.

Specific financial risks, estimation risks and contingent liabilities

Notes 25 ‘Risk management’, 27 ‘Contingent liabilities’ and 28 ‘Estimates and judgements by the Executive Board’ to the financial statements highlight a number of specific financial risks, the contingent liabilities and the estimation risks that apply to the Group. The notes give further insight into the Group’s credit, liquidity and market risk, while also providing a sensitivity analysis of these factors. In addition, they also explain how the Group deals with the reporting risks related to estimates. Incidentally, we do not consider these risks to our company to be special, neither in terms of their nature, nor in terms of their scope. Where appropriate, the Group takes out insurance to cover a number of usual risks, so as to ensure, among other things, that the financial consequences of major disasters can be absorbed as much as possible.

In-Control Statement

With reference to best practice provision 1.4.3. of the 2022 Corporate Governance Code, the Executive Board states that:

- the report provides sufficient insight into shortcomings in the operation of the internal risk management and control systems with respect to, among other things, strategic risks, operational risks, compliance risks and reporting risks (best practice provision 1.2.1);
- the aforementioned systems provide reasonable assurance that the financial statements are free from material misstatement;
- it is justified based on the current state of affairs that the financial statements were prepared on a going concern basis; and
- the report specifies the material risks within the meaning of point a) and the uncertainties, insofar as they are relevant to the expectation of continuity of the company for a period of twelve months after preparation of the report.

Although there are no separate provisions in the 2022 Corporate Governance Code on tax-related risks and control measures, we as the Executive Board confirm that the aforementioned statement also applies to tax topics.

Corporate Governance

Executive Board member details

Executive Board

Koen Slippens (56)
Chief Executive Officer (CEO)
Employment start date: 29 July 1998
Current position since: 21 September 2008
Education: Business economics

Rob van der Sluijs (47)
Chief Financial Officer (CFO)
Employment start date: 1 October 2007
Current position since: 18 March 2015
Education: Business Economics, Registered Controller

Company secretary

Gerrie van der Veeken (62)
Company secretary
Employment start date: 1 March 2005
Current position since: 1 March 2005
Education: Dutch Law and Tax Law

International Board

Dries Bögels (51)
Chief Commercial Officer (CCO)
Employment start date: 1 October 2014
Current position since: 1 October 2023
Education: Economics, Management & Organisation

Anja de Bree (52)
Chief Human Resources Officer (CHRO)
Employment start date: 1 March 2023
Current position since: 1 March 2023
Education: Industrial Engineering & Management

Gerrit Buitenhuis (59)
Chief Supply Chain Officer (CSCO)
Employment start date: 1 May 2016
Current position since: 1 January 2019
Education: National Diploma in Business Studies/Economics

Bart Luijten (55)
Chief Information Officer (CIO)
Employment start date: 1 January 2023
Current position since: 1 January 2023
Education: Industrial Engineering & Management

Bert Vanmoortel (42)
Chief Buying & Merchandising Officer (CBMO)
Employment start date: 1 November 2019
Current position since: 1 January 2021
Education: Applied Economic Sciences

Dirk van Iperen (49)
Executive Managing Director for Delivery Services
Employment start date: 16 August 2013
Current position since: 1 October 2023
Education: Business economics

Kees Kiestra (55)
Executive Managing Director for Cash-and-Carry Wholesale
Employment start date: 1 June 2012
Current position since: 1 October 2023
Education: Logistics Management

Supervisory Board member details

From left to right: Dirk Anbeek, Angelique de Vries, Freek Rijna, Gert van de Weerdhof, Inge Plochaet, Aart Duijzer.

The composition of the Supervisory Board is in line with the profile. All members are independent as set out in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code.

Freek Rijna, Chair (68)
Supervisory Board member, Dutch nationality (m). Appointed in 2016 for four years and then reappointed to a second and final four-year term in 2020. Chair of the Holland Opera Supervisory Board, member of the CRV Holding B.V. Supervisory Board and member of the Royal Cosun Executive Board.

Angelique de Vries (55) Supervisory Board member, Dutch nationality (f).
Appointed for an initial four-year term in 2022. President of EMEA at Workday.

Aart Duijzer (60)
Supervisory Board member, Dutch nationality (m). Appointed for an initial four-year term in 2022. Member of the Supervisory Board at Koninklijke Sanders, member of the Supervisory Board at Koninklijke Barenbrug and Non-Executive Director of What's Cooking.

Gert van de Weerdhof (57)
Supervisory Board member, Dutch nationality (m). Appointed in 2017 for four years and then reappointed to a second and final four-year term in 2021. CEO of Mercy Ships International and Non-Executive Director at Safestore Ltd.

Inge Plochaet (55)
Supervisory Board member, Belgian nationality (f). Appointed for an initial four-year term in 2022. Chairman of the Board of B-Steel, Non-Executive Director of What's Cooking, Non-Executive Director of Colmar Restaurants and Non-Executive Director of Faber Group.

Dirk Anbeek (60)
Supervisory Board member, Dutch nationality (m). Appointed for an initial four-year term in 2023. Member of the Supervisory Board at GVB Amsterdam, Chair of the Supervisory Board at Roompot and Landal and a board member of Nationaal Fonds 4 en 5 mei.

Executive Board changes

The positions of Executive Managing Director of Food Service Netherlands and Executive Managing Director of Food Service Belgium were phased out on 1 October 2023, due to the change in operations management in the Netherlands and Belgium as of that date. Dries Bögels held the position of Executive Managing Director of Food Service Netherlands up to 30 September 2023, and Rudi Petit-Jean was the Executive Managing Director of Food Service Belgium up to the same date.

On 1 October 2023, Dries Bögels assumed the position of Chief Commercial Officer (CCO) for the Netherlands and Belgium. As a result, the positions of Dirk van Iperen (Executive Managing Director for Delivery Services) and Kees Kiestra (Executive Managing Director for Cash-and-Carry Wholesale) were also changed, effective from 1 October 2023. Up to 1 October 2023, they were each responsible for the Netherlands in their professional fields. Responsibility for Belgium was added to their task profiles as of 1 October 2023.

The Supervisory Board intends to appoint Dries Bögels to the Executive Board and vest in him the powers of a Sligro Food Group director under the articles of association after providing further details on the notice to shareholders regarding this appointment at the General Meeting of Shareholders that is to be held on 27 March 2024.

Supervisory Board changes

At the Extraordinary General Meeting of Shareholders on 29 June 2023, Mr Dirk Anbeek was appointed to the Supervisory Board of Sligro Food Group.

At the General Meeting of Shareholders to be held on 27 March 2024, the second term of office of Mr Freek Rijna as a member of the Supervisory Board of Sligro Food Group will come to an end. As of the aforementioned date, he will be succeeded as Chair of the Supervisory Board and as a member of the Remuneration and Appointments Committee (R&AC) by Mr Dirk Anbeek.

Corporate Governance

Main points regarding the corporate governance structure

Sligro Food Group is a company incorporated under Dutch law with a two-tier management structure comprising an Executive Board and an independent Supervisory Board. Sligro Food Group N.V.'s management under the articles of association is referred to as the Executive Board in this annual report. Balancing the interests of all stakeholders involved in the Group, as required under Dutch law and the corporate governance code, has long been a key cornerstone of corporate policy. The main points of the current structure are set out below.

Executive Board

The Executive Board is responsible for managing the company, for its strategy, and for the deployment of its people and resources. The Executive Board is supported by the International Board in this regard. The Executive Board keeps the Supervisory Board up to date on progress and developments, consults the Supervisory Board on all substantial matters, and submits important decisions to the Supervisory Board and/or the General Meeting of Shareholders for approval. The Supervisory Board notifies the General Meeting of Shareholders of proposed appointments to the Executive Board.

The Supervisory Board appoints the Executive Board and may suspend or dismiss an Executive Board member at any time. The remuneration and other terms and conditions of appointment of each Executive Board member are set by the Supervisory Board, based on the policy adopted by the General Meeting of Shareholders. Decisions on material matters are always made jointly, and all members have shared responsibility.

Supervisory Board

The Supervisory Board reviews the policy of the Executive Board and supervises the general affairs of the company. In addition, the Supervisory Board supports the Board of Directors in an advisory capacity. In fulfilling their duties, the members of the Supervisory Board are always guided by the company's interests. The Executive Board promptly provides the Supervisory Board with the information it needs to perform its duties.

Supervisory Board members are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board. Supervisory Board members step down at the latest at the close of the first General Meeting of Shareholders following the day marking the fourth anniversary of their most recent appointment, and may be reappointed once. The remuneration for each member of the Supervisory Board is approved by the General Meeting of Shareholders. The Supervisory Board appoints a Chair and a deputy Chair from among its members. It also appoints a secretary who may, but need not, be one of its members.

The Supervisory Board has set up two committees: the Audit Committee (AC) and the Remuneration and Appointments Committee (R&AC). Each committee is made up of two Supervisory Board members. The plenary Supervisory Board remains responsible for all decisions, even where these have been drafted by one of the Supervisory Board committees. The committees are never chaired by the Chair of the Supervisory Board.

The Audit Committee advises the Supervisory Board and prepares its decision-making concerning the supervision of the integrity and quality of the company's financial and sustainability reporting, and the effectiveness of the company's internal risk management and control systems.

The Remuneration and Appointments Committee advises the Supervisory Board and prepares its decision-making regarding the remuneration policy and the selection and appointment of members to the Executive Board and Supervisory Board.

Diversity policy and reporting on diversity

When selecting members of the Executive Board and the Supervisory Board, Sligro Food Group aims to choose the best candidate and achieve a balance of age, gender, work experience and educational background, while observing its general diversity policy and the applicable statutory target for gender balance.

As of the end of 2023, the Sligro Food Group's Executive Board comprised two men, while the Supervisory Board comprised two women and four men.

The composition of the Executive Board has arisen through a combination of long-term employment which leads to relatively few vacancies, a preference for recruiting from within the company, and the result of recruitment and selection based on the recruitment and selection policy applied in the past, which was largely in line with the policy described above.

Sligro Food Group regards the recruitment and selection of members of the Executive Board and Supervisory Board as important matters and so, in addition to making use of its own network, engages specialist consultants. The attention paid by the Executive Board, the Supervisory Board and the Remuneration and Appointments Committee to the recruitment and selection processes and outside professional assistance are the primary means of ensuring that the best candidate is selected.

General Meeting

The General Meeting of Shareholders is held within six months of the end of each financial year. Extraordinary general meetings may be convened as necessary by the Supervisory Board, the Executive Board, or one or more shareholders jointly representing at least 10% of the issued share capital.

The agenda of the General Meeting of Shareholders covers the items stipulated by the articles of association and other resolutions proposed by the Supervisory Board, the Executive Board, or shareholders jointly representing at least 1% of the issued share capital.

The principal powers of the General Meeting of Shareholders comprise the right to:

- appoint Supervisory Directors and approve the remuneration policy;
- adopt the financial statements and grant the Executive Board discharge from liability in respect of its management and the Supervisory Board in respect of its supervision during the previous year;
- resolve to amend the company's articles of association or wind up the company by a two-thirds majority of the votes cast, representing more than half of the issued share capital;
- issue shares (the Executive Board has been designated as the authorised body to issue shares not yet issued, subject to the approval of the Supervisory Board, up to 10% of the issued share capital, to be increased by 10% if the issue is made in the context of a merger or acquisition and to limit or exclude pre-emptive rights of shareholders up to a maximum of 10% of the issued share capital - this authority has been granted until 22 September 2024);
- repurchase and cancel shares (following approval by the Supervisory Board, the Executive Board has been granted the authority to purchase paid-up shares either on the stock exchange or privately up to a maximum of 10% of the issued share capital, as stipulated in the articles of association, for a price of no more than 10% above the market price at the time of the transaction - this authority has been granted until 22 September 2024);
- approve decisions by the Executive Board on any substantial change to the identity or character of the company or the business.

Anti-takeover measures

Sligro Food Group respects the one share/one vote principle and does not have any anti-takeover defences or other protection measures.

Conflicts of interest

In 2023, there were no material transactions involving possible conflicts of interest with any member of the Executive Board or Supervisory Board, nor were there any transactions with shareholders owning more than 10% of the shares.

Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code (hereinafter the Code) focuses on the governance of listed companies. Governance is about managing and controlling, about responsibility and control, and about supervision and accountability.

The Code sets out principles and best practice provisions regulating the relationship between the Executive Board, the Supervisory Board and (the General Meeting of) Shareholders. The principles and provisions focus on the specifics of the responsibilities for sustainable long-term value creation, the control of risks, effective management and supervision, remuneration and the relationship with (the General Meeting of) Shareholders and with stakeholders.

The Code was first officially adopted in 2003 and amended in 2008, 2016 and 2022. The 2022 version of the Code came into effect on 1 January 2023 and is available on the following website: www.mccg.nl. The amendments to the Code have been incorporated in Sligro Food Group's corporate governance structure. Compliance with the Code is based on the ‘comply or explain’ principle. Sligro Food Group complies with the Code, but deviates from the following best practice provisions:

- **Best practice provision 2.2.1 (Terms of appointment and reappointment for Executive Board members’)**
  Members of Sligro Food Group’s Executive Board are appointed for an indefinite period, meaning that Sligro Food Group departs from best practice provision 2.2.1. This is because Sligro Food Group aims for long-term employment relationships with all its staff, including Executive Board members. Sligro Food Group prefers to appoint members of the Executive Board from within the company.

- **Best practice provision 3.2.3 (‘Severance payments’)**
  Sligro Food Group has not entered into agreements on the level of severance pay with any members of the Executive Board. This should be seen in the light of the fact that Executive Board members are appointed for an indefinite period and that such appointments may follow employment with Sligro Food Group in a position other than one at Board level.

Neither deviation is new or of a temporary nature: Sligro Food Group also deviated from these parts of the equivalent provisions in the previous Corporate Governance Codes. Both deviations are appropriate to the culture of Sligro Food Group.

Corporate governance statement

The Dutch Corporate Governance Code requires businesses to publish a statement on their approach to corporate governance and their compliance with the Code. This is referred to in Article 2a of the Decree on additional requirements for directors' reports (Decree on the Content of Directors' Reports – Besluit inhoud bestuursverslag), last amended on 1 July 2022 (the 'Decree'). The information that must be included in this Corporate Governance statement as described in Sections 3, 3a and 3b of the Decree, which is incorporated herein and repeated here by way of cross-reference, can be found in the following sections of this annual report:

- information on compliance with the Dutch Corporate Governance Code, as required under Section 3 of the Decree, is provided in the paragraph 'Compliance with the Dutch Corporate Governance Code' (page 55);
- information on the principal features of the management and control system in connection with the Group's financial reporting process, as required under Section 3a(a) of the Decree, is provided in the paragraph 'Risk management and control systems' (page 41);
- information on the functioning of the General Meeting of Shareholders and its principal powers, and on the rights of shareholders and how they can be exercised, as required under Section 3a(b) of the Decree, is provided in the paragraph 'General Meeting' (page 54);
- information on the composition and performance of the Executive Board, as required under Section 3a(c) of the Decree, is provided in the paragraphs 'Executive Board member details) (page 50), 'Executive Board' (page 52) and 'Executive Board conditions of employment' (page 93);
- information on the composition and performance of the Supervisory Board and its committees, as required under Section 3a(c) of the Decree, is provided in the paragraphs 'Supervisory Board member details' (page 51) and 'Report of the Supervisory Board' (page 90);
- information on the policy on diversity in the composition of the Executive and Supervisory Boards, as required under Section 3a(d) of the Decree, is provided in the paragraph 'Diversity and inclusiveness' (page 79);
- information on the inclusion of information required under the Decree implementing Article 10 of the Takeover Directive, as required under Article 3b of the Decree, can be found in the section on the Decree implementing Article 10 of the Takeover Directive.

Decree implementing Article 10 of the Takeover Directive

Insofar as applicable, references are given below to information included pursuant to the Decree implementing Article 10 of the Takeover Directive [Besluit artikel 10 overnamerichtlijn]:

- information on the capital structure, the existence of different types of shares and the associated rights and obligations and the percentage of issued share capital represented by each type is provided in Note 19 'Shareholders' equity' on page 140 of the financial statements;
- information on limitations imposed on the transfer of shares or depositary receipts issued with the Group's cooperation is provided in the paragraph 'Anti-takeover measures' (page 54);
- information on the mechanism for auditing the scheme that assigns rights to employees to take or acquire shares in the capital of the company is provided in Note 5 'Employee Benefits' on page 120 the financial statements;
- information on limitations on voting rights, deadlines for exercising voting rights and the issue of depositary receipts with the Group's cooperation is provided in the paragraph 'Corporate Governance' on page 53;
- information on the regulations regarding appointment and dismissal of Executive Board and Supervisory Board members and changes to the articles of association is provided in the paragraph 'Supervisory Board' (page 53);
- information on the powers of the Executive Board, in particular to issue shares in the Group and to repurchase Group shares, is provided in the paragraph 'Executive Board' (page 53) and in the paragraph 'General Meeting' (page 54);
- information on important agreements to which the Group is party and that are made, altered or dissolved subject to a change of control over the Group is provided in Note 22 'Loans' on page 141 of the financial statements.

Statement of directors' responsibilities

The Directors declare that, to the best of their knowledge:

1. the financial statements, as shown on pages 101 to 151 of this report, give a true and fair view of the assets, liabilities, financial position, and profit or loss over the financial year of Sligro Food Group N.V. and the undertakings included in the consolidation taken as a whole; and
2. the Directors' Report, as shown on pages 13 to 89 of this report, is a true and accurate representation of the position at the balance sheet date, the development and performance of the business during Sligro Food Group N.V.'s financial year, and of the undertakings associated with Sligro Food Group N.V. as included in the financial statements, together with a description of the principal risks and uncertainties faced by Sligro Food Group.

Veghel, 7 February 2024

Koen Slippens, CEO
Rob van der Sluijs, CFO

Sustainability

14.3%
Netherlands (+2.5% points)

7.9%
Belgium (+1.7%)

Share of sustainable product range

422,000m²
Surface area of gas-free buildings (+12.8%)

71 Customers **66** Employees **65** Suppliers

Satisfaction
StakeholderWatch 0-100

-38.9%
Carbon reduction

At Sligro Food Group, corporate social responsibility, sustainability and financial returns go hand in hand.

As a centrally managed organisation, we pursue a single sustainability policy for the whole Group, meaning that our key focus areas, ambitions and goals apply to our activities in both the Netherlands and Belgium. The roadmap and how we progress along it, however, may differ per country.

57,729
Number of solar panels (+6,760)

13,897mWh
Output (+2.7%)

Sustainability

At Sligro Food Group, corporate social responsibility, sustainability and financial returns go hand in hand. This goes without saying for our listed family-run company. As a family-run company, you want to treat those around you and your environment decently and respectfully, both today and for the sake of future generations.

CSR vision: how we work

Sligro Food Group's added value is not only expressed in terms of our financial performance; environmental, societal and good governance issues are also key themes for us. Corporate social responsibility is part of our integral vision on entrepreneurship, in which we create value in the context of all ESG themes. From that perspective, we see the OECD guidelines for ICSR as a natural frame of reference for our policy on international corporate social responsibility.

'We encourage customers to make a sustainable choice and select products produced with respect for people, the environment and health.'

Bert Vanmoortel
Chief Buying & Merchandising Officer

Policy

As a centrally managed organisation, we pursue a single sustainability policy for the whole Group, meaning that our key focus areas, ambitions and goals apply to our activities in both the Netherlands and Belgium. The roadmap and how we progress along it, however, may differ per country. We are working to gradually harmonise the measurement and recording methods used in the two countries. We share our sustainability policy with the companies in which we hold a stake, and also put it on their agendas. They subsequently pursue the policy based on values that are relevant both to them and to us.

New reporting requirements and developments

In November 2022, the European Union adopted the Corporate Sustainability Reporting Directive (CSRD). This new Directive requires businesses to report on the impact of their activities on the environment, human society and business conduct (ESG). The CSRD is intended to create greater transparency and an improved quality of sustainability information. Under the CSRD, large businesses must report on matters such as greenhouse gas emissions and social capital, as well as on the impact that they as businesses have on biodiversity and human rights abuses in their supply chains. The Directive is an expansion of the existing EU directive on sustainability reporting: the Non-Financial Reporting Directive (NFRD). Sligro Food Group forms part of the first group of businesses whose reports for the 2024 financial year must comply with the CSRD. We started preparing for this in 2021.

About this report

Since 2010, we have adopted a joined-up approach in our financial and sustainability reporting. This best matches our vision of active sustainability management, prevents duplication and keeps our annual report readable. The CSRD not only sets out the sustainability issues to be reported on, but also the manner and the format in which the reporting must take place. In our 2022 annual report, we took the first steps towards this new format. In the present report, for financial year 2023, we have taken a further step towards the required format. This approach ensures that our organisation and all our stakeholders will be ready for the CSRD reporting requirements that take effect in 2024. By doing this, we are also responding to demands in this area from a number of our shareholders and rating agencies.

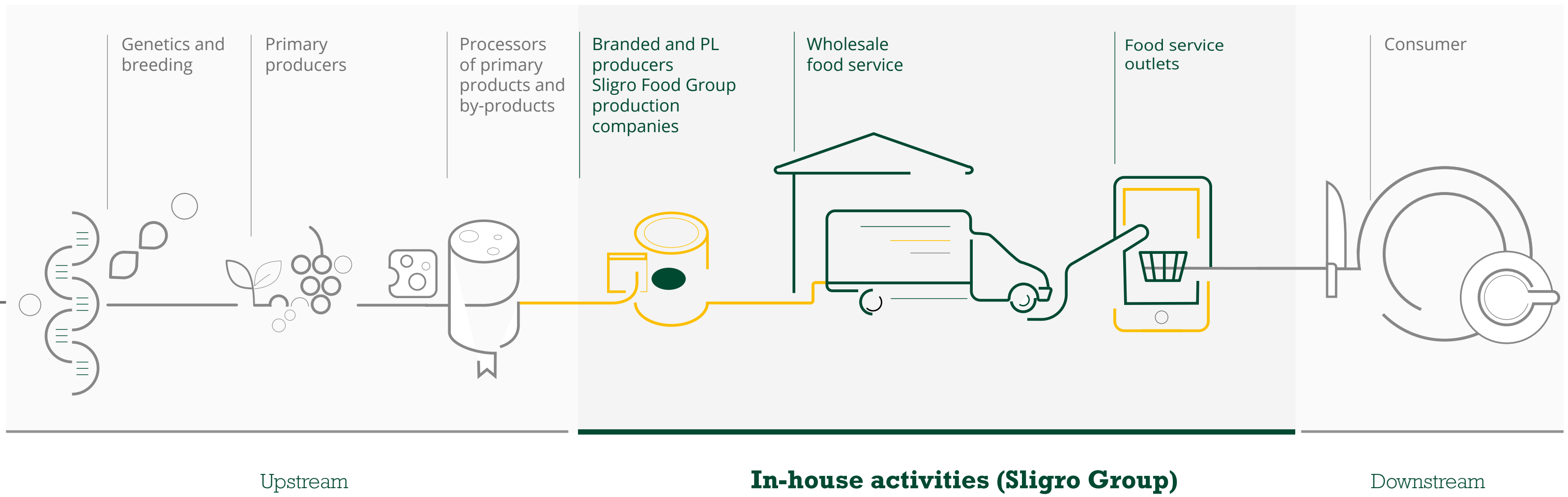
Approach and organisational embedding

CSRD and actual sustainability achievements are two different things. CSRD is all about reporting within the mandatory frameworks. Without ambitious targets and a performance-based approach to ESG, it does not result in a higher level of sustainability. Actually achieving sustainability is our ultimate goal, which explains why 'CSR/Sustainability' is one of the Group's six strategies. This ensures the right level of attention and embedding of our sustainability development. We have created a specific committee, known as the CSR steering committee, for this purpose. The steering committee is chaired by the CEO and makes policy decisions as an entity and its individual members are responsible for their operational implementation, the associated improvement measures and for embedding them in their respective fields. The CSR Steering Committee as a whole monitors progress and makes adjustments where required.
In addition, the 'ESG Reporting project' handles implementation and assurance in relation to the upcoming CSRD, in close collaboration with members of the CSR Steering Committee.

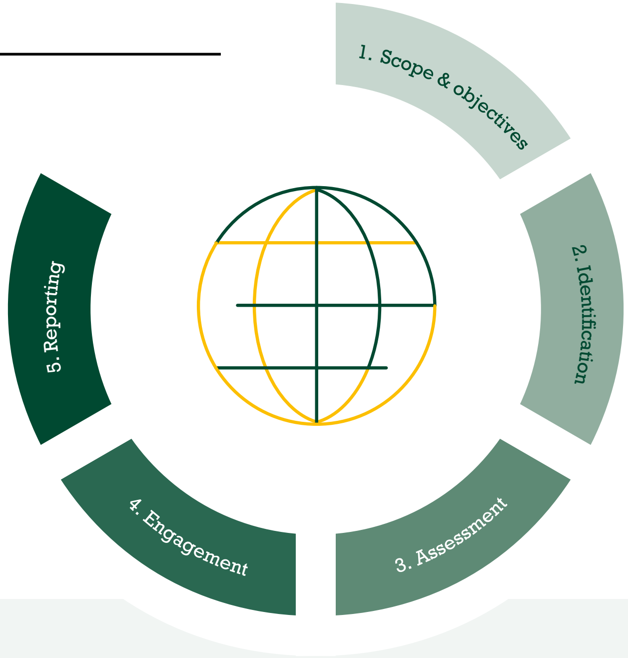
Our place in the chain

The chain in food service is extensive and we are present in relatively many B-to-B links of that value chain, as a result of which our sustainability efforts are broad in scope. Our production units SmitVis and Culivers produce for the Group. Our food service brands - Sligro, De Kweker, Van Hoeckel, Bouter JAVA Foodservice and Sligro-M - are wholesale operations. Each specific business unit creates value and sets itself apart from the competition.

Our supply chain



Double materiality assessment



1. Scope and objectives

What materiality means for Sligro Food Group and what our targets are.

2. Identification

Identify and define potential material topics.

3. Assessment

Perform an assessment to investigate which topics are likely to be material from an impact perspective and/or financial perspective.

4. Engagement

Validate the results of step 3 with external stakeholders (2023).

5. Reporting

Document the results and process of the materiality assessment.

Transparent supply chains

In the chain, our influence is greatest with our direct suppliers. Our Suppliers' Manual identifies what operational information and data are required to do business with us. In addition, the manual focuses strongly on our vision of socially responsible business, our codes of conduct, quality & traceability, sustainable trading, audits, and supply chain transparency, as well as working conditions and human rights.

Every supplier must provide Sligro Food Group with transparency about the supply chain to at least the "last point of assembly", i.e. the production sites that form the final link in the chain behind the first-tier suppliers. By making our supply chains more transparent, we can understand them better, which in turn allows risks to be identified and analysed. Every supplier with a producer based in a country classified as high risk by AMFORI BSCI must provide transparency about how good working conditions are assured.

Materiality analysis and stakeholder engagement

In 2022, we began implementing the requirements of the CSRD and the associated European Sustainability Reporting Standards (ESRS). A plan was put together for CSRD implementation in the run-up to 2024, so as to be ready in time for the new reporting requirements. That plan is being implemented step by step.

In our 'Double Materiality Assessment', the first three phases were completed in 2022. This involved looking at various sustainability issues from both an inside-out (impact) and outside-in (financial) perspective. In 2023, we started phase 4, i.e. engagement. This phase involves stakeholder validation of all the material sustainability topics that have been identified.

In 2023, discussions with various stakeholders about our sustainability approach and its progress took place in the usual way. Those stakeholders consist of specific groups of employees, (major) shareholders, customers, suppliers, NGOs, the Supervisory Board, the Works Council and our external auditor and advisers.

For customers, we organised, for the fourth year, a themed day at our ZiN Inspiration Lab in Veghel under the motto of 'Going for sustainability together'. During this day, we shared our views on various sustainability topics with 123 food professionals. They participated in several master classes, on themes that included the extended scope of Single Use Plastic legislation and sustainable logistics in food service. In a specific CSRD master class, we shared our experiences and lessons learned with customers who are also preparing for CSRD.
Click here to watch a video summarising this day: Going for sustainability together in 2023 | ZiN Inspiration Lab (youtube.com) or scan the QR code.

In respect of suppliers, there was a strong focus on the completeness and accuracy of item data required under the CSRD.

For our 'Core Group', a sustainability day was organised at which we shared our vision and strategy in an interactive way. We also further tuned in to our vision, strategy, and approach in an in-depth session with our Supervisory Board and Works Council.

There was a strong focus on the completeness and accuracy of product data required under the CSRD.

Meetings were held with shareholders throughout the year about progress in relation to our sustainability goals and how we are preparing for the CSRD.

In parallel to this, we prepared an action plan for implementing, documenting and following up on stakeholder engagement, in line with the requirements of the CSRD. In that context, we performed a stakeholder analysis in 2023, formulated a stakeholder engagement strategy and drew up a stakeholder engagement plan. At the end of the year, we started implementation in the form of one-on-one validation interviews with the most relevant stakeholders.

Large and broad stakeholder groups, such as customers and suppliers, will be involved in this process for the first time in early 2024 through a survey. We will use the StakeholderWatch system for this because, after the initial validation, it allows us to also monitor any future influence that societal developments have on our sustainability choices. A 'thermometer' in other words, which continually shows the 'temperature' in two large groups of stakeholders.

Accepted policy on material sustainability topics

Our CSR policy is based on three key focus areas that have particular relevance for us, where the most important opportunities and challenges can be found and for which our responsibility in the chain is most self-evident: people, planet and product range. Targets for 2030 have been formulated for these three key focus areas, with intermediate targets set for 2025 in order to make them more immediate and indicate their urgency.

Our key focus areas and targets for 2030 are unaffected by the advent of the CSRD. However, they are now incorporated into the ESG (Environment, Social, Governance) structure for reporting purposes.

As part of the CSRD implementation, the CSR steering committee devoted its attention to determining targets, KPIs and actions for all material topics in 2023 to ensure that the disclosure requirements can be met from financial year 2024 onwards. This extends to formulating detailed KPI definitions, identifying data points, collecting the required data and streamlining processes and controls.

This 2023 report presents the results in the same way and on the same comparative basis as in previous years.

The connectivity matrix on the next page combines the 'old' and 'new' approaches.

Amendment to the material topics

In our original materiality analysis (2022), we identified the issue of 'responsible marketing' as being relevant to us within the material theme of 'consumers and end users'. However, after closer examination of this issue and discussions with stakeholders, we concluded that, given our B-to-B position in the supply chain, our marketing targets food service companies and is mostly not aimed at consumers or end users. We therefore removed this item from the list of our material topics in 2023.

Material sustainability topics

Environment

Climate change ESRS E1
- Greenhouse gas emissions
- Energy consumption

Pollution ESRS E2

Water and marine resources ESRS E3
- Management of fish species

Biodiversity and ecosystems ESRS E4
- Animal welfare
- Biodiversity
- Deforestation

Resource use and circular economy ESRS E5
- Waste and packaging materials

Social

Own workforce ESRS S1
- Employment and working conditions
- Employee satisfaction and development

Workers in the value chain ESRS S2
- Employment and working conditions in the value chain

Affected communities ESRS S3

Consumers and end users ESRS S4
- Consumer health and nutrition
- Food safety

Governance

Business conduct ESRS G1
- Business ethics and integrity
- Information security and privacy
- Animal welfare

Connectivity matrix en route to CSRD 2024

	Material theme	Material topic	Link to SDG	Current key performance indicators	Current strategic target for 2025	2023	2022
Environment	Climate change	Greenhouse gas emissions	13 CLIMATE ACTION	Carbon reduction (% of revenue)	40% carbon reduction compared to 2010	-38.9%	-33.4%
		Energy consumption		Number of solar panels		57,729	50,969
				Surface area of gas-free buildings (m^2)		422,000	374,000
	Water and marine resources	Management of fish species	14 LIFE BELOW WATER		KPI and definition finalised		
	Biodiversity and ecosystems	Animal welfare	15 LIFE ON LAND		KPI and definition finalised		
		Biodiversity			KPI and definition finalised		
		Deforestation			KPI and definition finalised		
	Material usage and circular economy	Waste and packaging materials	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Total quantity of waste (tonnes)	KPI and definition finalised	13,834	12,854
				Food waste (tonnes)	KPI and definition finalised	4,392	4,241
Social	Own workforce	Employment and working conditions	8 DECENT WORK AND ECONOMIC GROWTH	Workforce male/female ratio		69/31	70/30
				Senior management male/female ratio	Minimum 35/35	68/32	72/28
				Absenteeism (%)		NL 5.0% BE 10.7%	NL 5.5% BE 11.2%
				Number of workplace accidents		134	101
		Employee satisfaction and development		Number of training courses completed		21,112	23,708
				Employee satisfaction	Improve employee satisfaction	66	66
	Employees in the supply chain	Employment and working conditions in the supply chain			KPI and definition finalised		
	Consumers and end users			Supplier satisfaction	Supplier satisfaction improvement	65	63
				Customer satisfaction	Customer satisfaction improvement	71	69
		Consumer health and nutrition	3 GOOD HEALTH AND WELL-BEING	'Eerlijk & Heerlijk' product range (% of revenue)	NL 15.0% BE 10.0%	NL 14.3% BE 7.9%	NL 11.8% BE 6.2%
		Food safety		Number of supplier audits	KPI and definition finalised	11	8
Governance	Business conduct	Business ethics and integrity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		KPI and definition finalised		
		Information security and privacy			KPI and definition finalised		

Electrification

In the course of 2024, we will be able to make fully electric deliveries to customers in Amsterdam from our delivery service facility on the outskirts of the city.

The electrification of transport is an important factor in bringing down our emissions of CO_2 and other harmful substances. The creation of Sligro Food Group Transport has increased the pace at which our transport is becoming more sustainable. The deployment in 2023 of 25 new all-electric Renault trucks was a significant contribution towards this goal. The trucks are specifically designed and built for our temperature-controlled deliveries to catering companies and corporate caterers, Another 25 electric trucks will be delivered in 2024. They have been sourced from Mercedes, in line with our desire to build up practical experience with multiple makes of vehicles.

Environment

Climate change

EED (Energy Efficiency Directive)
In accordance with the EED energy audit requirement, we have an audit performed every four years. Our EED report was filed with the Netherlands Enterprise Agency in March 2021, after which the Agency classed the report as an energy audit report. The audit conclusion and recommendations have been included in our conversion plans.

Energy consumption

MWh	2023	2022
Electricity[1]	115,317	105,264
Gas	30,574	30,938
Solar energy	9,927	9,121
Total energy consumption	**155,818**	**145,323**

Electricity
In 2023, our electricity consumption rose by 9.6% relative to 2022. Most of this increase was due to the addition of nine Sligro-M outlets in Belgium.

Gas
Our gas consumption has again decreased in 2023 compared to the previous year, by 1.2% this time. This outcome is a combination of increases on the one hand and reductions on the other. The Sligro-M sites acquired by the Group use gas-fired heating systems, which led to an increase in our gas consumption. On the other hand, we eliminated the use of gas at the Sligro buildings in Liège, Leeuwarden, Arnhem and Emmen and now heat them through heat recovery. A further part of this overall saving is the result of warmer weather (2437 degree days in 2023 compared with 2512 degree days in 2022).

Solar energy
Last year we installed 3,912 solar panels at our delivery service facility in Vianen and 520 at the cash-and-carry outlet in Leeuwarden. The Sligro-M site in Brussels was already fitted out with 2,328 solar panels. In total, therefore, 6,760 solar panels were added in 2023, bringing the overall total to 57,729 solar panels, which produced 13,898 MWh of green electricity. We were able to use 9,927 MWh of that production to cover our own needs.

Carbon emissions

tCO_2-eq	2023	2022	2010
Gas	5,711	5,780	13,588
Electricity	49,452	44,683	70,031
Fuel	25,327	25,690	21,672
Carbon emissions	**80,490**	**76,152**	**105,291**

Carbon emissions in relation to revenue

Carbon reduction compared to 2010	2023	2022	2010
Carbon emissions (tCO_2-eq)	80,490	76,152	105,291
Revenue (€ million)	2,859	2,483	2,286
Carbon emissions (tCO_2-eq/€ million of revenue)	28.1	30.7	46.1
Carbon reduction compared to 2010	(38.9%)	(33.4%)	

[1] Electricity consumption for the financial year 2022 has been revised relative to the consumption reported in the 2022 Annual Report: solar energy consumption was erroneously deducted from electricity consumption in that figure.

Reduction compared to 2010

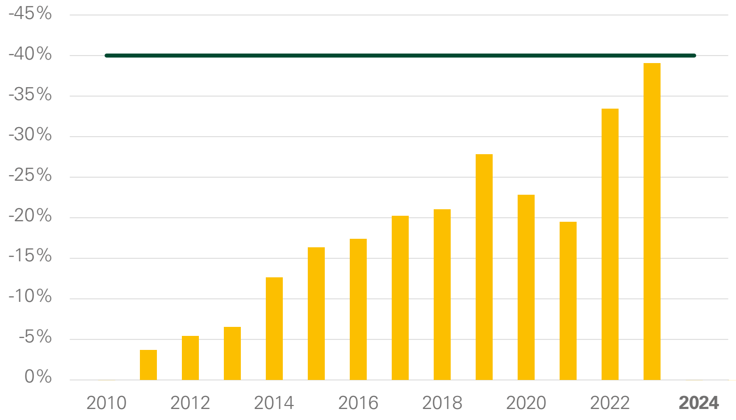
2023

38.9%

2022

33.4%

Carbon emissions in relation to revenue



The environment & carbon reduction

Our mission obliges us to continuously show both boldness and common sense in our innovation drive, while also always seeking to strike a balance between environmental and economic returns. For maximum transparency of our efforts, we calculate the carbon emissions from our operations. To be able to relate the resulting figure to the development of our company and to be able to extrapolate a realistic multi-year trend, we focus on our carbon emissions in relation to our net revenue.

After a temporary setback due to COVID, the multi-year trend is now showing improvement again. With a 38.9% reduction in relation to revenue compared with 2010, we almost achieved our target for 2025 (-40%) in 2023. Note that when this method was first put into practice in 2010 and the improvement targets were formulated, inflation was not expected to reach the levels seen in 2022 and 2023. Since 2010, however, our revenue composition and the ratio of cash-and-carry to delivery service revenue have also changed substantially. Causes include general market developments (increasing delivery service share), the sale of our retail activities (no delivery element) and the partnership with Heineken (delivery only, negligible revenue). The impact of these changes on our carbon emissions relative to revenue has been substantial. Our policy and our environmental improvement actions have, however, led to a reduction of 23.6% in our carbon emissions in absolute terms relative to our base year of 2010. Our revenue rose by 25.1% during this period.

More sustainable transport

We have been experimenting with different electric vehicles for several years to determine which type is most suitable in practice for distribution to the hospitality industry in urban settings. Ranging from small vans and conventional trucks to an advanced inner-city road train. The launch of Sligro Food Group Transport allowed us to accelerate our efforts to make transport more sustainable. The delivery of 25 new all-electric Renault trucks contributed significantly to this. These trucks are specifically designed and built for temperature-controlled deliveries to catering companies and corporate caterers, with a strong focus on ergonomics and the safety for drivers and their environment. Another 25 electric trucks will be delivered in 2024. They have been sourced from Mercedes, in line with our desire to build up practical experience with multiple makes of vehicles. These trucks are used for deliveries to Sligro customers within the area delineated by Amsterdam's circular road. In combination with the electric trucks that are already in place, Sligro will be able to make fully electric deliveries to customers in the capital from our Amsterdam delivery service facility on the outskirts of the city. A completely new charging infrastructure was built at that site in 2023 to provide the capacity needed for charging all the electric trucks. As a result, Sligro is fully prepared for the City of Amsterdam's ambitious plans, which include emission-free zones for new trucks and other vehicles from 2025.

The experience we acquire in Amsterdam will be used in a further roll-out around the country, which will also involve our transport partners. At present, we operate electric trucks from the delivery service sites in Amsterdam, Berkel en Rodenrijs and Breda.

Future scope 1-2-3 classification

Calculating and allocating our greenhouse gas emissions across the ‘scopes’ prescribed in the Greenhouse Gas (GHG) Protocol forms part of our preparations for reporting under the CSRD in 2024.

Vision on carbon-related item data

In our supply chain, collecting and recording carbon-related item data correctly and uniformly is a major challenge. This important aspect of the mandatory ESG reporting requirements calls for a uniform and standardised approach. We see that more and more commercial parties that offer carbon accounting tools are appearing in the market. Not only does handing over data to commercial parties carry risks in itself, we are also finding that the use of different reporting systems makes the data delivery process very inefficient. We waste a great deal of time, capacity and money in our supply chain because parties active in the chain all ask each other roughly the same questions in relation to carbon data, but in a slightly different way each time. This does not benefit transparent comparison of results in reporting as it creates multiple 'truths'. Uniformity and some form of overall control are needed.

GS1 offers companies globally accepted standards for capturing and sharing the complete set of item data in an effective and standardised manner. This can also be done with carbon data. We fervently support a standardised, independent approach and advocated last year that GS1 should take on this role. GS1 has now indicated that it is willing to take this up with the individual sectors. Further action is planned in 2024.

Environmentally sustainable activities under the EU Taxonomy

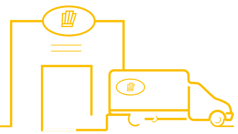
Background

The EU Taxonomy Regulation entered into force in 2020. The Taxonomy Regulation aims to encourage and increase the understanding of 'sustainable finance and investment'. The EU taxonomy contains environmentally sustainable ('green') activities on which annual reporting is mandatory.

The following are the six environmental objectives of the EU taxonomy:
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The EU adopted the first two delegated acts on climate change mitigation and adaptation in 2021. The delegated act for the remaining four environmental objectives was published in 2023.
These delegated acts set out which economic activities are regarded as 'eligible'. For an economic activity to be classed as 'environmentally friendly' under the EU taxonomy, it must first be determined whether it is 'taxonomy-eligible' and then whether it is 'taxonomy-aligned'.

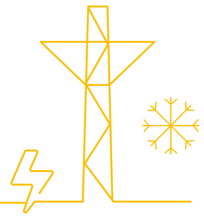
GHG emissions
Scope 1, 2, 3



Scope 1

Direct emissions

Gas consumption, refrigerants and fuel for our own means of transport



Scope 2

Indirect emissions

Electricity purchased for our own use

Scope 3

Indirect emissions

Fuel for outsourced transport
Emissions in the supply chain

The first step is to check whether the activity appears in the delegated act, since only activities described in the delegated act are 'taxonomy-eligible'. Next, the second step is to conduct an analysis to establish whether or not an activity is aligned. This alignment determines whether or not the eligible activities are in fact sustainable.

An economic activity is 'aligned' if it meets the performance requirements ('technical screening criteria'). These technical screening criteria are based on the notion that an economic activity must make a 'substantial contribution' to environmental objectives and must also 'do no significant harm' to the remaining environmental objectives. On top of that, we as a Group have to meet the minimum safeguards in relation to human rights and good business conduct in the area of bribery and corruption, fair competition and tax.

For the 2023 financial year, we are obliged to report on both eligible and aligned activities with respect to climate change mitigation and climate change adaptation, and on eligible activities in respect of the other environmental objectives.

The results are summarised below.

EU taxonomy KPIs

x € million	Revenue[1]	CapEx	OpEx
Scope of activity	2,859	136	27
of which:			
Eligible and aligned	N/A	0%	0%
Eligible but not aligned	N/A	71%	50%
Not eligible	100%	29%	50%
Total	**100%**	**100%**	**100%**

Analysis of economic activities

We have identified the following activities as eligible under the EU taxonomy, all with respect to the environmental objective of climate change mitigation and some additionally with respect to the transition to a circular economy:

Code(s)	Activity in climate change mitigation 'delegated act'	Activity concerns
KM6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Capital expenditure, maintenance and repair in respect of cars, forklifts and light commercial vehicles
KM6.6	Freight transport services by road	Capital expenditure, maintenance and repair in respect of lorries
KM7.1, CE3.1	Construction of new buildings	Construction of new central distribution sites, new delivery service sites or new cash-and-carry outlets, office buildings or production sites and maintenance thereof
KM7.2, CE3.2	Renovation of existing buildings	Major conversion, rebuilding and renovation of existing central distribution sites, new delivery service sites or new cash-and-carry outlets, office buildings or production sites and maintenance thereof
KM7.3	Installation, maintenance and repair of energy-efficient equipment	Capital expenditure, maintenance and repair in respect of refrigeration and freezer equipment and LED lighting
KM7.4	Installation, maintenance and repair of charging stations for electric vehicles	Capital expenditure, maintenance and repair in respect of charging stations for electric vehicles
KM7.6	Installation, maintenance and repair of renewable energy technologies	Capital expenditure, maintenance and repair in respect of solar panels
KM7.7, CE3.7	Acquisition and ownership of buildings	Acquisition, maintenance and repair of buildings

[1] See note 3 to the financial statements.

EU taxonomy revenue
At present, none of our revenue-generating activities is described in the delegated acts; this means that they are not eligible. This report therefore does not contain an EU taxonomy revenue table.

If and when the specific economic activity of ‘wholesale in food and food-related non-food products’ is added to the delegated acts, Sligro Food Group’s eligibility percentage in relation to the revenue KPI will significantly increase.

EU taxonomy CapEx
Total CapEx under the EU taxonomy definition is summarised below:

x € million	2023	2022	Reference to the financial statements
Intangible assets	16	22	Note 10
Property, plant and equipment	66	37	Note 11
Right-of-use assets	54	2	Note 12
EU taxonomy CapEx	**136**	**61**	

The full EU taxonomy CapEx table is shown in ‘Other information’.

Of capital expenditure in the 2023 financial year, 71% qualified as eligible but not aligned. These investments relate mainly to the conversion of existing cash-and-carry outlets, the construction of our distribution centre in Evergem, the acquisition of nine Metro sites and the investment in 25 electric trucks, 24 of which were delivered in 2023.

In 2023, none of the investments met all the criteria. This was due specifically to the very strict criteria in respect of the ‘do no significant harm’ rule that apply both to new-builds and the renovation and purchase of buildings. Meeting the criteria would involve considerable costs that relate mainly to documentation and have little to no bearing on the nature of the investments. Partly in view of this fact, we have decided to conduct the analysis of climate risks and vulnerabilities, which is required to meet one of the ‘do no significant harm’ criteria, as part of the investment decision.

In addition, the Group has opted to postpone the climate risk assessment, which is also a requirement for designating activities as aligned, for another year and to give priority to operations, the start-up of the Sligro-M sites in Belgium and the preparations for implementation of the CSRD.

EU taxonomy OpEx
Total OpEx under the EU taxonomy is summarised below:

x € million	2023	2022
Maintenance and repair expenses	19	16
Short-term leases	3	2
Other direct costs of fixed assets	5	6
EU taxonomy OpEx	**27**	**24**

The full EU taxonomy OpEx table is shown in ‘Other information’.

In 2023, 50% of EU taxonomy OpEx qualified as eligible but not aligned. These costs primarily relate to maintenance and repair expenses on buildings, refrigeration equipment and electric vehicles such as trucks and forklifts.

The costs cannot be reported as aligned because almost all of them are directly related to maintenance for assets that also do not yet qualify as aligned.

Minimum safeguards
The minimum safeguards consist of criteria relating to human rights, including workers’ rights, bribery and corruption, taxation and fair competition. We have noted the recommendations of the Platform on Sustainable Finance and concluded that not all the due-diligence processes and associated documentation required to meet these safeguards are in place at this time.

Water and marine resources

For us, the management of fish species is a material topic. We wish to reduce the negative impact on water and marine ecosystems by choosing a sustainable alternative when sourcing the range of fish products. We base this on the 'Eerlijk & Heerlijk' frameworks and quality marks that relate to marine ecosystems. We promote good practice and help our customers make their sustainable choice by informing them about responsible alternatives.

Biodiversity and ecosystems

Biodiversity and ecosystems is a broad material theme, with animal welfare, biodiversity and deforestation being material topics for us. The guiding principle of our policy on all these issues is to promote good practice and help our customers make a more sustainable choice by informing them about responsible alternatives.

Animal welfare

We aim to promote animal welfare in the supply chain by offering an alternative with a higher level of animal welfare in our relevant item groups and, where possible, by bringing an entire product range group to a higher level. In 2023, we completed the transition of our fresh chicken product range to chicken with at least one 'Beter Leven' star in the Netherlands. We added organic whole and semi-skimmed milk with the European quality mark for organic products to the range of products offered under our exclusive Meyerij dairy brand.

Biodiversity and deforestation

We wish to reduce the negative impact of deforestation by choosing alternatives that are more sustainable in respect of deforestation when sourcing our product ranges.

Soya

Increasing global demand for soya as a raw material for animal feed, food and cosmetics has led to deforestation of the Amazon and the Cerrado in South America. Clearing away natural vegetation for soya plantations contributes to climate change and the loss of biodiversity. Until this year, our policy aimed to reduce the negative impact of deforestation by choosing alternatives that are more sustainable in respect of deforestation when sourcing our product ranges. However, because alternatives with 100% deforestation-free soya are not always available, or are mixed with conventional soya, we now purchase RTRS credits as compensation for the volume of soya processed in the relevant item groups in our own brand products. By doing so, we contribute to the cultivation of sustainable soya. In 2023, we purchased 4,402 credits, the equivalent of 4,402 tonnes of soya.

EU Regulation 2023/1115 on Commodities and products associated with deforestation and forest degradation

EU Regulation 2023/1115 came into force in 2023. Certain articles of the regulation apply to us as of 30 December 2024. This regulation lays down rules on trading and making available on the market in the European Union products containing, fed with or manufactured from the following: bovine animals, cocoa, coffee, oil palm, rubber, soya and wood. Its goal is to reduce global deforestation, greenhouse gas emissions and biodiversity losses. We are currently assessing the impact of the regulation on our organisation to determine what action, if any, we need to take.

Palm oil

Part of our range of frying fats and margarines offered under our Kern exclusive brand received accreditation under RSPO Mixed, a quality mark for palm oil. This quality mark indicates that at least 95% of all palm oil in the product was grown according to the sustainability requirements of RSPO, which also includes requirements for monitoring and mitigating climate impact. Soil quality is a key factor; the soil composition is analysed regularly. Deforestation is prohibited and high-value ecosystems and endangered species are protected.

Bananas

In 2023, our bananas were accredited under the Rainforest Alliance or Fairtrade quality mark.

Resource use and circular economy

Sustainable packaging

The packaging of a product has several important functions. It contributes to food safety, prevents wastage and provides information about the product to the user. The most sustainable packaging does all of these things. For premium brand products, these choices are made by the manufacturer. For our Exclusive Brands (own brands), we ourselves weigh up the pros and cons of packaging on a product-by-product basis.
In 2023, we made substantial progress on the collection, checking, processing and assurance of packaging data for our Exclusive Brands. In Q1 of 2024, we will be able to complete this intensive project, which gives us full access to all this packaging data.
In making packaging more sustainable, we focus on using mono-materials to promote recyclability and require suppliers to use FSC/PEFC certified paperboard. These types of requirements and other guidelines are set out in our amended private label packaging instruction, which will be included in the Supplier's Manual in 2024 and provides clear frameworks and guidance to suppliers to monitor progress on sustainable packaging.
During 2023, we carried out various packaging reduction projects for our Exclusive Brands, with a primary focus on plastic reduction. Here are some examples:

- Switching from cylindrical containers to a plastic bag for our Smikkelbeer brand resulted in a 75% reduction in plastic and three times less ‘transported air’ in our logistics compared to the old packaging.
- Several products offered under our Take Dis brand are no longer shrink-wrapped.
- The packaging used for our De Goudsche Waegh cheese slices had a plastic lid. That was replaced with a resealable film in 2023.
- Various product innovations were implemented, resulting in plastic-free disposables and plastic-free packaging, which are also required under SUP legislation.

SUP Directive

The huge amount of disposable plastic has a significant impact on the environment. Disposable must slowly but surely transition to reuse. With this in mind, in 2019, the European Commission drafted the Single Use Plastic Directive to reduce litter on land and at sea. Ensuing rules came into effect on 1 July 2023. They cover disposable beakers and food packaging made of plastic or plastic-coated materials. The rules distinguish between on-the-go consumption, take-away and delivery packaging and on-premises consumption.

These rules led to emotional reactions and confusion, both among our B-to-B clients and their customers. In particular, there was strong criticism of the practicality of the regulations in practice and their transparency. The new rules are complex and place a heavy burden on entrepreneurs. Reusable packaging represents a considerable investment and issues such as storage of the reusable packaging, washing facilities, food hygiene and the return logistics are also problematic.

As of 1 January 2024, SUP legislation went one step further; a complete ban on single-use disposable plastic packaging for on-site consumption. This applies to cardboard materials with a plastic coating (‘coffee cups’), and prepackaged products such as coffee creamer/milk cups and butter tubs. Reuse is now the norm in snack bars, cafeterias, at festivals and even in the office.

The purpose of these regulations is praiseworthy, however the approach and the extreme complexity they involve for businesses and ordinary consumers clearly demonstrate the gap between politics and theory in government circles in The Hague on the one hand and actual practice in the country on the other. While the market was preparing for the adjustments due to come into effect on 1 January 2024, greater insight arose in political circles and the Lower House decided to pass three motions on these rules in October 2023. The Secretary of State indicated that the additional regulations would go into effect as planned, however the mandatory surcharge for disposable plastic beakers and tubs would temporarily not be enforced.

The regulations are to be reviewed in 2024. A new cabinet can take the results of this evaluation into consideration when deciding on the motions and adjust the regulations accordingly. Manufacturing companies and traders who produce and trade in beakers, cups and tubs must now wait longer for a final decision on the implementation of the motions.

Until then, we will continuously inform our clients about these developments so that they can prepare themselves properly, to the extent possible in view of all the uncertainties in this whole process.
UP legislation | Sligro.nl and SUP Directive A to Z | Sligro Food Group

Waste

Waste from our activities in the Netherlands is separately collected, recorded and processed, with the goal of extracting the maximum possible amount of potential new raw materials.

In the table presenting the multi-year development of our waste stream, we show the total amount of waste on an annual basis as well as the percentage share of specific waste streams. The addition of nine Sligro-M sites in Belgium accounts for the increase in total waste compared to 2022.

We also look beyond the waste we produce ourselves. To help our hospitality customers process their waste sustainably, we have a partnership with Renewi. This allows us to give customers peace of mind, offer them a purchase discount and ensure sustainable waste disposal, since 90% of the waste collected by Renewi is reused, either to create new products or to generate energy.
Sustainable waste disposal | Sligro.nl

Total quantity of waste (in tonnes)	13,834	12,854

%	2023	2022
Out-of-date products	31.7%	33.0%
Household waste	29.0%	30.5%
Recovered paper and cardboard	30.1%	28.7%
Film	3.4%	2.7%
Production company waste in the form of cooked food scraps (swill)	3.1%	2.5%
Glass	1.2%	1.3%
Non-processable production company waste	1.1%	0.9%
Tempex (EPS)	0.3%	0.3%
Deep-frying fat	0.1%	0.1%
Total	**100.0%**	**100.0%**

Food waste

We are working hard to help prevent food waste. Purchases and sales of products are matched to each other as closely as possible, a process that involves collaboration across multiple disciplines such as procurement and product range management, supply chain and IT. Data plays a crucial role, including with regard to improving forecasts and centralised replenishment. Improvements are carried out and initiatives are taken all along the supply chain in order to reduce food waste. Despite these efforts, there will always be some products left over. We have therefore been working for many years with the Voedselbanken Nederland (Dutch Food Banks), which collect these products from us. Only if products can no longer be used or reprocessed for human consumption are they disposed of as waste. In 2023, this applied to 4,397 tonnes of products (2022: 4,241 tonnes).

Social

'It is key that employees feel comfortable and experience their workplace as a safe and healthy environment.'

Anja de Bree
CHRO

We apply a leadership model to help our colleagues in managerial roles get the most out of their employees and teams every day.

9.4
Employment
Average number of years

21,112
Learning and development
Training and education courses completed

5,834
Number of employees

4,524
Number of FTEs

31% Women **69% Men**

Social

Own workforce
Employees in the supply chain
Consumers and end users

Own workforce

Sligro Food Group aims to be an organisation where committed and professional employees work together smoothly to achieve the Group's ambitions. This requires optimal collaboration within and between teams.

To be an attractive employer for our current and future employees, we strive to bring out the best in our people. Learning and performance go hand in hand in our approach to developing our people and teams. An appropriate induction programme ensures that employees can quickly make a useful contribution and we maintain employability through our focus on employee development and vitality.

For many years now, we have applied a policy of pursuing relatively long-term employment relationships. We aim to achieve this by keeping our employees interested and securing their loyalty. To do so, we stimulate employees' development by allowing them to self-manage and by offering them structured and challenging training options and wide-ranging career opportunities.

Where necessary, our HR policy caters to specific target groups, to keep it aligned with the specific needs of different segments of the labour market and of groups of employees. This is necessary in the current tight labour market, but also with a view to promoting diversity and inclusiveness within the various teams.

The four pillars of our employee vision: people & teams, leadership, culture and organisation are used to develop this. We see this as an integral part of our business strategy.

Four pillars

people & teams
leadership
culture
organisation

People & teams

We set ourselves the target of continuously improving employee satisfaction. Job satisfaction, engagement and enthusiasm are key aspects. They are the factors that make a difference, turning work into an enjoyable and energising activity for our employees.

Continuous learning and development is key for all Sligro Food Group employees. Changes within and outside the organisation mean that activities and jobs are subject to constant change.

During the annual learning and performance cycle, managers talk with employees about their goals and performance. If desirable or important, they can also request a specific development review and a progress review. This approach ensures that we talk frequently to our employees about their job satisfaction, development needs and performance.

Diversity has been an open and discussable topic in our organisation for a long time. Diversity at Sligro, and specifically the ratio of men to women in management positions, has steadily improved in the past few years. We also see a wide variety of nationalities and cultural backgrounds among our employee population. However, this is true to a lesser extent of our service office positions, and we want to continue to improve this situation in the coming years.

Inclusiveness fits well within our corporate culture. We launch specific initiatives (together with our customers in many cases) to offer permanent employment to people with poor job prospects. We see the legislation and the call for greater transparency on these issues as an encouragement to continue these actions.

It is key that employees feel comfortable and experience their workplace as a safe and healthy environment. To achieve that, we have to keep investing in measures and tools to increase workplace safety. In our management approach, courses and communication, we raise employees' awareness of safety and make it a constant priority. With our 'Trust in Sligro' code of conduct and the associated e-learning course, we make sure that all our staff are fully aware of the importance of a safe and healthy working situation.

Leadership

As a listed family business, our ambition is to grow further and become even more professional. The basis for this is teams of happy, engaged and professionally strong employees who together work within Sligro Food Group to expand and strengthen the business. This requires leadership and good people management.

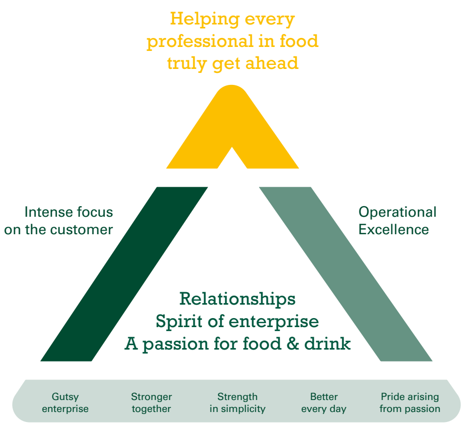
Sligro Food Group applies a leadership model to help our colleagues in managerial roles get the most out of their employees and teams every day. With clear frameworks and goals for their employees, which are pinned to progress and results. We call this 'from leading to delivering'. Delivering is impossible though without identifying and developing the competencies of our individual people and teams, providing coaching and guidance and genuinely being interested in each other - with the objective of refining, developing and connecting.

All this demands a great deal from our managers and they too need support to perform their roles, in the form of clear frameworks and unambiguous descriptions of their roles. We help managers as they develop in their role by offering them a specific training and development programme. Managers have the option of enrolling for online learning paths depending on their specific learning objectives. To bring these learning targets into focus, we use an online 360-degree feedback instrument. In addition, managers can participate in workshops on coaching, effective communication, situational leadership and sustainability & vitality. Each year, the curriculum is adjusted to meet specific learning needs.

Communication is an important aspect of leadership. We paid extra attention to our purpose and our core values, the 'Strategie 2025' (2025 Strategy) and the annual plans for 2024, which we presented to a large group of colleagues.

Culture

As Sligro Food Group, we have a strong and distinct culture that makes us special. Our DNA (Green Blood) is our moral compass. It consists of five elements: gutsy enterprise, stronger together, strength in simplicity, better every day and pride from passion. The same core values had been pursued within our Belgian operations under a different name in the past and Green Blood was also launched in Belgium in late 2023. This reflects our decision to embed the typical Sligro Food Group DNA more emphatically in our Belgian operations as well.



That culture is a key pillar in the way we do business and work together. Wherever you go across our organisation, there is a palpable passion for our products, services and customers. Instead of pursuing status, we seek to create transparency and an atmosphere of trust and respect. Broadening our people's insights by forging bonds between colleagues with a long history at Sligro Food Group and newly recruited talents requires permanent and constructive dialogue.

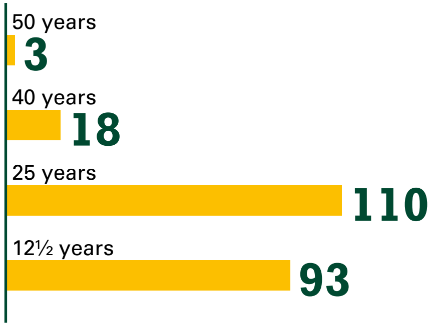
The same is true of the connection between specialists at our service office and the practical experience of colleagues in operations. Regularly leaving the service office to spend a few days 'on the shop floor' in the operational environment in order to make that connection is also part of this approach. These contacts are good for team spirit and instructive for colleagues from both business units.

We also focus strongly on strengthening the connection between the Dutch and Belgian teams. The impressive manner in which we completed the acquisition process and reopened the former Belgian Metro activities is an admirable example of excellent and intense collaboration between the Dutch and Belgian teams, and reflects what committed professionals who enjoy their work can accomplish. We are very proud of that achievement.

Our entrepreneurial nature makes us agile without losing sight of our long-term goals. Together, we seek continuous improvement and then proudly celebrate those successes.

We give active attention to our culture and its maintenance. As in other years, we continuously brought our culture and core values to the attention of employees in 2023. It is important that we continue to engage in dialogue with our employees. We do this on the basis of StakeholderWatch results and the ensuing round-table discussions with employees. This allows us to obtain valuable information and opinions from our employees, customers and suppliers.

Sligro Food Group #anniversaries



Whereas we previously held several meetings over the course of the year, in 2023 we began holding meetings less frequently but on an expanded basis for the whole of Sligro Food Group. Integral attention can be demanded for a comprehensive assessment of this nature and it is also more representative. Naturally, we will engage in intensive discussions with the teams to jointly address the areas requiring improvement.

Organisation

We are a customer-oriented, agile organisation with clear frameworks. We continually act to minimise distractions for the teams in the operational environment so that they can devote their full attention to customers. This is handled by the central organisation; we do what can be done centrally and perform the tasks that must be done in a decentralised approach. The frameworks within which our stores can operate on a local scale have been defined at Group level and provide adequate scope for employees and teams to develop an entrepreneurial mindset. As a result, we can take decisions as entrepreneurs and substantiate those actions with data where necessary.

As a wholesaler with extensive logistics operations and a large number of outlets, it is key that we keep growing and convert steps in scale into greater efficiency. We do this through standardisation and a 'continuous improvement' approach. We also work with an international organisational structure, which combines centralised governance and support with local responsibility for markets and customers.

It continues to be our ambition to grow even more internationally in the longer term. Over the next few years, however, our focus will be on the Netherlands and Belgium. A move to an additional country requires more preparation and adjustment within our organisation. We intend to get the most out of all the potential we see in our current two market areas first. In 2023, it was decided to change our management structure, moving away from treating Belgium and the Netherlands as standalone countries to managing them as a single BeNe region. In the new structure, all International Board members are responsible for BeNe and there are no separate country directors, although the business units, in which local knowledge and local presence are important, are not neglected.

Recruitment and selection

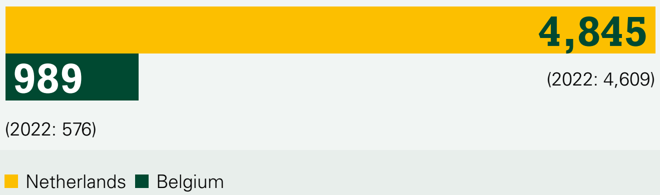
Due to the pressure on the labour market, there was a focus on recruiting new employees this year. The recruitment of truck drivers for our newly established transport organisation in the Netherlands received specific extra attention. In addition, we worked on positive employer branding for Sligro and on our labour market communication. Creativity is something that we encourage in our recruitment and selection process, for example, applying for positions without a CV and covering letter and walk-in evenings. These measures helped us reach a diverse and broader group of candidates and select from that group based on their skills and experience rather than solely on the basis of their CV. In 2023, this approach resulted in us welcoming 1,771 new employees in the Netherlands, including auxiliary staff and interns.

Sligro Food Group #employees

Number of employees at year-end

5,834

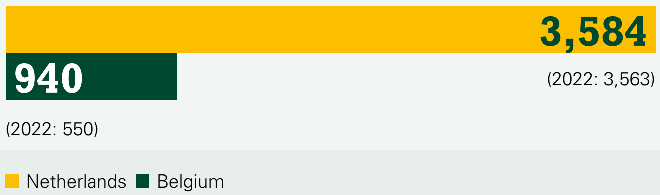
(2022: 5,185)



Number of employees (FTEs) at year-end

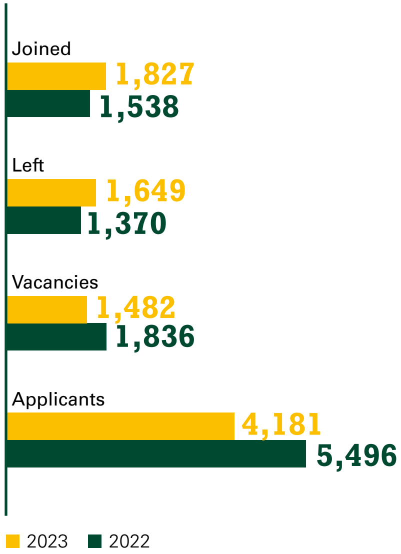
4,524

(2022: 4,113)



Sligro Food Group #leavers

Numbers

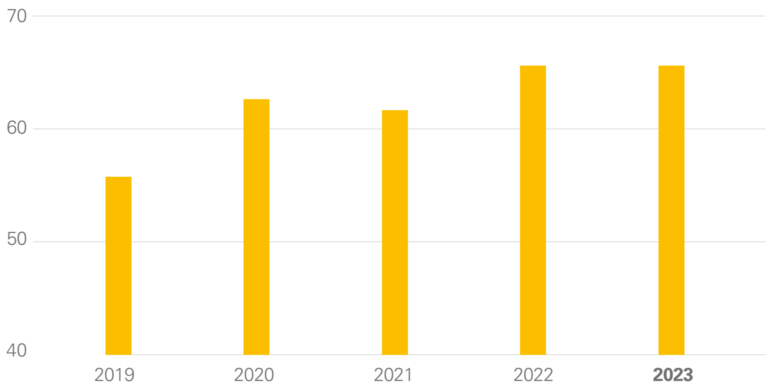


Employee satisfaction
In both the Netherlands and Belgium, we use StakeholderWatch to measure employee satisfaction. The results provide clear starting points to get to work on continuous improvement on the basis of a good dialogue with our staff. StakeholderWatch captures stakeholder satisfaction on a scale of 0 to 100. StakeholderWatch scores are also used as KPIs when setting targets for managers and teams. The score for employee satisfaction last year was 67. This is the result of a survey containing specific questions on collaboration, the work environment and the quality of leadership, which was sent to all employees in the Netherlands and Belgium in the last quarter of 2023.

Works Council

We set great store by good relationships and consultations with our employees, both with employees directly and through the works councils in the Netherlands and Belgium. These works councils collaborate constructively with each other. Intensive and transparent consultations and timely involvement of the works councils have proven to be clear value-adding practices for us. We do not limit this to the bare minimum number of meetings stipulated by the law. The input we get from the works councils, as well as feedback from workers, is extremely valuable to us, and we treasure the relationship we have built up. Thanks are therefore due to the members of the works councils for the good dialogue and constructive cooperation. Although this is a universal vision that applies across our entire company, there are specific differences in how it is implemented in the Netherlands and Belgium due to legal frameworks or cultural differences.

Employee satisfaction[1)]



[1)] The reported scores 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.

New employees

For new employees, we have the Sligro Food Group onboarding programme available, with specific induction programmes for each business unit. As a result, these employees gain a good understanding of the organisation, their colleagues, the most important business processes and the approach to collaboration in a relatively short time. The onboarding programme is also partly supported by online introductory activities. Learning on the job in an operational setting and physically visiting colleagues and sites will, of course, remain an important part of the programme. The new onboarding programme has now been rolled out in the Netherlands, and will also be used in Belgium. In 2023, more than 400 employees successfully completed the programme in the Netherlands.

To increase our attractiveness to new young professionals, we have offered a trainee programme for several years, which now operates on a cross-border BeNe basis. In the 2022-2023 trainee year, six trainees completed three individual 6-month assignments, supplemented by internal and external coaching and a joint final assignment, known internally as the Masterpiece. Historically, about 75% of the trainees are offered permanent jobs and we are well positioned to continue to help these colleagues grow in subsequent years.

Internal advancement and outflow

We strongly believe in internal training, development and advancement. Seen from the perspective of diversity, this means that we need to pay greater attention to diversity at an early stage when filling the more junior roles. The opportunities for advancement are and will remain the same for everyone, but we will keep our targets in mind. An outflow of colleagues is inevitable, especially in this labour market. We want to determine whether, in addition to market opportunities, other reasons for leaving the company - perhaps related to our company culture and management style - have the unintended effect of making working for Sligro Food Group less attractive to specific groups.

Workforce

Sligro Food Group is a relatively large employer in the Netherlands (4,845 employees) and Belgium (989 employees). Our employee population is characterised by a high level of skill, which is utilised with great passion.

We have a large number of employees on permanent contracts and aim to limit the number of agency workers. In 2023, we fell short of our targets in this regard and the number of agency workers was greater than desired. This puts pressure on operational effectiveness, especially in holiday periods, and also impacts solidarity among teams. In 2023, we had an average of over 1,200 agency workers working in our logistics operation in the Netherlands. Due to the relatively low availability of permanent staff and relatively high staff turnover in logistics, we are increasingly using flexible and agency workers in our logistics operation, who generally hail from eastern European countries. Given that these workers generally stay with us for a limited period, we are also working to accelerate the onboarding process, improve operational management, create a good day-to-day work atmosphere, and reduce training to short e-learning programmes. We also offer colleagues from eastern Europe specifically opportunities for permanent employment and further growth to make it more attractive for them to stay with Sligro Food Group for longer and benefit from the opportunities that normally come with permanent employment. It is pleasing to note that a clear positive trend was visible last year in the length of time our Euroflex colleagues remained with the company. We want to keep this up into the future.

Diversity and inclusiveness

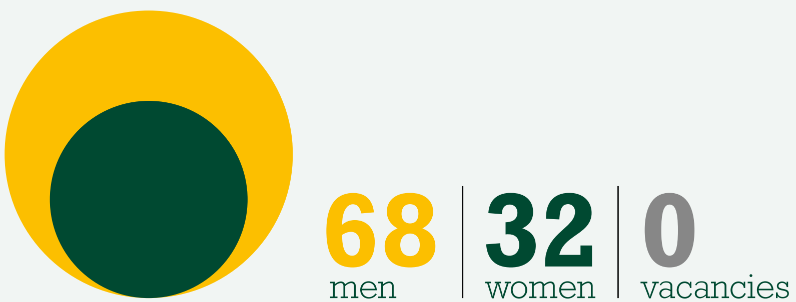
At the end of 2023, our workforce was 69% male and 31% female. The proportion of men to women is relatively high in more physically demanding roles such as distribution and transport, as well as, for historical reasons, in the cash-and-carry outlets.

Our senior management, the group of managers up to two levels below the Executive Board in the Netherlands and Belgium combined, consisted of 73 positions at the end of 2023 (2022: 70). We aim to have both men and women represented within this group for at least 35% by the end of 2025. This group was 32% female at the end of 2023 (2022: 28%). The targets stated here for 2025 have been translated into annual objectives by the Executive Board and the various management teams. This group is characterised by a relatively low staff turnover rate historically speaking, so any change in the male-female ratio will be gradual. These targets will also be expressed as an ambition at all levels within the organisation to increase overall diversity and inclusiveness, including the more junior levels.

Sligro Food Group #diversity

As % of the total

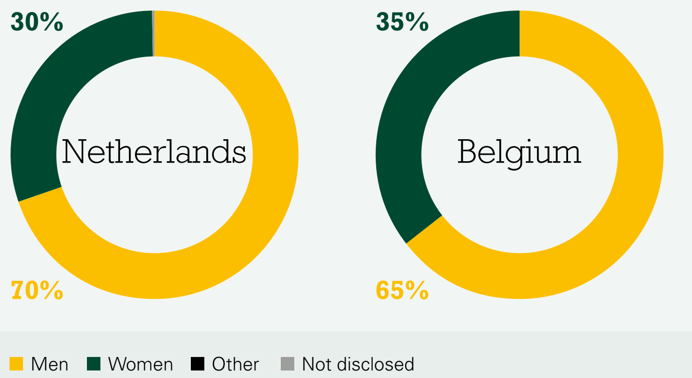
Senior management (in %)



Executive Board

Supervisory Board

Gender of employees (year-end)



Our Supervisory Board is made up of six persons, of whom four are men and two are women, meaning that we meet the interim quota of at least a third male and at least a third female. Our Executive Board comprises two directors who have both worked for Sligro Food Group for a very long time. We do not expect any changes here in the coming years, so we have not defined a different target in respect of the Executive Board for 2025.

However, diversity has more dimensions than just the male/female ratio, and we want to focus our efforts more in those areas as well in the coming years. A broader, diverse and inclusive workforce requires a focused approach in four areas: recruitment & selection, terms and conditions of employment, internal advancement & outflow, and KPIs. We have also established a policy-based approach for people with poor job prospects.

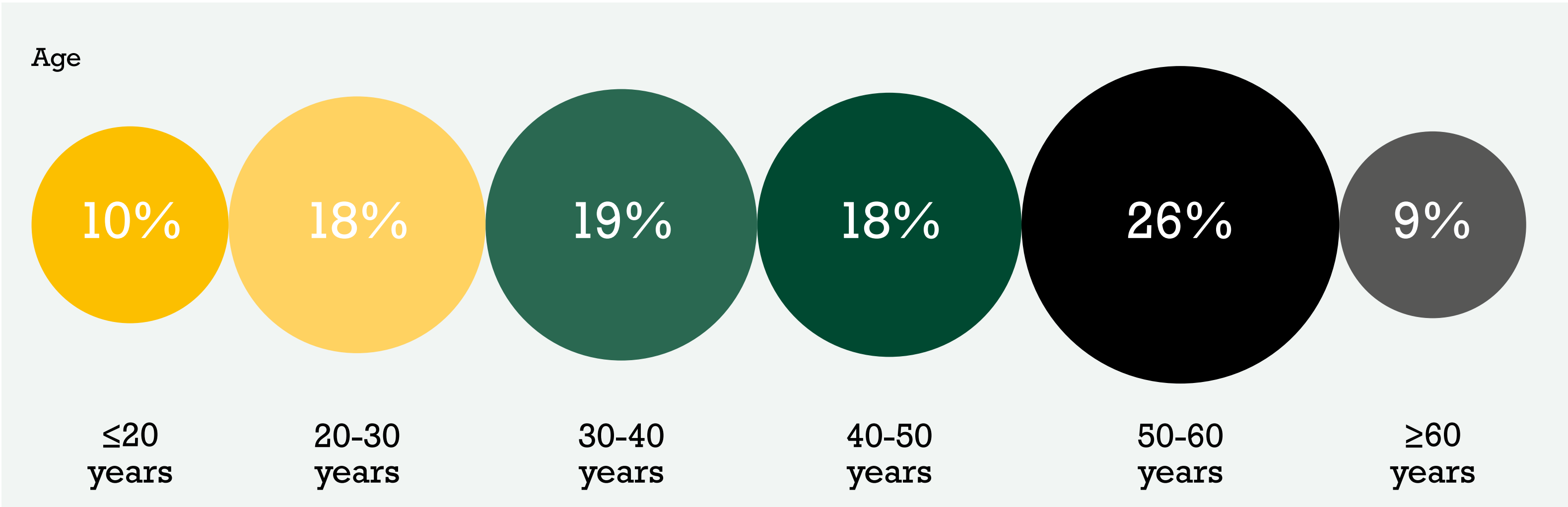
Long-term employability of employees is an important issue for us. We aim to promote the employability of our employees through mechanisation at our distribution centres, the ongoing automation of tasks, job rotation and paying attention to staff vitality.

Terms and conditions of employment

In our terms of employment and our remuneration policy, we adhere as closely as possible to the collective labour agreements of the relevant industries. In the Netherlands for example, we adhere to the collective labour agreement for the food wholesale industry, while in Belgium we have adopted the terms agreed on by joint committees 119 and 200. We also recently adopted the collective labour agreement for professional goods transport for our new in-house transport organisation.

Given that we are not bound by a specific collective labour agreement, we offer average market level pay, as well as benefits that are appropriate at Sligro Food Group, We strive to offer working conditions that are competitive in the country in which we operate. As a result, they are partly country-specific, depending on what is possible and usual in a country. We always offer equal pay for the same job in each country, irrespective of gender and/or ethnic origin. For a number of jobs, mostly commercial ones, we operate a bonus system. By ensuring that the amount of the bonus is nice to have and not a need-to-have, we avoid perverse incentives. We are also working on a job framework with matching salary scales to further ensure the consistency of pay and a good fit with the position and required competencies.

Sligro Food Group #diversity



In recent years, we have (temporarily) operated supplementary policies in many areas relating to employment conditions. In such cases, the arrangement in question was always implemented in consultation with the Works Council. The sudden advent of high inflation has made life significantly more expensive for our employees, so at this time especially it is important that we look out for each other and shoulder the burden together. This is also in line with our culture: we do things together. Under the slogan 'Go Green', we introduced a number of temporary measures at the end of 2022 and during 2023 to help each other in these times. Some measures were universal, while others applied to a specific group of employees, such as the payment of an extra 2.5% salary increase in the Netherlands as of 1 January 2023, ahead of the revision under the collective labour agreement.

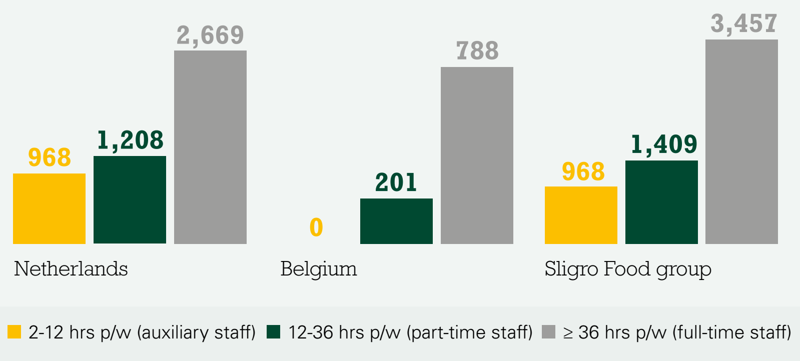
People with poor prospects in the job market

We aim to be a reflection of society and we believe that everyone should have a chance to take part in the labour process and work in a pleasant organisation. We therefore offer people with poor prospects in the job market the chance to come to work for us. We have traditionally engaged in this form of social entrepreneurship and are certified under the PSO (PSO ('Prestatieladder Socialer Ondernemen', More Social Enterprise Performance Ladder) scheme. This means that a certain proportion of our work is carried out by employees in the PSO target group.

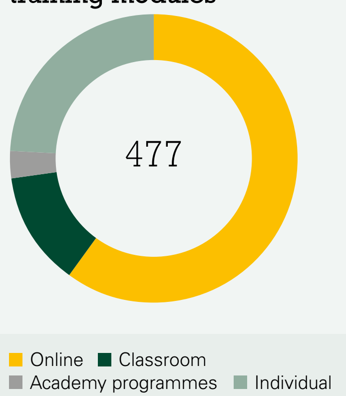
Learning & development

The Sligro Academy offers a range of learning programmes for employees from all levels of our organisation, which focus both on skills for specific jobs and general competency levels. The number of courses of study and training courses is 477. The number of completed e-learning courses, 16,184 in total, was lower than last year (2022: 20,770). This decrease is largely due to the roll-out in 2022 of the following e-learning courses: Trust in Sligro Food Group (Code of Conduct), Safe Working at Sligro and Responsible Awareness. The training courses are repeated on a 2-year cycle. Besides the courses we have developed in-house, we use a range of individual and group training options from outside training institutions for specific domains or competency-based training. In 2023, 21,112 training courses were completed in relation to skills-related, personal development, leadership and vitality & safety topics. In 2023, we started a major training programme for our Customer Service Department and a Fresh Produce Training Course for specialists in cash-and-carry. The programme offers employees the chance to follow a 100% Sligro Food Group-developed training pathway as a fresh produce specialist (fruit & veg, fish or cheese) or to follow a work/study programme. We also designed and implemented a training course curriculum for our own transport organisation last year.

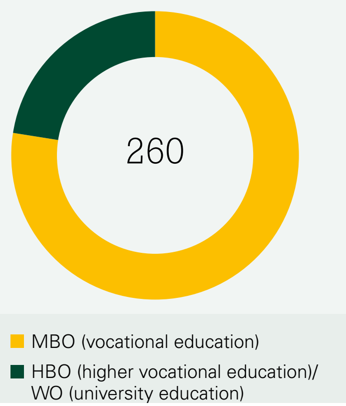
Type of contract (year-end)



Number of courses and training modules



Number of internships



Training courses attended

21,112

Classroom

23%

E-learning

77%

We are committed to training and developing new talent, such as by offering internships and professional placements for students from various educational programmes. This works both ways, as having students work at our organisation brings in new and fresh insights.

Last year, we completed the learning and performance cycle, a process that identified learning and development needs for our employees on an individual basis. This information was then fleshed out in consultation with the manager, leading to changes in job content, coaching and internal and/or external training. Opportunities for internal advancement were also discussed and, where possible, effected.

We believe in continuous improvement and accordingly like to tackle major changes in a professional manner. With this in mind, we trained a further four new colleagues as Green Belts during the past year. Our support encompasses teams as well as individuals.

Health and safety

A safe and healthy work environment for all our employees is always high on our agenda. This is covered by our overarching Working Conditions and Occupational Safety Policy. Topics addressed in 2023 included procedures and guidelines for prevention workers, control of hazardous materials, healthy working practices and optimising workplace safety.

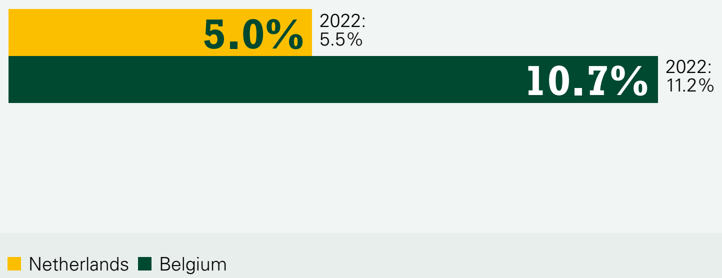
It is important to create a mentally safe environment for employees in addition to a physically safe environment. We see this as one of the responsibilities of each manager in the organisation, but we are also all jointly responsible.
As well as providing coaching and mentoring for managers, we also called attention to our code of conduct. Employee awareness in this respect was raised throughout the organisation through intensive communication and an online training course.

In late 2022, we conducted a survey on the mental state of our employees. Broadly speaking, the survey showed that we as an organisation are healthy, in accordance with the benchmark. Based on the outcome of this survey, we introduced specific measures in 2023 to support employees when coping with mental and financial problems.

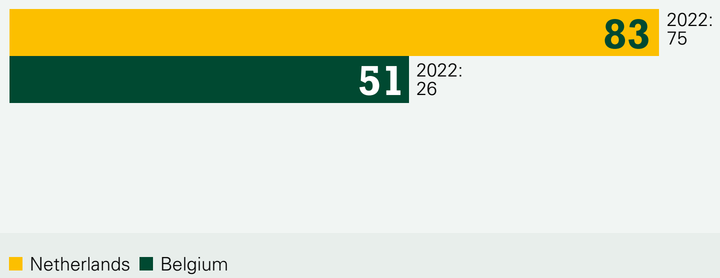
We encourage our colleagues to adopt healthy habits. We offer free fruit and snack vegetables and also serve healthy alternative foods in our company canteens. For example, we supported the national ‘Stoptober’ campaign by actively promoting ‘quit smoking’ initiatives.
Absenteeism fell half a percent in the Netherlands and Belgium compared to last year. Compared to the sector overall, we have a relatively good grip on absenteeism within our Group. The plan to structurally reduce absenteeism, including concrete annual objectives, has been initiated and we expect it to bring about a further reduction in the coming years. The goal is and remains to continue striving for lower absenteeism rates than the aver-

Sligro Food Group #health #safety

Sickness absence[1)]



Accidents at work[2)]



1) Average percentage of hours absent due to sickness compared to contracted hours (actual hours for auxiliary staff).

2) Occupational accidents involving employees and agency workers that led to absence from work.

ages for the sectors in which we operate. Our HR organisation includes a case management unit providing specialist help to our managers on prevention, managing absenteeism cases and preventing long-term work disability. We are also working to reduce the number of new disability benefit cases. and have developed customised training courses for managers to help them achieve this.

Human rights

We are signatories to the OECD principles on CSR and the UN 'Guiding Principles for Business and Human Rights'. To give substance to that, we have laid down the specific conduct we want to see within Sligro Food Group in a 'Code of Conduct and Whistle-blower Policy'. Three internal confidential counsellors are available in the organisation. An Internal Complaints Policy and Complaints Committee was also introduced, with a specific focus on the communication of these topics.

Employees in the supply chain

We work closely with a number of service providers, specifically in respect of distribution and the supply of fresh produce, but also in data and IT.

Drivers

Despite having started our own transport company in 2023 under the name Sligro Food Group Transport, by far the greatest part of our transport is outsourced to professional carriers. In Belgium, we already worked with a combination of our own drivers and some outsourced transport. Whether drivers work for Sligro Food Group directly or through an external company does not make any difference to us in how we treat them. Both our own drivers and those employed by our transport partners are ambassadors for our company in their interaction with our customers and often have daily contact with them. We train and support our drivers in this respect and get them all involved in Sligro Food Group.

Fresh partners

Employees of our fresh partners Kaldenberg and Ruig work at our cash-and-carry outlets. Just as much as our 'own' staff, they act as ambassadors towards our customers and assure our customers of the skill and professionalism they value so much. Because we want to be there for our customers as a total team, we also involve these colleagues as much as possible in our business, our events and our social occasions.
Our Code of Conduct states that it also applies to employees of fresh partners in our wholesale outlets and drivers employed by our transport partners.

Employees in the supply chain

Sligro Food Group has been a member of the Business Social Compliance Initiative (BSCI) since 2010. BSCI is a business-driven platform that encourages members and supply chain partners to reach agreement on improved working conditions. Sligro Food Group strives to follow the BSCI principles, as set out in the BSCI Code of Conduct. Our procurement terms stipulate that the commitment of our suppliers to BSCI principles is a precondition of supply. Where our suppliers have production sites in countries that BSCI classifies as high-risk, these sites are regularly audited to check for acceptable working conditions. These audits result in a score from A to E, where A is the highest score obtainable and E the lowest. We set a minimum score of C. Production sites with an inadequate score (D or E) must supply an improvement plan within 60 days based on the deficiencies identified in the audit report. The production sites are also re-audited within six to twelve months. The detailed approach, process and requirements that we set can be found in our suppliers' manual,

BSCI has drawn up a zero-tolerance protocol for four performance areas (occupational health & safety, child labour, forced labour and unethical behaviour). If one or more of the above issues are identified during a BSCI audit, the audit organisation will immediately suspend the audit. The BSCI secretariat will inform the relevant BSCI members within 24 hours. At Sligro Food Group, the Procurement and Product Range Management Director, the relevant unit manager and the buyer determine the next steps. We decide on a case-by-case basis whether the production site should be given the chance to implement improvements in the short term or to terminate the relationship, either temporarily or permanently.

Since 2022, audits have also been performed at production sites in high-risk countries for the Food, Fresh Produce and Wine & Spirits units, as well as for those in the Non-Food unit.

In 2023, 129 audits took place. Two production sites received a score of D. A follow-up audit has since taken place at one of these sites, although the outcome is not yet known. The follow-up audit for the second production site is scheduled for 2024. In 2023, we did not part company with any suppliers as a result of non-compliance with our BSCI requirements.

Consumers and end users

Satisfaction

We use StakeholderWatch not only to measure the satisfaction of our employees, but also of our customers and suppliers.

The overall customer satisfaction score is the weighted average (by revenue) of the satisfaction scores for cash-and-carry outlets and delivery service sites in the Netherlands and Belgium. The consistently high level of satisfaction of customers using our cash-and-carry outlets continued in 2023, with scores in the Netherlands that were repeatedly just below 80 points. In Belgium, we saw a slight decline in customer satisfaction, reflecting the challenges we faced there in 2023. In our delivery service locations, the distinctly volatile picture we saw in previous years stabilised in 2023 at a more constant and slightly increasing level of satisfaction. Overall, customer satisfaction improved to 71 (68 in 2022).

Satisfaction among our suppliers also improved, moving from 63 (2022) to 65.

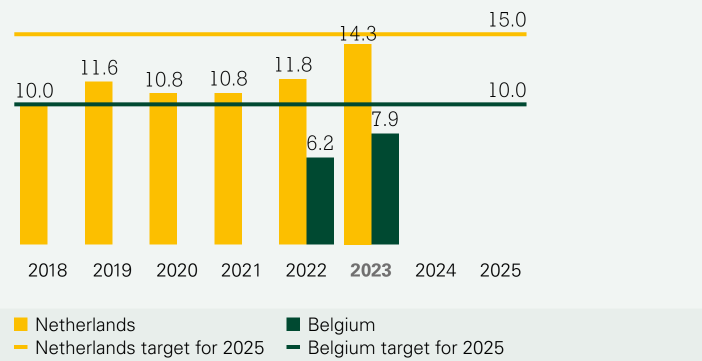
Sustainable product range

We have an immense range of around 75,000 items. We have a clear sustainability vision for this product range: we encourage customers to make a sustainable choice that suits their specific needs. We do this by making products that are produced with consideration for people, health and the environment accessible and clearly recognisable. In 2010, we brought them together in the 'Eerlijk & Heerlijk' concept (a name that translates as 'fair & delicious'). This 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 that we stock are classed as 'Eerlijk & Heerlijk' if they have at least one independent, transparent and audited quality mark as defined by Milieu Centraal. We track 10 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 and auditing and whether the mark is for 'animals', 'the environment' or 'people'. The top quality

Sligro Food Group #satisfaction

Supplier satisfaction[1] and customer satisfaction[2]

'Eerlijk & Heerlijk' product range



1) In 2023, unlike previous years, the score relates to assessments for the entire year.

2) Relates to customer satisfaction in the Netherlands for all years.

marks set the toughest requirements in relation to the environment, animal welfare and people & labour.

‘Eerlijk & Heerlijk’

The items in our range with the ‘Eerlijk & Heerlijk’ label are used to calculate what proportion of revenue we earn from our sustainable product range. In 2023, the revenue share in the Netherlands rose again, to 14.3% (2022: 11.8%). In Belgium, the revenue share rose to 7.9% (2022: 6.2%).

SRP Monitor

Whereas ‘Eerlijk & Heerlijk’ helps all our customers to make sustainable choices on an item-by-item basis, the SRP Monitor has been specially developed for corporate catering and healthcare sector customers. The SRP monitor is a product range reporting system, based on SRP criteria set by the government’s PIANOo organisation. The aim of the criteria is to raise sustainable procurement in the Netherlands to a higher level in terms of efficiency and quality. The reporting system helps our customers and their customers to understand how healthy and sustainable their product range is. The data in the SRP Monitor tracks seven different issues: health, sustainability, the ‘protein transition’, vegetarian, vegan, country of origin and industry benchmark. With that information, our customers can then decide where to focus their improvements and take targeted steps to achieve their health and sustainability targets.

Food safety and product quality

Control over food safety in our processes is ensured by internal and external audits performed on the basis of national and international legislation and standards. International food safety standards increasingly require companies to maintain a food safety culture. Within the Group, food safety always has top priority. In the event of concerns about the food safety of a product, we eliminate all potential risk by withdrawing these items from sale and immediately informing customers about the possible risks. In addition, the food safety culture is shaped by the annual management system review and management commitment, e-learning courses on HACCP for all employees at the sites and the formation of local and inter-local HACCP teams that include employee representatives.

Certification

All sites possess the relevant food safety certifications. The head office and central distribution centre, delivery sites and production companies are certified in accordance with FSSC 22000, an international standard recognised by the GFSI. Food safety at the cash-and-carry outlets and within the format framework is ensured in accordance with the CBL and Hospitality Industry hygiene codes respectively, and is subject to internal audits by Quality Control and external audits by the Netherlands Food and Consumer Product Safety Authority (NVWA).

2023 certifications					Netherlands			Belgium
	Head office	Cash-and-carry	Delivery service	Production	Format framework	JAVA	Sligro	Sligro-M
ISO 22000 (part of FSSC)	●	-	●	-	-	●	●	-
ISO 14001	-	-	-	-	-	●	-	-
FSSC 22000	●	-	●	●	-	-	-	-
CBL hygiene code	-	●	-	-	-	-	-	-
Hospitality industry hygiene code	-	-	-	-	●	-	-	-
IFS Cash & Carry	-	-	-	-	-	-	-	●

Supplier audits

The suppliers are evaluated annually on the basis of the number of recalls, complaints, and microbiological and chemical laboratory analyses. Suppliers assessed as high-risk must undergo an audit in accordance with GFSI-recognised standards Eleven suppliers were audited in this way in 2023.

Supplier audits

	2023	2022
Number of audits	11	8
Number of non-conformities	54	49

Recalls

In 2023, there were 151 product recalls, covering both food and non-food. Of these, 90 were 'silent recalls', meaning that we removed the products from sale and returned them to the relevant supplier. In addition, there were 61 'public recalls', which also involved recalling them from our customers.
Recalls were down 5% compared to last year. However, we cannot determine whether this decrease is the result of the control measures we implement in respect of our suppliers, such as actively asking for proof of their GFSI certification, auditing them when in doubt and performing analyses on the products.

Information for investors on the share of revenue

	2023	2022	
'Eerlijk & Heerlijk' product range (NL)	14.3%	11.8%	Organic, sustainable, fair trade, and locally sourced products
Tobacco	7.4%	7.9%	All tobacco-containing products
Alcohol	9.1%	9.5%	All alcohol-containing products fit for human consumption
Pork	2.2%	2.1%	Fresh pork from butcher, meat, and charcuterie sections

Governance

Business conduct

The business conduct of Sligro Food Group is primarily determined by the culture within our business. As culture is a rather abstract term, prone to change and not always interpreted by everyone the same way, we have given our corporate culture a specific name, elaborated it in detail and put it down in writing. Central to our culture are our purpose and our core values. In line with this, many elements of our culture are also to be found in our code of conduct, ‘Trust in Sligro Food Group’. We realise that conduct is determined not so much by how the rules of conduct are defined, but mainly by how those rules are applied in practice. As well as the commitment, engagement and intrinsic motivation of our staff, what matters is that the right guidance is provided by our management. Enabling our employees to conduct themselves well requires the right information, the right analyses, the right plans, the right processes, the right actions and the right evaluations.

‘Our “Trust in Sligro Food Group” code of conduct is tightly interwoven with the key elements of our corporate culture.’

Gerrie van der Veeken
Company Secretary/Compliance officer

Both the purpose and the core values are discussed in detail in other sections of this annual report. Below, we go into greater detail about our code of conduct, ‘Trust in Sligro Food Group’, and the documents that are closely connected to it.

Our code of conduct: ‘Trust in Sligro Food Group’

Trust in Sligro Food Group is essential to ensuring that our business can operate properly and successfully. This not only encompasses the trust of our employees in the company and in each other, but also the trust and confidence of customers, suppliers, shareholders, financial institutions, government bodies, media and social organisations in Sligro Food Group.

Trust in Sligro Food Group is an important element of its successful history. However, conscious effort is needed to gain and maintain trust. Trust needs to be constantly lived up to and maintained through appropriate behaviour. This is a permanent task for the Executive Board and all Sligro Food Group employees. The Code of Conduct, entitled ‘Trust in Sligro Food Group’, lists fourteen points as guidelines for achieving this task. The code of conduct applies to anyone working for Sligro Food Group, either under a contract of employment or otherwise.

The code of conduct connects seamlessly to our purpose and core values. In the code of conduct, the core values are expressed in terms of specific rules of conduct. The aim of the code of conduct is to help find specific answers to specific questions, for instance in relation to our core value of being ‘Stronger Together’: ‘What conduct should I expect from my colleagues?’ and ‘What conduct should my colleagues expect from me?’.

The code of conduct is made up of three parts:

Trust in Sligro Food Group, by adopting the right behaviour towards one another

The rules of conduct in this section are aimed at how employees conduct themselves towards each other. This concerns 'Respect for one another', 'A safe working environment' and 'A pleasant and productive working environment'. For instance, we set out specifically how we deal with mistakes and how we help each other. A Complaints Policy is in place for undesirable behaviour. Employees are also able to contact one of the Sligro Food Group internal confidential counsellors. Mutual respect also means respect for privacy, including the privacy of fellow employees.

Trust in Sligro Food Group, by adopting the right behaviour towards customers, suppliers, competitors and government bodies

This part of the code of conduct sets out how Sligro Food Group employees should conduct themselves towards customers, suppliers, competitors and public bodies. It explicitly states that all forms of support for political parties are prohibited.

Our conduct towards our customers is tightly interwoven with our purpose: 'Helping every professional truly get ahead'. We do this based on two axes, 'Customer intimacy (extreme customer focus)' and 'Operational excellence'. In so doing, we take care to ensure the privacy of our customers, in accordance with the Privacy Statement that can be found on our website.

We expect our suppliers to make an optimum contribution to improving our services for customers, in areas such as sustainability, food safety, quality, price and innovation. This requires that we and our suppliers work together in a fair and professional manner. To encourage that, all our suppliers receive our Suppliers' Manual, which contains, alongside general information about Sligro Food Group and our vision of the market, corporate social responsibility and procurement, detailed guidelines regarding quality, sustainability, data, electronic data exchange, invoicing, payments and payment terms, deliveries, our Exclusive Brands and key performance indicators. In 2023, the number of debt recovery or litigation cases with suppliers in connection with late payments or disputes was negligible.

The code of conduct explicitly states that Sligro Food Group will not tolerate bribery or fraud. This rule of conduct also refer to the Sligro Food Group Whistle-blower Policy. The whistle-blower policy sets out the procedures for reporting and acting on suspicions of abuse and irregularities. Fraud cases and investigations into suspected fraud cases reported in the Sligro Food Group are included in a six-monthly fraud report. Each of these reports is discussed at meetings of the International Board and of the Audit Committee of the Supervisory Board.

The code of conduct includes rules on how we deal with gifts (we accept no gifts with a value in excess of €50), hospitality, sponsoring and supporting good causes. What we do is collect these gifts centrally and use them as bingo night prizes for employees. This way, all employees have an equal chance of winning a gift and receiving gifts ceases to be the sole preserve of a select group of employees. After all, 'stronger together' is one of our core values.

Trust in Sligro Food Group, by adopting the right behaviour in relation to assets and interests of Sligro Food Group

This part of the code of conduct deals with conduct in relation to 'Use of company assets', 'Conflict of personal and business interests' and 'Handling information: confidentiality, press, social media and stock market'.

In connection with Sligro Food Group's stock market listing, this section covers the rules in relation to trading in the shares of Sligro Food Group N.V. and insider knowledge. The rules on that topic are set out in more detail in the Regulations on ownership of and transactions in financial instruments Sligro Food Group N.V. 2017.
We attach great importance to clarity, due diligence and transparency in respect of our stakeholders. This also applies to our financial reporting. In our opinion, that approach helps us greatly in meeting our commitment to respect the interests of all our shareholders, both large and small.

Lastly, this section of the code of conduct links the code to the 'Legislation and regulations and internal policy rules of Sligro Food Group'. We abide by all the current legislation and regulations applicable to Sligro Food Group, as well as the Group's own internal policy rules, on matters such as sustainability, (food) safety and the environment.

Compliance with the code of conduct

The code of conduct is no more and no less than a means to help promote proper conduct. The most important factor in promoting good conduct among Sligro Food Group employees is the Sligro Food Group culture. Our culture is not only the driving force behind our business, but also an important control in the context of risk management[1]. To a large degree, that culture ensures the good conduct of very many of our employees. But it is not always enough. Moreover, it may be argued that numerous developments within and outside Sligro Food Group (social changes, complexity of systems and processes, diversity, internationalisation, the speed of change) mean that good conduct cannot be taken for granted as much as it was in the past. For these reasons, it has become more important to have a code of conduct, as a supporting instrument alongside the primary role of our culture to promote good conduct.

With all this in mind, the previous code of conduct was replaced in 2021 by the current code of conduct, entitled 'Trust in Sligro Food Group'. By giving this name to our code of conduct, our intention is to make the essence of the code of conduct clear. Considerable attention has meanwhile been paid to the code of conduct within Sligro Food Group's organisation in the Netherlands and Belgium. Alongside structural communications on standards, values and behaviour, the code of conduct has also become a fixed component of the HR toolbox. For instance, the code is included in the onboarding process for new employees and an accessible e-learning module on the code has been produced. Every employee must complete this 'Trust in Sligro Food Group' module every two years, the aim being to increase awareness of conduct and standards of conduct. Through greater awareness, we want to ensure that the difference between proper and improper conduct is always 'top of mind' for everyone and that conduct is always an issue that employees are willing to talk about openly among themselves and with their managers. In 2022, 3,798 employees (or around 75% of the total) have already followed this e-learning module. In 2023, the employees who joined us in that year also completed the e-learning module as part of their onboarding process. In 2024, in line with the policy, completing the 'Trust in Sligro Food Group' e-learning module will again be on the agenda for all employees.

Lastly, the code of conduct has been even more emphatically adopted as an explicit component of Sligro Food Group governance: all members of the International Board now explicitly commit themselves to the code of conduct by means of an annual written declaration. This not only requires them to consider the standards of conduct in their own behaviour, but also to actively promote the application of those standards by everyone to whom the code applies.

[1] See section on 'Risk management', especially the first strategic risk, 'Loss of the Sligro Food Group culture'.

Report of the Supervisory Board

In our supervisory role, we on the Supervisory Board devoted attention during the past year to a number of recurring topics. To ensure that no important matter is overlooked in the discussions, we work with an annual calendar. In addition to items from the annual calendar, the meeting agenda includes matters arising from the figures for the period, market developments and opportunities, as well as key programmes and subjects such as Sustainable Business and the associated reporting, Digitisation and Employee Engagement.

Market and operations

After a turbulent 2022 with disruptions to the supply chain and shortages of personnel and transport, the Executive Board in 2023 focused primarily on stabilising operations and thus on improving the service provided to customers. Many improvements have been made, resulting in a stable and more efficient operation, which is reflected in better customer appreciation as well as a reduction in costs. Despite the higher rates that were a feature of 2023, logistics costs were brought down and the large one-time logistics expenses we saw in 2022 were avoided.

Continuing high inflation and its effects on pricing for customers and costs for Sligro Food Group were the subject of regular discussion in 2023. The Executive Board consistently sought a good balance between cost-cutting measures and passing on price increases in the market. Sligro Food Group's customers struggled over the past year, having to deal with rising expenses on almost every front, and this is still the case now. As a result, the scope for additional price increases to cover the increased costs for Sligro Food Group was limited, and part of the increases was absorbed in the Group result.

At the start of 2023, it was still an open question how the market would develop after the turbulence of 2022, but as the year went on it became clear that market conditions were deteriorating. After the summer, the market increasingly felt the cautiousness in consumer spending, which weighed on volumes for our customers and consequently for us. Separately from the impact on prices, action was also needed in the area of promotional effort and services to help our customers in challenging times, in the face of the need to cut costs. This ultimately led the Executive Board to present a plan in October with a focus on structural cost reduction and profitability improvement, which should enable us, even in these difficult market conditions, to achieve our EBITDA target of 7.5% by 2025.

Sligro-M

After a complex and intense acquisition process, the takeover of nine Metro sites in Belgium was completed at the start of the year. The Executive Board had the preparation and planning in place to reopen the sites quickly under our branding. Metro's customers had had to cope with high uncertainty and limited services since the third quarter of 2022 while awaiting completion of the sale process. The wholesale sites had lain almost empty for weeks when Sligro Food Group took up the baton. The sites were reopened in ten days, with impressive collaboration between existing and new colleagues from the Netherlands and Belgium. In the months that followed, rapid and effective measures were taken to create the right product ranges and prices for the specific group of former Metro customers. This went well and the current product range and prices put local teams in a good position to win back customers. Nevertheless, customers' routines had been severely disrupted over a period of several quarters (during the legal reorganisation phase that preceded the sale process, and during the restart under the Sligro Food Group banner) and several customers were consequently forced to take their custom elsewhere. Winning those customers back demands an exceptional long-term effort, but we are gradually seeing the results. The target was to reach 70% of previous revenues by the end of 2023. Although the actual results fell short of that target, the return identified in the business case is being achieved through tight control of operations and good product range management, and that instils confidence for the coming years.

ERP implementation

The SAP go-live in Antwerp in November 2022 did not produce the expected results, giving rise in 2023 to additional costs and dissatisfied customers at the Antwerp site. The financial impact and reputational damage among Belgian customers was substantial, leading to customer losses and a heavy impairment charge on technology. The implementation programme has been extensively evaluated and the resulting lessons will certainly be used in the preparations for the new approach. The vision remains unchanged that the Group needs to have a single, internationally scalable IT platform in order to realise its long-term ambitions. After several evaluations with the Executive Board, we endorse the decision to extend the time-scale for drawing up a new plan and budget for the further roll-out, including meeting key preconditions. For the moment, this will take precedence over speed of implementation.

Change to management of the BeNe organisation

Besides the decision to change course with regard to the ERP implementation, the Executive Board also decided during the summer to change the management model. Although the company had valid reasons to opt for a structure with separate executive boards for each country, this choice has now been revised due to the lack of the desired results. A structure has been chosen that fits with the Group's history and corporate culture, with a relatively flat organisational structure and plenty of hands-on management. In our view, this is a viable and suitable model for the current geographical scope. It will produce shorter reporting lines, faster decision-making and a more uniform interpretation of policy. Moreover, the organisation can become more efficient, which will contribute to the necessary improvement in results. The speed and effectiveness with which this has been accomplished and the energy it has released in the Netherlands and Belgium show there is a great deal of internal support for the choices made.

Sustainability

Sustainable business has been firmly anchored in Sligro Food Group's entrepreneurship for many years. In 2023, many initiatives were again taken to increase sustainability in relation to people, environment and product range. Much energy has been put into sustainability reporting this year, in view of the upcoming requirements under the CSRD. The organisation tries continuously to find the right balance in dividing capacity between efforts to comply with regulations and actually making improvements that contribute to sustainable business. In 2023 and in the current year, a great deal of additional effort is being required when it comes to reporting.

Supervision

In 2023, the Supervisory Board convened on its own for five sessions and together with the Executive Board and International Board for three additional sessions. The first of these additional sessions was an online meeting in late March in response to the situation arising from the ERP implementation in Antwerp. The second additional meeting concerned a bus tour in late August. On the day in question, the Supervisory Board, Executive Board and International Board took a coach trip to Culivers in Eindhoven, Bouter in Zoetermeer and SmitVis in Veghel. As well as the information obtained from the visits to these Sligro locations, extensive informal discussions took place en route between the members of the three boards about current developments at Sligro Food Group. The third additional meeting in December was used to discuss the annual planning for 2024.

In addition to the scheduled meetings, the Chair of the Supervisory Board holds regular talks with the CEO, CFO and members of the Executive Board, and the Chair of the Audit Committee meets with the CFO, the statutory auditor and the internal auditor. The Supervisory Directors also held individual meetings with key company staff in consultation with the Executive Board. A member of the Supervisory Board was present as an observer at a meeting of the Dutch Works Council on one occasion in 2023. Based on this meeting, it can be concluded that consultation between the Works Council and the Executive Board continues on a constructive basis.

The Audit Committee (AC) held four regular meetings in 2023, during which financial and sustainability reporting, the internal risk management and control system, fraud reporting, refinancing, the statutory auditors' audit plan, the management letter, internal audit, investor relations (including Capital Markets Day) and the 2024 budget especially were discussed at length.

The Remuneration and Appointments Committee (R&AC) held two regular meetings. The first meeting mainly concerned the assessment of whether the Executive Board bonus targets for 2022 had been met. The agenda for this meeting also included approval of the new bonus targets for the Executive Board for 2023, the remuneration report, the amendment of the remuneration policy and the Supervisory Board monitoring process. The topics discussed during the second meeting included: the annual evaluation process for the Executive Board and Supervisory Board, the analysis of the performance and the potential of the International Board and management teams, as well as the intention to appoint Dries Bögels to the Executive Board of Sligro Food Group N.V.

Apart from the chairman, who was unable to attend one Supervisory Board meeting for personal reasons, all members of the Supervisory Board attended all regular Supervisory Board meetings, as well as the meetings of the subcommittees of which they were members. The table below shows the members' attendance rates at the regular Supervisory Board meetings. The Supervisory Board carried out a self-evaluation, examining and assessing its own performance and that of the committees and individual Supervisory Directors. The Supervisory Board also evaluated the performance of the Executive Board and individual Executive Board Directors.

Attendance at meetings

	Supervisory Board meetings	**AC meetings**	**R&BC meetings**
Mr Rijna	80% (4/5)		100% (2/2)
Mr Kamps	100% (1/1)	100% (1/1)	
Mr Van de Weerdhof	100% (5/5)		100% (2/2)
Ms De Vries	100% (5/5)		
Ms Plochaet	100% (5/5)	100% (3/3)	
Mr Duijzer	100% (5/5)	100% (4/4)	
Mr Anbeek	100% (3/3)		100% (1/1)

Relationship with the external auditors

The Supervisory Board is responsible for engaging the auditors and supervising their performance. The Supervisory Board's Audit Committee, along with the company's Executive Board, assessed the performance of the auditors during 2023. The Audit Committee discussed the 2023 audit plan, which includes the materiality and scope of the audit and the principal risks in the annual reporting, with the external auditors. It also discussed the findings and results of the audit and the content of the auditor's management letter. In the management letter for 2023, the auditor included its observations and recommendations with regard to activities at Group level, the two countries in which Sligro Food Group operates, and the IT environment.

From the observations and recommendations at Group level, it is evident that progress has been made in the areas identified in previous years. As long as full implementation of the new ERP landscape remains outstanding, attention must continue to be paid to the internal controls and mitigating actions on the existing landscape, which has now also been rolled out in Belgium. Mitigating actions are being taken during this phase in order to respond to the observations.

The auditor has once again included a number of observations and recommendations for the Netherlands and Belgium, to improve the processes surrounding master data (financial and otherwise) and authorisations regarding 'non-standard' manual and automated financial processes. A number of observations have been added to those made a year ago and last year's findings have either been resolved or are in progress.

The full Supervisory Board held a consultation session with the auditor without the Executive Board being present. The Supervisory Board notes that the consultation between the auditor and the Executive Board concerning the auditor's management letter and the follow-up to this is constructive and that appropriate progress in improvement initiatives has resulted from this. The Supervisory Board also notes, once again, that the auditor reported no material audit issues relating to the 2023 financial year requiring follow-up on the part of the Executive Board and/or the Supervisory Board. The Supervisory Board endorses the Executive Board's conclusions as regards risk management and control systems as set out on page 41.

As from 1 January 2024, Sligro Food Group must carry out a mandatory rotation of its external auditor. The selection process carried out in 2022 for the new auditor, including the outcome of that process and the recommendation made by the Supervisory Board, was put to the vote at the General Meeting of Shareholders in 2023. EY is the new auditor of Sligro Food Group with effect from the start of 2024.

Executive Board conditions of employment

The remuneration report of the Executive Board is set out in the next section of the annual report.

A new Remuneration Policy was presented and put to the vote at the General Meeting of Shareholders in 2023. The new policy was adopted and was implemented during 2023 accordingly.

Financial statements

The 2023 financial statements have been prepared by the Executive Board. They were discussed at a meeting attended by the external auditor, who provided further information on them. The financial statements have been audited by Deloitte, whose unqualified report can be found in 'Other Information' on page 152.

The Supervisory Board has approved the financial statements as prepared by the Executive Board for the financial year 2023. Payment of a dividend of €0.30 per share is proposed in respect of 2023 (2022: €0.55 per share).

We propose that the shareholders:
- adopt the 2023 financial statements;
- approve the profit distribution;
- grant full discharge from liability to the members of the Executive Board in respect of their management;
- grant full discharge from liability to the members of the Supervisory Board in respect of their supervision.

2023 was again a turbulent year. There was the largely failed ERP implementation in Belgium, but also the appropriate response by management, which was to move the whole of Belgium at least temporarily onto the old Sligro system and take time to prepare for a revised, successful ERP implementation with the explicit application of the lessons learned in 2023.

All new and existing Sligro staff members deserve the compliments of the Supervisory Board in relation to the Metro takeover in early 2023 and the impressive reopening of all locations within ten days.

Lastly, the Supervisory Board wishes to voice its appreciation not only for the structural change implemented in Belgium in order to improve results there, but also for the of the rapid and appropriate way in which the Executive Board and all Sligro employees responded to the fast-changing and deteriorating market conditions with great commitment, passion, flexibility, focus and decisiveness in relation to costs and customers.

Veghel, 7 February 2024

Freek Rijna, Chair
Dirk Anbeek
Aart Duijzer
Inge Plochaet
Angelique de Vries
Gert van de Weerdhof

Remuneration Report

This report explains how the remuneration policy approved by the General Meeting of Shareholders has been put into practice over the past financial year (2023), and it details the remuneration that has been paid to or accrued by the individual members of the Executive Board. Members of the Executive Board and Supervisory Board are considered key Group staff members.

Composition and results of the remuneration policy

The remuneration policy[1] is published on the company website. The revised remuneration policy was approved at the General Meeting of Shareholders of 22 March 2023. The share option scheme for the Executive Board was dropped and changes were made to the short-term and long-term bonus for the Executive Board. The details of the Executive Board's remuneration are given each year in the financial statements. The key points of the remuneration policy are that:

- the policy extends to the remuneration of both the Executive Board and the Supervisory Board;
- the Supervisory Board drafts the policy and the General Meeting of Shareholders adopts it;
- the remuneration policy must be put to the General Meeting of Shareholders for re-adoption within four years of adoption of the existing policy;
- the Works Council is given the opportunity to provide its formal opinion to the Supervisory Board on the remuneration policy to be adopted;
- the policy provides the framework for attracting qualified candidates for the Executive Board;
- the remuneration policy must be competitive while also reasonable in comparison to that of the other members of management, and the pay and benefits package of the other employees in the company must also be taken into account, with the starting point being competitive remuneration for members of the Executive Board and other employees.

The revised remuneration package comprises:
- a fixed annual salary;
- a short-term bonus plan;
- a long-term bonus plan;
- pension accrual and other fringe benefits.

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

At the General Meeting of Shareholders held on 22 March 2023, the Remuneration Report for 2022 was put to an advisory vote. Nearly 93% of the votes cast were in favour of the 2022 Remuneration Report. Given the contents of the Remuneration Report for 2023, it may be concluded that the total amount of remuneration is in line with the remuneration policy and contributes to the long-term performance of the company. The variable remuneration presented in this report includes an upper limit of 150% of the 'at target' amount. In the maximum outperformance scenario, a maximum payout of 150% of the 'at target' amount is considered appropriate.

[1] See website: www.sligrofoodgroup.nl – About > Corporate Governance > Codes and rules

There were no deviations from the remuneration policy or the decision-making process regarding the remuneration policy this year.
Executive Board and Supervisory Board remuneration is not charged to subsidiaries. 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[2)]	**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[3)]	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**

Fixed pay
The fixed annual pay is reviewed in a three-year cycle, meaning that the remuneration package is benchmarked against a reference group of around twenty companies once every three years, with the help of an external expert. This was last done in 2021. The benchmark study performed was presented at the General Meeting of Shareholders of 2022. Based on the benchmark study results from 2021, the fixed remuneration for both Executive Board members was increased by 10% as per 1 January 2022[4)]. In the years 2021 and 2023, an increase was granted during the year as per the collective labour agreement/general pay increase (lowest increment used for Group employees). As a result, the average annual pay rise awarded over the 2021-2023 period is 4.67%:

2021-2023	Average	2023	2022	2021
Increase[5)]	4.67%	4.00%	10.00%	0.00%

Short-term and long-term bonus

The Executive Board's variable remuneration comprises a short-term bonus paid in cash and a long-term bonus settled in 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 annually based on performance in the year in question, however quality-related targets do have a longer horizon, as they are linked to programmes that contribute to the company’s long-term strategy and value creation. If and to the extent that the conditions for awarding the bonus have been met, the short-term bonus is paid out in the following year. On achieving 100% of the ‘at target’ level, a short-term bonus of 40% of the fixed gross salary as at 1 January of the year of granting is paid out in cash.

2) 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.

3) Concerns the cost of the long-term bonus based on IFRS and does not reflect the value of the long-term bonus when awarded or when made unconditional

4) See website: www.sligrofoodgroup.nl - Investor relations > AGM > Previous Meetings of Shareholders > AGM of 23 March 2022 > Presentation > sheets 50 to 53

5) On 1 January 2022, the fixed salary was increased by 10% following the three-yearly benchmark study. In the years 2021 and 2023, the increase granted during the year amounted to the lowest increment used for that group of employees. This increment was zero in 2021. The fixed salary was, however, indexed for pension compensation and there was a change to the age-related scale.

The objective in awarding a long-term bonus is to align the interests of the Executive Board with the long-term objectives of the Company's strategy, the interests of the shareholders and the interests of other stakeholders of the Company. It also serves as an incentive for members of the Executive Board to remain with Sligro Food Group. The composition of the long-term bonus depends on three targets, comprising two financial targets and one or some non-financial target(s), which are set in advance by the Supervisory Board on the basis of a proposal by the Remuneration and Appointments Committee. On achieving 100% of the 'at target' level, a long-term bonus of 60% of the fixed gross salary of the Executive Board member concerned is granted. This bonus is awarded in shares after deduction of tax. The 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 the long-term bonus is conditionally granted (grant frequency: rolling; type of vesting: cliff). 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. A lock-up period of two years applies from the time that these shares have been unconditionally awarded.

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.

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%**

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

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 the 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

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

Short-term bonus result

In 2023, the short-term bonus was 50% (2022: 86%) of the ‘at target’ level, corresponding to 20% (2022: 26%) of fixed salary.

The main reason for the shortfall relative to the ‘at target’ level was non-achievement of the budgeted profit target. The qualitative targets were met.

The Metro integration was completed as planned. All nine branches reopened in January, optimisation improvements were made to the product ranges and pricing, and the preparations for further integration were all completed in accordance with the set plan. The digital roadmap for an improved customer experience (the scope of which was reduced in 2023 in connection with the desire to reduce costs and investments) and the contributions to strengthen operational performance were introduced and successfully implemented. The definitions, KPIs and the data points to be reported during 2024 in order to meet the new CSRD reporting requirements, have been identified. After a turbulent year, the goal was to stabilise the supply chain and achieve the budgeted cost savings. This goal was comfortably achieved.

The table below shows the bonus percentage achieved relative to the target. All percentages shown are percentages of fixed salary.

Target	**Threshold**	**Bonus ‘at target’**	**Maximum**	**Achievement**
Net profit	10.0%	20.0%	30.0%	0.0%
Metro integration	2.5%	5.0%	7.5%	5.0%
Digital roadmap	2.5%	5.0%	7.5%	5.0%
Ready for ESG reporting	2.5%	5.0%	7.5%	5.0%
Supply chain cost savings	2.5%	5.0%	7.5%	5.0%
Total	**20.0%**	**40.0%**	**60.0%**	**20.0%**

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 was determined by dividing the value of the bonus by the volume-weighted average share price for the 4th quarter of 2022, taking into account a 10% tax write-off in connection with a two-year resale ban.

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 at the time of conditional award	Date of unconditional award	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

Options and shares

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**

Long-term value creation
By using a performance period of three years for the long-term bonus followed by a lock-up period of a further two years on any shares acquired by exercising a share option, the remuneration structure is also geared towards forging a long-term mindset and encouraging long-term value creation. With this approach, a significant part of the remuneration is geared towards the longer term; this is in line with the company's strategic vision, which also focuses on long-term value creation.

Expense allowance

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

Pay ratio

The pay ratio is the ratio between the pay of the CEO and that of the other employees of the Group. To calculate the pay ratio, we use the total remuneration, comprising fixed salary, bonuses, share options, and pension accrual, as well as the social security costs paid on this remuneration package. We compare the average pay of the CEO with the average pay of all other employees of Sligro Food Group. The table below shows the pay ratio over the last five years and how this was calculated:

x €1,000	2023	2022	2021	2020	2019
Executive Board					
Remuneration for individual EB members					
Koen Slippens, CEO	1,109	1,097	716	705	752
Rob van der Sluijs, CFO	902	922	578	571	615
CEO					
Average number of FTEs	1.0	1.0	1.0	1.0	1.0
Average remuneration (A)	1,109	1,097	716	705	752
Other employees					
Average number of FTEs	4,578	4,016	3,974	4,115	4,099
Employee expenses	273,521	226,819	210,467	218,154	217,071
Average remuneration (B)	60	56	53	53	53
Total					
Average number of FTEs	4,579	4,017	3,975	4,116	4,100
Employee expenses	274,630	227,916	211,183	218,859	217,823
Average remuneration	60	57	53	53	53
A/B pay ratio	**18.6**	**19.4**	**13.5**	**13.3**	**14.2**

The increase in the CEO's remuneration in 2023 was mainly caused by the higher pension contribution and compensation.

The calculation of the average remuneration of the other employees for 2020 and 2021 did not factor in the NOW and TWO[1] wage subsidy schemes provided by the Dutch and Belgian government respectively, because employees continue to be employed by the Group under these schemes.

The table below shows the development of the Group's financial and non-financial KPIs over the last five years:

x € million	2023	2022	2021	2020	2019
Revenue	2,859	2,483	1,898	1,946	2,394
EBITDA	137	126	109	75	127
EBIT	15	43	25	(76)	44
Dividend		24	0	0	24
'Eerlijk & Heerlijk' product range (% of total revenue)	14.3	11.8	11.2	10.8	11.6
Carbon reduction since 2010 as %	38.9	33.4	19.5	22.7	27.7
Customer satisfaction[2]	71	68	69	73	73

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. Total remuneration per Supervisory Board member can be broken down as follows:

x € thousand	2023	2022	2021	2020	2019
Freek Rijna, Chair	63	68	73	65	63
Gert van de Weerdhof	45	48	50	48	42
Aart Duijzer	50	44	0	0	0
Inge Plochaet	48	31	0	0	0
Angelique de Vries	40	31	0	0	0
Dirk Anbeek	22	0	0	0	0
Hans Kamps	2	55	53	50	53
Marianne van Leeuwen	0	0	31	50	53
Pieter Boone	0	0	40	22	0
Bart Karis	0	0	0	20	42
Total	**270**	**276**	**246**	**255**	**253**

1) Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid in the Netherlands (the Dutch temporary wage subsidy scheme) and Tijdelijke Werkloosheid door Overmacht in Belgium (the Belgian temporary wage subsidy scheme).

2) StakeholderWatch. Including Belgium from 2021.

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 construc-tion	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 carry-ing 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:
  - 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;
  - 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

Economic activities	Code(s)	Absolute OpEx (x € million)	2023 Proportion of OpEx (%)	Substantial contribution criteria[1] Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ('Do no significant harm') Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022 Proportion of OpEx (%)	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																			
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).

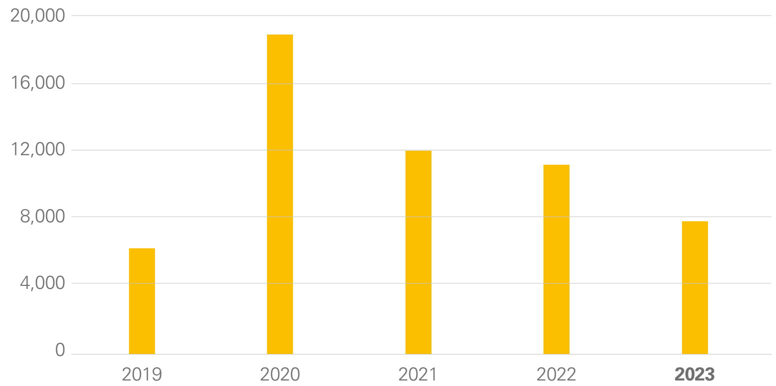
Following the change to the Dutch law on converting bearer shares, traditional bearer shares that are not included in the book-entry securities transfer system will automatically be converted into registered shares on 1 January 2020. As a result, physical bearer certificates automatically ceased to be 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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