Annual report and accounts
31 December 2023

For the love of ice cream

FRONERI

Our purpose

To become the world's best ice cream company for all consumers, customers and employees

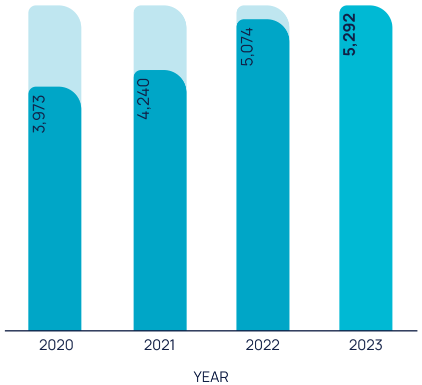
Find out more at: **froneri.com**

2023 highlights

Financial

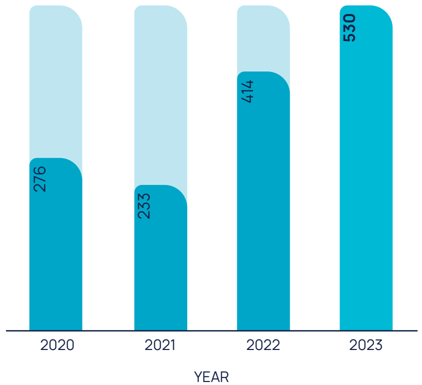
Revenue

€5,292m



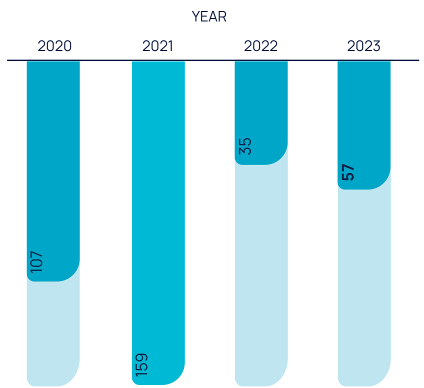
Operating profit

€530m



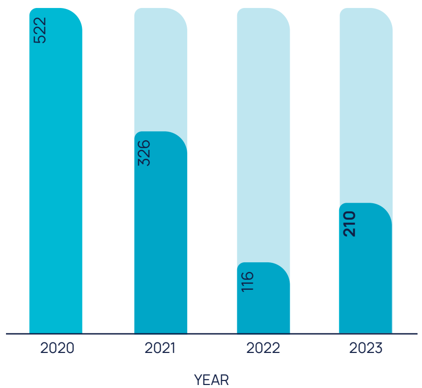
Loss before tax

€57m



Free cash flow

€210m



Operational

- Transformational changes of the US business continue
- Maintained our focus and investment on growing our A-brands, including stratification of platforms
- 12% of branded sales from plant-based products
- Market-leading innovation
- ESG embedded in the business with ambitious short and mid-term targets
- Working with independent expert to set Science Based Target initiatives to drive down our Greenhouse Gas Emissions
- 8% reduction in safety incidents
- Migration of the US business onto Group-wide IT platform
- Staff training focused on ammonia safety, cyber security, knife safety and bacteriology

▶ Find out more:
pages 10–11

At a glance

Our goal

To grow our business through celebrated brands and own label products, bringing excitement to our consumers and customers

About us

Froneri is a global pureplay ice cream company

- Owned and controlled in equal shares between the private equity firm PAI Partners and Nestlé SA
- Group formed in 2016 as a result of a merger of the entire activities of R&R Ice Cream plc and part of the ice cream and frozen food businesses of Nestlé
- Headquartered in the UK, with its registered office in Luxembourg
- Highly attractive brand and product portfolio
- Operates 30 factories across six continents

Our locations and markets

- Froneri offices
- Froneri distribution markets

24
Number of countries we operate in

12,000+
employees worldwide

Find out more at:
froneri.com

Our leading brands

Froneri is driving the growth in the dynamic premium and snacking ice cream segments. With our strong set of core brands, we are the #1 or #2 player in the majority of markets in which we operate

▶ Find out more at:
froneri.com

Brands listed are registered trademarks of the respective brand owners. All brands (except Nuii® and Connoisseur®) used under licence by Froneri.

Consolidated management report

Froneri Lux Topco S.à r.l.
Registered office: 9 rue de Bitbourg, L-1273 Luxembourg
R.C.S. Luxembourg: B 241537

Chairman's statement

"The strength of our brands has really come to the fore, with product innovation in hand-held and premium ice cream driving strong sales growth."

Patrice Bula
Chairman

Performance

I am proud to report that 2023 was a year of record sales and EBITDAE* for Froneri, with the business reaping rewards from the consistent focus on Sell More, Buy Better and Take Costs Out.

The strength of our brands has really come to the fore, with product innovation in hand-held and premium ice cream driving strong sales growth. Our sales drove market growth and increased Froneri's market share with our volumes holding flat despite difficult economic conditions for consumers.

The major factory transformation programme in the US is now into its third year. Cumulatively, to the end of 2023, we have invested USD 738 million in capex since acquisition of the US business. This spend has been primarily focused on enhancing our capacity, with the increased bandwidth allowing us to successfully meet customer expectations in the year and deliver a much-improved service level. In addition to capacity, we have invested in improving product quality and line efficiency. We are now coming to the end of the transformational capex programme, with 30 production lines out of 39 having been commissioned by the year end, with the rest to follow in H1 2024. 2023 also marked the first full year for the US on the Group's common IT platform, having migrated from the legacy system in December 2022. The transition was smooth, and the out-of-season implementation resulted in minimal business disruption.

Markets and brands

We have outperformed the market and our 2023 revenue growth of 8.5% (at like-for-like FX rates) has outstripped overall retail market growth of 7.2% in the markets in which we operate. Froneri's market share has grown by 0.3 ppt. We have strengthened our number 1 market share in the key US market.

I am particularly pleased with the performance of our brands, with the A-brands having grown by 8.9% year on year (at like-for-like FX rates).

During the year, we have allocated our branded offering into five scalable premium and snacking global platforms: Häagen-Dazs, Extrême/Drumstick, Mondelēz, Nuii and Outshine. We have invested heavily in supporting all of these platforms, contributing to the above-market growth.

Froneri launched the Mondelēz brands in the US on 1 January 2022 and we now have a USD 230 million ice cream brand in Oreo.

* EBITDAE is a non-GAAP measure. EBITDAE is EBITDA before exceptional items and share-based payment charges (as defined in note 3 of the consolidated financial statements). Our definition of EBITDAE was changed in 2023 to also exclude share-based payment charges; prior year comparators have been adjusted accordingly.

Source: Nielsen & IRI Retail Measurement Service 12 months ending December 2023.

Chairman's statement continued

Governance

The Board remains committed to maintaining the highest standards of corporate governance in line with best practice.

In 2023, we continued our rolling cycle of internal audits, completing nine internal audits of countries and Group functions. The results have shown further year-over-year improvement. Where there are non-compliances, we have implemented action plans to address.

9

UN Sustainable Development Goals adopted

11

Goals committed to publicly

Board

We have a robust Board structure at Froneri, with four Board committees: (i) the M&A and Finance Committee; (ii) the Audit Committee; (iii) the Nomination and Remuneration Committee; and (iv) the Environmental, Social and Governance ("ESG") Committee. We have excellent continuity across our Committees, which is one of the key reasons for our success. I thank all Board and Committee members for their invaluable contributions during the year.

The Board delegates day-to-day management to the Management Board, led by Ibrahim Najafi, CEO. We believe that no management team in the world can match the level of pureplay ice cream experience we have on our Management Board.

In December 2023, we promoted Phil Griffin from Group Commercial Director to Deputy CEO. Phil has worked in various sales, marketing and commercial roles since joining the Froneri business in 2001. He has worked closely with Ibrahim on all aspects of creating Froneri, with specific focuses on strategy, culture, values and integration. I congratulate Phil on his promotion and I wish him every success in his new role.

Sustainability

The Group is committed to improving its environmental footprint.

Froneri continued the rollout of its ESG strategy aligned to the adoption of nine of the 17 UN Sustainable Development Goals that Froneri feels are most relevant to the business and its ESG impacts. The strategy also features 11 ESG-related milestones and we have publicly committed to several challenging goals that we are well on track to achieve.

In 2023, Froneri has worked with an independent expert to further develop its Greenhouse Gas ("GHG") reporting. The task is progressing well, and it is currently in the process of being refined. We have completed the exercise to include the US business in our 2022 baseline numbers. We look forward to being able to launch our net zero roadmap in 2024 and with a near-term material carbon reduction target.

By the end of 2025, our commitment includes designing 100% of our packaging to be recyclable, compostable, biodegradable, or reusable, ensuring that it aligns with environmentally friendly practices. Furthermore, we are dedicated to sourcing 100% of our paper, cardboard and sticks from responsibly managed forests or from recycled materials, thus minimising our impact on deforestation. In addition, we aim to materially reduce waste from our factories by ensuring that the majority of the waste generated is either recovered or recycled, contributing to a circular economy. Moreover, we have made a pledge to eliminate the use of plastic novelties in all our children's products, further reducing plastic waste. These goals underscore our unwavering commitment to sustainability and our ongoing efforts to minimise our environmental footprint.

Looking ahead

I am excited by what lies ahead for Froneri in 2024 and beyond. With the US transformational investment having been largely completed, I expect 2024 to be another year of sales and profitability growth, underpinned by our core pillars of Sell More, Buy Better and Take Costs Out.

Ice cream market growth is anticipated to continue, with Euromonitor predicting 5.5% CAGR in the global ice cream market from 2023 to 2027. We intend to be at the forefront of that growth. We expect further momentum behind the premiumisation and snacking trends in the market. Indeed, we are expecting snacking to continue to grow ahead of the market, with Froneri not only being well-placed to capitalise on this trend but also actually being the driver of the growth in these premium and snacking segments.

I would like to thank every one of our 12,420 employees for their contribution to Froneri in 2023 and I look forward to another successful year in 2024. The Froneri values will be core to everything we do and I am confident we will deliver on our goal of becoming the world's best ice cream company.

Patrice Bula
Chairman

Brand case study

Drumstick elevates snacking position as #1 ice cream brand for Gen Z

Scan the QR code to view the Drumstick story

The Drumstick brand is gathering a real cultural momentum behind it as it boasts the number 1 spot amongst the Gen Z audience. This is being anchored by establishing Drumstick as the most popular everyday snack that is exciting, memorable and desirable for the younger generation.

The growth of the brand on TikTok has been impressive and is testament to the cult popularity amongst the younger generation. With over 1 million followers, Drumstick is now the biggest ice cream brand on TikTok worldwide. As advocates for the TikTok platform, Gen Z are a highly-engaged group who convert their brand loyalty into purchases. Drumstick's organic TikTok content has reached 357 million people and received 28 million engagements since December 2022.

The communications campaign showcasing the ever-popular Dr. Umstick reached new heights with a Super Bowl ad in early 2024. The Super Bowl is the ultimate snacking occasion; it is the single most watched event of the year in the US with over 50% of households tuning in. Dr. Umstick kicked this off in style, generating a lot of buzz for the new ice cream season.

Drumstick is the number 1 brand in All Family snacking with a share of 15.7%, outperforming the segment, gaining share and driving category growth.

Drumstick is the

#1

driver of category growth in the US in value terms

Source: IRI Retail Measurement ending 31/12/2023.

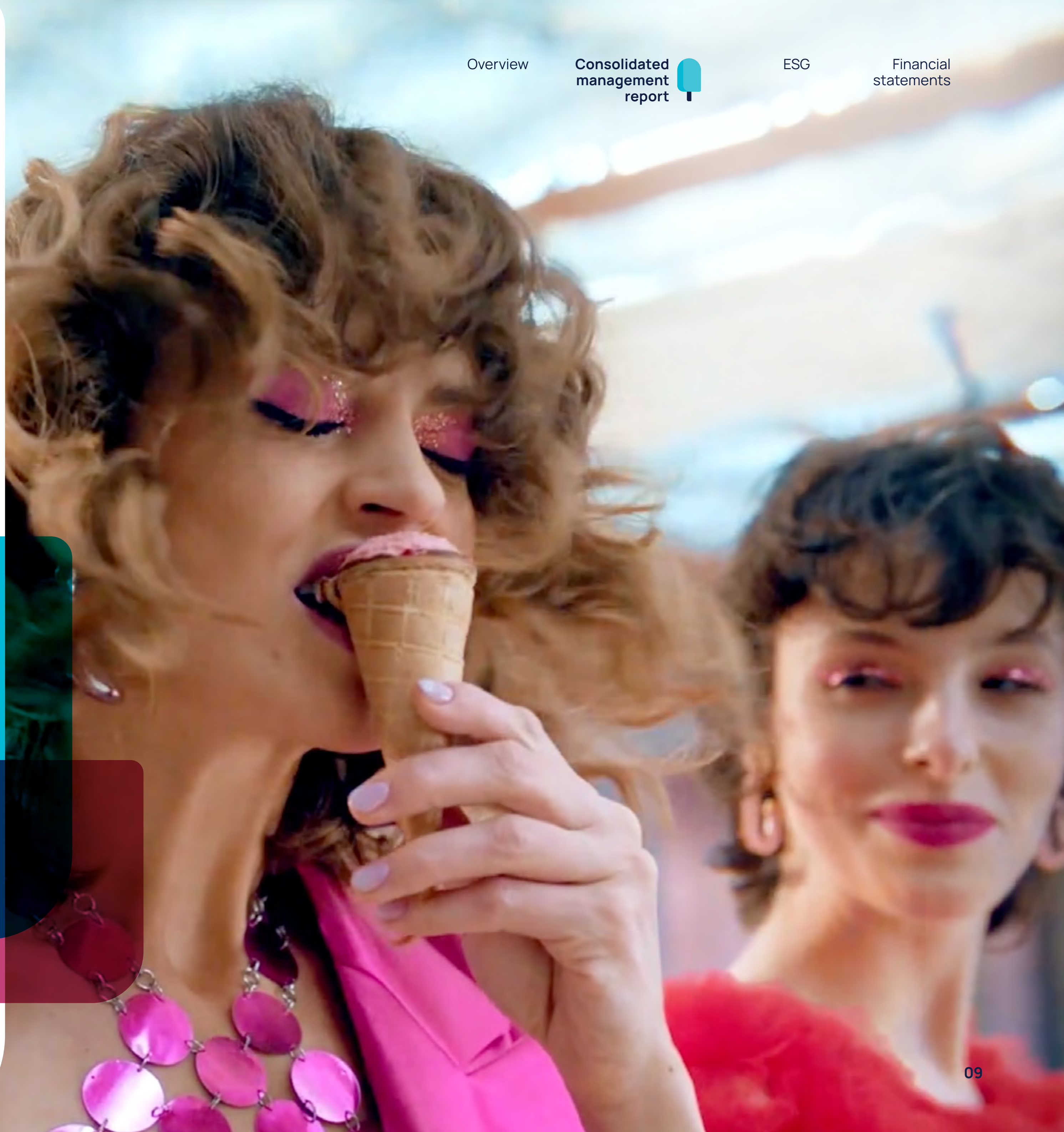
Business model

Our purpose is to build the world's best ice cream company.

The "Dynamic Cycle" is the flying wheel that drives Froneri's strategy and guides the unrelenting focus on operational excellence.

▶ Find out more at:
froneri.com

"The scale of our operations means we are well-placed to maintain our competitiveness in all our markets."



CEO review

Froneri's A-brands are key to its performance, enabling high sales growth year after year."

Ibrahim Najafi
Chief Executive Officer

Froneri's strong 2023 performance was underpinned by growth from our premium snacking A-brands, pricing actions and US capacity improvements. Every single one of our 26 markets delivered revenue growth year on year. We continue with our relentless pursuit to become the world's leading ice cream company for all consumers, customers and employees, through our focus on our Sell More, Buy Better and Take Costs Out model.

Sell More, Buy Better, Take Costs Out

Revenue has grown by 8.5% and our A-brands have grown at a rate faster than overall sales, growing by 8.9% in the year (both using like-for-like FX rates), underpinned by significant targeted marketing and capital investment. Overall pallet volumes have remained largely flat, despite the need to reflect higher input costs through pricing. Ice cream remains an affordable luxury, and volumes remain strong even in challenging times for the consumer. Our focus on further building the snacking and premium ice cream segments is paying off.

Froneri's A-brands are key to its consistently strong performance, enabling strong sales growth year after year. By "A-brands", we mean our major cross-border international brands including recognisable ice cream brands such as Cadbury, Connoisseur, Drumstick, Extrême, Häagen-Dazs (in the US), Maxibon, Milka, Mövenpick, Nuii, Oreo and Outshine, positioned in the fastest-growing premium and snacking sectors of the market. In 2023, these represented 68% of our portfolio. Further market development insight follows later in this Annual Report.

We stepped up our investment behind these brands through a combination of increased marketing support, product innovation, product quality and manufacturing capability. Our investment has been consistent across our A-brand platforms:

- Within Häagen-Dazs, we have invested in an award-winning full packaging rebrand, we have continued to invest behind the #ThatsDazs campaign and we have made good on our commitment to supporting not-for-profit organisations and spotlighting underrepresented creatives across music, fashion, culinary and art, through donating USD 500k to Anderson.Paak's "The Brandon Anderson Foundation". Through investment, we have also improved product quality, reducing consumer complaints by 29% since Froneri's acquisition of Dreyer's.
- On Extrême, we have eliminated single use plastic lids, and within Drumstick we have launched a plant-based variant and partnered with Eric André for a 2024 Super Bowl commercial featuring Drumstick's spokesperson, Dr. Umstick.
- For Mondelēz, we have added Mint Oreo ice cream to the US range and launched an inclusions-based Milka stick range. We have launched Cadbury Caramilk in the UK and Australia and a range of indulgent tubs in Australia.

4.3%
Top line growth in 2023

Source: Nielsen Retail Measurement Service 12 months ending December 2023.

- Within Nuii, aimed at a young consumer who loves adventure and cares about sustainability, we have continued the trend of innovation and marketing support, as well as delivering on our sustainability pledges on the Koala rewilding and Namibian elephant projects. We have grown this brand by 8.5%, ahead of premium snacking market growth.
- Outshine is now the number 1 plant-based iced treats brand in the world. In the year, Outshine has partnered with "The Fruit Tree Planting Foundation" to plant over 2,000 new fruit trees. And Rowntree's and Pirulo have launched an exciting new brand awareness campaign to "Free the Fun!"

Our Buying Better pillar has focused heavily on supplier audits in the year. This has been not only to ensure quality throughout the supply chain but also as a risk management measure. We have strengthened several strategic supplier relationships throughout the Group to ensure consistency of practices and to improve certainty of supply, in areas such as distribution, capital equipment and procurement of ingredients and packaging.

We continue to drive our Take Costs Out programme. Late in 2023, we completed our "One Germany" project, merging together the Osnabrück and Schöller ice cream businesses, resulting in a significantly improved cost base for the future. We have also simplified our route-to-market in Germany.

Operations

As Patrice mentioned, we have continued the major investment in our US factories. We have fully commissioned new lines in each of Laurel, Tulare, Fort Wayne and Bakersfield. This investment provides additional capacity and brings greater efficiency to our A-brand manufacturing capabilities. The additional capacity allows us to flex production more quickly in response to expected demand and means that we can manage the business with a lower ongoing inventory requirement. We have, through this investment, also improved the quality of the products being produced, as evidenced by complaints in the US having decreased from 2022 levels.

Our relentless focus on safety continues. Following every single adverse safety incident, a "lessons learnt" exercise is performed and the learnings are shared with the entire Froneri operations team globally. I am pleased to see that the number of accidents across the Group has reduced by over 10% in 2023 versus the prior year. However, we are not complacent; we continue to invest in this area, with staff training in 2023 targeted on safety around ammonia plants, cyber security, knife safety in the warehouse and bacteriology.

Our key strengths

1. **Clear focus**. Froneri has a single category focus: ice cream. We have a very strong brand portfolio and a wide geographical footprint. There is a clear focus on consumers, customers, factory performance, quality, safety and service levels.
2. **Strong team.** The Froneri team comprises a healthy mix of people with background and experience from the former R&R business, the former Nestlé business and from further afield in the ice cream industry. There is unique end-to-end ice cream expertise.
3. **Ways of working**. There is continuous information sharing and benchmarking. The business cycle is high frequency, low interval, with daily and weekly cadence of meetings. There is an optimal balance between central and local management, and reporting structures are flat.

Our strategy and priorities for 2024 and beyond

We will continue to focus on growing our A-brands at high single digit percentage growth rates year on year. We aim to unlock more of the untapped potential of the markets in which we operate in the snacking and premium ice cream segments.

We will drive our growth in a sustainable way with a focus on our ESG programme.

We will be forever focused in our pursuit of Selling More, Buying Better and Taking Costs Out.

Ibrahim Najafi
Chief Executive Officer

16.2%
EBITDAE increase in 2023

Brand case study

Häagen-Dazs is the #1 premium snack brand

Häagen-Dazs continues to be the number 1 premium snack brand in the US with USD 1.2 billion sales in the last year (6.8% ahead of the ice cream category growth rate). This market leadership is underpinned by exciting growth in the premium snacking segment, where Häagen-Dazs has a 47% share of the segment.

#1
premium snack brand in the US

47%
share of the exciting growth in the premium snacking segment

The continued success of the brand within the US market is driven by a sharp focus on improved quality, coupled with innovation which hits the mark with consumers.

2023 saw the launch of the Butter Cookie. Enticing new consumers to the brand with an elevated premium snacking experience, the Butter Cookie combines the luxury of Häagen-Dazs ice cream with a unique butter cookie cone. Recruiting new consumers to the brand has been a key driver of success, with penetration increasing impressively by 16% across the Häagen-Dazs brand.

Investment in communications for Häagen-Dazs reached its highest ever level in 2023 and continues to build on the successful, "Thät's Dazs", consumer platform.

"Recruiting new consumers to the brand has been a key driver of success with penetration increasing impressively by 16% across the Häagen-Dazs brand."

Source: IRI Retail Measurement ending 31/12/2023.

Scan the QR code to view the Häagen-Dazs story

Consumer trends and market overview

The market has shown consistent growth over several decades, ahead of other key snacking categories.

Consumer trends and market

We analyse our markets between the take-home ice cream segment, where products are purchased from retailers for consumption at home, and the out-of-home segment, where ice cream products are purchased for immediate consumption. Froneri's take-home market is larger than its out-of-home market, though both are substantial in most of the Group's key territories. Approximately 87% of Group ice cream sales are from branded products including iconic snacking and premium ice cream brands such as Häagen-Dazs (in the US), Extrême, Drumstick, Oreo, Nuii, Cadbury, Milka, Outshine and Pirulo. The share of private label is significantly smaller – although certain key Froneri countries do have a substantial private label presence. Overall, Froneri holds the number two position by revenue in the global markets (ranking only behind Unilever) and at least a top three position in all the countries in which the Group operates. Froneri is the number two branded ice cream global producer and the largest global producer of private label ice cream.

The market has shown consistent growth over several decades, ahead of other key snacking categories. Drivers of the market growth include snacking, "premiumisation", innovation, convenience and accessibility. Froneri has added more value to the snacking and premium segments since its inception and is well positioned to benefit from the continued growth in these markets, through its focus on building a global A-brand platform with an increased marketing support (+8.2% in 2023), product development to anticipate and react to changing consumer trends (such as snack indulgence, wellbeing and food activism), introducing new products with innovative flavours and inclusion combinations, and always ensuring premium quality supported by best in class factories.

Product premiumisation and the positioning of ice cream as an affordable luxury snack have been key in driving growth in developed markets.

The acquisition of the Dreyer's business in the US in 2020 significantly increased the Group's geographic footprint and scale; the US is the largest retail ice cream market globally. New brands have been introduced to the business through the acquisition including Häagen-Dazs, a super-premium brand, and iconic snacking brands such as Drumstick and Outshine. Froneri is now applying its extensive ice cream knowledge to the Dreyer's business, while also contributing the Froneri way of working (including best practices and cost structure optimisation) and its proven innovation capabilities to drive further growth in the US. Since 1 January 2022, Froneri holds the rights to produce and sell Mondelēz ice cream products in the US. Oreo ice cream is now a +USD 200 million consumer sales value brand in the US. Since 2022, Froneri is leading the US retail ice cream market and has further increased its gap against competition in 2023.

Whilst there is seasonality in ice cream, our geographical and product diversification, particularly into the US take-home market, has enabled us to better balance the potential impact of local weather.

The scale of our operations means we are well-placed to maintain our competitiveness in all our markets. This will also be an important factor in the ability of the Group to deliver on the strategic objectives of being able to Buy Better and Take Costs Out of the business, and to generate strong cash flows, in order to continue to invest in its brands, the quality of its products and customer relationships.

Source: Nielsen & IRI Retail Measurement Service 12 months ending December 2023.

83%

of Group sales are from branded products

Brand case study

Cadbury is the largest growing ice cream brand in the UK market

Cadbury is experiencing major success in the UK as it becomes the largest growing major brand in the ice cream market, with annual growth of 18%. Cadbury finishes strongly ahead of the market performance, gaining market share and taking a 6.4% brand share of the total UK ice cream market.

The success of the Cadbury brand is also replicated in Australia where the performance goes from strength to strength building a strong presence in sticks with a 10% market share helping to achieve a number 1 position in premium sticks for Froneri.

+18%

annual growth, the largest growing of all major brands in the category

The iconic chocolate brand appeals to a wide audience and is the number 1 ice cream choice for the family. The Cadbury brand has proven hugely popular in the premium sticks market with an impressive market share of 11.5%. Market growth is fuelled by the bestselling Cadbury Dairy Milk stick, with an iconic Cadbury chocolate swirl inside, and the evergreen Cadbury Crunchie Blast stick.

The success of Cadbury has been sparked by the popular consumer communication campaign "You Already Know You're Going to Love it" which heroes the popularity of the Cadbury Dairy Milk chocolate being reimagined into ice cream form. In 2023, investment in media across all touchpoints hit its highest level for Cadbury. By helping to drive awareness, Cadbury had the fastest growing market share of any major brand in the ice cream category.

In addition to the communications success, Cadbury has also introduced a new confectionery themed merchandising bay. This has resulted in impressive performance results and exciting brand visibility in stores.

Building on the success of the Cadbury brand in the UK, the other Mondelēz chocolate pillars are also gaining significant traction with Côte d'Or in France becoming one of the fastest growing brands in value. Côte D'Or has a unique gourmet positioning with intense chocolate flavour and a combination of thick chocolate pieces and raw nuts. Milka has undergone a relaunch in 2023 with a new packaging livery, designed to deliver shelf impact and block branding, as well as a fantastic relaunch of flavours including an emerging new favourite, Milka Butter Cookie.

Both Côte d'Or and Milka brands have an ongoing communications support plan, which includes upcoming television commercials, as we continue to commit to building these ice cream brand pillars.

> **"The iconic chocolate brand appeals to a wide audience and is the number 1 ice cream choice for the family."**

Source: Nielsen Retail Measurement Service 12 months ending December 2023.

Scan the QR code to view the Cadbury story

Financial review

"The revenue growth has been achieved entirely through pricing and mix."

Ivar Blanken
Chief Financial Officer

Overview

For the year ended 31 December 2023, Froneri generated revenue of €5,292 million (2022: €5,074 million), an EBITDAE* of €966 million (2022: €831 million), operating profit of €530 million (2022: €414 million), a loss before tax of €57 million (2022: €35 million) and free cash flow before acquisitions, financing and exceptional items** of €210 million (2022: €116 million). At 31 December 2023, the Group had net assets of €1,468 million (2022: net liabilities of €339 million). The increase in net assets primarily results from the conversion of loan notes to equity in the year (see below).

Revenue

Revenue for the year ended 31 December 2023 was €5,292 million (2022: €5,074 million), an increase of 4.3%. The geographic split of revenue was €2,374 million (2022: €2,204 million) in Europe, €2,049 million (2022: €2,022 million) in the US and €869 million (2022: €848 million) in the rest of the world.

The Group's global A-brand sales increased by 8.9%, in part due to the impact of the price pass throughs in 2022 and 2023, together with market share improvements. While focus and investment is on A-brands, the strategic position of Private Label in key markets offers an alternative to consumers looking for a lower price point in times of economic uncertainty.

The revenue growth has been achieved entirely through pricing and mix, outperforming the market in a vast majority of the countries in which we operate. Our volumes – in pallet terms – have been flat, but we have benefited from sales mix as a result of the market shift towards snacking and premiumisation.

We believe that most markets have now fully recovered from COVID-19, with trading back up to pre-pandemic levels in most territories.

The top eight markets accounted for 77.8% (2022: 77.9%) of total Group revenue. Those markets comprised the US, Australia, France, Germany, Italy, Spain, Switzerland and the UK. Outside of the top eight markets, revenue and profitability growth in Brazil was particularly pleasing.

Profitability

EBITDAE for the year ended 31 December 2023 was €966 million (2022: €831 million). The geographic split of EBITDAE was €598 million (2022: €438 million) in Europe, €197 million (2022: €242 million) in US and €171 million (2022: €151 million) in the rest of the world.

* EBITDAE definition was changed in 2023 to also exclude share-based payment charges; prior year comparators have been adjusted accordingly. See Note 3 of the consolidated financial statements.

** Free cash flow before acquisitions, financing and exceptional items is a non-GAAP measure. It is defined on the face of the Consolidated cash flow statement.

Operating profit (after exceptional items) for the year ended 31 December 2023 was €530 million (2022: €414 million). Loss before tax for the year ended 31 December 2023 was €57 million (2022: €35 million).

The large majority of our Sales (91%) and therefore EBITDAE is generated in hard currencies which translates into real cash to service our debt.

Share-based payments of €7.4 million were charged to the Administrative expenses line in the consolidated income statement in the year (2022: €1.7 million). The increased charge has arisen because of much higher IFRS 2 Fair Values being ascribed to those shares issued in 2023, primarily as a result of the increasing profitability of the business throughout 2023.

Exceptional items

Exceptional costs of €62 million were incurred in 2023 (2022: €63 million). These largely related to the continuing transformation of the US business and the project to merge our two German ice cream businesses into one. The exceptional costs in the prior year primarily related to the US transformation, asset impairments and costs associated with the German route-to-market changes (see note 4). Cash outflows relating to these exceptional items amounted to €41 million in 2023 (2022: €69 million).

Cash flows

Froneri generated €210 million (2022: €116 million) of free cash flow before financing and exceptional items. Operating cash flow of €886 million (2022: €603 million) was €927 million (2022: €672 million) before exceptional cash flows. The growth in 2023 operating cash flow was driven primarily by the significant increase in profitability in 2023. Set against the operating cash flow were increases in each of:

- net capex payments of €374 million (2022: €355 million). The capex payments continued to primarily relate to the US transformation project;
- net interest payments of €252 million (2022: €160 million). Higher interest rates have driven this increased cost, despite Froneri reducing its net debt and leverage; and
- tax payments of €90 million (2022: €41 million).

As a result of improved profitability, cash flow, net debt and leverage in 2023, both S&P and Moody's have issued upgrades in the Froneri rating.

Capital structure

Please see notes 20, 24 and 25 for a summary of the debt and equity structure of the Group at the year end.

In 2020, the Group entered into a €6.2 billion equivalent financing package through a Senior Facilities Agreement and Second Lien Facility Agreement. The facilities comprised: a €2,180 million senior term loan facility and a USD 2,670 million senior term loan facility, both with maturity dates of January 2027; second lien term loan facilities of €245 million and USD 245 million, with maturities of January 2028; a shareholder loan of USD 600 million, with a maturity of December 2029; and a €600 million multi-currency revolving credit facility, with a maturity of July 2026. The Group also entered into a series of cross-currency interest rate swaps, swapping USD 510 million to GBP and USD 325 million to AUD, in order to better match the underlying cash flow generation of the Group. The revolving credit facility remains undrawn at 31 December 2023.

The second lien term loan facilities of €245 million and USD 245 million were repaid in 2021. During the year, the capital structure of the Group was changed. The old Shareholder Loan Notes were replaced by new A1 and B1 Ordinary shares, and the old Shareholder Loan was replaced with new C Preference shares. From 31 January 2024, the beneficial rights of each class of shareholder (PAI/Nestlé/management) on a distribution or liquidation are not expected to be affected in any way by this reorganisation, other than the C Preference shares are now denominated in EUR whilst the old Shareholder Loan was denominated in USD; the old instrument was converted to the new instrument at the FX rate prevailing on the date of the conversion. This reorganisation does have an impact on the company in that the old Shareholder Loan notes were interest-bearing debt whilst the new A1 and B1 Ordinary shares attract no interest and are equity, resulting in less interest charge to the Company's P&L and much-improved balance sheet post-reorganisation.

Going concern

At 31 December 2023, the Group had net assets of €1,468 million (2022: net liabilities of €339 million). The improvement is primarily attributable to the issue of €1,962 million of new A1 and B1 Ordinary shares, issued in satisfaction of shareholder loans, effectively converting debt to equity.

The Board of Managers have considered this position, together with the Company and the Group's budgets and forecasts and positive net current assets position. These forecasts were then subject to a range of sensitivities including a severe but plausible scenario together with the likely effectiveness of mitigating actions. Such sensitivities include a 10% reduction in EBITDAE, a 10% worsening of working capital position, a 10% increase in exceptional cash flows and a 10% increase in capex. Under these sensitivities, after considering also mitigating actions the Board of Managers would take, the Group continues to have a sufficient level of liquidity to continue in operation and meet its liabilities as they fall due. After making appropriate enquiries, the Board of Managers consider that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the preparation of the financial statements.

Financial review continued

"The large majority of our sales (91%) and therefore EBITDAE is generated in hard currencies which translates into real cash to service our debt."

Key Performance Indicators ("KPIs")

In addition to the measures discussed above, there are a number of KPIs being used across the Group on a daily, weekly and monthly basis. These monitor performance of the operations compared to budget, prior year and compared to forecast, where appropriate.

The KPIs monitored on a regular basis incorporate both financial and non-financial measures and cover all functions of the business.

KPIs monitored on a daily basis, amongst most of the Group's businesses, are:

- safety;
- production volume;
- sales volume and value; and
- order intake.

KPIs monitored weekly/monthly are the above plus:

- reportable accidents;
- sales, gross margins and EBITDAE margins;
- sales and standard margin by brand;
- profit and cash generation;
- inventory levels;
- quality measures, such as customer complaints;
- raw materials and packaging buying prices;
- write-offs of raw materials and finished goods;
- variances of operational performance and costs to standard;
- IT and security measures;
- capital expenditure;
- absenteeism;
- service levels;
- market share;
- brand support and media share of voice;
- factory waste – landfill vs recycled; and
- water discharged.

The primary financial KPIs we use are as follows:

- sales;
- EBITDAE;
- free cash flow; and
- net debt.

The primary non-financial KPIs we use are summarised below:

	2023	2022	Change	Change %
Sales volume(1)	2,877,113	2,885,855	- 8,742	- 0.3%
Safety incidents(2)	141	157	-14	- 8.2%
Market share(3)	24.5%	22.8%	+ 1.7 ppt	

(1) Sales volume is the number of pallets we sell.

(2) Safety incidents is the number of reportable accidents experienced in our factories.

(3) Market share is our retail market share in the geographical territories in which we operate.

Principal exchange rates

Froneri reports its results in Euros, its presentational currency. In the year ended 31 December 2022 the Group operated in 16 other currencies and the principal exchange rates used are shown below:

Currency	Symbol	31 December 2022	1 January – 31 December 2022 average
Argentinian Peso*	ARS	189.916	189.916
Australian Dollar	AUD	1.571	1.517
Bulgarian Lev	BGN	1.956	1.956
Brazilian Real	BRL	5.657	5.440
Swiss Franc	CHF	0.990	1.005
Egyptian Pound	EGP	26.350	20.267
British Pound Sterling	GBP	0.884	0.852
Israel New Shekel	ILS	3.755	3.529
New Zealand Dollar	NZD	1.686	1.658
Philippine Peso	PHP	59.578	57.288
Polish Zloty	PLN	4.690	4.651
Romanian Leu	RON	4.947	4.931
Serbian Dinar	RSD	117.322	117.459
Russian Rouble	RUB	75.655	72.569
South African Rand	ZAR	18.175	17.160
US Dollar	USD	1.070	1.054

The principal exchange rates used in the year ended 31 December 2023 and as at 31 December 2023 are shown below:

Currency	Symbol	**31 December 2023**	**1 January – 31 December 2023 average**
Argentinian Peso*	ARS	**892.205**	**892.205**
Australian Dollar	AUD	**1.621**	**1.628**
Bulgarian Lev	BGN	**1.956**	**1.956**
Brazilian Real	BRL	**5.355**	**5.400**
Swiss Franc	CHF	**0.929**	**0.971**
Egyptian Pound	EGP	**34.172**	**33.096**
British Pound Sterling	GBP	**0.867**	**0.870**
Israel New Shekel	ILS	**3.991**	**3.980**
New Zealand Dollar	NZD	**1.746**	**1.762**
Philippine Peso	PHP	**61.126**	**60.145**
Polish Zloty	PLN	**4.348**	**4.543**
Romanian Leu	RON	**4.975**	**4.946**
Serbian Dinar	RSD	**117.174**	**117.251**
Russian Rouble	RUB	**100.551**	**92.225**
South African Rand	ZAR	**20.163**	**19.936**
US Dollar	USD	**1.104**	**1.082**

* Due to the adoption of IAS 29 Hyperinflation, the year-end rate is used for all conversions of the Argentinian Peso.

Environmental, Social and Governance ("ESG")

Brand case study

Building on our #1 position in the plant-based snacking segment

Scan the QR code to view our plant-based stories

Froneri leads in plant-based snacking globally. Thanks to the strong position of the Outshine brand in the US and our portfolio of fruit & fun ice cream brands across the world, we hold the market leadership position with 35% of the global market and consumer sales of €2 billion.

A newly elevated platform for the fruit & fun portfolio has provided a springboard to relaunch the Pirulo brand with a product range focused on reaching a wider consumer audience. This includes broadening adult appeal through a fruity and tasty product which also happens to be mostly vegan and naturally lower in calories due to its fruity make up.

Pirulo also has a new packaging livery which embodies a fresher, more modern appeal, designed to stand out on the shelves. Alongside the new packaging, there has also been a raft of product quality improvements and new launches to capture the appeal of this range. The iconic Tropical has a new recipe with 25% fruit content, we also launched Fruit Joy within the Pirulo range, fresh on the heels of the hugely popular and iconic Fruit Pastille under Rowntree's, which is the second largest selling product in the UK market.

In Australia and New Zealand, the mesmerising Fruit Stack concept has launched with incredible results. It is clear this unique product innovation has a huge fan base globally, demonstrating Froneri has a compelling platform to build on globally for our fruit & fun brands.

We have launched a Europe-wide communications campaign for Pirulo and Rowntree's based on the lively "Free the Fun" creative idea which embodies the spontaneous joy and freedom moments while enjoying one of our fruity snacks. The results from this campaign have proven very popular especially with the adult audience, showing scalability in our growth potential by recruiting new buyers in this segment.

The next step on the Rowntree's journey will be funding community-led projects in the UK by helping adults in challenging situations gain a sense of fun.

Source: Nielsen & IRI Retail Measurement Service 12 months ending December 2023.

ESG overview

Our approach

ESG is embedded in how we do business at Froneri.

We integrate our values into the way we do business, and accountability for ESG issues is at every level of our Group. We include ESG considerations within investment decisions and we cover ESG reporting and tracking in our weekly KPI review meetings.

Our global ESG strategy provides the framework through which we address the issues that matter most to our business and stakeholders and is integral to fulfilling our vision to build the world's best ice cream company. It encompasses five key areas of action, supported by several ambitious goals. We focus on improving our environmental impact, taking care of our people and communities, optimising our products, ensuring strong governance and raising standards in our supply chain.

We are increasingly integrating our ESG strategy into the way we do business, empowering our employees to act and collaborating with our partners and suppliers to optimise our positive impact. Importantly, our strategy will also help us contribute to the global, UN-led push for a fairer, more sustainable world.

A dedicated ESG Committee continues to define and oversee our ESG strategy, which is executed by our Management Board members and Country Managers, who plan, monitor and report monthly on progress.

Improving our environmental impact and reducing our GHG emissions

We aim to grow our business while improving our environmental footprint, conserving natural resources and reducing waste. We develop practical solutions to improve our efficiency and reduce our impact on the environment, going beyond compliance where possible, and always striving to address consumers' concerns. Partnering with a third party environmental expert, we are strongly committed to set Science Based Target initiatives ("SBTi") to drive down our GHG Emissions.

Taking care of our people and communities

We are committed to enabling our employees to thrive in a diverse, inclusive workplace, keeping them healthy and safe, while providing numerous opportunities for learning and development. The Froneri "ways of working" provide employees with hands-on experience, expanded leadership responsibilities, and stretch assignments to grow careers faster than traditional career pathing. We work with our suppliers to protect workers' rights and help ensure safe working conditions in our supply chain. We also work and support our local communities and support a significant number of wide-ranging local market charities.

Driving sustainable products

We listen to our consumers and aim to provide the full range of exciting ice cream options they desire, drawing on in-depth ice cream knowledge and a deep sense of responsibility. Our diverse, expanding product ranges respond to evolving dietary preferences, sustainability concerns and lifestyle aspirations, while continuing to deliver high quality and taste appeal. We have a particular focus on optimising children's products and providing responsible treat options, while also encouraging parents to remember that ice cream remains an indulgent treat. Mindful of nutrition, we provide transparent, factual nutrition and health information, comply with responsible marketing standards, and encourage consumers to make informed decisions about their diet.

Ensuring strong governance

Good, strong governance is fundamental to achieving our ESG objectives and we have taken care to embed accountability for ESG issues at every level within the business. We develop frameworks, policies and procedures to ensure we meet our legal obligations and allows us to respond quickly to new requirements.

Raising standards in our supply chain

We are continuously building our understanding of the social and environmental impacts of our supply chain to better manage risk, improve standards and increase resilience. This will help empower our brands to make ESG advances and take action informed by accurate, in-depth risk analysis. Building on important advances in raw material sourcing and plastic reduction and collaborating with our suppliers, we aim to keep expanding our supply chain sustainability efforts.

Our Goals by the end of 2024:

To focus our ESG activity we have committed to ambitious short-term targets:

- 100% of our children's portfolio across all markets meeting defined calorie, sugar and saturated fat guidelines.
- 100% of palm oil sustainably sourced (RSPO) and all our own factories RSPO certified.
- Further reductions of high risk accidents and lost time due to injuries.
- Establish verified SBTi targets and pathways to drive down our GHG emissions.
- Increasing the number of female employees in management positions.
- To further progress recycling and recovery of all factory waste as we track towards our target of achieving 100% waste recovery and recycling.

"In addition to the above, we are also committed to achieving net zero emissions by 2050."

2024 goals

100%
of children's products meeting defined guidelines

100%
of palm oil sustainably sourced

Find out more at:
froneri.com

ESG | Environmental

"We are focusing on reducing energy use, improving energy efficiency and increasing our use of renewables."

Our progress during 2023 and further plans

All of our 2023 initial commitments have been achieved and we continued to make progress on bold new recipes, healthier choices and plastic reduction, while creating a robust and holistic ESG strategy. Underpinning our 2023 progress is strong governance which is fundamental to achieving our ESG objectives.

Key achievements on our ESG roadmap:

Improving our environmental impact in manufacturing and supply chain

- Since 2019 and building further on from 2022, we have reduced our plastic packaging utilisation by 2,270 tonnes and transitioned to recycle another 2,610 tonnes of plastic.
- We are investing in major new water treatment facilities in France, Italy and Serbia.
- We currently recycle or reuse 90% of the waste generated in our factories.
- We are focusing on reducing energy use, improving energy efficiency and increasing our use of renewables. For example, our sites in Italy and Switzerland use roof-mounted solar panels and in Italy, Germany and UK, our sites produce electricity and heat efficiently through co-generation and then sell excess electricity to national grids.
- By the end of 2025, we aim for 100% of our packaging to be recyclable, compostable, biodegradable, or reusable. Also 100% of our paper, cardboard and sticks will be sourced from responsibly managed forests or from recycled material.

Driving sustainable products

- Froneri has grown its plant-based sales, now reaching 12% of total branded sales.
- As a responsible company, we do not direct any ice cream communication to children below 16 years of age in any media channels in which age targeting is possible. All of our products' packaging provides transparent information on nutrition to help inform decisions. Froneri has also added the NutriScore information on its kids' r ange in several European countries.
- We continued to enhance and deepen our brand social partnerships as well as deliver relevant local country community initiatives. This included, but was not limited to, the support of WildArk (koala rewilding project in Australia, which started in 2022), continuing our USD 1 million commitment over three years to support organisations that uplift underrepresented creatives and tastemakers in the US with Häagen-Dazs and supporting ocean conservation with our Extrême and Drumstick brands.

Raising standards in our supply chain

- We work together with our industry to improve the sustainability of key ingredients such as palm oil, vanilla and cocoa, through multi-stakeholder initiatives and working groups, including the Roundtable for Sustainable Palm Oil.
- We have finalised a strong step on our cocoa supply certification. 90% of our A-brands are using certified cocoa (RFA, Cocoa Life). We are committed to bring the US business to the same level of cocoa RFA certification; we will have the whole Häagen-Dazs and Drumstick range complying by the end of 2024. By 2025, we aim to have 100% of our A-brands using certified cocoa.
- During 2024 we will improve our palletisation efficiency on some of our core A-brands with the benefit of reducing thousands of truck journeys as we deliver the same volume of products more efficiently.
- Improvements in our supply chain systems in the USA will again have the benefit of significantly reducing our distribution footprint despite increasing the amount of products sold.
- Where possible we are attempting to localise raw material supply. For example, in Australia 80% of all raw materials are now sourced in Australia and this increases to 100% for Australia cream sourcing.
- We continue to commit to using sustainable packaging; we have a programme in place that is reducing our use of single use plastics. All of our sticks are sourced from sustainably managed forests. We continue to move our packaging on our strategic A-brands to carton board FSC-certified or recycled materials with the commitment to reach 100% by the end of 2025.

Reducing our GHG emissions

- We have successfully rolled out a carbon emissions measure to all Froneri countries including the US. We now have a unique internal database which measures and reports on emissions per country, site and product all of which are allocated between emission Scopes 1, 2 and 3.
- We have developed our Scope 3 reporting to distinguish and report on the differences between FLAG (Forestry, Land and Agriculture) and non-FLAG.
- We have partnered with an accredited Carbon Disclosure Project partner to run a full verification of Froneri carbon emission measures.
- With the support of our expert partner, we are starting to define our final SBTi for a full external report by the end of 2024.
- In parallel to the SBTi finalisation, Froneri is using its existing tool to work on a Group-wide carbon reduction programme.
- We are setting Froneri Science Based Targets and the subsequent robust roadmap will drive down our GHG emissions.

Integrating our values

- In 2023 we incorporated ESG metrics into our Capital Expenditure approval process.
- We have developed a Group-wide hub for improved communications and collaborations on ESG projects and insights.
- We have improved the general ESG awareness of our employees by launching an ESG weekly bulletin highlighting related issues, incidents and projects making the news.

90%
of A-brands currently using certified cocoa

100%
certified cocoa target

100%
A-brands packaging FSC-certified target

90%
of factory waste generated reused

Find out more at: froneri.com

ESG | Social

Social – Supporting our people and communities

"We strive to create diverse, inclusive workplaces where every one of our 12,000+ employees is valued."

Our ambition

We strive to create diverse, inclusive workplaces where every one of our 12,000+ employees is valued. Aligned with our values, Froneri is committed to empowering our people through equal opportunities, protecting their rights and prioritising their health, safety and wellbeing and focusing on personal development. We support and encourage our employees in contributing to our communities. As confirmed in the Culture Survey results, employee engagement continues to increase year after year.

We aim to improve the nutritional profile of our products and grow our portfolio of responsible and ecologically-conscious treats, while maintaining the same great quality and taste appeal. We strive to provide transparent, factual nutrition and health information on our packaging, comply with responsible marketing standards and encourage consumers to make informed dietary decisions. We take pride in the efforts we have made to change our manufacturing processes, equipment and packaging that have contributed to reducing our carbon footprint.

Our approach

As a global organisation comprised of multiple companies worldwide, we have worked hard to create and nurture a sense of identity among all our employees by building the Froneri brand. We focus on attracting the right talent for our diverse operations and promote the growth and development of our people.

We have supported our employees through a continual rapid pace of change, most recently in the US and provided unprecedented opportunities to learn and develop, to help them embrace our values.

Beyond a steadfast commitment to fulfilling our rapidly evolving legal and compliance obligations, Froneri is continuously evaluating evolving socio-economic issues to further focus its corporate responsibility efforts, including on gender and racial equality.

Taking care of our people and communities

As part of our engagement with employees, we conduct a Culture Survey, in which our overall employee experience score improved from 70% in 2022 to 72% in 2023.

Keeping our people safe is our top priority. Over 80% of employees confirmed through the Culture Survey that safety is a top priority for all levels of the organisation. To promote a culture of safety, we uphold high standards underpinned by robust policies and procedures.

Lessons learned and best practices are shared across factories and across countries to ensure we are continuously improving our safety performance. Froneri frequently exceeds local requirements in setting its safety strategy and expectations. We constantly engage with all our employees and contractors on health and safety, providing hands-on and classroom training, as well as discussing all recent safety issues and trends weekly at all levels. Froneri decreased the number of injuries by 10% in 2023. Additionally, injuries have decreased by 37% since 2019.

In 2023, we finished the rollout of Ammonia Safety Training at all factories, as well as rolled out Behaviour Based Safety Training which will continue throughout 2024. Increasingly, employee wellbeing, and particularly mental wellbeing and resilience, will become part of each country's health and safety plans.

“Froneri is committed to empowering our people through equal opportunities, protecting their rights and prioritising their health, safety and wellbeing and focusing on personal development.”

Working for equality and diversity

Creating a diverse, inclusive work environment is fundamental to attracting and retaining talented employees. Empowering our teams to contribute richer ideas and building our capacity for creativity and innovation have been instrumental to our success. We hire local Country Managers in each market, allowing us to stay close to consumers' evolving needs and providing opportunities for local people to thrive within a dynamic global business. In particular, we are increasingly exploring how we can best encourage gender diversity and empower people across our business, irrespective of gender. We have a healthy gender balance at senior operational levels throughout the business.

Giving back to local communities

We have a duty of care to behave responsibly in the communities where we operate. We seek to create the maximum positive impact in our communities, responding to social challenges at a local level.

Froneri New Zealand (Tip Top) partnered with the Mental Health Foundation to encourage people to share an ice cream and share what's on their mind during Mental Health Awareness Week.

Froneri UK supported the conservation of bumblebees in the Cornwall area. This contributes to the improvement of land management, creating a better home for bumblebees and reversing bumblebee decline.

Froneri Australia continues to support Foodbank Victoria, WildArk and participates in Clean Up Australia day.

Froneri US donated to the Brandon Anderson Foundation, which supports and creates initiatives that uplift the community through access to the arts and experiences, as well as La Cocina which is an organisation that solves problems of equity in business ownership for women, immigrants and people of colour in the culinary space.

Children's nutrition

To provide more responsible children's treats, while still delivering the same ice cream experiences kids love and the same level of adventure, we have a robust nutrition policy in place. Our “Road to 100%” plan, launched in 2019, guides our efforts to achieve our calorie, fat and sugar reduction targets for all our kids' products, while maintaining great quality, flavour and choice. Our product development teams make sure that any new products respect our targets from the outset.

We are also working across our business and collaborating with suppliers to reimagine existing products, focusing on reducing calories and total sugars per serving (which automatically reduces saturated fatty acids) and adjusting portion sizes. We disclose all the nutritional information of our children's products transparently, and adhere to all responsible marketing standards, with no communications or packaging designed to attract children. We are increasingly extending our commitments on children's nutrition to our broader ice cream portfolio with an upper limit for energy per serving. We have already achieved more than 90% of all branded products with fewer than 250Kcal per serving, and wherever possible, we will work on reducing portion size for adults' products.

ESG | Governance

Governance – Ensuring best practice

"We integrate our values into the way we do business, embedding accountability for ESG issues at every level of our Group."

Our ambition

Growing responsibly and responding transparently to stakeholder expectations means upholding robust, globally-consistent standards and behaviours. Good, strong governance is also fundamental to achieving our ESG objectives and ensuring the safety and quality of our products. We aim to build and maintain a world-class governance system, empowering our country teams to deliver our strategy responsibly and ethically at a local level.

Our approach

We integrate our values into the way we do business, embedding accountability for ESG issues at every level of our Group. Striving for excellence, we seek to maintain the right balance between commercial obligations and legal responsibilities. In particular, we continuously evolve our frameworks and policies to ensure compliance with all relevant laws and regulations and promote informed decision-making. We include ESG considerations within investment decisions and we embed ESG reporting and tracking in our weekly KPI review meetings.

Importantly, our decentralised model allows for country-specific flexibility in developing appropriate, contextually relevant governance, supported by Group-level guidelines and standards. This inherent agility enables us to respond quickly to consumer trends, supply chain disruption and unforeseen events such as the COVID-19 pandemic, rapidly implementing relevant measures to address ESG issues. We recognise that operating a decentralised structure also creates some risks in terms of ensuring transparency at a Group level over country-specific compliance issues and take every care to manage risk as transparently as possible.

Managing risk

We monitor and manage risks at both a Group and country level, keeping a detailed risk register for each country, and regularly review risk severity in order to develop or adapt relevant policies, practices and training.

Internal audit

Our internal audit reviews are overseen by the Audit Committee. In 2023, we completed nine internal audits of countries and Group functions, taking action to address and improve any instances of non-compliance with our policies.

Human rights and modern slavery

We respect the human rights of everyone touched by our business and seek to conduct our business in line with the Universal Declaration of Human Rights and recognised best practice guidance, including the UN's Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We integrate human and labour rights concerns into all our policies, and have a dedicated modern slavery policy in place, governing our approach to preventing slavery in our business and supply chain. In addition, our "supplier code of conduct" sets out clear requirements for our suppliers in protecting workers' rights.

Anti-bribery and corruption policy

It is Froneri's policy to conduct all its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

Each Group business must implement their own local anti-bribery policy which incorporates the Group's minimum policy requirements, whilst being sensitive to local customs. All employees are trained on the requirements periodically. Country Managers and Heads of Finance are responsible for implementing their own local policies, including appropriate practices, processes, controls and training.

Froneri operates in certain territories which present a higher risk of bribery and corruption than others due to the particular political and social landscape. Before doing business in any new territory, we assess the risks associated from a bribery and corruption perspective to identify and implement any controls required to manage the risks of operating there, proportionate to the bribery and corruption risk.

Each Froneri business must have adequate anti-bribery and corruption procedures and due diligence in place relating to employees, agents and distributors, suppliers, customers and any associated persons. Additional due diligence is performed on those employees who have access to Company funds or hold a position of seniority. The Group also has clear guidelines in place regarding gifts and hospitality and charitable and political donations.

All employees are encouraged to raise concerns about suspected bribery or corruption, either through their usual chain of command, through Group legal or through the third party whistleblowing hotline, as appropriate.

There have been no instances of non-compliance with the policy noted in the year.

Business ethics and human rights

Froneri is committed to conducting business in an ethically and socially-responsible manner and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. The Group is regularly audited, by both independent auditors and customers.

We have committed to a programme of auditing our top suppliers at a Group and country level to cover areas like consumer safety, compliance to our specification and verification of ethical and environmental commitments. This further helps Froneri ensure that its suppliers operate in an ethically and socially responsible manner. To bring additional rigour to this audit programme, the Group selected Merieux as our supplier audit partner.

The Group is similarly committed to conducting business in a way that is consistent with universal values on human rights and complying with the Human Rights Law. The Group ensures that appropriate consideration is given to human rights issues in the formulation of its policies and processes. This is most pertinent in the Group's approach to supply chain management (and the consideration of an ethical trading stance in that respect) and overseas employment policies and practices. Where appropriate, this can take the form of charitable donations, supporting employees in fundraising or volunteering for local good causes, and community partnering. In addition, employee measures are monitored in regular KPIs to ensure the welfare of our employees through such measures as absenteeism and safety.

There have been no instances of non-compliance with these policies noted in the year.

"Froneri is committed to conducting business in an ethically and socially-responsible manner."

ESG | Governance continued

Principal risks and uncertainties

The Board of Managers consider the potential impact of business risks regularly at Board meetings. Actions to mitigate the risks are also discussed. The more significant risks and uncertainties faced by the Group are set out below:

- Ineffective IT disaster recovery processes or cyber attack. Whilst the Group has IT recovery and crisis management plans in place, there remains a risk that loss of/issue with the Group's IT systems could disrupt the Group's business resulting in financial loss or reputational damage. The Group works with various suppliers and customers, which involves network connections. There is a risk that a cyber attack on third party software or service provider could lead to a breach of Froneri through its supply chain.
- Contamination of food or raw materials during production. The Group has controls in place to physically segregate and secure its physical production areas and has testing procedures to check finished goods. However, there is a risk of contamination of products during production due to usage of contaminated ingredients supplied by third parties resulting in product recall, associated losses and negative publicity.
- Acquisitions integration. Whilst the Group undertakes detailed due diligence ahead of any acquisition, there is the potential that acquisitions may expose it to additional unforeseen risk. The scale of the US business transformation required careful integration of systems, processes and cultures. There is a risk of losing key people and customers with adverse effects on earnings.
- ESG risk. The Group faces an evolving landscape of ESG-related risks that could cause an actual or a potential material negative impact on the value of the investment arising from an adverse sustainability impact.
- Interest rate risk. Significant changes to interest rates could affect the profitability of the business.
- Economic conditions. Accelerated inflation worldwide could negatively affect both net sales and EBITDAE. Increased cost of living could decrease consumer demand for our products. Insufficient price increases to cover for increased costs worldwide could negatively affect profitability.
- Health and safety. There are strict controls and trainings provided on health and safety in our factories. Machines are renewed and refitted to be health and safety compliant. There is a risk that health and safety regulations and guidance are not complied with in production sites and/or distribution, leading to serious illness, injury and/or death, causing negative publicity, penalties and/or production disruptions.
- The war in Ukraine. The Group has a subsidiary in Russia, which may result in reputational damage and/or loss of revenue if having such a subsidiary is unacceptable to third parties and/or as a result of failure to comply with applicable sanctions and associated laws and regulations imposed as a result of the war.
- Currency exposure. The Group operates in 17 currencies as set out in the exchange rates tables. Since the Group reports in Euros, any strengthening of the Euro relative to the local currency that the subsidiaries operate in would adversely affect the contribution from those countries to Group profitability.

  After the Euro, the key currencies in use by or in the Group's largest markets are US Dollar, British Pound Sterling, Australian Dollar and Swiss Franc. The spread of currencies across the Group provides an element of diversification to reduce the exposure to currency fluctuation. There are varying degrees of restrictions in place by the different local central banks, which limit the amount of local currency that may be exchanged and/or repatriated.
- Price and supply fluctuations. Whilst the Group looks to hedge most of the raw material requirements for a term of up to one year, any unhedged raw materials, including dairy which it can potentially only partially hedge, may present risk.
- Seasonality. The ice cream market is characterised by fluctuations in sales, although these largely equalise over the course of a year. Ice cream sales are inextricably linked with the seasons and therefore any climate changes have the potential to impact on business. The Group operates primarily in the northern hemisphere; however, its operations in South America, Australia, New Zealand and South Africa provides some risk mitigation in respect of seasonality.
- Competition in the ice cream industry. The Group operates in highly competitive markets, often competing with and selling to substantial multinational businesses. The failure to compete and price effectively could result in a material adverse effect on its results.

The Board considers that its scale of operations provides a significant buffer to the risks outlined and has strategies to manage these risks and remains confident in the Group's ability to mitigate any significant effect.

Financial risk management policies and objectives

The Group finances its activities with a combination of external debt, cash and revolving credit facilities. Other financial assets and liabilities arise directly from the Group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out as below (please refer to note 25 for a more detailed narrative):

- The Group's functional currency is the Euro. Each of its trading operations typically buys and sells the majority of goods denominated in the local currency. As a result, the value of the Group's local currency revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in the exchange rates of the local currency compared to the Euro. In particular, the size of the US, UK, Swiss and Australian operations means that market movement in the US Dollar, British Pound Sterling, Swiss Franc and Australian Dollar can have a significant impact on the reported results and financial assets and liabilities of the Group. Additionally, the Group has an ongoing obligation to pay licence fees for intellectual property from Nestlé in Swiss Francs, thus increasing the Group's exposure to that currency.
- The Group's financial assets and liabilities may also be impacted by political interventions by local central banks. However, such interventions are viewed as uncommon. Since July 2018, Argentina has been a hyperinflationary economy and as a result the Group has applied hyperinflation accounting, which is described in note 27 to the financial statements.

- Post-refinancing in January 2020, the Group's term loans are now denominated in Euros and US Dollars, with certain US Dollar loans swapped into British Pound Sterling and Australian Dollars. Whilst the Group believes that it has put in place an effective hedging strategy regarding those liabilities, there remains the risk of mismatch between the underlying cash flows, assets and liabilities of the Group's trading subsidiaries and the Group's loan note liabilities and debt servicing obligations.
- Other than the preference shares, the Group's debt facilities (including the Group's term loans) are largely at variable interest rates, and therefore carry interest rate risk. A significant proportion of the interest on the US Dollar-denominated term debt facilities is fixed through floating to fixed interest rate swaps.

The Group aims to mitigate liquidity risk by managing cash generation and applying cash collection targets throughout the Group. The Group has a Group treasury function which mitigates currency risk through natural hedging opportunities where possible. Investment is carefully controlled, with authorisation limits operating up to Group Board level.

Tax policies and objectives

Approach to tax strategy

Froneri is a leading ice cream company and our focus will always be to create the very best ice cream products possible, to both satisfy and excite the consumer. The primary role of the tax function within Froneri is to ensure a strong level of tax compliance across all areas of taxation.

Froneri has a responsibility towards all its stakeholders to ensure that it behaves in a responsible way on tax matters and to ensure that the right amount of tax is paid in each country. This includes the responsibility to Froneri's shareholders to make sure Froneri does not pay excessive levels of tax and that double taxation is avoided whenever possible. Decisions within Froneri are commercially driven and the role of the tax function is to support the commercial operations.

Attitude to tax planning and risk

Froneri values certainty on tax-related matters and will take steps to reduce tax risks where possible and practical. The Group aims to report the right and proper amount of tax due according to where value is created and is committed to paying taxes due and to ensuring compliance with all applicable legislative requirements in both the UK and globally. The Group only adopts tax planning arrangements to the extent that it supports commercial activities, and with the firm requirement that Froneri remains compliant with all relevant tax legislation. Where there is uncertainty over interpretation of tax law, Froneri will consult with external advisors and the relevant tax authority as necessary, to minimise uncertainty and risk.

Working with tax authorities

The Group operates a transparent approach to its interaction with all tax authorities. Froneri is committed to meeting its compliance obligations in a timely manner, making accurate returns and providing adequate disclosure on returns and in relation to specific transactions. Any inadvertent errors made, should they occur, will be fully disclosed as soon as reasonably practicable after they are identified. The Group undertakes regular meetings with tax authorities to discuss tax matters and business developments.

Uncertain tax positions ("UTPs")

Froneri performs regular assessments to identify and quantify UTPs. Such assessments are always completed in accordance with the relevant accounting standards and are discussed in detail with Froneri management and our auditors.

Pillar 2: Global minimum Taxation

In December 2021, the OECD and G20 released Model Global Anti-Base Erosion rules (Pillar 2). These present the common approach for a Global Minimum Tax at 15% for multinational enterprises with a turnover of more than €750 million.

The EU agreed the Minimum Tax Directive in December 2022, with Pillar 2 legislation expected to be effective across EU member states in 2024. Froneri Lux Topco Sarl operates in Luxembourg, where implementation of the EU Pillar 2 directive has been confirmed.

Since the Pillar 2 legislation is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023. Froneri has applied a temporary mandatory relief from deferred tax accounting for any potential impacts of the top-up tax and accounts for it as a current tax when it is incurred.

During 2023 the legislative position on Pillar 2 has become clearer, but continues to develop. Froneri has been actively working with our external advisers to ensure that we are well prepared for the implementation of Pillar 2 in 2024. The transitional safe harbour rules have been considered, and the majority of jurisdictions are forecast to meet at least one of the three tests.

The analysis completed to date indicates that the remaining markets not protected by the safe harbour rule should not create a material Pillar 2 impact in 2024.

Research and development

There are numerous ongoing research and development projects at each of the Group's main locations, primarily concentrated on new ice cream designs and recipes.

Financial instruments

Financial instruments are set out in note 25 to the Annual Report.

Proposed dividend

The Board of Managers does not recommend the payment of a dividend (2022: none).

Purchase of own shares

As at 31 December 2023, the Company does not hold any of its own shares.

Share cancellations

There were no share cancellations during the year.

ESG | Governance continued

The Board of Managers

The Board is responsible for the overall operations of the Group, including the approval of the strategic plan, annual budget, changes to the Group's financing arrangements, acquisitions and disposals, material contracts and significant capital expenditure and contractual commitments.

Managers who held office during the year and up to the date of signing the financial statements were:

- Patrice Bula (Chairman)
- Ibrahim Najafi (Chief Executive Officer)
- Sanjay Bahadur
- Frédéric Stévenin
- Colm O'Sullivan
- Martin Glenn
- Guillaume Leblanc
- Laurent Freixe

Patrice Bula was Executive Vice President at Nestlé SA, responsible for the Strategic Business Units, Marketing, Sales and Nespresso up to his retirement from that role at the end of February 2021. Prior to this, he held various management roles within Nestlé including roles in China, Germany, southern Africa, Japan, the Czech Republic and Slovakia. He has been with Nestlé since 1980. He is currently serving on the Boards of Novartis AG, Schindler AG and New Tiger LLC.

Ibrahim Najafi has served as Chief Executive Officer of R&R since July 2013. On the merger of the former R&R and Nestlé businesses, which created Froneri, he became CEO of Froneri. Previously he was R&R's European Chief Executive Officer and Group Chief Operating Officer from 2009 and 2006, respectively.

Sanjay Bahadur is Nestlé's Deputy Executive Vice President of Group Strategy and Business Development. Prior to this, he was Senior Vice President and Global Head of Nestlé's Acquisition and Business Development department. He also served as CFO of the Greater China Region from 2004 to 2008, CFO of Turkey & Central Asia Region from 1998 to 2004 and CFO of Nestlé Hong Kong from 1994 to 1998. He joined Nestlé in 1982.

Frédéric Stévenin first joined PAI in 1993 and spent five years in the Food & Beverage Sector Team. In 1998, he joined Deutsche Bank / Bankers Trust in the European Acquisition Finance Group as a Managing Director. In 2001, he returned to PAI, where he has been involved in several transactions including Alphia, Atos Medical, B&B Hotels, Cerba Healthcare, Chr. Hansen, DomusVi, Elis, ELITechGroup, Ethypharm, Froneri, Kaufman & Broad, Labeyrie Fine Foods, Marcolin, Panzani-Lustucru, Refresco, Roompot, Provimi, Saeco, United Biscuits and Yoplait. Frédéric is a member of PAI's Management Committee and also chairs the firm's Investment Committee.

Colm O'Sullivan started his career at Hambros Bank in London and New-York working in debt capital markets and advisory transactions. He then moved to Deutsche Bank where he spent eight years in the Financial Sponsors Group. Colm joined PAI in 2006 and currently sits as a Non-executive Director of Azets, Froneri, HKA, M Group Services, The Compleat Food Group, and VPS. He has also been involved in several other PAI transactions including Kwik Fit, Perstorp, Theramex and United Biscuits. Colm is a member of the Investment Committee and heads PAI's UK office.

Martin Glenn is Chairman of the Football Foundation, a public-private partnership between government and football to improve the provision of football facilities in England, and of the Professional Game Match Officials Limited. He was Chief Executive of the English Football Association from 2015 until 2019. Prior to that, he was CEO of United Biscuits, CEO of the Birds Eye Iglo Group from 2006 to 2012 and worked in the snack foods division of PepsiCo for 15 years in a variety of leadership roles. Martin is Chairman of Chapel Down, England's leading wine company.

Guillaume Leblanc joined PAI in 2011 having started his career at a private equity firm involved in growth capital transactions in the TMT industry. He has been involved in several transactions at PAI including Apleona, AS Adventure, Euro Media Group, Froneri, Infra Group, Innovista Sensors, Refresco, Roompot and World Freight Company.

Laurent Freixe is Executive Vice President and Chief Executive Officer of Zone Latin America at Nestlé. Prior to this, he has held several leadership positions within Nestlé as the CEO of Zone Americas, and the CEO of Zone Europe. He is currently serving on the Board of Cereal Partners worldwide as a representative of Nestlé and he is Chair of the Global Apprenticeship Network. Laurent is a member of the Executive Committee of the World Business Council for Sustainable Development.

Board Committees

There are four Board Committees in Froneri Lux Topco S.à r.l: (i) the M&A and Finance Committee; (ii) the Audit Committee; (iii) the Nomination and Remuneration Committee; and (iv) the ESG Committee.

M&A and Finance Committee

The M&A and Finance Committee reports to the Board on opportunities to acquire or sell businesses and on the Group's funding needs. Its members comprise Sanjay Bahadur, Patrice Bula, Frédéric Stévenin and Colm O'Sullivan. The M&A and Finance Committee meets on an as-needed basis.

Audit Committee

The Audit Committee reports to the Board on accounts and audit matters. Its members comprise Colm O'Sullivan, Frédéric Stévenin, Sanjay Bahadur, Laurent Freixe and Martin Glenn.

The Committee meets at least twice a year, at appropriate times in the reporting and audit cycle. In addition, the Committee meets at such other times as the Board or the Committee Chairman requires, or if requested by the Group's external auditors. Only Committee members have the right to attend meetings but, in practice, other individuals, including members of the Group Board and other members of the Senior Finance team are invited to attend all or part of meetings as and when appropriate to their area of expertise. The external auditors also attend certain meetings.

The Committee's responsibilities include overseeing the relationship with the external auditors. It meets with them regularly, reviews the audit plan and discusses audit findings with them. The Committee's responsibilities also include the evaluation of management's risk framework and communicating the importance of internal control and the management of risk including through the internal audit function.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees executive pay and appointments. The Committee comprises Patrice Bula, Laurent Freixe, Colm O'Sullivan and Frédéric Stévenin. Other members of Froneri's management team, including Froneri's CEO and Froneri's HR Director, attend by invitation. Only Committee members have the right to attend meetings, but other individuals are invited to attend from time-to-time, when appropriate. The Committee meets at least twice a year and at such other times, as required. Its responsibilities include considering and making recommendations on the appointment of the CEO and CFO, determining remuneration and performance packages of the Senior Management team, and determining aggregate annual salary increases.

ESG Committee

The ESG Committee assists the Board in developing and defining the Group's strategy relating to ESG matters. In addition, the Committee monitors performance of the ESG strategy, develops and oversees the implementation of policies and procedures relating to ESG and makes recommendations in relation to internal controls relating to ESG. The Committee reports to the Board on ESG matters on a half-yearly basis. The Committee comprises Sanjay Bahadur, Martin Glenn, Laurent Freixe, Frédéric Stévenin and Colm O'Sullivan. The Committee meets at least twice per annum.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year ended 31 December 2023.

Private equity reporting guidelines

The Board of Managers considers the Annual Report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Board's engagement with employees

The Group operates a framework for employee information and in line with the relevant regulations in each territory. Through 2023, the Group has issued information and updates on its website to ensure compliance. The Group promotes open communication from employees at all levels and provides channels through which employees can express views, anonymously if desired, and communicate regularly with Senior Management of the business. There are also a number of employee consultative committees and works councils to provide a forum for employees to air the views of their colleagues and discuss relevant issues.

The Group gives full consideration to applications for employment from persons with disabilities where the candidate meets the requirements of the job. Opportunities are available to employees with disabilities for training, career development and promotion. The Group seeks to continue the employment of, and arrange appropriate training for, any of the Group's employees who have become disabled during the year in which the Group employed them.

The Group offers a bonus scheme to eligible employees which is based around four key performance targets for the business: EBITDAE; sales; A-brand sales and free cash flow. The scheme incentivises year-on-year delivery of Froneri's annual financial targets. This provides focus on key financial metrics and aligns the individual's contribution to their respective country performance. Certain individuals are incentivised based on Group performance as well as individual country performance.

Brand case study

Building a premium snacking brand

The Nuii brand continues to go from strength-to-strength as we build a globally relevant brand platform to grow our share and ambition in the premium sticks segment.

Nuii delivered €150 million of consumer sales across multiple markets in 2023. Now active in 15 territories (Italy, France, UK, Germany, Austria, Switzerland, Spain, Portugal, Poland, Greece, Bulgaria, Romania, Serbia, North Macedonia and Malta), Nuii is adding incremental value to the segment.

Five years after its launch, Nuii is achieving steady growth and is recognised as one of the most successful European ice cream brands launched in the past decade.

We continue to build our unique brand positioning by appealing to younger, affluent consumers and exploring core flavours with adventure.

The taste experience and quality of the Nuii range is a key factor of our success, this can be seen from the exceptionally high repeat purchase rates in our main markets. The brand is clearly delivering for the target consumers which we see in our strong loyalty metrics.

Nuii has a committed approach to social and environmental presence through the brand's commitment to Wild Ark, supporting endangered koalas through planting Eucalyptus trees and supporting indigenous rangers.

We globalised the Adventure sticks platform in both New Zealand and Finland in 2023. In New Zealand, since moving to the new Kapiti packaging and communication platform, novelty sales have increased 22% versus the prior year and our novelty market share has increased by 1.5 percentage points. Within the Indulgence Novelty segment, the market share has increased by 4.3 percentage points.

Similarly in Finland, the relaunch of Classic in this global platform has seen sales increase by 21% compared to the prior year, gaining 0.7 share points in Premium sticks.

"Nuii is present in 15 markets, driving growth of 8.5% in premium sticks, gaining share."

Source: Circana, Total Combined Scan Market, Latest QTR week ending 21/01/24, Finland Retail POS ests, Nielsen Retail Measurement Service 12 months ending December 2023.

Scan the QR code
to view the Nuii story

Financial statements

Froneri Lux Topco S.à r.l.
Registered office: 9 rue de Bitbourg,
L-1273 Luxembourg
R.C.S. Luxembourg: B 241537

Consolidated income statement

for the year ended 31 December 2023

	Note	**2023 €m**	2022 €m
Continuing operations			
Revenue	2	**5,292.4**	5,073.8
Cost of sales		**(3,249.9)**	(3,169.0)
Gross profit		**2,042.5**	1,904.8
Distribution expenses		**(617.8)**	(682.1)
Administrative expenses		**(894.6)**	(808.8)
Operating profit before exceptional items		**591.6**	477.3
Exceptional items – within Cost of sales		**(9.5)**	(22.5)
Exceptional items – within Distribution expenses		**(0.6)**	(8.3)
Exceptional items – within Administrative expenses (excl. impairments)		**(46.9)**	(17.5)
Exceptional items – impairments		**(4.5)**	(15.1)
Total exceptional items	4	**(61.5)**	(63.4)
Operating profit after exceptional items	5	**530.1**	413.9
Financial income	7	**77.5**	41.5
Financial expenses	7	**(664.2)**	(489.9)
Net financing expense	7	**(586.7)**	(448.4)
Loss before tax		**(56.6)**	(34.5)
Taxation	8	**9.3**	(11.0)
Loss for the year		**(47.3)**	(45.5)
Attributable to Equity holders of the Parent:			
Loss for the year		**(47.3)**	(45.5)

The notes on pages 46 to 92 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 €m	2022 €m
Loss for the year		**(47.3)**	(45.5)
Other comprehensive (expense) / income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on retranslation of foreign operations		**(86.7)**	37.8
Exchange differences on retranslation of net investment in foreign operation		**(5.3)**	3.5
(Expense)/ income from hedging		**(1.2)**	0.3
(Loss) / gain on cash flow hedge		**(8.3)**	48.9
Net investment hedging		**21.7**	(13.3)
Income tax relating to these items	8	**(0.2)**	(3.0)
		(80.0)	74.2
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability/asset before tax	22	**(13.2)**	26.7
Income tax relating to these items	8	**0.9**	(3.3)
Impact of hyperinflation	27	**(6.0)**	(7.2)
Loss on modification of financial liabilities		**(19.2)**	-
		(37.5)	16.2
Total other comprehensive (expense) / income for the year, net of tax		**(117.5)**	90.4
Total comprehensive (expense) / income for the year		**(164.8)**	44.9
Total comprehensive (expense) / income arises from:			
Continuing operations		**(164.8)**	44.9
		(164.8)	44.9

The total comprehensive income for the year is attributable to the equity holders of the Parent.

The notes on pages 46 to 92 form an integral part of the consolidated financial statements.

Consolidated statement of financial position

at 31 December 2023

	Note	2023 €m	2022 €m
Non-current assets			
Intangible assets	9	**5,115.2**	5,352.4
Property, plant and equipment	10	**1,645.0**	1,507.0
Right-of-use assets	11	**115.9**	113.5
Trade and other receivables	17	**3.5**	13.1
Other financial assets	13	**41.1**	84.9
Deferred tax assets	14	**215.0**	122.0
		7,135.7	7,192.9
Current assets			
Inventories	15	**584.3**	656.6
Current tax receivables	16	**33.7**	30.6
Other financial assets	13	**48.1**	38.0
Trade and other receivables	17	**547.3**	474.0
Cash and cash equivalents	18	**538.9**	450.3
		1,752.3	1,649.5
Assets classified as held for sale	19	**2.5**	4.4
Total current assets		**1,754.8**	1,653.9
Total assets		**8,890.5**	8,846.8
Current liabilities			
Financial liabilities	20	**134.4**	111.9
Trade and other payables	21	**1,099.7**	1,123.5
Current tax liabilities	16	**55.4**	52.4
Provisions	23	**29.0**	15.0
		1,318.5	1,302.8

Consolidated statement of financial position continued

	Note	**2023 €m**	2022 €m
Non-current liabilities			
Financial liabilities	20	**5,442.2**	7,221.6
Trade and other payables	21	**21.9**	21.4
Employee benefits	22	**35.9**	23.9
Provisions	23	**11.1**	7.9
Deferred tax liabilities	14	**592.8**	608.2
		6,103.9	7,883.0
Total liabilities		**7,422.4**	9,185.8
Net assets / (liabilities)		**1,468.1**	(339.0)
Equity attributable to equity holders of the Parent			
Share capital	24	**0.1**	0.1
Share premium	24	**2,536.4**	571.9
Merger reserve	24	**87.9**	87.9
Hedging reserve	24	**34.9**	45.0
Currency translation reserve	24	**(158.0)**	(77.7)
Accumulated losses	24	**(1,033.2)**	(966.2)
Total equity		**1,468.1**	(339.0)

The financial statements on pages 39 to 92 were approved by the Board of Managers on 4 April 2024 and signed on its behalf by:

Ibrahim Najafi
Manager

The notes on pages 46 to 92 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital €m	Merger reserve €m	Share premium €m	Currency translation reserve €m	Hedging reserve €m	Accumulated losses €m	Total equity €m
Balance at 1 January 2022	0.1	87.9	571.7	(98.0)	(4.1)	(943.4)	(385.8)
Total contributions by owners							
Issue of shares (note 24)	–	–	0.2	–	–	–	0.2
Share-based payment (note 22)	–	–	–	–	–	1.7	1.7
Total contributions by owners	–	–	0.2	–	–	1.7	1.9
Comprehensive (expense) / income for the year							
Loss for the year	–	–	–	–	–	(45.5)	(45.5)
Other comprehensive income (note 24)	–	–	–	20.3	49.1	21.0	90.4
Total comprehensive income for the year	–	–	–	20.3	49.1	(24.5)	44.9
Balance at 31 December 2022	0.1	87.9	571.9	(77.7)	45.0	(966.2)	(339.0)
Balance at 1 January 2023	**0.1**	**87.9**	**571.9**	**(77.7)**	**45.0**	**(966.2)**	**(339.0)**
Total contributions by owners							
Issue of shares (note 24)	**–**	**–**	**1,964.5**	**–**	**–**	**–**	**1,964.5**
Share-based payment (note 22)	**–**	**–**	**–**	**–**	**–**	**7.4**	**7.4**
Total contributions by owners	**–**	**–**	**1,964.5**	**–**	**–**	**7.4**	**1,971.9**
Comprehensive expense for the year							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(47.3)**	**(47.3)**
Other comprehensive expense (note 24)	**–**	**–**	**–**	**(80.3)**	**(10.1)**	**(27.1)**	**(117.5)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(80.3)**	**(10.1)**	**(74.4)**	**(164.8)**
Balance at 31 December 2023	**0.1**	**87.9**	**2,536.4**	**(158.0)**	**34.9**	**(1,033.2)**	**1,468.1**

The notes on pages 46 to 92 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2023

	Notes	**2023 €m**	2022 €m
Cash flows from operating activities			
Loss before tax		**(56.6)**	(34.5)
Adjusted for:			
Net financing expense	3	**586.7**	448.4
Depreciation and amortisation	3, 5	**364.0**	359.6
Impairment	3, 5	**4.5**	15.1
Loss on disposal of fixed assets	3, 5	**2.6**	2.6
Other adjusting item – within distribution expense	3	**–**	(9.9)
Other non-cash items of income and expense		**(21.6)**	3.8
Cash flow before working capital and provisions		**879.6**	785.1
(Increase) / decrease in trade and other receivables		**(79.3)**	5.0
Decrease / (increase) in inventories		**58.3**	(158.4)
Increase / (decrease) in trade and other payables		**13.1**	(14.3)
Increase / (decrease) in provisions and employee benefits		**14.7**	(18.0)
(Increase) / decrease in financial assets		**(0.8)**	3.8
Operating cash flow		**885.6**	603.2
Interest paid		**(310.1)**	(176.4)
Tax paid		**(90.3)**	(40.8)
Net cash generated from operating activities		**485.2**	386.0
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**10.4**	8.4
Interest received		**57.7**	16.0
Acquisition of property, plant and equipment		**(364.9)**	(347.7)
Acquisition of other intangible assets	9	**(19.9)**	(16.0)
Net cash used in investing activities		**(316.7)**	(339.3)

	Notes	**2023 €m**	2022 €m
Net cash flow from operating and investing activities		**168.5**	46.7
Cash flows from financing activities			
Net inflow from the issue of share capital		**2.9**	0.2
Proceeds from drawdown of new external debt	26	**10.9**	21.0
Repayment of external debt	26	**(41.4)**	(30.5)
Payment of lease liabilities	26	**(58.0)**	(52.7)
Net cash flow used in financing activities		**(85.6)**	(62.0)
Net increase / (decrease) in cash and cash equivalents		**82.9**	(15.3)
Cash and cash equivalents at 1 January		**448.0**	472.4
Effect of exchange rate fluctuations on cash held		**8.0**	(9.1)
Cash and cash equivalents at 31 December	18	**538.9**	448.0
Memorandum:			
Net cash flow from operating and investing activities		**168.5**	46.7
Exceptional operating items – cash flows		**41.3**	69.3
Free cash flow before exceptional operating items		**209.8**	116.0

The notes on pages 46 to 92 form an integral part of the consolidated financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

1.1 General

Froneri Lux Topco S.à r.l. (the "Company") is a private Company limited by shares, incorporated, domiciled and registered in Luxembourg. The registered address is 9, Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group financial statements have been prepared and approved by the Board of Managers in accordance with IFRS Accounting Standards as adopted by the European Union and Luxembourg law applicable to companies reporting under IFRS. The financial statements are subject to shareholder approval.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the year presented in these Group financial statements.

The Group has also applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Argentinian subsidiary. Accordingly, the results, cash flows and financial position of the Argentinian subsidiary have been expressed in terms of the measuring unit current at the reporting date. This is described further in notes 1.5 and 27 to the financial statements.

Judgements made by the Board of Managers that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.24.

Going concern

At 31 December 2023, the Group had net assets of €1,468.1 million (2022: net liabilities of €339.0 million).

The Board of Managers have considered this position, together with the Company and the Group's budgets and forecasts and positive net current assets position. These forecasts were then subject to a range of sensitivities including a severe but plausible scenario together with the likely effectiveness of mitigating actions. Under these sensitivities, after taking mitigating actions, the Group continues to have a sufficient level of liquidity to continue in operation and meet its liabilities as they fall due. After making appropriate enquiries, the Board of Managers consider that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the preparation of the financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: (a) all assets and liabilities subject to IFRS 3 Business Combinations in relation to the acquisition by Froneri Limited that created the Froneri Group of companies in 2016 and the acquisition by Froneri of the Israel and New Zealand businesses in 2019 and the US and Puerto Rico businesses in 2020; (b) employee benefits assets and liabilities relating to post-employment arrangements; (c) derivative financial instruments; and (d) money market funds.

Non-current assets and disposal groups held for sale, where applicable, are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 Basis of consolidation

Subsidiaries and business combinations

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

1.4 Foreign currency

The functional currency of each Group entity is the currency of the primary economic environment in which the Group entity operates. The financial statements are presented in Euros, which is the presentational currency of the Group.

For Group entities which are not accounted for as entities operating in hyperinflationary economies, transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, the Euro, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year (or relevant period, where shorter) where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the net assets of the UK and Australian operations and the Group's functional currency (Euro). To the extent that the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in and accumulated in the currency translation reserve; any remaining differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal. For long-term loans denominated in a foreign currency with a fellow Group undertaking, where the loan will not be settled in the foreseeable future, it forms part of the net investment in the foreign associate and exchange differences on these loans are recognised in other comprehensive income.

1.5 Hyperinflationary economies

Several factors are considered when evaluating whether an economy is hyperinflationary, including the cumulative three-year inflation and the degree to which the population's behaviours and government policies are consistent with such a condition.

The balance sheet and results of the subsidiaries operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using official indices at the balance sheet date, before translation into Euros and as a result, are stated in terms of the measuring unit current at the balance sheet date.

On initial application of hyperinflation, prior period gains and losses are recognised directly in equity. An impairment loss is recognised in the income statement if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in the income statement.

All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting year.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current hyperinflation adjusted equity balances are recognised in other comprehensive income.

The Argentinian economy has been classified as hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's Argentinian subsidiary have been expressed in terms of the measuring unit at the reporting date. For further details, refer to note 27 to the financial statements.

1.6 Classification of financial instruments issued by the Group

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

1.6 Classification of financial instruments issued by the Group continued

Debt instruments which meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the business model is to both hold and sell financial assets, these assets meet the criteria to be measured at fair value through other comprehensive income. All other financial assets are measured at fair value through profit and loss. In the current year, the Group does not have any financial assets designated as fair value through other comprehensive income.

An instrument is a liability when the Group can be required to deliver either cash or another financial asset to the holder. An instrument is classified as equity when it represents a residual interest in the net assets of the Group. Financial instruments issued by the Group are treated as equity only to the extent they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets, or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire or when the financial assets and substantially all the risks and rewards of ownership of the asset transfer to another party.

The Group has elected to treat a change in the currency of an instrument as a substantial modification. When a substantial modification arises, the original instrument is derecognised and the new instrument is recorded at fair value, the difference on a debt-for-debt exchange is recognised in the income statement. The difference on a debt-for-equity exchange is recognise in equity.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, trade and other payables, and loans and borrowings.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The effective interest is the rate that exactly discounts estimated future cash receipts (including all fees and premiums/discounts) excluding expected credit losses, through the expected life of the debt instrument.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, adjusted for any loss allowance.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for expected loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, money market funds and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Customer advances

The Group recognises financial assets related to customer advances. The agreements vary but mainly relate to cash advances in respect of customer contracts in the Group's German and Brazilian out-of-home businesses and to the value of stock advanced to certain distribution customers in the Italian out-of-home business. The value of cash or stock advanced is recognised initially at cost. Subsequent to initial measurement, the assets are assessed for impairment for customers deemed at risk of recovery. Amounts are amortised to the profit and loss account within net sales over the respective contract period and based on the terms of the contract.

1.8 Derivative financial instruments and hedging

Derivative financial instruments are measured at fair value. This fair value is determined on the basis of market data, available from external contributors. In the absence of an external benchmark, a valuation based on internal models recognised by market participants and favouring data directly derived from observable data such as Over The Counter quotations will be used.

The change in fair value of derivative financial instruments is recorded in the income statement, except when they are designated as hedging instruments in a cash flow hedge or net investment hedge. In this case, changes in the value of the hedging instruments are recognised directly in equity, excluding the ineffective portion of the hedges. Sources of ineffectiveness may include changes in credit risk of counterparties, change in the timing of the occurrence of the cash flows being hedged, change in the notional of the hedging instruments or items, i.e. the instruments are larger than the hedged items.

The Group uses derivative financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates and foreign currency exchange rates. The use of derivative instruments is governed by Group policy for managing interest rate and currency risks. The Group's derivative instruments include currency forwards and swaps, interest rate swaps and cross-currency interest rate swaps.

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognised in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as (i) a fair value hedge of an asset or liability; (ii) a cash flow hedge; or (iii) a hedge of a net investment in a foreign operation. The fair value of the hedging instruments at 31 December 2023 reflects the cumulative change in the fair value of the hedging instruments since inception of the hedges.

1.9 Property, plant and equipment

Property, plant and equipment ("P,P&E") are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, less any estimated residual value. Land is not depreciated. The estimated useful lives are as follows:

- Buildings — 20 to 50 years
- Plant and equipment — 3 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets in the course of construction are stated at cost. Depreciation is not charged until assets are bought into use.

1.10 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement award is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with market-based measure of the acquiree's awards and the extent to which the replacement awards to the pre-combination service.

Determination of fair values on business combinations

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant and equipment is based on the quoted market prices for similar items or depreciated replacement cost where quoted market prices are not available.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

1.10 Business combinations continued

Intangible assets
The fair value of intangible assets is calculated using methods which reflect the value that the Group would have paid for the assets in an arm's length transaction. Such methods include where appropriate, discounting estimated future net cash flows from the asset and applying multiples to royalty streams that could be obtained by licensing the intangible asset.

Inventories
The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of the amounts to be received, determined at appropriate interest rates less allowance for expected credit losses and impairments. Discounting has not been applied to current receivables.

Financial instruments
The fair value of interest rate and foreign exchange derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the balance sheet date, taking into account current interest rates and foreign exchange rates and the current creditworthiness of the derivative counterparties.

Trade and other payables
The fair value of trade and other payables is estimated as the present value of the amounts to be paid, determined at appropriate interest rates. Discounting has not been applied to current payables.

1.11 Intangible assets and goodwill

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and development
Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable, and if the Group can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill is systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships — 10 – 20 years
- Supplier relationships — 10 – 25 years
- Brands and trademarks — 15 – 20 years
- Computer software and development costs — 3 – 8 years

1.12 Leases
Froneri is party to lease contracts across the Group, which relate to office buildings, plant equipment, vehicles, warehouses and distribution centres to facilitate the storage, processing and transportation of ice cream to its destination.

The Group elected to apply the following exemptions whereby the following leases will be charged to the consolidated income statement:

- leases with a length of less than twelve months from the date of commencement; and
- low value leases, defined as those where the price of the underlying asset as new is less than €5,000.

For all other lease agreements where a Group Company is the lessee, the Company recognises a right-of-use asset and a lease liability.

Right-of-use assets are measured using the cost model and depreciated in accordance with IAS 16 Property, Plant and Equipment on a straight-line basis over the lease term. The lease liability is measured at the present value of the remaining lease payments discounted at the incremental borrowing rate. On application, the Group elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for accruals and prepayments. As a result of this, there was no difference between the asset and liability to be recognised in retained earnings.

The incremental borrowing rate is the rate of interest that the Company would need to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The all-in discount rate used comprises margin and floating rate. Applicable margins have been determined by reference to existing margins on third party loans which takes into account the credit worthiness of the entity. Floating rates have been sourced directly from Refinitiv for each applicable currency and relevant maturity which considers existing market conditions. At 31 December 2023, the weighted average incremental borrowing rate margin applied to the discount rates for new leases across the Group was 6.3% (2022: 5.0%).

The treatment of non-lease components are assessed by class of underlying asset present within the lease. For vehicles, plant and equipment the value of the non-lease components are included within the lease payment used to derive the lease liability. For buildings (including offices, warehouses and distribution centres), the non-lease components are not included in the lease payment.

Where agreements contain extension or termination options which can be implemented by both parties, it is assumed that the date at which the agreement can be terminated without penalty is the end of the lease agreement. Leases which contain purchase options are reassessed where the likelihood of exercising the purchase option changes. Residual value guarantees do not have a significant impact on the Group's leasing arrangements.

The type of variable payment most prevalent within the Group are those present on vehicles relating to excess mileage, index-linked increases to building rental and annual percentage increases to certain buildings. These variable components are not considered to represent a significant financial risk to the Group in terms of volatility or quantum.

Where variable payments detailed in the lease agreement are those which cannot be readily determined at the measurement point of the lease, such as payments triggered by driving excess kilometres on a lease car, these amounts are charged to the income statement as they take place. Leases that contain variable indexed payments will prompt a remeasurement of the lease liability at the point at which the information regarding a change in the underlying index becomes available to adjust the present value of the lease agreement.

If a lease has been committed to but not yet commenced, this is included within the capital commitments detailed in note 28 to the consolidated financial statements.

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out or weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.14 Impairment excluding inventories

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine if a provision needs to be made against the amount due for recovery. Under IFRS 9 a financial asset is impaired if, when considering the life of the amount receivable, we do not expect to recover the full amount of the balance. The impairment model reflects expected credit losses as opposed to incurred credit losses and is refreshed at each reporting date.

The Group has applied the simplified approach to recognise the lifetime expected losses for its trade receivables as permitted by IFRS 9. This expected lifetime credit losses impairment model applies to the Group's financial assets which are measured at amortised cost, which are primarily trade receivables.

There are no loans to related parties outside the Group to consider for calculating exposure to credit risk. Further information on credit risk is included in note 25 of these financial statements.

The expected credit losses on trade receivables are estimated using a provision matrix based on the individual country's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. This has been calculated on a country-by-country basis by local management.

Customer balances are considered for impairment by reference to the sales performance of the customer compared to the contracted targets as well as credit risk factors known about the customer and their expected performance.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the customer;
- breach of contract or non-payment and past due balances; and
- bankruptcy of the customer or other financial reorganisation.

Notes continued

(forming part of the financial statements)

1 Accounting policies continued

1.14 Impairment excluding inventories continued

Financial assets (including receivables) continued

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate and local regulatory requirements for writing off balances. Any recoveries made are recognised in the income statement.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the income statement.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions, and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the cost of settling the obligation, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term benefits

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

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.16 Provisions

A provision is recognised in the consolidated statement of position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.17 Revenue

Revenue is recognised from the transfer of goods at a point in time when control of the goods transfers to the customer in accordance with IFRS 15 Revenue from Contracts with Customers. This is considered to occur when the buyer can direct the use of the goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. For revenue included within the financial statements this is the point at which the customer assumes responsibility for the goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates where these are not considered to be linked to a separate performance obligation. Where a contract contains a promotional period linked to the sale of goods over time, this is treated as a separate performance obligation due to the different recognition periods.

In assessing if amounts represent a separate performance obligation, the following factors have been considered:

- if the customer could separately benefit from any promotion offered to them by Froneri relating to a sale;
- if the additional goods and/or service is separately identified in the sales contract;
- where incentives or penalties for the attainment of performance targets by customers are in place, these are considered to represent variable consideration. Such amounts are recognised at local management's best estimate of the value to be received based on the probability of the targets being met. This is reassessed at each reporting period; and
- discounts, credit notes, rebates, cash and price reductions are deducted from revenue as they do not represent distinct performance obligations. Where these are based on sales targets, revenue is recognised based on the likelihood of these targets being met, and where attainment is probable revenue is accrued for. This is reassessed at each reporting period.

1.18 Expenses

Variable lease payments

Payments made under lease arrangements which were not capitalised as part of recognition of the lease in accordance with IFRS 16 are recognised in the income statement in the period to which they relate within administrative expenses. Further detail on these payments is included in Note 1.12 Leases.

Lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income and net foreign exchange gains.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.20 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale, and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the income statement. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis; except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

1.21 Adoption of new and revised accounting standards

The following standards issued by the International Accounting Standards Board and adopted by the EU have been adopted by the Group for the first time for its annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar 2 Model Rules – amendments to IAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The Group also elected to adopt the following amendments early:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1.22 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published and are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.23 Non-GAAP measures

Exceptional items

The Group presents as exceptional items on the face of the income statement those material items of income or expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation. Typically, these would include M&A-related transaction costs, integration, transformation and restructuring costs and any material items that are one-off in nature. This allows users of the financial statements to better understand the elements of financial performance in the year, so as to better assess trends in financial performance. Where an income statement exceptional item would also give rise to a corresponding cash flow, it can be assumed that such cash flows have materially occurred in the same year as the income statement item, unless otherwise explained in the notes to the accounts.

EBITDAE

The Group uses EBITDAE as a measure to monitor the performance of the Group. EBITDAE is a profitability measure, used by management as an alternative to the IFRS Operating Profit measure. The Group defines EBITDAE as operating result prior to net interest charges (or income), tax, depreciation and amortisation, and before exceptional items and share-based payment charges. The use and disclosure of EBITDAE allows users to better understand the elements of financial performance and to better assess trends between periods.

1.24 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported values of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other judgements reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. Significant areas of estimate for the Group are:

- Discount factors and future cash flow projections, which are critical estimates used in impairment models to assess the carrying value of the Group's CGUs, including goodwill. The assumptions and sensitivities considered are set out in note 9 to the consolidated financial statements.
- Discount rates, future salary increases and mortality rates are critical in valuation of defined benefit pension assets and liabilities, and similar post-retirement medical and other benefits. The actuarial assumptions and sensitivity analysis applied are set out in note 22 to the consolidated financial statements.
- Measurement of fair value of assets and liabilities acquired as part of business combinations. On the acquisition of businesses, significant judgements are required in respect of the fair value of intangible assets, such as customer relationships, the fair value of property, plant and equipment and other assets. In particular, significant judgements were made in respect of the valuation and useful economic lives attributed to customer relationships. These were valued using the excess earnings method ("MEEM"), including assumptions in respect of future cash flow projections and attrition rates of customers.
- The Group is required to estimate the corporation tax payable in each of the tax jurisdictions in which it operates. The recognition of tax benefits and assessment of provisions against tax benefits requires management to make estimates and judgements, based on tax rules which can be complex and subject to interpretation. Further details on uncertain tax positions are discussed in note 8 to the consolidated financial statements.

2 Revenue

All of the Group's revenues for the year relate to the Group's primary activity: the production, distribution and sale of ice cream, frozen food and chilled dairy products and occur at a point in time. The Group manages its businesses based on geographic segments as reported to the Management Board.

	2023 €m	2022 €m
Revenue from continuing operations:		
Europe	**2,373.9**	2,203.7
US	**2,049.5**	2,022.1
Rest of the world	**869.0**	848.0
	5,292.4	5,073.8

	2023 €m	Restated 2022 €m
EBITDAE from continuing operations:		
Europe	**597.5**	438.4
US	**196.8**	242.0
Rest of the world	**171.3**	150.9
	965.6	831.3

Refer to note 3 for a reconciliation of the loss for the year to EBITDAE.

Notes continued

(forming part of the financial statements)

3 Reconciliation of net result to EBITDAE (Non-GAAP measure)

The Group defines EBITDAE as operating result prior to net financing expense (or income), tax, depreciation and amortisation, and which excludes share-based payments and the effect of significant items of income and expenditure which might have an impact on the quality of earnings, such as restructuring costs, legal expenses and impairments (exceptional items). There are no adjustments for the full year effect of acquisitions, mergers or other similar corporate transactions.

The Group's net result after taxation from continuing operations for the year reconciles to EBITDAE as follows:

	2023 €m	Restated 2022 €m
Loss for the year	**(47.3)**	(45.5)
Taxation (income) / expense	**(9.3)**	11.0
Loss before taxation	**(56.6)**	(34.5)
Net financing expense	**586.7**	448.4
Exceptional items (excluding exceptional impairments)	**57.0**	48.3
Operating profit before exceptional items	**587.1**	462.2
Depreciation – of owned assets	**153.5**	141.1
Depreciation – of right-of-use assets (1)	**58.3**	60.6
Other adjusting item – within distribution expense (1)	**–**	(9.9)
Impairment charge / (reversal) – property, plant and equipment and right-of-use assets	**4.5**	(1.9)
Amortisation – of acquired intangible assets	**135.3**	143.4
Amortisation – of other intangible assets (software)	**16.9**	14.5
Impairment of intangible assets	**–**	17.0
Loss on disposal of non-current assets and assets held for sale	**2.6**	2.6
Share-based payment charge	**7.4**	1.7
EBITDAE	**965.6**	831.3
Total EBITDAE for the year	**965.6**	831.3

(1) Included within operating profit for the year ended 31 December 2022 is an adjusting net €0.6 million gain in relation to right-of-use assets, of which €9.9 million is a credit to distribution costs and €9.3 million is a charge to depreciation expense.

4 Exceptional items (Non-GAAP measure)

The table below shows an analysis of the items separately disclosed on the face of the consolidated income statement. The Group considers exceptional items by reference to their nature, size or incidence, for separate disclosure and reporting of the underlying operating results of the Group. Exceptional items for the year are as follows:

2023	**Within Cost of sales €m**	**Within Distribution expenses €m**	**Within Administrative expenses €m**	**Total €m**
M&A-related transaction costs	**–**	**–**	**3.9**	**3.9**
Integration and restructuring costs	**9.5**	**0.3**	**37.9**	**47.7**
Regulatory recall	**–**	**–**	**(1.8)**	**(1.8)**
Other exceptional items	**–**	**0.3**	**6.9**	**7.2**
Sub-total excluding impairments	**9.5**	**0.6**	**46.9**	**57.0**
Tangible and intangible impairments	**–**	**–**	**4.5**	**4.5**
	9.5	**0.6**	**51.4**	**61.5**

2022	Within Cost of sales €m	Within Distribution expenses €m	Within Administrative expenses €m	Total €m
Integration and restructuring costs	21.9	8.1	14.7	44.7
Regulatory recall	0.4	0.1	1.5	2.0
Other exceptional items	0.2	0.1	1.3	1.6
Sub-total excluding impairments	22.5	8.3	17.5	48.3
Tangible and intangible impairments	–	–	15.1	15.1
	22.5	8.3	32.6	63.4

M&A-related transaction costs

In 2023, the Group recognised costs of €3.9 million (2022: €nil) in respect of transaction costs for merger and acquisition activity.

Integration and restructuring costs

The Group has continued to implement a number of restructuring and integration projects across its countries. Total costs of €47.7 million have been incurred in the year, €14.8 million of which was in the US relating to the operations transformation plan and various TSA duplicated costs and €29.7 million in Germany. The US transformation plan will continue into 2024, the duplicated costs, will end when the final wind down elements of the TSA finish, and the Germany route-to-market project was completed in Q1 2023.

In the prior year, total costs of €44.7 million were incurred in the year, €32.0 million of which was in the US relating to the operations transformation plan and various TSA duplicated costs and €12.1 million in Germany.

Regulatory recall

During 2021, one of our suppliers informed us that a number of stabiliser batches provided to Froneri contained levels of Ethylene Oxide ("EO") in excess of the Maximum Residue Limit permitted under European Regulations, resulting in a significant product recall for the Group. In 2023, €1.8 million of income (2022: €2.0 million of costs) in relation to the recall is included as an exceptional item. In 2024, we expect to include a €65 million income item. See also note 29.

Other exceptional items

In 2023, other exceptional items include €6.3 million associated with a Brazilian legal claim relating to the period before acquisition of the Brazilian subsidiary in 2016. In 2022, other exceptional items included €1.6 million associated with an Australian legal claim.

Tangible and intangible impairments

During 2023, impairments of €4.5 million were recognised across the Group, most notably in the US, in relation to the carrying of fixed assets of 4.5. During 2022, impairments of €17.0 million were recognised in Germany and an impairment reversal of €1.8 million was made in the US. See notes 9, 10 and 11 for further information.

5 Operating profit after exceptional items

Included in operating profit for the year are the following:

	2023 €m	2022 €m
Depreciation of property, plant and equipment:		
– Owned assets	**153.5**	141.1
– Right-of-use assets	**58.3**	60.6
Impairment of property, plant and equipment and ROU assets	**4.5**	(1.9)
Amortisation of intangible assets	**152.2**	157.9
Impairment of intangible assets	**–**	17.0
Lease payments*	**1.8**	1.2
Research and development expensed as incurred	**14.5**	17.7
Net foreign exchange loss	**24.8**	28.4
Loss on disposal of non-current assets and assets held for sale	**2.6**	2.6
Exceptional items – excluding impairments (as further described in note 4)	**57.0**	48.3

* Lease payments relate to those items not included in the calculation of the lease liability in accordance with IFRS 16. This comprises short-term leases, low-value leases and variable payments in relation to lease arrangements recognised in the consolidated statement of financial position.

Auditors' remuneration

	2023 €m	2022 €m
Audit services		
Audit of the Parent Company and these financial statements	**1.7**	1.5
Audit of the Company's subsidiaries	**2.3**	2.2
	4.0	3.7
Other services to the Company and its subsidiaries		
Taxation advisory services	**0.1**	0.1
All other services	**0.1**	0.1
	0.2	0.2
Total Auditors' remuneration	**4.2**	3.9

Notes continued
(forming part of the financial statements)

6 Staff numbers and costs

The monthly average number of persons employed by the Group (including the Board of Managers) during the year, analysed by category, was as follows:

	Average number of employees 2023	Average number of employees 2022
Production	**7,608**	7,959
Sales, marketing and distribution	**3,856**	3,965
Administrative and other roles	**1,422**	1,467
	12,886	13,391

The aggregate payroll costs of these persons were as follows:

	2023 €m	2022 €m
Wages and salaries	**593.3**	598.8
Social security costs	**77.4**	76.8
Other pension costs	**30.5**	31.2
	701.2	706.8

The geographical location of employees at 31 December 2023 and 31 December 2022 is as follows:

	Number of employees 31 December 2023	Number of employees 31 December 2022
US	**3,085**	3,262
Germany	**1,548**	1,567
Egypt	**1,177**	1,153
UK	**751**	882
Spain	**740**	710
Poland	**638**	630
France	**600**	618
Australia	**457**	444
Brazil	**396**	408
Italy	**368**	365
Switzerland	**362**	356
Russia	**349**	365
Israel	**340**	349
Serbia	**320**	328
South Africa	**296**	304
New Zealand	**255**	261
Finland	**165**	166
Argentina	**149**	157
Philippines	**141**	141
Puerto Rico	**78**	79
Bulgaria	**78**	66
Greece	**66**	70
Austria	**39**	43
Romania	**22**	22
	12,420	12,746

The gender split of employees at 31 December 2023 and 31 December 2022 is as follows:

	Directors	Senior Managers(1)	Other	Total
2023				
Male	**100%**	**74%**	**66%**	**66%**
Female	**0%**	**26%**	**34%**	**34%**
Other	**0%**	**0%**	**0%**	**0%**
Prefer not to say	**0%**	**0%**	**0%**	**0%**
	100%	**100%**	**100%**	**100%**
2022				
Male	100%	74%	67%	67%
Female	0%	26%	33%	33%
Other	0%	0%	0%	0%
Prefer not to say	0%	0%	0%	0%
	100%	100%	100%	100%

(1) Senior Managers comprises Management Board members and country heads.

The emoluments granted to the members of management bodies in this capacity are as follows:

	2023 €m	2022 €m
Emoluments – management bodies	**0.5**	0.5

The entity does not have a supervisory body. No advances and loans were granted to any member of the management body.

7 Financial income and expenses

Finance income and expenses recognised in the consolidated income statement are as follows:

	2023 €m	2022 €m
Financial income		
Net monetary gain in hyperinflationary economies*	**9.1**	10.8
Net gain on financial instruments designated as fair value through profit or loss	**1.4**	12.6
Foreign exchange gain	**2.5**	2.0
Other interest income	**57.7**	15.6
Interest income on bank deposits	**4.3**	0.5
Gain on modification of financial liability	**2.5**	–
Total financial income	**77.5**	41.5
Financial expenses		
Interest expense on shareholder loan notes	**209.2**	188.3
Interest expense on term loans	**296.6**	157.6
Foreign exchange loss	**27.3**	30.4
Interest expense on overdrafts and other short-term borrowings	**22.8**	10.1
Accrued dividend returns on Preference shares	**13.9**	11.6
Interest expense on lease liabilities	**7.8**	9.1
Interest expense on shareholder loans	**64.8**	61.5
Other interest expenses	**9.9**	7.0
Amortisation of financing costs	**11.1**	11.5
Loss on derivative financial instruments	**0.8**	2.8
Total financial expenses	**664.2**	489.9
Net financing expense	**586.7**	448.4

* The net monetary gain of €9.1 million (2022: €10.8 million) is as a result of applying IAS 29 – financial reporting in hyperinflationary economies in Argentina (see note 27).

Notes continued
(forming part of the financial statements)

8 Taxation

Taxation income and expenses recognised in the consolidated income statement are as follows:

	2023 €m	2022 €m
Current tax expense		
Current tax on loss for the year	(97.1)	(83.5)
Adjustments for prior years	7.6	10.4
Current tax expense	**(89.5)**	(73.1)
Deferred tax income		
Origination and reversal of temporary differences	108.1	54.8
Adjustment for prior years	(9.3)	7.3
Deferred tax income	**98.8**	62.1
Total tax income / (expense)	**9.3**	(11.0)
Income tax income / (expense) is attributable to:		
Loss from continuing operations	9.3	(11.0)

Income tax recognised in other comprehensive income is as follows:

	2023 €m	2022 €m
Deferred tax changes on remeasurements of defined benefit pension liability	0.9	(3.3)
Deferred tax on foreign exchange differences arising on retranslation of net investment in overseas subsidiaries	0.4	(2.9)
Deferred tax on remeasurements of credit and liquidity risk on hedging arrangement	(0.6)	(0.1)
Income tax recognised in other comprehensive income	**0.7**	(6.3)

Reconciliation of effective tax rate:

	2023 €m	2022 €m
Loss before taxation on continuing operations	56.6	34.5
Tax using the Group corporation tax rate of 24.94% (2022: 24.94%)	14.1	8.6
Effect of tax rates in foreign jurisdictions	6.5	10.6
Impact of change of tax rate on deferred tax	1.0	(2.1)
Non-deductible expenses and non-chargeable income	(21.9)	(44.5)
Current period losses for which no deferred tax asset was recognised	11.3	(1.3)
Over / (under) recovery in prior periods – current tax	7.6	10.4
– deferred tax	(9.3)	7.3
Total tax income / (expense)	**9.3**	(11.0)

Current tax charge

The total current tax expense of €89.5 million (2022: €73.1 million) relates primarily to corporation tax payable by overseas entities.

Deferred tax income

The total deferred tax income of €98.8 million (2022: €62.1 million) relates primarily to the utilisation of deferred tax liabilities on the amortisation of intangible and tangible assets, which have been recognised as a result of purchase price allocation exercises. This is partially offset in 2023 by the increase of deferred tax assets in the UK and US in relation to interest expenses, which Froneri intends to benefit from in future periods.

Uncertain tax positions

The Group is required to estimate the corporation tax payable in each of the tax jurisdictions in which it operates. The recognition of tax benefits and assessment of provisions against tax benefits requires management to make estimates and judgements, based on tax rules which can be complex and subject to interpretation. Actual tax liabilities may differ from the provisions, as a result of tax audits, dialogue with tax authorities or changes in tax legislation. The Group currently has provisions of €8.7 million (2022: €25.7 million) in relation to UTPs. The Group takes steps to reduce risk on tax matters, including active engagement with tax authorities, and by working with professional tax advisors. Where areas of tax uncertainty exist in relation to transfer pricing, the OECD's work on the BEPS project has been closely reviewed to ensure transfer pricing risks are minimised. The Group will continue to examine all areas of taxation policy to ensure that all areas of tax uncertainty are identified and suitably managed.

All of our UTPs at 31 December 2023 relate to areas of transfer pricing, reflecting the inherently subjective nature of transfer pricing. The OECD's BEPS projects have provided a level of guidance to companies and tax authorities, a level of UTPs are expected to be required in the medium term, until greater alignment occurs between tax authorities on the interpretation of this guidance. Given this level of uncertainty, Froneri has successfully taken steps to reduce our tax risk profile, with the most significant development in 2023 being the conclusion of a UK/US Advanced Pricing Agreement ('APA'). Following the completion of the APA and successful defence of tax audits, Froneri has reduced our overall UTP position in 2023.

The analysis we have performed to date on Pillar 2 indicates that markets not protected by the safe harbour rule should not create a material Pillar 2 impact.

9 Intangible assets

	Goodwill €m	Customer & supplier relationships €m	Brands and trademarks €m	Software €m	Total €m
Cost					
Balance at 1 January 2022	3,379.8	2,261.1	152.3	101.7	5,894.9
Other additions	–	0.5	–	15.5	16.0
Impact of hyperinflation	2.7	2.0	–	0.3	5.0
Effect of movements in FX	85.0	75.4	(1.9)	(0.3)	158.2
Balance at 31 December 2022	3,467.5	2,339.0	150.4	117.2	6,074.1
Balance at 1 January 2023	**3,467.5**	**2,339.0**	**150.4**	**117.2**	**6,074.1**
Other additions	**–**	**1.0**	**–**	**19.0**	**20.0**
Impact of hyperinflation	**2.5**	**1.9**	**–**	**0.3**	**4.7**
Effect of movements in FX	**(63.1)**	**(54.5)**	**(3.9)**	**(0.6)**	**(122.1)**
Balance at 31 December 2023	**3,406.9**	**2,287.4**	**146.5**	**135.9**	**5,976.7**
Accumulated amortisation and impairment					
Balance at 1 January 2022	39.5	427.7	33.3	43.6	544.1
Amortisation for the year	–	134.5	8.9	14.5	157.9
Impact of hyperinflation	2.7	2.0	–	0.3	5.0
Effect of movements in FX	–	(1.4)	(0.6)	(0.3)	(2.3)
Impairment charge	–	17.0	–	–	17.0
Balance at 31 December 2022	42.2	579.8	41.6	58.1	721.7
Balance at 1 January 2023	**42.2**	**579.8**	**41.6**	**58.1**	**721.7**
Amortisation for the year	**–**	**126.9**	**8.4**	**16.9**	**152.2**
Impact of hyperinflation	**2.5**	**1.9**	**–**	**0.3**	**4.7**
Effect of movements in FX	**(3.5)**	**(12.1)**	**(0.8)**	**(0.7)**	**(17.1)**
Balance at 31 December 2023	**41.2**	**696.5**	**49.2**	**74.6**	**861.5**
Net book value					
At 31 December 2021	3,340.3	1,833.4	119.0	58.1	5,350.8
At 31 December 2022	3,425.3	1,759.2	108.8	59.1	5,352.4
At 31 December 2023	**3,365.7**	**1,590.9**	**97.3**	**61.3**	**5,115.2**

Notes continued
(forming part of the financial statements)

9 Intangible assets continued

Amortisation and impairment charge

The amortisation and impairment charge is recognised in administrative expenses.

Excluding the intangible assets acquired as part of the Dreyer's transaction in 2020, the remaining weighted average useful economic lives of the intangible assets at 31 December were:

	2023 Years	2022 Years
Customer relationships	**8.0**	9.0
Brands and trademarks	**11.6**	12.6
Software	**4.0**	3.0

In relation, to the intangible assets acquired as part of the Dreyer's transaction in 2020, the following weighted average useful economic lives remain at 31 December:

	2023 Years	2022 Years
Customer & supplier relationships	**15.7**	16.7

Goodwill is not amortised but systematically tested for impairment at each balance sheet date. Finite life intangible assets are tested when there is an indication of impairment. The annual impairment tests are performed at the CGU, or groups of CGU level. The Group defines its CGUs for goodwill impairment testing based on the way it monitors and derives economic benefits from the acquired goodwill.

The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount, based on their value in use, which corresponds to their future projected cash flows discounted at an appropriate pre-tax rate of return. The cash flows correspond to estimates made by Group management in financial plans and business strategies covering a period of three years. They are then projected to perpetuity using a multiple which corresponds to a steady growth rate. The Group assesses the uncertainty of these estimates by undertaking sensitivity analyses. The discount rate reflects the current assessment of the time value of money and the risks specific to the CGU (essentially country risk). The business risk is included in the determination of the cash flows. Both the cash flows and the discount rates include inflation.

The following eight CGUs have been considered as significant with regards to the total goodwill for which detailed results are presented hereafter: US, United Kingdom, Australia, Germany, France, New Zealand, Switzerland and Spain.

	Goodwill 2023 €m	Goodwill 2022 €m
US	**1,794.0**	1,850.0
UK	**370.1**	362.7
Australia	**268.6**	277.1
Germany	**234.3**	234.3
France	**223.8**	223.8
New Zealand	**88.5**	91.6
Switzerland	**82.7**	77.7
Spain	**75.2**	75.2
Subtotal	**3,137.2**	3,192.4
as % of total carrying amount	**93.2%**	93.2%
Other CGUs	**228.5**	232.9
Total	**3,365.7**	3,425.3

For each CGU, the recoverable amount is higher than its carrying value. The recoverable amount has been determined based upon a value-in-use calculation. Cash flows have been projected over the next five years and have then been extrapolated using a steady terminal growth rate and discounted at a weighted average rate.

The following table summarises the key assumptions for each significant CGU:

	Period of cash flow projections	Annual sales growth	Annual margin	Long-term growth rate	Pre-tax discount rate
US	5 years	2.1% to 7.8%	Improvement	2.1%	8.2%
UK	5 years	2.0% to 9.4%	Stable	2.0%	9.3%
Australia	5 years	2.6% to 6.6%	Improvement	2.6%	9.1%
Germany	5 years	2.0% to 26.6%	Improvement	2.0%	7.5% to 8.5%
France	5 years	1.6% to 4.9%	Stable	1.6%	8.8%
New Zealand	5 years	2.0% to 4.4%	Improvement	2.0%	9.0%
Switzerland	5 years	1.5% to 3.3%	Improvement	1.5%	7.6%
Spain	5 years	1.7% to 5.2%	Stable	1.7%	9.0%
Other	5 years	1.9% to 20.0%	Various	1.9% to 11.6%	7.4% to 76.6%

In the prior year, the following key assumptions were used:

	Period of cash flow projections	Annual sales growth	Annual margin	Long-term growth rate	Pre-tax discount rate
US	5 years	2.0% to 11.1%	Improvement	2.0%	7.5%
UK	5 years	2.0% to 10.9%	Stable	2.0%	8.3%
Australia	5 years	2.5% to 8.1%	Improvement	2.5%	7.6%
Germany	5 years	2.0% to 12.9%	Improvement	2.0%	7.2%
France	5 years	1.6% to 6.1%	Improvement	1.6%	7.7%
New Zealand	5 years	2.1% to 8.1%	Improvement	2.1%	7.7%
Switzerland	5 years	1.0% to 4.9%	Improvement	1.0%	6.9%
Spain	5 years	1.7% to 7.9%	Improvement	1.7%	8.9%
Other	5 years	1.8% to 81.0%	Various	1.8% to 7.0%	7.3% to 70.1%

The next largest country in the "other" category above is the Italy CGU which had a carrying value of goodwill of €62.2 million at 31 December 2023 (2022: €62.2 million).

The pre-tax discount rates have been computed based on external sources of information.

The cash flows for the first three years were based upon financial plans approved by management which are consistent with the Group's approved strategy for this period. They are based on past performance and current initiatives. The years 4 to 5 and terminal growth rates have been determined to reflect the long-term view of the nominal evolution of the business with consideration given to economic forecasts of each respective country.

No goodwill impairment charges have been recognised in the year (2022: none). Furthermore, in 2023 no further impairments of customer relationship intangibles have been recognised (2022: €17.0 million recognised in Germany). For all other CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the CGUs' recoverable amount to fall below the carrying value of the CGUs.

The recoverable amount would equal the carrying value if the annual sales growth rate assumptions were reduced or the pre-tax discount rates applied were increased throughout the forecasting period as per the below:

	Reduction to annual sales growth	Increase to pre-tax discount rate
US	3.7%	4.4%
UK	5.8%	6.9%
Australia	13.2%	18.6%
Germany	12.1%	19.5%
France	10.6%	14.8%
New Zealand	3.7%	4.5%
Switzerland	17.1%	28.2%
Spain	14.5%	24.9%
Other	3.0% to 54.0%	4.2% to 100.0%

Notes continued
(forming part of the financial statements)

10 Property, plant and equipment

	Land and buildings €m	Plant and equipment €m	Under construction €m	Total €m
Cost				
Balance at 1 January 2022	579.4	1,069.7	228.3	1,877.4
Other additions	4.2	75.9	286.2	366.3
Movement in assets under construction	15.9	107.8	(123.7)	–
Impact of hyperinflation	7.5	9.2	–	16.7
Transfer to assets held for sale	(1.5)	(1.1)	–	(2.6)
Reclassifications	2.1	(2.1)	–	–
Disposals	(4.0)	(35.5)	(0.1)	(39.6)
Effect of movements in FX	6.0	(8.5)	7.1	4.6
Balance at 31 December 2022	609.6	1,215.4	397.8	2,222.8
Balance at 1 January 2023	**609.6**	**1,215.4**	**397.8**	**2,222.8**
Other additions	**1.9**	**73.0**	**268.3**	**343.2**
Movement in assets under construction	**89.3**	**283.4**	**(372.7)**	**–**
Impact of hyperinflation	**6.9**	**9.3**	**–**	**16.2**
Transfer to assets held for sale	**0.1**	**–**	**–**	**0.1**
Disposals	**(4.4)**	**(32.2)**	**(0.2)**	**(36.8)**
Effect of movements in FX	**(22.2)**	**(44.3)**	**(9.3)**	**(75.8)**
Balance at 31 December 2023	**681.2**	**1,504.6**	**283.9**	**2,469.7**

	Land and buildings €m	Plant and equipment €m	Under construction €m	Total €m
Accumulated depreciation and impairment				
Balance at 1 January 2022	128.5	469.1	2.2	599.8
Depreciation charge for the year	24.5	116.6	–	141.1
Impact of hyperinflation	7.5	9.2	–	16.7
Impairments	–	(1.9)	–	(1.9)
Disposals	(1.2)	(25.0)	–	(26.2)
Reclassifications	2.1	(0.9)	(1.2)	–
Effect of movements in FX	(4.2)	(9.7)	0.2	(13.7)
Balance at 31 December 2022	157.2	557.4	1.2	715.8
Balance at 1 January 2023	**157.2**	**557.4**	**1.2**	**715.8**
Depreciation charge for the year	**23.9**	**129.6**	**–**	**153.5**
Impact of hyperinflation	**6.9**	**9.3**	**–**	**16.2**
Impairments	**2.4**	**2.1**	**–**	**4.5**
Disposals	**(0.4)**	**(24.4)**	**–**	**(24.8)**
Reclassifications	**1.4**	**(1.4)**	**–**	**–**
Effect of movements in FX	**(14.2)**	**(26.3)**	**–**	**(40.5)**
Balance at 31 December 2023	**177.2**	**646.3**	**1.2**	**824.7**
Net book value				
At 31 December 2021	450.9	600.6	226.1	1,277.6
At 31 December 2022	452.4	658.0	396.6	1,507.0
At 31 December 2023	**504.0**	**858.3**	**282.7**	**1,645.0**

Impairments

During the year, property, plant and equipment impairment charges totalling €4.5 million were recognised, most notably in the US (€2.5 million). The impairments arose when performing detailed analysis comparing the carrying value of the assets with their recoverable amount, based on their value in use, which corresponds to their future projected cash flows over the remaining useful economic life of the assets, discounted at an appropriate pre-tax rate of return.

During 2022, property, plant and equipment impairment reversals totalling €1.9 million were recognised, most notably in the US (€1.8 million).

11 Right-of-use assets

	Land and buildings €m	Plant and equipment €m	Motor vehicles €m	Total €m
Cost				
Balance at 1 January 2022	119.5	14.4	47.0	180.9
Other additions	68.2	6.3	5.7	80.2
Lease liability adjustments	6.1	0.3	1.6	8.0
Disposals	(8.1)	(3.7)	(9.7)	(21.5)
Effect of movements in FX	(0.5)	(0.3)	(0.3)	(1.1)
Balance at 31 December 2022	185.2	17.0	44.3	246.5
Balance at 1 January 2023	**185.2**	**17.0**	**44.3**	**246.5**
Other additions	**16.1**	**10.5**	**11.8**	**38.4**
Reclassification	**0.4**	**(0.8)**	**0.4**	**–**
Lease liability adjustments	**21.9**	**0.9**	**1.5**	**24.3**
Disposals	**(9.7)**	**(2.9)**	**(11.1)**	**(23.7)**
Effect of movements in FX	**(3.4)**	**0.1**	**0.2**	**(3.1)**
Balance at 31 December 2023	**210.5**	**24.8**	**47.1**	**282.4**

	Land and buildings €m	Plant and equipment €m	Motor vehicles €m	Total €m
Accumulated depreciation and impairment				
Balance at 1 January 2022	58.5	7.9	26.6	93.0
Depreciation charge for the year	45.7	3.8	11.1	60.6
Disposals	(7.7)	(3.7)	(9.6)	(21.0)
Effect of movements in FX	0.6	–	(0.2)	0.4
Balance at 31 December 2022	97.1	8.0	27.9	133.0
Balance at 1 January 2023	**97.1**	**8.0**	**27.9**	**133.0**
Depreciation charge for the year	**42.9**	**5.0**	**10.4**	**58.3**
Disposals	**(9.8)**	**(2.7)**	**(11.2)**	**(23.7)**
Reclassification	**–**	**0.3**	**(0.3)**	**-**
Effect of movements in FX	**(1.1)**	**(0.1)**	**0.1**	**(1.1)**
Balance at 31 December 2023	**129.1**	**10.5**	**26.9**	**166.5**
Net book value				
At 31 December 2021	61.0	6.5	20.4	87.9
At 31 December 2022	88.1	9.0	16.4	113.5
At 31 December 2023	**81.4**	**14.3**	**20.2**	**115.9**

Impairments

During the year ended 31 December 2023, no impairments were recognised (2022: none).

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(forming part of the financial statements)

12 Investments in subsidiaries

The Group and Company have investments in subsidiaries as set out in the table below. The table is arranged by continent, then alphabetically by country and entity. The functional currency of each subsidiary is shown.

Subsidiaries	Registered address	Activity	Currency	Country of incorporation	Ownership interest
Europe:					
Froneri Austria GmbH	Europaplatz 4 4020 Linz	T	EUR	Austria	100%
Froneri Bulgaria EOOD	261 Lomsko shose Blvd. District Vrabnitsa 1220 Sofia	T	BGN	Bulgaria	100%
Froneri Finland Oy	PL 35, 02151 ESPOO Finland	T	EUR	Finland	100%
Froneri Development Center Glaces SAS	Le Labour – B.P. 13, 33870 Vayres	R	EUR	France	100%
Froneri Beauvais SAS	Le Labour – B.P. 13, 33870 Vayres	T	EUR	France	100%
Froneri Dange SAS	La Taille du Moulin à Vent – 86220 DANGE SAINT ROMAIN	T	EUR	France	100%
Froneri Holdings France SAS	Le Labour – B.P. 13, 33870 Vayres	H	EUR	France	100%
Froneri Vayres SAS	Le Labour – B.P. 13, 33870 Vayres	T	EUR	France	100%
Froneri France SAS	Le Labour – B.P. 13, 33870 Vayres	T	EUR	France	100%
Confitesse Backwaren Vertrieb GmbH	Wasserweg 39, 64521 Groß-Gerau	T	EUR	Germany	100%
Durigon Gelato GmbH(1)	Eduard-Pestel Str 15, 49080 Osnabrück, Germany	D	EUR	Germany	100%
Erlenbacher Backwaren GmbH	Wasserweg 39, 64521 Groß-Gerau	T	EUR	Germany	100%
Froneri Deutschland Holding GmbH(1)	Nordwestring 201 D-90419 Nürnberg	H	EUR	Germany	100%
Froneri (Erlenbacher) Holding GmbH(1)	Wasserweg 39, 64521 Groß-Gerau	H	EUR	Germany	100%
Froneri Erlenbacher Immobilien GmbH & Co oHG	Wasserweg 39, 64521 Groß-Gerau	P	EUR	Germany	100%
Froneri Schöller GmbH(1)	Nordwestring 201 D-90419 Nürnberg	T	EUR	Germany	100%
Froneri Schöller Immobilien GmbH & Co oHG(1)	Nordwestring 201 D-90419 Nürnberg	P	EUR	Germany	100%
Froneri Schöller Produktions GmbH(1)	Nordwestring 201 D-90419 Nürnberg	T	EUR	Germany	100%
Janny's Eis Franchise GmbH	Hittfelder Kirchweg 21, D-21220 Seevetal-Maschen	T	EUR	Germany	100%
Froneri Ice Cream Deutschland GmbH	Eduard-Pestel Str 15, 49080 Osnabrück Germany	T	EUR	Germany	100%
Froneri Deutschland GmbH	Nordwestring 201 D90419 Nürnberg	H	EUR	Germany	100%
R&R Holdings Deutschland GmbH	Eduard-Pestel Str 15, 49080 Osnabrück Germany	H	EUR	Germany	100%
Froneri Hellas Ice-Cream Single Member SA(2)	Petrou Ralli 97 Avenue, 182 33, Agios Ioannis Rentis, Attica, Greece	T	EUR	Greece	100%
Eskigel Srl	Via Augusto Vanzetti no.11, 05100 Terni	T	EUR	Italy	100%
Froneri Italy Srl	Via Asi Consortile 7, n.16 Cap 03013, Ferentino (Fr)	T	EUR	Italy	100%
Froneri Lux Finco S.à r.l.	9, Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg	H	EUR	Luxembourg	100%

Subsidiaries	Registered address	Activity	Currency	Country of incorporation	Ownership interest
Froneri Polska Sp zoo	Ul. Wojska Polskiego 3, 39300 Mielec	T	PLN	Poland	100%
Froneri Ice Cream Romania SRL	Bucuresti-Ploiesti 1A, Cladirea B, Parter, Sector 1, Bucuresti, 013681	T	RON	Romania	100%
Froneri Rus LLC	Russian Federation, 115054, Moscow, Kosmodamianskaya naberezhnaya, 52, bld. 1, 4 floor, ap. 2, office 4	T	RUB	Russia	100%
Froneri Adriatic doo Stari Banovci	Banovacka 47, Stari Banovci, 22300 Stara Pazova	T	RSD	Serbia	100%
Froneri Iberia SL	Zona Industrial Araia, C/Intxerdui, 5, 01250 ARAIA (Álava)	T	EUR	Spain	100%
Froneri Switzerland SA	Blumenfeldstrasse 15, 9403 Goldach, Switzerland	T	CHF	Switzerland	100%
Froneri Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	EUR	United Kingdom	100%
Froneri International Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	EUR	United Kingdom	100%
Froneri South Africa Holdings Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	ZAR	United Kingdom	100%
Froneri UK Finco (NZD) Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	NZD	United Kingdom	100%
Froneri UK Finco Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	USD	United Kingdom	100%
Froneri Ice Cream UK Limited(3)	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	T	GBP	United Kingdom	100%
Richmond Foods Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	D	GBP	United Kingdom	100%
Ruby Acquisitions Limited	Richmond House, Leeming Bar, Northallerton, North Yorkshire, DL7 9UL	H	GBP	United Kingdom	100%
Africa:					
Froneri Ice Cream Egypt SAE	Plot No.5, 1st Industrial Zone, 6 October City, Giza	T	EGP	Egypt	100%
Froneri South Africa (Pty) Limited	14 Spanner Road, Clayville, Olifantsfontein, Gauteng 1665	T	ZAR	South Africa	100%
Rest of the world:					
Froneri Argentina SA	Av. Leandro N. Alem 356, Piso 13o – Buenos Aires, Argentina	T	ARS	Argentina	100%
Australasian Food Group Pty Ltd	254 Wellington Road, Mulgrave, Victoria 3170	T	AUD	Australia	100%
Mulgrave LeaseCo Pty Ltd(4)	254 Wellington Road, Mulgrave, Victoria 3170	D	AUD	Australia	100%
New Holdco Pty Ltd(4)	254 Wellington Road, Mulgrave, Victoria 3170	D	AUD	Australia	100%
Food MezzCo Pty Limited(4)	254 Wellington Road, Mulgrave, Victoria 3170	D	AUD	Australia	100%
Peters Food Group Pty Limited(4)	254 Wellington Road, Mulgrave, Victoria 3170	D	AUD	Australia	100%
Riviera (Aus) Pty Ltd(4)	254 Wellington Road, Mulgrave, Victoria 3170	D	AUD	Australia	100%
Riviera Holdings (Aus) Pty Ltd	254 Wellington Road, Mulgrave, Victoria 3170	H	AUD	Australia	100%
Froneri Brasil Distribuidora de Sorvetes e Congelados Ltda	Estrada dos Bandeirantes 4935, Jacarepaguá, CEP 22775-113, Rio de Janeiro	T	BRL	Brazil	100%
Froneri Israel Ltd	Hamelacha 6, Lod, Israel	H	ILS	Israel	100%
Noga Ice Cream Ltd	Hamelacha 6, Lod, Israel	H	ILS	Israel	100%
Noga Ice Creams Limited Partnership	Hamelacha 6, Lod, Israel	T	ILS	Israel	100%

Notes continued

(forming part of the financial statements)

12 Investments in subsidiaries continued

Subsidiaries	Registered address	Activity	Currency	Country of incorporation	Ownership interest
Froneri NZ Ltd	113 Carbine Road, Mount Wellington, Auckland 1060, New Zealand	H	NZD	New Zealand	100%
Tip Top Ice Cream Company Ltd	113 Carbine Road, Mount Wellington, Auckland 1060, New Zealand	T	NZD	New Zealand	100%
Tip Top Investments Ltd	113 Carbine Road, Mount Wellington, Auckland 1060, New Zealand	H	NZD	New Zealand	100%
Froneri Philippines Inc	National Highway, Barangay Tibag, Pulilan, Bulacan, Philippines, 3005	T	PHP	Philippines	99.998%
Payco Foods Corporation	Carr. #2 km 15.1, Calle C #42 Zona Industrial Corujo Bayamon PR 00961	T	USD	Puerto Rico	100%
Froneri US, Inc.	590 Ygnacio Valley Road, Suite 300, Walnut Creek, CA 94596	H	USD	United States	100%
Dreyer's Grand Ice Cream Holdings, Inc.	590 Ygnacio Valley Road, Suite 300, Walnut Creek, CA 94596	H	USD	United States	100%
Dreyer's Grand Ice Cream, Inc.	590 Ygnacio Valley Road, Suite 300, Walnut Creek, CA 94596	T	USD	United States	100%
The Häagen-Dazs Shoppe Company, Inc.	7500 Flying Cloud Drive #740, Eden Prairie, MN 55344	T	USD	United States	100%

H – denotes an intermediate holding or financing company

D – denotes a dormant company

P – denotes a property investment Company

R – denotes a research and development company

T – denotes a company with the principal activity of the production, distribution and/or sale of ice cream and/or frozen confectionary and desserts.

(1) As part of the "One Germany" project, the German entities Froneri Deutschland Holding GmbH, Froneri Schöller Immobilien GmbH & Co oHG and Froneri Schöller Produktions GmbH transferred into Froneri Schöller GmbH during 2023. Froneri Schöller GmbH and Durigon Gelato GmbH merged into Froneri Ice Cream Deutschland GmbH.

(2)The Greece entity Froneri Hellas Ice-Cream SA changed its name to Froneri Hellas Ice-Cream Single Member SA in February 2024.

(3)The UK entity R&R Ice Cream UK Limited changed its name to Froneri Ice Cream UK Limited in December 2023.

(4)In March 2024 the Australian entities Mulgrave LeaseCo Pty Ltd, New Holdco Pty Ltd, Food MezzCo Pty Limited, Peters Food Group Pty Limited and Riviera (Aus) Pty Ltd were liquidated.

Activities in the Philippines also include the manufacture and sale of chilled dairy products.

Noga Ice Creams Limited Partnership is a limited partnership.

Ownership interest in the above entities are all Ordinary shares. Froneri Lux Topco S.à r.l. has 100% of the voting rights in all entities presented.

Certain local Managers hold 0.002% of the Ordinary share capital in Froneri Philippines Inc.

All entities in the table above have been included in the Group consolidation.

13 Other financial assets

	2023 €m	2022 €m
Non-current		
Customer advances	**17.6**	16.7
Other financial assets	**11.1**	11.0
Derivative financial instruments	**12.4**	57.2
	41.1	84.9
Current		
Customer advances	**2.7**	3.1
Derivative financial instruments	**45.4**	34.9
	48.1	38.0

The Group recognises financial assets related to customer advances. The agreements vary but mainly relate to cash advances in respect of customer contracts in the Group's German and Brazilian out-of-home businesses and to the value of stock advanced to certain distribution customers in the Italian out-of-home business. The value of cash or stock advanced is recognised initially at cost. Subsequent to initial measurement, the assets are assessed for impairment for customers deemed at risk of recovery. Amounts are amortised to the profit and loss account within net sales over the respective contract period and based on the terms of the contract.

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2023 €m	Assets 2022 €m	Liabilities 2023 €m	Liabilities 2022 €m	Net (assets)/ liabilities 2023 €m	Net (assets)/ liabilities 2022 €m
Property, plant and equipment	**–**	–	**113.4**	88.6	**113.4**	88.6
Other intangible assets	**(2.4)**	(1.3)	**452.7**	503.3	**450.3**	502.0
Inventories	**(2.9)**	(3.7)	**7.5**	7.1	**4.6**	3.4
Right-of-use assets	**(3.9)**	(3.4)	**–**	–	**(3.9)**	(3.4)
Employee benefits	**(21.8)**	(17.7)	**0.2**	0.4	**(21.6)**	(17.3)
Provisions	**(24.5)**	(15.5)	**0.1**	0.2	**(24.4)**	(15.3)
Tax value of losses carried forward	**(42.0)**	(22.7)	**0.1**	0.1	**(41.9)**	(22.6)
Other items	**(117.5)**	(57.7)	**18.8**	8.5	**(98.7)**	(49.2)
Net tax (assets) / liabilities	**(215.0)**	(122.0)	**592.8**	608.2	**377.8**	486.2

Notes continued
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14 Deferred tax assets and liabilities continued

Movement in net deferred tax assets and liabilities during the year:

	31 December 2022 €m	Recognised in income €m	Recognised in equity €m	Foreign exchange movement €m	**31 December 2023 €m**
Property, plant and equipment	88.6	27.9	–	(3.1)	**113.4**
Other intangible assets	502.0	(39.4)	–	(12.3)	**450.3**
Inventories	3.4	1.4	–	(0.2)	**4.6**
Right-of-use assets	(3.4)	(0.6)	–	0.1	**(3.9)**
Employee benefits	(17.3)	(3.3)	(0.9)	(0.1)	**(21.6)**
Provisions	(15.3)	(12.2)	–	3.1	**(24.4)**
Tax value of losses carried forward	(22.6)	(19.6)	–	0.3	**(41.9)**
Other items	(49.2)	(53.0)	0.2	3.3	**(98.7)**
Deferred tax (assets) / liabilities	486.2	(98.8)	(0.7)	(8.9)	**377.8**

Net deferred tax liabilities of €78.9 million (2022: €97.3 million) are expected to be settled within 12 months.

IAS 12 requires Froneri to recognise deferred tax assets, subject to a "probable profits" test. Where it is probable that there will be sufficient future profits to utilise either temporary differences or carried forward tax losses, then such deferred tax assets are recognised. To assess the availability of future profits, both future forecasts and historical performance are considered. Where this "probable profits" test is not met, then a deferred tax asset will not be recognised.

Analysis of unrecognised deferred tax assets:

	Trading losses €m	Tax credits and other €m	Total gross value €m
Gross unrecognised deferred tax assets at 31 December 2023			
Indefinite life	**173.3**	**139.4**	**312.7**
Time limited	**20.0**	**21.1**	**41.1**
	193.3	**160.5**	**353.8**
Gross unrecognised deferred tax assets at 31 December 2022			
Indefinite life	406.7	128.5	535.2
Time limited	77.0	70.2	147.2
	483.7	198.7	682.4

Of the unrecognised deferred tax assets in 2023 with a time limited life, approximately 49% of these are expected to expire within five years or less. It is commonplace for other conditions to exist which may impact the life of such assets, such as change of control conditions. Therefore, there is a level of uncertainty over the future life of such assets.

15 Inventories

	2023 €m	2022 €m
Raw materials and consumables	**152.2**	173.7
Work in progress	**0.5**	0.4
Finished goods	**431.6**	482.5
	584.3	656.6

There are no inventories expected to be recovered in more than 12 months (2022: none).

Raw materials, consumables and changes in finished goods, and work in progress recognised as cost of sales in the year amounted to €2,458.4 million (2022: €2,334.8 million). The accumulated write-down of inventories to net realisable value amounted to €40.3 million (2022: €38.1 million) as at the year end.

16 Current tax receivables and liabilities

	2023 €m	2022 €m
Current tax receivables	**33.7**	30.6
Current tax liabilities	**(55.4)**	(52.4)
Net current tax liabilities	**(21.7)**	(21.8)

17 Trade and other receivables

	2023 €m	2022 €m
Current		
Trade receivables due from third parties	**443.7**	378.3
Trade receivables due from related parties	**2.4**	3.1
Prepayments and other receivables	**101.2**	92.6
	547.3	474.0
Non-current		
Prepayments and other receivables	**3.5**	13.1

Included within trade and other receivables are expected credit losses and impairments of €27.6 million (2022: €27.8 million).

18 Cash and cash equivalents

	2023 €m	2022 €m
Cash and cash equivalents per consolidated statement of financial position	**538.9**	450.3
Bank overdrafts	**–**	(2.3)
Cash and cash equivalents per cash flow statement	**538.9**	448.0

Included within cash and cash equivalents are €62.4 million of restricted cash balances (2022: €42.2 million). The remaining balances are unrestricted and comprise cash balances, money market funds, overdrafts and call deposits.

19 Assets classified as held for sale

The Group's assets held for sale primarily comprise surplus properties which are being marketed for sale. The Group measures the fair value of these assets by reference to third party valuation reports. Change to the underlying fair value measurement in the year are shown in the table below.

	2023 €m	2022 €m
Property, plant and equipment	**2.5**	4.4

The reconciliation of assets classified as held for sale from the start to the end of the year is as follows.

	2023 €m	2022 €m
At 1 January	**4.4**	2.2
Transfers from property, plant and equipment	**(0.1)**	2.6
Disposals	**(1.9)**	(0.2)
Effect of movements in foreign exchange	**0.1**	(0.2)
At 31 December	**2.5**	4.4

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20 Financial liabilities

This note provides information about the contractual terms of the Group's financial liabilities, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 25.

	2023 €m	2022 €m
Non-current liabilities		
Term bank loans	**4,493.5**	4,591.8
Less: unamortised transaction costs	**(33.5)**	(45.1)
	4,460.0	4,546.7
Shareholder loan	**–**	723.7
Shareholder loan notes	**–**	1,735.9
Lease liabilities	**79.2**	84.3
Preference share capital and interest	**886.7**	107.4
Other external debt	**16.3**	23.6
	5,442.2	7,221.6
Current liabilities		
Bank overdrafts	**–**	2.3
Term bank loans	**24.2**	24.9
Other external debt	**6.7**	6.6
Current portion of lease liabilities	**52.3**	47.9
Other financial liabilities	**0.5**	1.7
Accrued interest on term bank loans	**50.7**	28.5
	134.4	111.9
Total financial liabilities	**5,576.6**	7,333.5
Add back: unamortised transaction costs	**33.5**	45.1
	5,610.1	7,378.6

Term bank loans are presented net of transaction costs of €33.5 million (2022: €45.1 million).

On 29 December 2023, the existing shareholder loan notes were replaced by new A1 and B1 Ordinary shares. This transaction increased share capital by €20 thousand and share premium by €1,961.7 million.

On 29 December 2023, the existing shareholder loan was replaced by new C Preference shares. The C Preference shares are denominated in EUR whilst the old shareholder loan was denominated in USD.

On 29 January 2020, the Group entered into a new Senior Facilities Agreement and Second Lien Facility Agreement. The new debt facilities were entered into to refinance the existing term loan facilities and complete the acquisition of Dreyer's (which completed on 31 January 2020).

As at 31 December 2023, the Group has:

- USD 2.6 billion (2022: USD 2.6 billion) and €2.2 billion (2022: €2.2 billion) first lien term loans, maturing January 2027 (total outstanding €4.5 billion at 31 December 2023 (2022: €4.6 billion)). The USD element has interest payable at 7.706%. The Euro element has interest payable at 6.097%;
- several cross-currency interest rate swaps, swapping USD 810.0 million to circa GBP 378.7 million and circa AUD 470.8 million (2022: USD 818.3 million to circa GBP 382.6 million and circa AUD 475.7 million);
- a €600.0 million revolving credit facility (2022: €600.0 million), maturing July 2026; none of which was drawn at 31 December 2023 (2022: none); and
- €23.0 million of other external debt which represents loans secured on property, plant and equipment (2022: €30.2 million).

Fair value of borrowings

The fair value is not materially different from its carrying amount for the majority of borrowings, because the interest payable is either close to market rates or the borrowings are of a short-term nature. The difference in relation to term bank loans is shown in the table below.

Terms and debt repayment schedule:

	Fair Value		Carrying Value	
	2023 €m	2022 €m	**2023 €m**	2022 €m
Term bank loans[a]	**4,490.3**	4,392.9	**4,517.7**	4,616.7
Other external debt	**23.0**	30.1	**23.0**	30.2
Shareholder loan notes	**–**	1,651.3	**–**	1,735.9
Shareholder loan	**–**	688.5	**–**	723.7
A & B Preference shares	**122.6**	102.2	**123.3**	107.4
C Preference shares	**763.4**	–	**763.4**	–
Lease liabilities	**131.5**	132.2	**131.5**	132.2
	5,530.8	6,997.2	**5,558.9**	7,346.1

Note (a): Borrowings exclude transaction costs.

The balances above have been recalculated from their local currencies at the applicable exchange rates at the balance sheet date. Accrued interest balances have been excluded in the case of the term loans. In the case of the shareholder loan notes and the Preference shares, accrued returns are included because these returns are accrued, rather than paid in cash, and compound into the principal at each anniversary.

Summary of external net debt

The Group's financial liabilities includes amounts due to its shareholders, Nestlé SA and PAI Partners, in respect of Preference shares.

To better illustrate the Group's external, third party net borrowings, the table below summarises the Group's net external financial liabilities:

	2023 €m	2022 €m
Non-current financial liabilities		
Term bank loans (net of transaction costs)	**4,460.0**	4,546.7
Lease liabilities	**79.2**	84.3
Other external debt	**16.3**	23.6
	4,555.5	4,654.6
Current liabilities		
Bank overdrafts	**–**	2.3
Term bank loans	**24.2**	24.9
Other external debt	**6.7**	6.6
Current portion of lease liabilities	**52.3**	47.9
Other financial liabilities	**0.5**	1.7
Accrued interest	**50.7**	28.5
	134.4	111.9
Cash and cash equivalents	**538.9**	450.3
Net borrowings from third parties	**4,151.0**	4,316.2

Lease liabilities

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes continued
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21 Trade and other payables

	2023 €m	2022 €m
Current		
Trade payables due to related parties (note 30)	**62.9**	69.3
Trade payables due to third parties	**352.8**	400.9
Other payables, accrued expenses and deferred income	**684.0**	653.3
	1,099.7	1,123.5
Non-current		
Other payables, accrued expenses and deferred income	**21.9**	21.4

22 Employee benefits

Employee remuneration

The Group's salaries and wages costs of €593.3 million (2022: €598.8 million) and welfare expenses (comprising social security and pensions costs) of €107.9 million (2022: €108.0 million) represent a total of €701.2 million (2022: €706.8 million). Employee remuneration is allocated by function to the appropriate expense headings.

Froneri Lux Topco S.à r.l. employee benefit scheme

During the year ended 31 December 2020, the Group launched an equity-settled share-based payment scheme in which certain employees were eligible to subscribe for D Shares in Froneri Lux Topco S.à r.l., the ultimate holding Company of the Group. Under the scheme, employees must be employed by the Group at a defined exit date to realise a return of value on the shares granted. The return is determined as the share proceeds received as a result of an exit event (e.g. sale of the Group) and after the subscription value and a return of 12% has been paid to the holders of the Ordinary and Preference share capital. The return is calculated based on an equity value hurdle and a ratchet mechanism, which produces a calculation percentage depending on whether a target return is achieved.

At 1 January 2023, there were 3,764,027 D Shares in total allocated to individuals in the scheme and further 57,919 in the Employee Benefit Trust which were unallocated to individuals.

In 2023, 215,280 D Shares were bought back from leavers. 1,445,729 D Shares were issued to individuals, 1,270,979 at a value of €2.26 per share and 174,750 at a value of €5.30 per share (2022: 65,298 D Shares in total, comprising of 12,502 at a value of €3.17 per share and 52,796 at a value of €2.26 per share). At 31 December 2023 there were 4,994,476 D Shares in total allocated to individuals in the scheme.

The fair value of the shares subscribed is calculated using the Monte Carlo model. The shares were subscribed in various tranches throughout 2023, using valuation dates of 30 April 2023 and 31 August 2023. The tranches are expected to vest on 31 December 2024 (2022: 31 March 2024), the Group's current best estimate of an exit event. As a non-listed entity, the Group has used the historic volatility of a listed comparator Group over the expected term of the award, with adjustment to derive volatility assumptions of 24.9% for the 30 April 2023 valuation and 22.1% for the 31 August 2023 valuation (2022: 27%). The model assumes that the dividend yield is zero and a risk-free rate has been used based on the returns on zero coupon German government debt and zero coupon US government debt, as applicable, with redemption rates commensurate to the expected term of the award.

The resultant aggregate fair value of the awards less the subscription price, a net of €31.2 million (2022: €8.3 million), is being charged to the income statement to the estimated exit date of 31 December 2024 (2022: 31 March 2024) over a weighted average vesting period of 1.31 years (2022: 3.62 years). A charge of €7.4 million (2022: €1.7 million) has been included in administrative expenses in respect of this scheme in the year.

Pension and post-employment medical and other benefit plans

The Group's net employee benefit liabilities as at 31 December 2023 amounted to €35.9 million (2022: €23.9 million), including €22.9 million (2022: €15.4 million) in respect of defined benefit pension plans. One employee benefit asset of €2.3 million was recognised in the financial statements as at 31 December 2023 (31 December 2022: €1.5 million).

The Group has defined benefit plans in 15 of its territories and the schemes are different across the territories. The plans are either externally funded (in the form of independently administered funds) or unfunded. Actuarial advice is provided by external consultants and by actuaries employed by the Group in respect to these plans. The actuarial assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the plan is located and as a result the detail has been presented in aggregation and on a weighted average basis where appropriate.

As at 31 December 2023, the Group's plans in respect of Switzerland represent 46.3% (2022: 36.9%) of the total net defined benefit obligations; the next most significant scheme in the Group is in France which represents 10.8% (2022: 16.8%). The pension plan obligations in Switzerland are met via a contract with a collective foundation that offers a fully insured solution to provide a contribution-based cash balance retirement plan. Contributions are age-related and expressed as a percentage of pensionable salary.

Pension costs charged to the income statement consist of service cost (current and past service cost, gains and losses arising from curtailment and settlement), administration costs (other than costs of managing plan assets), and net interest expense or income, which is presented as part of net financial income/(expense). The actual return less interest income on plan assets, changes in actuarial assumptions and differences between actuarial assumptions and what has occurred are reported in other comprehensive income.

Risks related to defined benefit plans

The main risks to which the Group is exposed in relation to operating defined benefit plans:

- Investment risk: this is the risk that the pension plan investments do not meet the expected returns over the medium to long term. The structure of the portfolios is reviewed and asset-liability matching analyses are performed on a regular basis. In Switzerland, there is a guaranteed return on account balances of at least 0.0% (2022: 0.0%) per annum on the total account balance as well as the rate set by government of 1.0% (2022: 1.0%) on the mandatory benefits. In order to minimise the risks, the Group has entered into a contract with an insurance provider which, in return for a premium, guarantees the benefits promised in the plan over the period of the contract. The Group retains overall responsibility for deciding on such fundamental aspects as the level and structure of plan benefits at each contract renewal and remains responsible for providing benefits to members if the insurance contract is cancelled or the insurer is unable to meet its obligations.
- Mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases in the plans' liabilities. In Switzerland, the pension plan offers a lifelong pension in lieu of the cash balance lump sum upon retirement. The plan has defined rates for converting the lump sum to a pension and there is a risk that the members live longer than implied by their conversion rates. In order to minimise this risk, mortality assumptions are reviewed on a regular basis.

Asset-liability management and funding arrangement

The Group has funded defined benefit plans in seven of its territories. The total excess of liabilities over funded obligations at 31 December 2023 amounted to €16.5 million (2022: €8.7 million), stated net of unrecognised assets amounting to €10.0 million (2022: €13.0 million).

In the case of the funded plans, plan trustees are responsible for determining the mix of asset classes and target allocations of the Group plans with the support of investment advisors and external consultants. The overall investment policy and strategy for the Group's funded defined benefit plans is guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans.

In Switzerland, the Group has entered into a contract with an insurance provider which, in return for a premium, guarantees the benefits promised in the plan over the period of the contract. At 31 December 2023, the Switzerland plan represented 65.8% (2022: 67.9%) and 69.8% (2022: 70.4%) of the Group's total funded plan assets and obligations.

Unfunded obligations

The Group has unfunded defined benefit plans in 11 of its territories. The total unfunded obligations at 31 December 2023 amounted to €19.5 million (2022: €15.2 million). These obligations are mainly in respect of defined benefit pension plan arrangements and post-employment medical arrangements in Brazil and France, representing 77.8% of the total unfunded obligations (2022: Brazil and France, representing 69.4%).

Pension expense in the profit and loss account

	2023 €m	2022 €m
Defined benefit expenses	**4.3**	6.5
Defined contribution expense	**26.2**	24.7
	30.5	31.2

Amounts recognised in other comprehensive income

	2023 €m	2022 €m
Return on plan assets, excluding interest income	**(1.5)**	(9.1)
Actuarial (losses) / gains arising on scheme liabilities	**(14.7)**	48.0
Unrecognised asset movements	**3.0**	(12.2)
	(13.2)	26.7

Notes continued

(forming part of the financial statements)

22 Employee benefits continued

Analysis of assets and liabilities recognised in the consolidated statement of financial position

	2023 €m	2022 €m
Funded obligations		
Present value of funded obligations	**153.7**	136.9
Fair value of plan assets	**(147.3)**	(141.2)
Net funded obligations liability / (asset)	**6.4**	(4.3)
Other		
Unfunded obligations	**19.5**	15.2
Unrecognised assets and minimum funding requirements	**10.0**	13.0
Total defined benefit liability	**35.9**	23.9

Movement in present value of defined benefit plan obligations

	Post-employment medical and other benefits €m	Defined benefit retirement plans €m	Total €m
Balance at 1 January 2022	7.1	187.7	194.8
Currency retranslations	0.4	5.4	5.8
Service cost	(0.1)	6.5	6.4
Interest cost	0.6	1.4	2.0
Actuarial losses / (gains)	0.9	(48.9)	(48.0)
Benefits paid on funded defined benefit plans	–	(11.6)	(11.6)
Benefits paid on unfunded defined benefit plans	(0.1)	(0.3)	(0.4)
Reclassifications	1.2	–	1.2
Other movement	–	1.9	1.9
Balance at 31 December 2022	10.0	142.1	152.1
– of which funded defined benefit plans	2.3	134.6	136.9
– of which unfunded defined benefit plans	7.7	7.5	15.2
Balance at 1 January 2023	**10.0**	**142.1**	**152.1**
Currency retranslations	**0.4**	**6.3**	**6.7**
Service cost	**0.3**	**4.3**	**4.6**
Interest cost	**0.8**	**4.0**	**4.8**
Actuarial losses	**3.0**	**11.7**	**14.7**
Benefits paid on funded defined benefit plans	**–**	**(11.3)**	**(11.3)**
Benefits paid on unfunded defined benefit plans	**(0.1)**	**(0.6)**	**(0.7)**
Liabilities extinguished on settlements	**–**	**0.2**	**0.2**
Other movement	**–**	**2.1**	**2.1**
Balance at 31 December 2023	**14.4**	**158.8**	**173.2**
– of which funded defined benefit plans	**1.9**	**151.8**	**153.7**
– of which unfunded defined benefit plans	**12.5**	**7.0**	**19.5**

Movement in fair value of defined benefit plan assets

	Defined benefit retirement plans €m
Balance at 1 January 2022	147.4
Currency retranslations	4.3
Interest income	1.4
Actual return on plan assets excluding interest income	(9.1)
Employee contributions	3.5
Employer contributions	5.4
Benefits paid on funded defined benefit plans	(11.6)
Other	(0.1)
Balance at 31 December 2022	141.2
Balance at 1 January 2023	**141.2**
Currency retranslations	**5.4**
Interest income	**4.3**
Actual return on plan assets excluding interest income	**(1.5)**
Employee contributions	**3.4**
Employer contributions	**5.9**
Benefits paid on funded defined benefit plans	**(11.3)**
Other	**(0.1)**
Balance at 31 December 2023	**147.3**

Plan assets

The major categories of plan assets as a percentage of total plan assets of the Group's defined benefit schemes were as follows:

	2023 %	2022 %
Cash and cash equivalents	**1.1**	2.1
Equity instruments	**29.4**	28.4
Debt instruments of which government bonds	**35.4**	34.8
Real estate	**16.4**	16.6
Hedge funds	**0.7**	0.8
Private equity	**3.6**	5.3
Alternative investments	**13.4**	12.0
Total	**100.0**	100.0

Equity, debt instruments and commodities represent 64.8% (2022: 63.2%) of the plan assets. Almost all of them are quoted in an active market. Real estate, hedge funds and private equity investments represent 20.7% (2022: 22.7%) of the plan assets. Almost all of them are either not quoted or quoted in a market which is not active.

Group expects to contribute €6.6 million (2022: €6.2 million) to its funded defined benefit plans in 2024.

Notes continued
(forming part of the financial statements)

22 Employee benefits continued

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages of the present value of liabilities of the pensions funds of the Group as at 31 December 2023 and 2022):

	2023	2022
Discount rate at 31 December	**2.0%**	2.7%
Future salary increases	**2.0%**	1.9%
Future price inflation increases	**1.5%**	1.6%

In respect of the Group's pension plan in Switzerland, the principal actuarial assumptions at 31 December 2023 were: discount rate of 1.3% (2022: 2.2%); future salary increases of 1.6% (2022: 1.6%); and future price inflation of 1.3% (2022: 1.3%).

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables (for example, PER2020_Col_1er. orden for Spain and BVG/LPP 2020 for Switzerland) and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows – a current pensioner aged 65: 22 years (2022: 22 years) (male); 24 years (2022: 24 years) (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have (increased)/decreased as a result of a change in the respective assumptions:

	2023 €m	2022 €m
Discount rate: minus 50 basis points	**(10.9)**	(9.7)
Discount rate: plus 50 basis points	**9.9**	8.6
Future salary increases: minus 50 basis points	**3.4**	3.1
Future salary increases: plus 50 basis points	**(3.4)**	(3.2)
Mortality: life expectancy less 1 year	**2.7**	2.4
Mortality: life expectancy plus 1 year	**(2.7)**	(2.5)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation for each plan at 31 December 2023 and 31 December 2022, and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The weighted average duration of the defined benefit obligation at the end of the reporting year is 16.6 years (2022: 16.4 years).

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €26.2 million (2022: €24.7 million).

23 Provisions

	Integration and restructuring provisions €m	Employee benefits provisions €m	Litigation & other provisions €m	Total €m
Balance at 1 January 2022	15.4	6.2	17.3	38.9
Provisions made during the year	11.7	0.5	–	12.2
Provisions used during the year	(15.2)	(0.5)	(11.8)	(27.5)
Reclassifications	–	(0.3)	(0.9)	(1.2)
Effects of movement in foreign exchange	0.1	–	0.4	0.5
Balance at 31 December 2022	12.0	5.9	5.0	22.9
Non-current	1.1	5.5	1.3	7.9
Current	10.9	0.4	3.7	15.0
Balance at 31 December 2022	12.0	5.9	5.0	22.9
Balance at 1 January 2023	**12.0**	**5.9**	**5.0**	**22.9**
Provisions made during the year	**27.3**	**0.4**	**9.3**	**37.0**
Provisions used during the year	**(16.7)**	**–**	**(2.4)**	**(19.1)**
Effects of movement in foreign exchange	**(0.1)**	**(0.3)**	**(0.3)**	**(0.7)**
Balance at 31 December 2023	**22.5**	**6.0**	**11.6**	**40.1**
Non-current	**4.1**	**5.6**	**1.4**	**11.1**
Current	**18.4**	**0.4**	**10.2**	**29.0**
Balance at 31 December 2023	**22.5**	**6.0**	**11.6**	**40.1**

Integration and restructuring costs

Provisions relating to restructuring and redundancies arise from the consolidation of operations, the implementation of operational improvements, realignment of the business model, manufacturing footprint and structural costs, and similar restructuring activities. Provisions made during the year primarily relate to continued reorganisation of operations in Germany (€25.9 million) and Spain (€1.4 million). Provisions utilised during the year relate to Germany (€13.0 million), France (€2.1 million) and Spain (€1.3 million).

Employee benefits provisions

Provisions for employee benefits relate to various in-work employment benefits.

In Australia, the Group holds provisions in respect of employee long service leave, whereby employees are entitled to 13 weeks of holiday after 15 years of service, and employees are entitled to a pro rata payment if they leave employment after seven years.

Litigation & other provisions

Provisions for litigation costs relate to non-recurring legal cases and fees which are significant and unusual on the grounds of their magnitude or incidence. The circumstances behind these provisions are inherently uncertain as to potential risks, timing of financial impact and amount. Provisions made during the year primarily relate to legal claims in the US (€3.7 million) and Brazil (€2.6 million) and dismantling costs in Germany (€2.7 million). The primary utilised provision during the year related to the US (€1.1 million).

The impact of discounting on provisions is not material.

Notes continued
(forming part of the financial statements)

24 Share capital and reserves

Share capital – 31 December 2023

	Called up share capital €m	Share premium account €m	Total €m
Shares issued for cash:			
• 44,682,351 A Shares of €0.001 each, 40,309,794 issued for €0.001 each and 4,372,557 issued for €39.76 each	0.1	173.8	173.9
• 9,808,321 A1 Shares of €0.001 each, issued for €100.00 each	–	980.9	980.9
• 44,682,351 B Shares of €0.001 each, 40,309,794 issued for €0.001 each and 4,372,557 issued for €39.76 each	–	173.9	173.9
• 9,808,321 B1 Shares of €0.001 each, issued for €100.00 each	–	980.8	980.8
• 4,689,719 CA Shares of €0.001 each, 4,559,307 issued for €39.76 each and 130,412 issued for €0.001 each	–	181.8	181.8
• 982,779 CB Shares of €0.001 each, issued for €39.76 each	–	39.1	39.1
• 4,994,476 D Shares of €0.001 each, 3,121,550 issued for €0.40 each, 637,598 issued for €3.00 each, 1,148,826 issued for €2.26 each, 12,502 issued for €3.17 each and 74,000 issued for €5.30 each	–	6.1	6.1
In issue at 31 December 2023, fully paid	**0.1**	**2,536.4**	**2,536.5**

Share capital – 31 December 2022

	Called up share capital €m	Share premium account €m	Total €m
Shares issued for cash:			
• 44,747,557 A Shares of €0.001 each, 40,375,000 issued for €0.001 each and 4,372,557 issued for €39.76 each	0.1	173.8	173.9
• 44,747,557 B Shares of €0.001 each, 40,375,000 issued for €0.001 each and 4,372,557 issued for €39.76 each	–	173.9	173.9
• 4,559,307 CA Shares of €0.001 each, issued for €39.76 each	–	181.8	181.8
• 982,779 CB Shares of €0.001 each, issued for €39.76 each	–	39.1	39.1
• 3,821,946 D Shares of €0.001 each, 3,121,550 issued for €0.40 each, 637,598 issued for €3.00 each, 50,296 issued for €2.26 each and 12,502 issued for €3.17 each	–	3.3	3.3
In issue at 31 December 2022, fully paid	0.1	571.9	572.0

Ordinary shares

The Company has the following classes of Ordinary shares: A Shares, A1 Shares, B Shares, B1 Shares, CA Shares, CB Shares and D Shares. The rights attached to each of these classes of shares is as follows.

Voting rights

The A, A1, B and B1 Ordinary shares are entitled to voting rights, with one vote per share. The CA, CB and D Ordinary shares do not have any voting rights.

Income rights

Any sums which the Company may lawfully distribute to the holders of the A, A1, B, B1 CA, CB and D Ordinary shares shall be distributed in accordance with the provisions relating to capital rights which are set out below.

Capital rights

On a return of capital, on a winding-up or otherwise, the assets of the Company available for distribution shall be applied in the following priority:

- first, to the C Preference shareholders an amount reflecting the amount converted (including share premium), plus a return of 9% per annum compounding annually on each anniversary of the merger completion date;
- second, to the A1 Ordinary shareholders, B1 Ordinary shareholders, A Preference shareholders, B Preference shareholders an amount reflecting the amount subscribed or converted (including share premium), plus a return of 12% per annum compounding annually on each anniversary of the merger completion date;
- third, to the holders and the A Shares, B Shares, CA Shares and CB Shares until they have received such sum, which, when added to all of the amounts previously paid by the Company, is equal to the amount subscribed therefore plus such amount as is necessary to give the shareholders an amount equal to 12% per annum, compounding annually on each anniversary of the merger completion date;
- thereafter:
  - if the applicable ratchet (defined in the Company's Articles of Association) results in the value attributable to the A, A1, B, B1, CA and CB Ordinary shares (on the one hand) and the D Shares (on the other) being reallocated in accordance with the tables and provisions of the ratchet article, in accordance with the terms of the ratchet article; or
  - if the application of the ratchet article does not result in any change to the value attributable to the A, A1, B, B1, CA and CB Ordinary shares (on the one hand) and the D Shares (on the other), among the holders of the A, A1, B, B1, CA, CB and D Ordinary shares pro rata to the number of A, A1, B, B1, CA, CB and D Ordinary shares (treating them together, for these purposes, as a single class) held by each such holder.

The ratchet conditions are dependent on the cash-on-cash return for the shareholders and the date of the exit event by comparison to the anniversary of the subscription date. The percentage entitlement of the holders of the D Shares shall be contingent on (and determined by) the aggregate entitlement of the holders of the A, A1, B, B1, CA and CB Ordinary shares with any pro rata reductions to these shareholders returns being applied to the returns for the holders of D Ordinary shares.

Preference shares

The A Preference shares, B Preference shares and C Preference shares are redeemable at any time at the option of the Company, subject to investor consent and the terms of the Group's financing obligations. The Preference shares are also redeemable in the event of an exit. There is no premium on redemption. The holders of Preference shares are entitled to receive cumulative dividends on redemption and are not entitled to vote at meetings of the Company. The economic features of the A Preference shares and B Preference shares are the same as the fixed return portion of the A1 Ordinary shares and B1 Ordinary shares. These shares are presented as debt within financial liabilities (note 20).

Issue and conversion of shares – 2023

On 23 March 2023, the Company converted 65,206 A Ordinary shares and 65,206 B Ordinary shares to 130,412 CA Ordinary shares, all with a nominal value of EUR 0.001. On the same day, EUR 2,596,487.92 of loan notes were redeemed and 1,808,017 A Preference shares with a nominal value of 0.001 each were issued for EUR 2,596,487.70, giving rise to additional share premium of EUR 2,594,679.68.

In the year ended 31 December 2023, the Company issued the following D Ordinary shares:

	2023 €m
1,098,530 D Shares of €0.001 each, issued for €2.26 each	2.5
74,000 D Shares of €0.001 each, issued for €5.30 each	0.4
Total Ordinary shares	**2.9**

On 29 December 2023, the Company issued 9,808,321 new A1 Ordinary shares and 9,808,321 new B1 Ordinary shares, with a nominal value of EUR 0.001 each and a share premium of EUR 99.999 each, giving rise to share capital of EUR 20 thousand and share premium of EUR 1,961.7 million. The shares were issued in satisfaction of the capital and interest then outstanding on the shareholder loan notes.

On 29 December 2023, the Company issued 775,289,846 new C Preference shares, with a nominal value of EUR 0.0001 each and a share premium of EUR 0.9999 each, giving rise to share capital of EUR 77 thousand and share premium of EUR 775.2 million. The shares were issued in satisfaction of the capital and interest then outstanding on the shareholder loan.

The total authorised capital of the Company amounts to €10.1 million.

Notes continued

(forming part of the financial statements)

24 Share capital and reserves continued

Issue and cancellation of shares – 2022

In the year ended 31 December 2022, Ordinary shares were issued and cancelled and Preference shares were cancelled in Froneri Lux Topco S.à r.l., as set out below:

	2022 €m
12,502 D Shares of €0.001 each, issued for €3.17 each	–
50,296 D Shares of €0.001 each, issued for €2.26 each	0.1
Total issued	**0.1**
4,065 CA Shares of €0.001 each, cancelled	–
56,351 A Preference shares of €0.001 each, cancelled	–
Total cancelled	**–**

The total authorised capital of the Company amounted to €9.8 million.

Dividends

No dividends were declared or recognised during the year (2022: none).

Legal reserve

In accordance with Luxembourg Company Law, the Parent Company, Froneri Lux Topco S.à r.l. is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. As at 31 December 2023, the legal reserve amounts to €nil (2022: €nil).

Other reserves	Merger reserve €m	Currency translation reserve €m	Hedging reserve €m	Accumulated losses €m
Balance at 1 January 2022	87.9	(98.0)	(4.1)	(943.4)
Total contributions by and distributions to owners				
Share-based payment (note 22)	–	–	–	1.7
Total contributions by owners	–	–	–	1.7
Comprehensive (expense) / income for the year				
Loss for the year	–	–	–	(45.5)
Exchange differences on retranslation of foreign operations	–	33.0	–	4.8
Exchange differences on net investment in foreign operations	–	3.5	–	–
Gain on hedging	–	–	0.3	–
Gain on cash flow hedge	–	–	48.9	–
Net investment hedging	–	(13.3)	–	–
Remeasurement of defined benefit liability / asset before tax	–	–	–	26.7
Impact of hyperinflation	–	–	–	(7.2)
Income tax on other comprehensive income	–	(2.9)	(0.1)	(3.3)
Total comprehensive expense for the year	–	20.3	49.1	(24.5)
Balance at 31 December 2022	87.9	(77.7)	45.0	(966.2)

Other reserves	Merger reserve €m	Currency translation reserve €m	Hedging reserve €m	Accumulated losses €m
Balance at 1 January 2023	87.9	(77.7)	45.0	(966.2)
Total contributions by and distributions to owners				
Share-based payment (note 22)	–	–	–	7.4
Total contributions by owners	–	–	–	7.4
Comprehensive (expense) / income for the year				
Loss for the year	–	–	–	(47.3)
Exchange differences on retranslation of foreign operations	–	(97.1)	–	10.4
Exchange differences on net investment in foreign operations	–	(5.3)	–	–
Cost of hedging	–	–	(1.2)	–
Loss on cash flow hedge	–	–	(8.3)	–
Net investment hedging	–	21.7	–	–
Remeasurement of defined benefit liability before tax	–	–	–	(13.2)
Impact of hyperinflation	–	–	–	(6.0)
Loss on modification of financial liabilities	–	–	–	(19.2)
Income tax on other comprehensive income	-	0.4	(0.6)	0.9
Total comprehensive expense for the year	–	(80.3)	(10.1)	(74.4)
Balance at 31 December 2023	87.9	(158.0)	34.9	(1,033.2)

Merger reserve

The merger reserve arises on the Group reorganisations that have taken place, firstly in 2016 and then the subsequent reorganisation during 2020. The reorganisations have been accounted for as a common control transaction.

Currency translation reserve

The translation reserve comprises all foreign exchange differences arising since incorporation, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in certain foreign subsidiaries.

Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss as appropriate.

25 Financial instruments

(a) General

The Group's financial assets comprise cash at bank, customer advances and trade receivables. The Group's financial liabilities comprise bank and other borrowings, financial lease obligations and trade and other payables. Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivatives are used to manage exposure to fluctuations in exchange rates and interest rates.

Credit risk

Credit risk arises on cash and cash equivalents and derivative financial instruments with banks and financial institutions, as well as on credit exposures to customers. See note 25(c) for analysis of the trade receivables balance.

The Group limits counterparty exposures by monitoring each counterparty carefully and, where possible, setting credit limits by reference to published ratings. The Group limits its exposure to individual financial institutions by spreading forward foreign exchange contracts and surplus cash deposits between several institutions.

The credit quality of customers is assessed considering their financial position, past experience and other factors. Credit limits are set for customers and regularly monitored. The Company aims to ensure that the maximum exposure to one financial institution does not exceed €150.0 million.

Notes continued
(forming part of the financial statements)

25 Financial instruments continued

(a) General continued

Interest rate risk

The Group has significant levels of floating rate borrowings and is therefore exposed to the impact of interest rate fluctuations.

The Group's policy on interest rate risk is designed to limit the Group's exposure to fluctuating interest rates. A significant proportion of the interest on the debt facilities is fixed through floating-to-fixed swaps.

Froneri International Limited currently holds interest rate swaps totalling USD 1,200.0 million and €1,100.0 million. Currently these are valued at an asset position of USD 21.3 million and €18.5 million with the offset as a cash flow hedging reserve.

Cash at bank earns interest at floating rates based on market rates.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to these risks are primarily US Dollars (USD), Pounds Sterling (GBP), Australian Dollars (AUD) and Swiss Franc (CHF). There are 16 functional currencies within the Group, other than the Euro.

On 29 January 2020, the Group entered into a €6.2 billion equivalent financing package through a Senior Facilities Agreement and Second Lien Facility Agreement. The debt facilities were entered into to refinance the existing term loan facilities and complete the acquisition of Nestlé's US and Puerto Rico ice cream business. The facilities as at 31 December 2023 comprise: a €2,180.0 million senior term loan facility and a USD 2,576.6 million senior term loan facility, both with maturity dates of 31 January 2027, and a €600.0 million multi-currency revolving credit facility, with a maturity of July 2026.

In 2020, the Group also entered into a series of cross-currency interest rate swaps, swapping USD 510.0 million to GBP 390.4 million and USD 325.0 million to AUD 485.4 million, in order to better match the underlying cash flows of the Group.

The Group also typically uses contracts to mitigate foreign currency exposure on trading. At 31 December 2023, there were 119 such contracts (2022: 71 contracts) outstanding. The Board of Managers believe that the foreign exchange exposure in this regard does not present a material risk. The net fair value of these contracts at 31 December 2023 was an asset of €1.4 million (2022: €3.2 million).

From time to time, if the Group has significant cash balances held within the Group holding companies, it enters into foreign exchange swap contracts to make sure it has resources in the currencies it needs at that time. These are typically of a one to six-month duration. At 31 December 2023, it had 26 such swaps outstanding (2022: ten) and the fair value of those swaps was a net financial asset of €8.5 million (2022: €6.7 million).

Liquidity risk

The Group is exposed to the risk that it is unable to meet its commitments as they fall due. The Group has financial conditions imposed by its lenders which it must achieve in order to maintain its current level of borrowings. A single net debt covenant is tested quarterly. There have been no breaches of the covenants throughout the year.

The Group ensures that it has sufficient cash and available funding through regular cash flow and covenant forecasting. The Group has €538.9 million of cash and cash equivalents (2022: €448.0 million) and the Group has access to a revolving credit facility of €600.0 million, expiring in July 2026. This is available to finance working capital requirements and for general corporate purposes.

Capital management

One of the Group's objectives is to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes appropriate decisions based on the current economic conditions and strategic objectives of the Group.

The Group's capital comprises equity and long-term debt. The equity comprises fully paid up Ordinary shares (see note 24). The long-term debt predominantly comprises: the senior term loan facilities, Preference shares and finance leases (see note 20). Intra-year funding requirements are managed through the Group's cash position and its undrawn revolving credit facility. At 31 December 2023, the Group had €600.0 million (2022: €600.0 million) of undrawn revolving credit facilities. There are no significant restrictions on the utilisation of the revolving credit facility.

The AUD and GBP legs of the cross-currency interest rate swaps allow the Group to match EBITDAE and cash flows to its borrowings and debt service obligations, in particular to provide a net investment hedge in respect of potential foreign exchange movements.

The Group's policy is to budget sufficient headroom in order to maintain compliance with the covenant set out in the Senior Facilities Agreement such that any unforeseen circumstances are unlikely to result in a breach of that covenant. The financial covenant in the Senior Facilities Agreement has not been tested in the year.

There has been no change in the objectives, policies or processes in respect of capital management during the year ended 31 December 2023.

(b) Fair values of financial instruments

The Group has various financial instruments that require use of valuation techniques to determine fair value. The techniques used in the fair value hierarchy can include:

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

The Group has no financial instruments that fall into Level 1 of the fair value hierarchy.

Given the straightforward nature of the Group's financial instruments (assets and liabilities) and the short time period that had elapsed between when the Group's financing arrangements were put in place, the Group has adopted book values as the closest approximation to fair value in the case of its financial instruments except for the derivative financial instruments. The cross-currency interest rate swaps and the interest rate swaps were new financial instruments in 2020.

The derivative financial instruments have been valued according to Level 2 of the hierarchy, by reference to published market prices of exchange rates. At 31 December 2023, the Group recognised net financial asset related to derivatives of €57.8 million (2022: €92.1 million).

At inception on 31 January 2020, the Group recognised a fair value of €14.2 million in relation to the eight cross-currency interest rate swaps. This arose principally as a result of the lifetime credit risk of these instruments, as calculated at 31 January 2020. Since the derivatives were on market, this amount was offset in the financial statements, to bring the value of these derivatives at inception to zero, with the €14.2 million to be unwound to the consolidated statement of profit or loss across the tenure of the derivatives. At 31 December 2023, the remaining fair value to be unwound is €3.1 million (2022: €5.9 million).

(c) Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk at 31 December 2023 was in respect of trade and other receivables, arising from its ongoing trading operations. Where appropriate, the Group uses credit insurance to mitigate credit risk on its key customers in the retail channel. The Group does not hold collateral as security against credit risk. The concentration of credit risk for trade and other receivables at 31 December by geographic region was:

	2023 €m	2022* €m
Europe	**190.7**	177.7
US	**162.4**	130.3
Rest of the world	**157.2**	150.3
	510.3	458.3

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at 31 December was:

	2023 €m	2022* €m
Not past due	**385.9**	364.6
Past due 0–30 days	**78.8**	50.5
Past due 31–60 days	**10.5**	6.8
Past due 61–120 days	**3.6**	3.6
More than 120 days	**31.5**	32.8
	510.3	458.3

* Prior year figures have been restated to be comparable with the current year basis.

Notes continued
(forming part of the financial statements)

25 Financial instruments continued

(c) Credit risk continued

Credit quality of financial assets and impairment losses continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 €m	2022 €m
Balance at 1 January	**27.8**	30.0
Impairment loss recognised	**2.5**	2.8
Impairment allowance utilised	**(1.1)**	(4.8)
Unused amounts reversed in the year	**(1.3)**	(0.2)
Foreign exchange movement	**(0.3)**	–
Balance at 31 December	**27.6**	27.8

A loss allowance account for trade receivables is used to estimate and record impairment losses which is considered to represent management's best estimate of the value of receivables recoverable over the life of the asset.

The Group also has other financial assets in respect of customer advances (see note 13). The agreements vary but mainly relate to cash advances in respect of customer contracts in the Group's German and Brazilian out-of-home businesses and to the value of stock advanced to certain distribution customers in the Italian out-of-home business. In both cases, these customer arrangements are subject to credit checks and annual review of credit risk based on amounts outstanding at the year end. There are total impairment provisions of €6.3 million (2022: €8.5 million) against total balances of €26.7 million (2022: €28.2 million).

(d) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

31 December 2023

	Carrying amount €m	Contractual cash flows* €m	1 year or less €m	1 to <2years €m	2 to <5years €m	5 years and over €m
Term loans	4,484.2					
Add back: Transaction costs	33.5					
	4,517.7	4,517.7	24.2	27.2	4,466.3	–
Term loans – interest accrued	50.7	830.6	307.0	249.6	274.0	–
Preference shares classed as debt	873.8	886.2	–	–	–	886.2
Preference shares – interest accrued	12.9	671.5	–	–	–	671.5
CCIRS derivative	(10.1)	(10.1)	(2.0)	(0.7)	(7.4)	–
Interest rate swap & forward derivative	(47.7)	(47.7)	(43.5)	(4.2)	–	–
Lease liabilities	131.5	153.9	59.0	32.6	35.6	26.7
Other external debt	23.0	23.0	6.7	7.0	9.3	–
Other financial liabilities	0.5	0.5	0.5	–	–	–
Trade payables, other payables and amounts due to related parties	1,121.6	1,121.6	1,099.7	21.9	–	–
	6,673.9	8,147.2	1,451.6	333.4	4,777.8	1,584.4

* Contractual cash flows represent undiscounted amounts.

Transaction costs of €80.8 million were incurred as part of the Group's restructuring and the US acquisition in 2020. In 2023 €11.0 million (2022: €9.9 million) has been amortised during the year.

31 December 2022

	Carrying amount €m	Contractual cash flows* €m	1 year or less €m	1 to <2years €m	2 to <5years €m	5 years and over €m
Term loans	4,571.6					
Add back: Transaction costs	45.1					
	4,616.7	4,612.6	24.9	24.9	4,562.8	–
Term loans – interest accrued	28.5	1,053.3	248.1	276.7	528.5	–
Shareholder loan notes	1,561.5	1,561.5	–	–	–	1,561.5
Shareholder loan notes – interest accrued	174.4	2,353.3	–	–	–	2,353.3
Nestlé finance loan	667.8	667.8	–	–	–	667.8
Nestlé finance loan – interest accrued	55.9	561.4	–	–	–	561.4
Preference shares classed as debt	96.6	96.6	–	–	–	96.6
Preference shares – interest accrued	10.8	145.6	–	–	–	145.6
CCIRS derivative	(35.3)	(35.3)	–	–	(35.3)	–
Interest rate swap & forward derivative	(56.7)	(56.7)	(28.9)	(27.8)	–	–
Lease liabilities	132.2	154.8	54.5	38.4	33.0	28.9
Other external debt	30.2	30.2	6.6	6.6	17.0	–
Other financial liabilities	1.7	1.7	1.7	–	–	–
Bank overdrafts	2.3	2.3	2.3	–	–	–
Trade payables, other payables and amounts due to related parties	1,139.2	1,139.2	1,123.5	15.7	–	–
	8,425.8	12,288.3	1,432.7	334.5	5,106.0	5,415.1

* Contractual cash flows represent undiscounted amounts.

(e) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

In managing market risks, the Group aims to minimise the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange rates and interest rates will have an impact on consolidated earnings. Froneri are managing the effects of IBOR reforms. In 2021, the Group amended the terms of our Senior Facilities Agreement replacing GBP LIBOR with SONIA. In 2023, the Group amended the terms of our Senior Facilities Agreement replacing USD LIBOR with Term SOFR. Derivatives contracts referencing GBP LIBOR have also been transitioned to SONIA. The Group is not aware of any immediate plans to discontinue EURIBOR or BBSY.

Market risk – foreign currency risk

The Group's exposure to foreign currency risk, including via derivative financial instruments, is as follows. This is based on the carrying amount for monetary financial instruments and the notional for derivatives.

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to these risks are primarily US Dollars (USD), Pounds Sterling (GBP), Australian Dollars (AUD), Swiss Francs (CHF), New Zealand Dollars (NZD) and Brazilian Reals (BRL).

Notes continued

(forming part of the financial statements)

25 Financial instruments continued

(e) Market risk continued

Market risk – foreign currency risk continued

Market risk – foreign currency risk	USD €m	GBP €m	CHF €m	AUD €m	BRL €m	NZD €m	Other €m	Total €m
At 31 December 2023								
Cash and cash equivalents	**(43.4)**	**(3.8)**	**19.4**	**(6.6)**	**8.6**	**16.2**	**123.5**	**113.9**
Trade receivables and other receivables	**178.1**	**27.7**	**17.4**	**66.0**	**27.8**	**16.5**	**72.2**	**405.7**
Term loans	**(2,334.7)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,334.7)**
CCIRS principal	**733.9**	**(436.8)**	**–**	**(290.5)**	**–**	**–**	**–**	**6.6**
Interest rate swaps	**19.3**	**–**	**–**	**–**	**–**	**–**	**–**	**19.3**
Other external debt	**(23.0)**	**–**	**–**	**–**	**–**	**–**	**–**	**(23.0)**
Trade payables and other payables	**(282.2)**	**(43.4)**	**(126.8)**	**(83.1)**	**(51.9)**	**(26.9)**	**(127.1)**	**(741.4)**
	(1,752.0)	**(456.3)**	**(90.0)**	**(314.2)**	**(15.5)**	**5.8**	**68.6**	**(2,553.6)**
At 31 December 2022								
Cash and cash equivalents	(28.6)	(7.2)	15.0	16.0	7.6	9.6	112.8	125.2
Trade receivables and other receivables	138.3	18.6	19.7	49.9	25.9	18.5	73.5	344.4
Term loans	(2,436.7)	–	–	–	–	–	–	(2,436.7)
CCIRS principal	764.6	(432.6)	–	(302.9)	–	–	–	29.1
Shareholder loan notes	(723.7)	–	–	–	–	–	–	(723.7)
Interest rate swaps	(30.2)	–	–	–	–	–	–	(30.2)
Other external debt	26.0	–	–	–	–	–	–	26.0
Trade payables and other payables	(362.9)	(57.0)	(112.9)	(85.4)	(33.5)	(23.4)	(111.8)	(786.9)
	(2,653.2)	(478.2)	(78.2)	(322.4)	–	4.7	74.5	(3,452.8)

Sensitivity analysis

A 10% weakening of the following currencies against the Euro at 31 December in each year would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at 31 December and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity 2023 €m	Equity 2022 €m	**Profit or loss 2023 €m**	Profit or loss 2022 €m
USD	**(113.1)**	(101.8)	**1.2**	3.1
GBP	**(18.7)**	(8.6)	**(3.6)**	(1.5)
CHF	**(20.5)**	(20.8)	**(2.1)**	(1.8)
EGYP £	**(3.6)**	(4.9)	**(0.4)**	(0.6)
Other	**(27.1)**	(18.1)	**(11.5)**	(9.2)

A 10% strengthening of the above currencies against the Euro at 31 December each year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

The Group has significant levels of floating rate borrowings and is therefore exposed to interest rate fluctuations.

If interest rates were greater than 1%, it is estimated that on an annualised 2023 basis, an increase or decrease of one percentage point in the interest rate charge on borrowings (excluding leases) would correspondingly decrease or increase the Group's loss before tax by approximately €28.3 million (2022: €39.5 million).

26 Notes to the cash flow statement

Reconciliation of cash and cash equivalents to net borrowings:

	2023 €m	2022 €m
Net inflow / (outflow) of cash and cash equivalents	**82.9**	(15.3)
Decrease in leases	**65.8**	52.7
Decrease in borrowings	**32.3**	11.8
Other non-cash movements	**1,589.3**	(343.8)
FX movements	**107.8**	(189.9)
Decrease / (increase) in borrowings net of cash	**1,878.1**	(484.5)
Total net borrowings at 1 January (excluding transaction costs)	**(6,898.1)**	(6,413.6)
Total net borrowings at 31 December (excluding transaction costs)	**(5,020.0)**	(6,898.1)

Notes continued

(forming part of the financial statements)

26 Notes to the cash flow statement continued

Analysis of movement in borrowings

	As at 1 January 2023 €m	Cash flows €m	FX movements[b] €m	Other non-cash movements[c] €m	As at 31 December 2023 €m
Bank overdrafts	(2.3)	2.3	–	–	–
Cash and bank deposits	450.3	80.6	8.0	–	538.9
Net cash and cash equivalents	**448.0**	**82.9**	**8.0**	**–**	**538.9**
Shareholder loan notes	(1,735.9)	2.6	–	1,733.3	–
Shareholder loan	(723.7)	–	23.2	700.5	–
Term loans	(4,616.7)	24.7	73.1	1.2	(4,517.7)
Preference shares classified as liabilities	(107.4)	(2.6)	–	(776.7)	(886.7)
Lease liabilities	(132.2)	65.8	2.7	(67.8)	(131.5)
Other external debt	(30.2)	7.6	0.8	(1.2)	(23.0)
Total net borrowings excluding transaction costs[a]	**(6,898.1)**	**181.0**	**107.8**	**1,589.3**	**(5,020.0)**

(a) Borrowings exclude derivative finance instruments.

(b) FX movements relate primarily to the USD tranches of the term loans and shareholder loan.

(c) Other non-cash movements mainly relate to interest accrued on the Nestlé and PAI shareholder loan notes, accrued dividends in respect of the Preference shares and new IFRS 16 lease obligations.

Total net borrowings are made up of external net borrowings of €3,968.3 million (€4,001.8 million gross of unamortised transaction costs) and related party borrowings of €886.7 million (Preference shares). Offsetting the term loans value at 31 December 2023 in the consolidated statement of financial position is €33.5 million of unamortised transaction costs (2022: €45.1 million).

27 Effects of hyperinflation

The Group considers that Argentina became a hyperinflationary economy on 1 July 2018, when the cumulative three-year increase in the Consumer Price Index exceeded 100%. Consequentially, the Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Argentinian subsidiary from 1 January 2018. In the year ended 31 December 2023, this has resulted in a reduction of the 12-month sales by €7.8 million (2022: reduction of €0.8 million), and a non-monetary gain of €9.1 million (2022: €10.8 million) due to hyperinflating the underlying values to their current purchasing power, which was recognised in other finance income. The impact of €6.0 million (2022: €7.2 million) for the restatement of opening non-monetary assets and liabilities with the price index at the beginning of the year is included within Other Comprehensive Income.

28 Capital commitments

At 31 December 2023, the Group has entered into contractual commitments to purchase property, plant and equipment for €6.8 million (2022: €9.6 million), for which no provision has been made.

29 Contingencies

From time to time, in the normal course of trading, the Group may become subject to claims from third parties. The nature of such claims means they can take a long time to resolve. It is the Group's policy to investigate claims, and if a financial settlement is considered probable and the amount reliably estimable, provision is made. There are no significant contingencies at 31 December 2023 or 31 December 2022.

Included within exceptional items (see note 4), the Group recognised significant amounts in 2021 and smaller amounts in both 2023 and 2022 relating to costs pertaining to a regulatory recall. Post year end, we will record a €65 million receipt. This will be recognised as exceptional income in 2024.

30 Related parties

Nestlé SA

Nestlé SA and its subsidiaries are a significant shareholder in the Ordinary shares and Preference shares of the Company (see note 20). Nestlé SA and its subsidiaries and affiliates are also a key trading partner for the Group in respect of (inter alia): licensing arrangements for key brands and trademarks, products and other intellectual property; raw materials and other production inputs; and transitional service arrangements between Nestlé SA and its subsidiaries and the former Nestlé businesses within the Froneri Group.

Transactions with Nestlé SA and its subsidiaries and affiliates in the year ended 31 December were as follows:

	2023 €m	2022 €m
Transitional services arrangements	**13.3**	23.4
Licence fees	**199.3**	190.2
Purchase of raw materials and other inputs	**32.7**	32.3
Other transactions	**(2.3)**	(2.5)
Income from logistics services	**(7.1)**	(7.5)
Ice cream sales to Nestlé	**(2.0)**	(3.2)
	233.9	232.7

In the consolidated statement of financial position at 31 December 2023, trade and other receivables include amounts due from Nestlé SA Group of €2.4 million (2022: €3.1 million), trade and other payables include amounts due to Nestlé SA Group of €62.9 million (2022: €69.3 million). All transactions with related parties during the normal course of business are at arm's length.

In addition, at 31 December 2023, €nil (2022: €867.9 million) of the shareholder loan notes (including accrued interest) are payable to Nestlé SA and its subsidiaries and affiliates. At 31 December 2023, a shareholder PIK loan of €nil (2022: €723.7 million), including accrued interest, is payable to Nestlé SA and its subsidiaries and affiliates.

On 29 December 2023, the Company issued 775,289,846 new C Preference shares (see Note 24) to Nestlé SA and its subsidiaries and affiliates in satisfaction of the capital and interest then outstanding on the shareholder loan. At 31 December 2023, €763,441,857 (2022: €nil) in relation to the preference share capital and interest are payable. Nestlé SA and its subsidiaries are a significant shareholder.

PAI Partners

PAI Partners is a significant shareholder in the Ordinary shares of the Company. In the consolidated statement of financial position at 31 December 2023, €nil (2022: €867.9 million) of the shareholder loan notes (including accrued interest) are payable to PAI Partners (or funds managed by PAI Partners). In the consolidated statement of financial position at 31 December 2023 and 31 December 2022, there are no balances within trade and other receivables and trade and other payables include amounts due from or due to PAI Partners.

Transactions with key management personnel

The aggregate remuneration of the key management personnel of the Group for the year was as follows:

	2023 €m	2022 €m
Remuneration	**8.8**	6.6
Contributions to defined contribution pension schemes	**0.5**	0.5
Share-based payment benefits	**2.6**	1.6
	11.9	8.7

The Board of Managers' remuneration is disclosed in note 6 to these financial statements.

As at 31 December 2023 there exist:

- loans, made on market terms, between Froneri Polska Sp zoo and a member of key management personnel which falls outside the ordinary course of the business. The total value of the loans was €1.9 million (2022: €1.0 million); and
- loans, made on market terms, between Froneri US, Inc and a member of key management personnel which falls outside the ordinary course of the business. The total value of the loans was €0.8 million (2022: €nil).

Notes continued
(forming part of the financial statements)

European Pizza Group Holding Switzerland S.à r.l.

During the year ended 31 December 2023, Nestlé SA and PAI Partners set up European Pizza Group Holding Switzerland S.à r.l. ("EPG"), a joint venture which acquired Nestlé's frozen pizza business in Europe. Nestlé and PAI Partners both have a non-controlling stake with equal voting rights in the new joint venture.

During the year ended 31 December 2023, the Group's transactions with EPG were minimal. In the consolidated statement of financial position at 31 December 2023, there are no balances within trade and other receivables and trade and other payables relating to EPG.

Azets Holdco Limited

During the year ended 31 December 2023, PAI Partners became the joint owner of Azets Holdco Limited ("Azets"), a professional services company in the United Kingdom.

During the year ended 31 December 2023, the Group's transactions with Azets were minimal. In the consolidated statement of financial position at 31 December 2023, there are no balances within trade and other receivables and trade and other payables relating to Azets.

All transactions with related parties during the ordinary course of business are at arm's length.

31 Ultimate Parent Company

At the year end, the Company was the ultimate Parent Company of the Froneri Group of companies.

No other Group financial statements include the results of the Company.

In the Board of Managers' opinion, there is no ultimate controlling party.

32 Post balance sheet events

Other than the regulatory recall mentioned in note 29, there are no significant post balance sheet events.

Audit report

To the Shareholders of
Froneri Lux Topco S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Froneri Lux Topco S.à r.l. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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R.C.S. Luxembourg B 65 477 - TVA LU25482518

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report including the consolidated management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 consolidated financial statements.

pwc

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- obtain 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 5 April 2024

Vincent Ball

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