Annual report and accounts
31 December 2024

For the love of ice cream

FRONERI

Our purpose

To treat the world to more joy, one ice cream at a time.

FRONERI

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

2024 highlights

Contents

Headlines

- 2024 revenue growth of 5.5%[1] outstripped overall retail market growth of 2.8%
- A-brands sales growth of 7.9%[1]
- Phil Griffin succeeded Ibrahim Najafi as CEO
- Major factory transformation in the US now largely complete
- At or above the benchmark average in the 2024 Advantage Survey, including number 1 spot in the US
- Acquired Crufi S.A. ("Crufi") in Uruguay
- Froneri's first ever Super Bowl campaign, on Drumstick
- Safety incidents reduced by 20.6%
- Consumer complaints down 10%
- Significant ESG progress, including 100% of palm oil being sustainably sourced

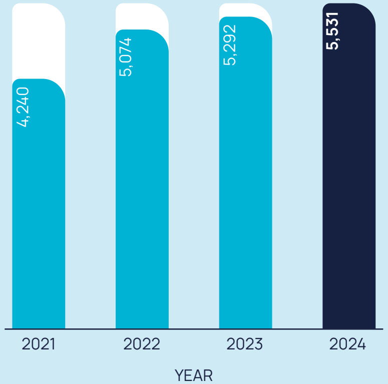
1 At like-for-like FX rates

▶ Find out more: **pages 5–6**

Financial

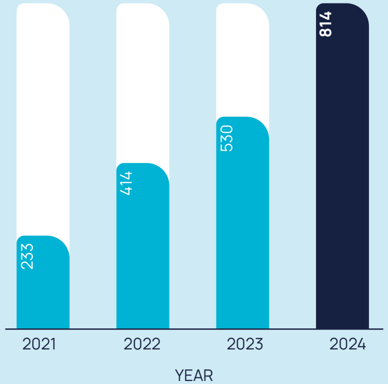
Revenue

€5,531m



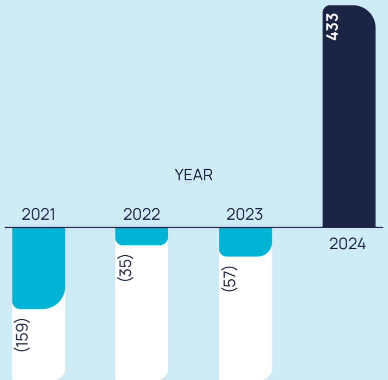
Operating profit

€814m



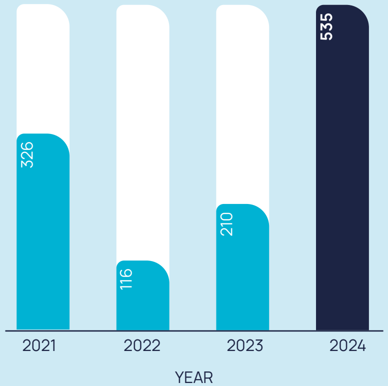
Profit /(loss) before tax

€433m



Free cash flow

€535m



Group at a glance

Our goal

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

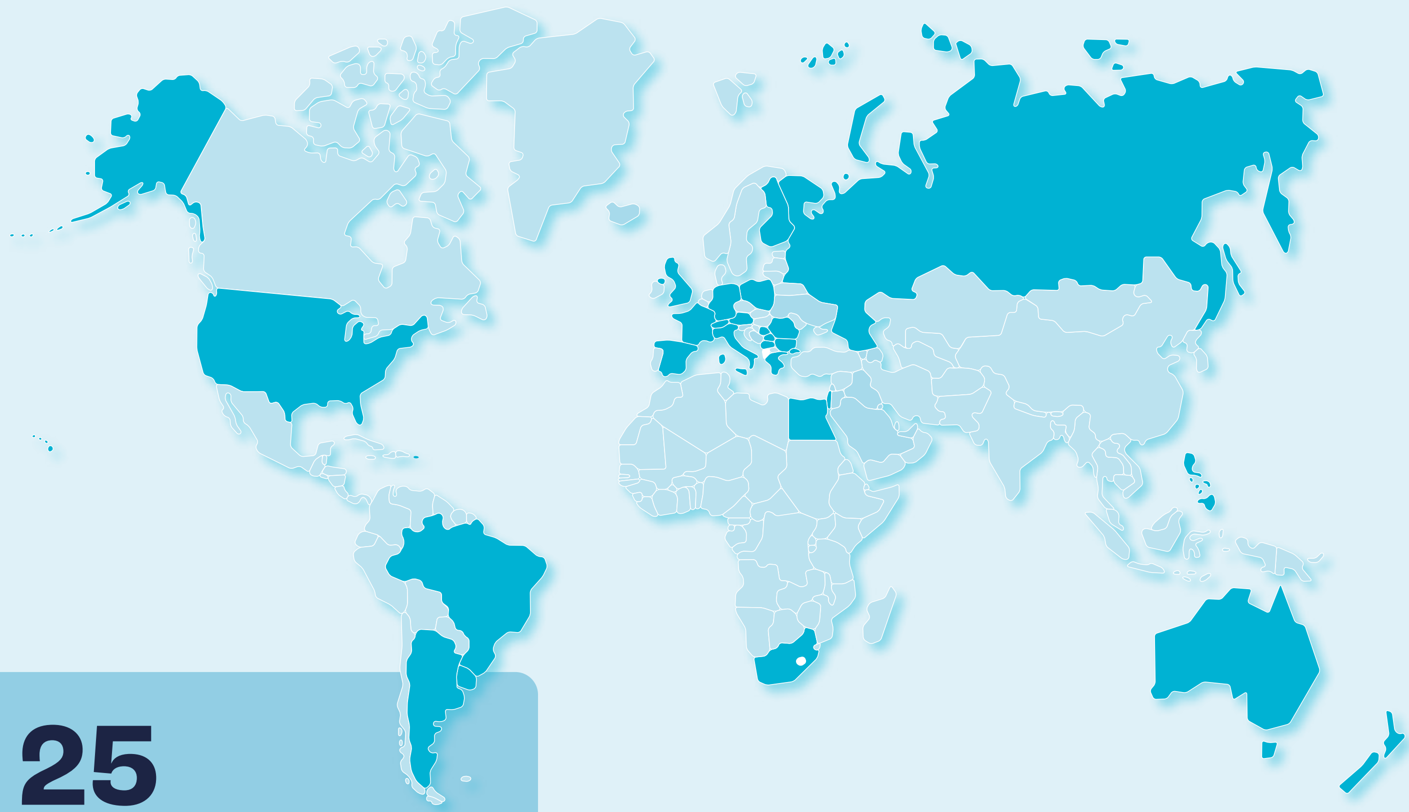
About us

Froneri ("Group" or "Company") is a global pureplay ice cream company

1. Owned and controlled in equal shares between the private equity firm PAI Partners ("PAI") and Nestlé SA ("Nestlé")
2. 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
3. Headquartered in the UK, with its registered office in Luxembourg
4. Highly attractive brand and product portfolio
5. Operates 30 factories across six continents

▶ Find out more at:
froneri.com

Our locations and markets



25
Number of countries we operate in

12,000+
employees worldwide

Our leading brands

Froneri is driving 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.

Froneri is driving growth in the ice cream segments.

Source: Nielsen & Circana Retail Measurement Service, Froneri markets 12 months ending December 2024.

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

"Our much-loved and well-invested brands continue to deliver, with product innovation in hand-held and premium ice cream driving top-line growth."

Patrice Bula
Chairman

Performance

2024 was another year of sales growth and EBITDAE[1] growth for Froneri, achieved through relentless focus on Selling More, Buying Better and Taking Costs Out.

Our much-loved and well-invested brands continue to deliver, with product innovation in hand-held and premium ice cream driving top-line growth. Froneri sales drove market growth which allowed us to gain market share, with volumes increasing despite a continuation of the difficult economic conditions for consumers.

The major factory transformation programme in the US is now largely complete. Cumulatively, in the US we have invested USD 880 million of capex since acquisition to the end of 2024. This spend has been primarily focused on enhancing our capacity in premium and snacking products, allowing us to increase and maintain our customer service levels.

In addition to capacity, we have continued to invest in product quality and line efficiency. This improvement has been valued by our retail customers, with Froneri achieving the number 1 spot in the 2024 US Advantage Survey.

Source: Froneri markets and Nielsen & Circana Retail Measurement Service 12 months ending December 2024.

Markets and brands

Ice cream is a large, fast-growing and highly attractive market, with a growing focus on higher value snacking occasions. Snacking represents the highest growth category and is the primary format in ice cream (accounting for over 50.0% of total market value) and is where Froneri is most focused. As a result, we continue to outperform the market and our 2024 revenue growth of 5.5% (at like-for-like FX rates) has outstripped overall retail market growth of 2.8% in our markets. Froneri's market share has grown by 0.2 ppt and we are the leader in ice cream across the markets in which we operate (24.7%). We have strengthened our number 1 position in the key US market, increasing our market share; this is also the market where we see greatest headroom for growth.

I am particularly pleased with the performance of our brands, with the A-brands[2] having grown by 7.9% year-on-year (at like-for-like FX rates). Our A-brands are our much-loved cross-border international brands that resonate deeply with consumers, positioned in the fastest-growing premium and snacking sectors.

1 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).

2 Our "A-brands" include: Cadbury, Connoisseur, Drumstick, Extrême, Häagen-Dazs (in the US), Maxibon, Milka, Mövenpick, Nuii, Oreo and Outshine.

Chairman's Statement continued

Governance

The Board remains committed to maintaining the highest standards of corporate governance in line with best practice. As a private-equity-backed business, we adhere to the recommendations and enhanced disclosure requirements set out in The Walker Guidelines for UK portfolio companies. We aim to build and maintain a world-class approach to governance and compliance, empowering our country teams to deliver our strategy responsibly and ethically at a local level.

25
Countries

12,000+
Employees

Board

The responsibility for the day-to-day running of the business is delegated to Phil Griffin and the Management Board. Phil was promoted from Deputy CEO to CEO effective 1 August 2024, following the retirement of Ibrahim Najafi. I congratulate Phil on his promotion.

Ibrahim had been CEO of Froneri and its predecessor businesses since 2013, having also held various senior roles prior to that stretching back to 1998. I would like to express my gratitude for Ibrahim's outstanding leadership and contribution to Froneri. It has been his unique leadership style, grounded on strong values and principles, combined with a bold growth strategy and clear execution that has led to Froneri becoming the global powerhouse it is today.

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 focus on strategy, culture, values and integration. I wish Phil every success in his new role.

I would also like to welcome David Rennie to the Board of Froneri and thank outgoing directors, Laurent Freixe and Guillaume Leblanc.

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 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.

Sustainability

The Group is committed to improving its environmental footprint.

Our ESG standards are fully aligned with the relevant United Nations Sustainable Development Goals ("UN SDGs") and we are deeply committed to reducing our environmental footprint. The SBTi (Science Based Targets initiative) targets we will commit to will drive and direct our efforts to decarbonise our operations and supply chain.

Our global ESG strategy provides the framework through which we address the issues that matter most to our business and stakeholders, integral to fulfilling our vision to build the world's best ice cream company.

At a high level the strategy:

1. considers each part of our business to understand where we can make small, medium and big changes;
2. establishes KPIs so that we can measure performance over time; and
3. provides a mechanism to continuously evolve our business practices worldwide to make them more sustainable.

We have made significant progress on sustainability in 2024, delivering against previously communicated commitments (see later in this Strategic Report for an in-depth look).

Looking ahead

I welcome the Crufi team into the Froneri family. Crufi manufactures ice cream at its production facility in Montevideo, Uruguay, selling throughout the Uruguayan market. Crufi was acquired on 31 December 2024. Uruguay is a new territory for Froneri, increasing our presence to 25 countries and reinforcing our presence in Latin America. We look forward to supplementing Crufi's strong local brands with Froneri's A-brands and leveraging Froneri manufacturing and marketing knowhow.

I am excited by what lies ahead for Froneri in 2025 and beyond. We will continue to deliver growth through capitalising on investments in the snacking market. We are the trusted strategic ice cream partner for a number of leading global consumer brands, offering a differentiated model which embeds Froneri's expertise end to end.

Froneri is well-invested and has a robust operational footprint positioned to support long-term growth.

Whilst we shall have to work hard to limit the impact of higher input costs, we are convinced that we will continue to deliver superior growth, capitalising on our investments in A-brands, our state-of-the-art facilities and our people.

I would like to personally thank each of our 12,247 employees for their significant contributions to Froneri's successes in 2024 and I look forward to another successful year in 2025.

Patrice Bula
Chairman

Brand case study

Nuii core to growth in premium snacking

Premium snacking has been the biggest driver of Froneri's growth over the last 12 months. Nuii is core to supporting our ambition in this segment, with increased marketing investment making 2024 a game-changing year for the brand.

Nuii brand awareness has increased vs prior year in all its markets.

Partnering with celebrity ambassador Jason Momoa has been a key initiative to drive awareness of the Nuii brand. The actor, known for his roles in Aquaman, Game of Thrones and Dune, embodies the values that Nuii stands for: a taste for adventure and strong support of biodiversity conservation projects.

This high-profile celebrity endorsement has driven awareness and relevance among our target audience and extended the brand's reach beyond traditional media.

Nuii continues to gain share across 12 major markets, delivering a 12.9% share of premium sticks in France and growing awareness in all its markets.

Bringing Kapiti into the Nuii family within New Zealand has led to 24.8% growth and market share gain. Kapiti is one of the fastest growing indulgence brands in that market.

Read about our work with WildArk in this area on page 21.

Source:
Circana Scan Sales Total Grocery & Petrol (Combined) to 23/02/25
AC Nielsen December 2024

Scan the QR code to view the Nuii story

Brand case study

CEO Review

> "We continue striving to become the world's best ice cream company for all consumers, customers and employees."

Phil Griffin
Chief Executive Officer

I am pleased to present our strong set of results in my first CEO Review. Froneri is unrecognisable from the company I joined over 20 years ago, sitting now as a major global player in ice cream production and marketing.

2024 sales performance was underpinned by significant targeted marketing and capital investment, leading to growth from our premium snacking A-brands, particularly in the US following capacity improvements. Revenue has grown by 5.5%, with our A-brands growing at an even faster rate than overall sales, growing by 7.9% in the year (both using like-for-like FX rates).

All but three of our 25 markets delivered revenue growth year-on-year, despite the poor summer weather conditions in the northern hemisphere. Additionally, we delivered improved market share in the majority of our markets, including in the US.

We continue striving to become the world's best ice cream company for all consumers, customers and employees. We have recently launched our new strategy programme, in which we have added three additional pillars to our existing Sell More, Buy Better and Taking Costs Out model: Thriving People, End-to-End Quality and Doing "Good" Business.

Sell More

Our revenue growth was driven by a 3.0% increase in volume, with the balance coming from price and mix. We have protected our margin % through pricing our products appropriately and our margin has benefitted due to efficiency improvements. Q4 2024 and Q1 2025 saw further unavoidable pricing action across many of our markets given the increasing costs of cocoa, the impact of which will come through the Income Statement in 2025.

Froneri's A-brands are key to its consistent, strong performance, enabling strong sales growth year over year. A-brands represented 69.2% of our overall sales in FY24, an increase of 1.5 ppt on FY23. We have continued to invest behind these brands, stepping up the spend in 2024 through a combination of increased marketing support, product innovation, product quality and manufacturing capability. Our investment has been consistent across our five A-brand platforms, including supporting Drumstick with our first ever Super Bowl advert in 2024 and Häagen-Dazs in 2025.

We have brought several innovative new products to market in 2024, meeting consumer needs and the brand's DNA, with the launch of exciting new Häagen-Dazs flavours, the introduction of Oreo Bites and bringing the minis format to Outshine.

Buy Better, Take Costs Out

We are buying better, not only with a view to reducing costs but also with a view to improving the quality of our products by buying better equipment, ingredients and packaging.

As Patrice mentioned, we have largely completed the transformation of our US factories. In 2024, we completed vertical integration projects in Fort Wayne, and efficiency and capacity projects in Laurel and Bakersfield. Further afield, we have completed major projects in Poland, Egypt, Germany and the UK. Our new Israel factory is under construction and is on track to complete ahead of the 2026 summer season. Factory efficiency has been improved through these capital investments, together with other process improvements (including upskilling of line workers, run optimisation and spare parts management).

Once again, we have increased the number of supplier audits we have conducted, auditing over 270 suppliers in the year. This ensures quality throughout the supply chain and also derisks the business.

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 are leveraging our existing suppliers to ensure the best and most flexible rates for key products, we have sourced a number of efficiencies through using alternative suppliers and we have brought a number of production projects in-house, including in cone wafers, sauces and chocolate coatings.

Our unwavering focus on safety continues. We have broadened the scope of our safety inspections in the year. Again, we have reduced the number of safety incidents year on year, by 20.6% in 2024. In our Froneri academy, our employees have successfully passed 35,000 individual e-learning safety courses in the year, tripling the number of equivalent courses passed in the prior year.

The number of complaints we have received from consumers has also reduced by over 10% in the year, with improvements both in the US and in the rest of the world, vindicating the investment we have made in improving production lines and demonstrating our commitment to product quality.

We continue to drive our Take Costs Out programme. We are seeing improvements, both operationally and in the P&L, from the "One Germany" project completed at the end of 2023 (merging together the Osnabrück and Schöller ice cream businesses).

5.5%
Top-line growth in 2024*

7.9%
A-brands growth in 2024*

*At like-for-like FX rates

Our new values

We have also taken the opportunity to review and redefine the Froneri values to the following:

1. We take ownership – we take responsibility for our actions and work with purpose to drive results, staying committed to our responsibilities from start to finish.
2. We do what is right – we embed ethical and behavioural standards into our ways of working, and encourage everyone to exercise appropriate initiative and judgement.
3. We seek to improve – we innovate our business, enhancing performance and improving quality, learning from our successes and failures.
4. We are better together – through collaboration, we know we can deliver outstanding results. We seek diverse perspectives and treat everyone with fairness and respect.

Our strategy and priorities for 2025 and beyond

It is a privilege to have become CEO of such a unique business. I would like to thank my predecessor, Ibrahim Najafi, for his 26 years of service and his unwavering commitment and dedication over that period. I look forward to successfully developing and expanding the Group through to its next stage of development as we drive towards becoming the world's best ice cream company for consumers, customers and employees. Under my leadership, the core principles of the business will subtly evolve whilst staying true to our core.

We will continue to focus on growing our A-brands at high single-digit percentage growth rates year-on-year, in the major growth segments of snacking and premium ice cream.

We will drive our growth in a sustainable way through our ESG programme. We have made significant headway on our ESG programme in 2024 (see later in the Strategic Report) and we will continue to do so in 2025 and beyond.

I would also like to welcome the Crufi team to the Froneri family. People are our most important asset and we will work to integrate our Uruguayan business throughout 2025, including rolling out the "Froneri way", a tried-and-tested model underpinned by agility, speed and focus on quality.

Phil Griffin
Chief Executive Officer

Consumer trends and market overview

Over the last two years Froneri has increased its market leadership position from 11 markets to 13 markets.

Source: Nielsen & Circana Retail Measurement Service, Froneri markets 12 months ending December 2024.

Consumer trends and market

The ice cream market is divided between the take-home ice cream segment, where products are distributed through retailers for consumption at home, and the out-of-home segment, where ice cream products are purchased for immediate on the go 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. 87% of Froneri's 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. Private label accounts for 13% of Froneri's ice cream sales, although much smaller than branded, certain key Froneri countries have a substantial private label presence.

Overall, Froneri is the number 2 player in the global market (ranking only behind Unilever) and holds at least a top two position in all the countries in which it operates. Over the last two years, Froneri has increased its market leadership position from 11 markets to 13 markets. Globally, Froneri is the second largest branded ice cream producer and the largest producer of private label ice cream.

The ice cream market has shown consistent growth over several decades, ahead of other key treat categories. Drivers of market growth include snacking and "premiumisation", fuelled by innovation, convenience and accessibility. Froneri is well-positioned to benefit from the continued growth in these markets, through its focus on building global A-brand platforms, with an increased marketing investment in our brands (8% in 2024), 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, packaging formats and always ensuring premium quality, supported by our best-in-class factories. Froneri's combination of brand building, underpinned by operational expertise, will ensure Froneri is best placed for capitalising on future growth.

Froneri has created the premium brand Nuii which is now present in 12 major markets with additional export territories building brand coverage, achieving the number 2 position in the European premium sticks segment. This taps into the premium snacking trend, underpinned by a clear brand positioning and global communication. Nuii has a new celebrity brand ambassador Jason Mamoa, to drive awareness in addition to a socially engaged partnership with WildArk.

The US is the largest retail ice cream market globally and since the Dreyer's acquisition (in 2020) Froneri has become the number 1 player in the US market. Reprioritisation and focus of the portfolio in the US, along with increased levels of marketing support, are driving this growth. Häagen-Dazs, a super-premium brand and the number 1 ice cream brand in the US, has been rejuvenated and accelerated through increased marketing investment.

Drumstick is an iconic snacking brand in the US, driving growth and desirability with the younger snacking generation, and 2024 saw our first ever Super Bowl TV advert.

Outshine is the number 1 brand and cornerstone of the healthy snacks segment in the US

Since 2022 Froneri has had the rights to produce and sell Mondelēz ice cream products in the US alongside its global portfolio.

Oreo ice cream is now a ~USD 200 million consumer sales value brand in the US.

Whilst there is seasonality in ice cream, our geographical and product diversification, particularly in the US take-home market, has enabled us to better balance the potential impact of localised 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 Froneri's ability to deliver on the strategic objectives of being able to Buy Better, Take Costs Out, and to generate strong cash flows, in order to continue to invest in our brands, the quality of our products and customer relationships.

"Froneri is driving the growth in premium snacking."

Source: Nielsen & Circana Retail Measurement Service, Froneri markets 12 months ending December 2024.

Brand case study

Häagen-Dazs extends its leadership in premium snacks

#1
premium snack brand in the US

1.4bn
USD of consumer brand sales

Brand case study

Scan the QR code to view the Häagen-Dazs story

Häagen-Dazs retained its spot as the leading brand in the premium snacking segment in the US, with brand sales totalling USD 1.4 billion. The brand grew by 6.5%, outperforming the category and reaching a market share of 38.7%. This growth has been fuelled by a record media spend that exceeded USD 60 million in 2024, with a rejuvenated "That's Dazs" campaign celebrating our high-quality ingredients and flavours.

Our bars remain the top sellers in the US premium bar segment, with Chocolate Cookie Crumble being a new flavour for the year. Our packaged range was enhanced with the launch of the popular New York Strawberry Cheesecake flavour, a nod to our Brooklyn heritage.

The new flavours were the inspiration for murals in Los Angeles, New York City and Miami, created by artists within Allies in Arts' vast creative network, in line with our purpose to uplift the next generation of underrepresented creators.

Other initiatives in 2024 included sponsoring a day of panels and workshops for over 200 college women to empower the future of women in music, in partnership with "She is the Music". We also sponsored the Council of Fashion Designers America ("CFDA") annual fashion awards. Money raised at the event went towards CFDA's efforts to support scholarships, diversity & inclusion, and sustainability within the fashion industry.

This momentum continued into 2025 with Häagen-Dazs having a presence at the Super Bowl LIX.

Source: Circana OmniMarket Core Outlets, MULO+wC, WE 12-29-2024.

"Häagen-Dazs has received a record media spend that exceeded USD 60 million to further build the "That's Dazs" campaign."

Financial Review

> "The majority of our sales continues to be generated in hard currencies which translates into real cash."

Ivar Blanken
Chief Financial Officer

Overview

For the year ended 31 December 2024, Froneri generated revenue of €5,531 million (2023: €5,292 million), an EBITDAE of €1,187 million (2023: €966 million), operating profit of €814 million (2023: €530 million), a profit before tax of €433 million (2023: loss before tax of €57 million) and free cash flow before acquisitions, financing and exceptional items[1] of €535 million (2023: €210 million). At 31 December 2024, the Group had net assets of €1,858 million (2023: €1,468 million).

Revenue

Revenue for the year ended 31 December 2024 was €5,531 million (2023: €5,292 million), an increase of 4.5%. The geographic split of revenue was €2,456 million (2023: €2,374 million) in Europe, €2,156 million (2023: €2,050 million) in the US and €919 million (2023: €869 million) in the rest of the world.

The Group's global A-brand sales increased by 7.9% using like-for-like FX rates, in part due to volume increases and in part due to the impact of the price pass-throughs in 2023 and 2024, together with market share improvements. While A-brands command the majority of our focus and investment, private label still has strategic value, particularly in certain geographies, where it represents a prominent market share.

The top eight markets accounted for 74.7% (2023: 77.8%) 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 Egypt was particularly strong.

Profitability

EBITDAE for the year ended 31 December 2024 was €1,187 million (2023: €966 million). The geographic split of EBITDAE was €699 million (2023: €598 million) in Europe, €284 million (2023: €197 million) in the US and €204 million (2023: €171 million) in the rest of the world.

Operating profit (after exceptional items) for the year ended 31 December 2024 was €814 million (2023: €530 million). Profit before tax for the year ended 31 December 2024 was €433 million (2023: loss before tax of €57 million).

The majority of our sales (91%), and consequently EBITDAE, continues to be generated in hard currencies which translates into real cash to service our debt.

Share-based payments of €11 million were charged to the administrative expenses line in the consolidated income statement in the year (2023: €7 million). The increased charge has arisen because of the annualisation impact of the increased IFRS 2 Fair Values ascribed to shares issued part-way through 2023.

Exceptional items

We had exceptional income of €28 million in 2024 (2023: exceptional cost of €62 million). €66 million of this relates to income pertaining to a regulatory recall, the costs of which had been previously recognised as exceptional costs in earlier years. This income was partly offset by exceptional costs relating to various integration and restructuring projects, including the closure of the Skelmersdale factory in the UK, along with costs associated with discontinued IT systems and M&A transactions. The exceptional costs in the prior year largely related to the continuing transformation of the US business and the project to merge our two German ice cream

businesses into one (see note 4).
Cash flows relating to exceptional items amounted to a net €33 million inflow in 2024 (2023: a €41 million outflow).

Cash flows

Froneri generated €535 million (2023: €210 million) of free cash flow before acquisitions, financing and exceptional items. Operating cash flow of €1,266 million (2023: €886 million) was €1,233 million (2023: €927 million) before exceptional cash flows. The growth in 2024 operating cash flow was driven primarily by the significant increase in profitability in 2024. Set against the operating cash flow were movements in:

- net capex payments of €264 million (2023: €374 million). The capex payments continued to primarily relate to the US transformation project;
- net interest payments of €288 million (2023: €252 million). This is primarily driven by the refinancing of the Group's term loans; and
- tax payments of €147 million (2023: €90 million).

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 October 2024, the Group refinanced its senior debt, amending the quantum of the existing term loans and extending the term. The old term loan facilities (€2.2 billion and USD 2.6 billion) with maturity dates of January 2027 were replaced with new term loan facilities (€2.0 billion and USD 2.8 billion) with maturity dates of September 2031; the €600 million multi-currency revolving credit facility was also increased to €650 million, and the maturity extended from July 2026 to June 2031. The Group also had in place a series of cross-currency interest rate swaps, swapping USD 802 million to GBP 375 million and AUD 466 million, in order to better match the underlying cash flow generation of the Group. These matured on 31 January 2025. New cross-currency interest rate swaps were executed in November 2024, commencing 31 January 2025, swapping USD 800 million to GBP 382 million and AUD 473 million. The revolving credit facility remained undrawn at 31 December 2024.

The Crufi acquisition on 31 December 2024 was funded entirely out of cash reserves.

Going concern

At 31 December 2024, the Group had net assets of €1,858 million (2023: €1,468 million). The improvement is primarily attributable to 2024 profitability.

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 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. 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 Free cash flow before acquisitions, financing and exceptional items is a non-GAAP measure. It is net cash flow from operating and investing activities before exceptional items and acquisition of subsidiaries, net of cash acquired (as defined in the consolidated cash flow statement memorandum).

4.5%

Top-line growth in 2024

€221m

EBITDAE increase in 2024

Financial Review continued

"The top eight markets accounted for 74.7% of total Group revenue."

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 before acquisitions, financing and exceptional items; and
- net debt.

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

	2024	2023	Change	Change %
Sales volume[1]	2,964,014	2,877,113	+86,901	+3.0%
Safety incidents[2]	112	141	-29	-20.6%
Market share[3]	24.7%	24.5%	+0.2 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 2023 the Group operated in 16 other currencies and the principal exchange rates used 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
US Dollar	USD	1.104	1.082
South African Rand	ZAR	20.163	19.936

In the year ended 31 December 2024 the Group operated in 17 other currencies and the principal exchange rates used are shown below:

Currency	Symbol	31 December 2024	1 January – 31 December 2024 average
Argentinian Peso*	ARS	**1,074.312**	**1,074.312**
Australian Dollar	AUD	**1.673**	**1.640**
Bulgarian Lev	BGN	**1.956**	**1.956**
Brazilian Real	BRL	**6.436**	**5.815**
Swiss Franc	CHF	**0.939**	**0.952**
Egyptian Pound	EGP	**52.999**	**49.070**
British Pound Sterling	GBP	**0.827**	**0.846**
Israel New Shekel	ILS	**3.796**	**4.004**
New Zealand Dollar	NZD	**1.850**	**1.788**
Philippine Peso	PHP	**60.474**	**61.994**
Polish Zloty	PLN	**4.273**	**4.307**
Romanian Leu	RON	**4.974**	**4.975**
Serbian Dinar	RSD	**117.015**	**117.085**
Russian Rouble	RUB	**106.103**	**100.203**
US Dollar	USD	**1.035**	**1.082**
Uruguayan Peso	UYU	**45.846**	**45.846**
South African Rand	ZAR	**19.504**	**19.816**

* 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")

Froneri Lux Topco S.à r.l.
Registered office: 9 rue de Bitbourg,
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ESG | Overview

A message from our CEO – Sustainability matters

ESG is front and centre of everything we do at Froneri. We are fully committed to integrating ESG considerations into all areas of the business. Driving high ESG standards will benefit the communities we operate in, the colleagues we work with and ensure long-term value generation for our stakeholders. Our ESG standards are aligned with the relevant UN SDGs and we are committed to reducing our environmental footprint. The SBTi targets we will commit to will drive and direct our efforts to decarbonise our operations and supply chain.

Our purpose:

"To treat the world to more joy, one ice cream at a time."

At Froneri, we believe in the simple joy of ice cream – how this creamy, melt-in-your-mouth sensation makes life just a little bit better. That's why we do what we do.

We also believe ice cream brings something special to snacking. It's a satisfying pick-me-up, a refreshing escape or a well-earned treat.

We're here to create joyful moments – for every taste, every occasion and everybody.

That's why we're dedicated to delivering consistent, high-quality ice cream, every single time. Because joy is what we do, and ice cream enthusiasts are who we do it for.

But some things are bigger than ice cream – like reducing our environmental footprint and supporting our communities. At Froneri, our mission is to produce and sell products that are Better for Me, Better for the Planet and Better for the Community.

ESG | Overview

Our approach

Sustainability and social responsibility are part of everything we do at Froneri. We integrate our values into the way we do business, and accountability for sustainability issues sits at every level of our Group. We include sustainability considerations within investment decisions, and we cover ESG reporting and tracking in our weekly and monthly KPI review meetings.

Our global ESG strategy provides the framework through which we address the issues that matter most to our business and stakeholders. At a high level, the strategy:

- considers each part of our business to understand where we can make changes;
- establishes KPIs to measure performance over time; and
- provides a mechanism to continuously evolve our business practices, making them more sustainable.

We have integrated 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.

Sustainability governance at Froneri

Growing responsibly and responding transparently to stakeholder expectations means upholding robust and globally consistent standards and behaviours. Strong governance is 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, supported by Group functions.

Each Froneri market has dedicated ESG teams who drive local sustainability issues as well as effectively ensuring local ESG considerations are communicated to the Group. Sustainability meetings are held at both local market and Group levels to ensure the implementation and monitoring of established targets.

ESG is embedded in existing governance structures to maximise results. ESG governance is part of the way we work and not a distinct department. For this reason, we have continued to expand and develop our existing governance structures.

In 2024 we established the Froneri Environmental Committee, complementing the existing Compliance Committee, which between them report on all ESG targets and compliance. Both Committees meet quarterly and report to the Group Management Board, also updating the Group Audit Committee regularly.

ESG compliance and reporting

As a global ice cream producer, we have set out to ensure we have a uniform sustainability reporting programme, even if it exceeds local requirements.

Froneri is in scope for CSRD (Corporate Sustainability Reporting Directive) reporting obligations. We are preparing to comply with CSRD following the ESRS Standard (European Sustainability Reporting Standards) at a Group level[1].

The major impacts, risks and opportunities for Froneri arise from its value chain. The ESRS requires the performance of a double materiality assessment which covers the identification of material impacts, risks and opportunities in the value chain, with a focus on where in this value chain they are likely to arise. This includes geographies, sectors, operations, customers, suppliers and other relationships.

Due to the complexity of our value chain and the involvement of all markets, a unified approach enables us to set more ambitious targets through our implementation of centralised measures.

The assessment results will determine in-scope, mandatory ESRS disclosure requirements, and support voluntary and phased-in disclosures. The results will also support ongoing sustainability prioritisation and strategy activities.

1 Excludes Russia and Uruguay.

Our areas of focus

We are committed to addressing the material impacts, risks and opportunities related to sustainability in our operations and throughout the upstream and downstream value chain. We strive to minimise our carbon footprint, promote resource efficiency and mitigate the environmental risks associated with our business activities, all while seizing opportunities to drive positive change.

Our contribution to Sustainable Development Goals

In 2024, Froneri continued the rollout of its sustainability strategy aligned to the adoption of ten of the 17 UN SDGs. The strategy also features several ESG-related milestones, Froneri has publicly committed to challenging and ambitious goals.

SUSTAINABLE DEVELOPMENT GOALS

Case study

Scan the QR code to view our bio-diversity story

Proud to support biodiversity projects

We are committed to supporting biodiversity projects in places where we can make a real difference to the lives of people, wildlife and the environment. These places are a huge source of inspiration and it's important to us that we give back in some way.

With Australian Macadamia & Salted Caramel the brand's No 1 flavour, Nuii is proud to work with WildArk to support the conservation of endangered koalas. In collaboration with WildArk, Nuii is committed to protecting the natural habitat and health of these beloved animals and raising awareness about the challenges they face.

Habitat destruction and disease, exacerbated by climate change and devastating bushfires, has left many koalas vulnerable and the species at risk of extinction. Recognising the urgent need for action, we have supported multiple projects to protect and grow the koala population, donating over AUD 230,000 to koala conservation and AUD 150,000 to the Currumbin Wildlife Hospital. This has allowed them to buy medical and surgical equipment so that koalas can be treated, rehabilitated and released back into the wild as quickly as possible.

Koalas are an irreplaceable part of Australia's natural heritage, and we believe it is our responsibility to help ensure their survival.

Through our ongoing conservation partnerships, we hope to make a meaningful difference.

Our support for conservation work in 2024 also included funding a 4x4 vehicle for female Indigenous rangers in Arnhem Land in Northern Australia, the Kāpiti brand continued to support a project to save the Tītī bird from extinction on Kāpiti Island in New Zealand and the Classic brand continued support to grow the Arctic fox population in Finland.

ESG | Our key milestones

Our key achievements in 2024

We have made huge progress in 2024 and achieved significant milestones in relation to our previously communicated commitments[1].

We continued to make progress on bold new recipes, healthier choices and fossil packaging reduction, while following a robust and holistic ESG strategy. Underpinning our progress is strong governance which is fundamental to achieving our ESG objectives.

We expanded our sustainability data collection by enhancing existing IT systems and reporting hubs. Further automation and digital programs are planned for 2025 to enhance this further, whilst complying with sustainability reporting requirements.

> **"We have made huge progress in 2024 and achieved significant milestones."**

ESG | Key achievements on our ESG roadmap

Better for Me

Portion control for children's portfolio

100% of our children's portfolio now meets the criteria of fewer than 110Kcal, less than 12g of sugar and less than 3.8g of saturated fat per serving (portion).

Better for the Planet

Decarbonisation targets

Our GHG (greenhouse gas) inventory for our baseline year has been verified in 2024 by an accredited Carbon Disclosure partner and we remain on track with our SBTi programme.

Sustainable palm oil

We have achieved our 2024 target of sustainably sourcing 100% of our palm oil, via RSPO (Roundtable on Sustainable Palm Oil) or Mondelēz International's Palm Oil Policy.

100% of Froneri factories are now RSPO-certified.

Fossil-based packaging reduction

We have reduced the fossil-based packaging used for our major brands. We were able to reduce over 100 tonnes of fossil-based packaging and converted over three times this to more sustainable packaging solutions.

No plastic novelties

We eliminated the use of plastic novelties (plastic toys) in all our children's products. We have reached this commitment one year earlier than planned.

US business and RFA certification

We have transitioned to Rainforest Alliance (RFA) certified cocoa in 2024 with the Häagen-Dazs bar and Drumstick range. In 2025 we will extend this to all our Häagen-Dazs and Drumstick products.

Our 4 production sites in the US are now RFA-certified.

Better for the Community

Accident reduction

There has been a significant reduction in high-risk accidents and lost time due to injuries. Froneri was able to reduce the number of injuries by 20.6% in 2024. We have now halved the number of accidents since 2019.

Gender diversity in management positions

We continue to increase the number of female employees in management positions (Senior Managers comprises Management Board members and Country Heads).

ESG | Our sustainability journey so far

1 Excludes Russia and Uruguay.

Better for Me

Portion control and Healthier products

We listen to our consumers and aim to offer a full range of exciting ice cream flavours, this is backed by deep ice cream knowledge and a strong sense of responsibility.

Our diverse product ranges respond to evolving dietary preferences, sustainability concerns and lifestyle aspirations, while continuing to offer high quality and taste.

We place a special emphasis on optimising children's products and providing responsible treats.

We believe in moderation to achieve a balanced, healthy diet. Across the globe you will find products in each of our markets that are portion controlled, low calorie or low fat, have reduced sugar or no added sugar, are lactose free, gluten free or vegan.

Worldwide, more than 90% of Froneri's main major branded ice cream portions are below 250Kcal and we are committed to improving this step by step, with all European markets already ahead of this target.

Due to our internal Kids Nutrition Policy and the commitment of our development teams, we have been able to ensure that 100% of our children's portfolio meets the criteria of less than 110Kcal, less than 12g of sugar and less than 3.8g of saturated fat per serving (portion).

All our products' packaging provides transparent information on nutrition to help inform decisions. Froneri has also added the Nutri Score information to its kids' range in several European countries. We adhere to clear "Children Communications Guidelines" across all our markets.

- We do not provide direct marketing communications to children between 0 and 6 years old.
- We do not advertise to anyone below 16 years old on any media channels where age targeting is possible.
- We do not direct marketing communication to children below 13 years old through other marketing activities, including the use of licensed characters and celebrity endorsements on packaging or at point of sales.
- We do not collect data from minors under the age of 18 for the purpose of serving marketing communications.
- We do not partner with influencers below the age of 18 years old.

In 2024 we removed all existing plastic toys from our products and have a clear set of internal policies and guidelines to keep plastic novelties away from our children's products.

Better for the Planet

Decarbonisation

The effects of climate change, especially extreme weather events, have further increased in 2024, and are affecting more people and ecosystems worldwide. Each of us must do our part to reduce these risks and simply do better than today.

The latest climate science from the IPCC (Intergovernmental Panel on Climate Change) shows it is still possible to limit the rise in global temperature to 1.5°C, but we are dangerously close to this threshold.

Based on our ERP and other data hubs, we have developed an internal model which converts all data into an emissions portfolio by market. This is split into Scopes 1, 2 and 3, generating a full GHG inventory.

We have further developed our Scope 3 reporting to distinguish and report on the differences between FLAG (Forestry, Land and Agriculture) and non-FLAG emissions.

Our GHG inventory for our SBTi baseline year has been verified by our accredited partner in 2024.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

We have committed to set near- and long-term Company-wide emission reductions in line with science-based net-zero with the SBTi. We have also submitted our net-zero, near- and long-term targets to the SBTi for approval.

Following a target feasibility study, our Decarbonisation Strategy and Net Zero Roadmap is fully supported by our accredited partner, Carbon Trust, to underpin our set goals with measurable actions and milestones.

As an ice cream manufacturer and distributor, we provide freezers to our customers in the out-of-home business. We have over 800,000 freezers worldwide.

Froneri is aware that these freezers and their distribution are part of our Scope 3 emissions. We can have a direct environmental impact by reducing our footprint through technological adjustments.

To enable this, we are promoting the more energy efficient category "C" freezer with LEDs. By investing in eco freezers, we will significantly reduce our carbon footprint compared to the energy usage of D-class freezers.

To provide our customers with more information about our freezer initiative and to follow Froneri's journey to becoming a more sustainable business, our new C-class freezers will be equipped with a distinct QR code which provides businesses and consumers with more details and regulatory information about the classification of the freezers.

This will be launched in selected European markets and will eventually be deployed to all markets.

Sustainable supply chain

We are running a pilot project in one of our markets to use specific software which supports the identification and management of all supply chain risks and to take appropriate remediation measures in line with the CS3D (EU Corporate Sustainability Due Diligence Directive) requirements.

We work together with our industry to improve the sustainability of key ingredients such as dairy, cocoa, paper and palm oil through multi-stakeholder initiatives and working groups, such as the RSPO, the RFA and similar certification bodies.

We achieved our 2024 target of sustainably sourcing 100% of our palm oil, via RSPO or Mondelēz International's Palm Oil Policy. 100% of Froneri factories are now RSPO-certified.

We are on track to achieve our commitment to source 100% sustainable cocoa for all our A-brands by the end of 2025. This will be achieved through purchasing cocoa from certification bodies or programmes such as Mondelēz Cocoa Life or Nestlé Cocoa Plan.

A significant milestone was achieved in 2024 with our US business now having the same level of cocoa RFA certification as our other Froneri markets. We started the transition with the Häagen-Dazs bar and Drumstick range. In 2025 we will extend this to all Häagen-Dazs and Drumstick products. Our 4 US production sites are now RFA-certified.

During 2024 we improved our palletisation efficiency on some of our major brands, reducing thousands of truck journeys as we deliver the same volume of products more efficiently. We are not stopping here, with further logistic projects in the pipeline for 2025 which will drive service level improvements, reduce costs and lead to a significant reduction in carbon emissions.

Goods procurement is the most significant source of emissions for Froneri. Our GHG Model Dashboard illustrates the emissions caused by inbound supply chains covering everything from land use change to the transportation of goods, as well as manufacturing sites. Dairy, chocolate and sugar are the most GHG-intensive item categories sourced by Froneri. By engaging with our suppliers, promoting agriculture practices and supporting the overall sustainability journey, we aim to reduce our carbon footprint.

Wherever possible, we try to purchase our raw materials locally to optimise our CO_2 emissions by reducing supply chains thanks to shorter delivery routes.

Froneri is taking appropriate steps and working with its onward supply chain to ensure that all applicable ingredients used in the manufacturing of its finished products are compliant with future EUDR (EU Deforestation Regulation) and other upcoming regulations.

"Froneri is on a journey to lower its environmental impact."

ESG | Our sustainability journey so far continued

We continue the transition of paper-based and wood packaging on our A-brands to FSC-certified, or similar certification schemes, with the target of achieving 100% certified packaging by the end of 2025. More than 70% of our globally sourced paper-based and wood packaging for our main major brands is already FSC/PEFC-certified or is made from recycled material.

The majority of ice cream sticks sourced by Froneri are already PEFC- or FSC-certified.

Working closely with our suppliers, the Froneri packaging development teams are developing packaging solutions that support our path to ensure our packaging will be 100% recyclable, compostable, biodegradable or reusable by the end of 2025. We will ensure the packaging complies with environmentally friendly practices and is accompanied by reducing further fossil-based packaging without negatively impacting product quality and food safety.

We work with cross-functional teams at Group and local levels to continuously reduce fossil-based packaging. Various initiatives have led to the reduction of over 100 tonnes of fossil-based packaging and we have converted over three times this to other packaging solutions. Since 2019, we have been able to reduce over 2,200 tonnes of fossil-based packaging and have converted more than 2,800 tonnes to more sustainable packaging solutions.

Waste management, energy efficiency and water management

We are well on our way to recovering or recycling waste that is generated in our factories using various methods.

Our goal of not sending any waste to landfill has already been achieved in more than half of all Froneri factories. We will not tire of making further efforts and investments to increase our contribution to the circular economy. This target will be achieved in all Froneri markets, excluding the US, Australia and New Zealand by the end of 2025. Despite achieving significant year-on-year landfill reductions, the US, Australia and New Zealand will not achieve zero landfill until 2027.

We are focusing on reducing energy use in our production plants, 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 the UK, our four production sites produce electricity and heat efficiently through co-generation and sell excess electricity to national grids.

We have already implemented various heat-recovery technologies and more will follow to further optimise our energy use in the plants and energy centres.

Sharing technical knowledge between Froneri sites ensures best-in-class energy efficiency projects. This has contributed to an energy reduction of 10.5% compared to 2023.

We have built new water treatment facilities in Germany, Italy and Serbia, with France due to complete its build in 2025. Almost half of our production sites have a wastewater treatment plant, which meant that in 2024 a significant amount of wastewater was treated before being fed into public sewage systems.

Standards in operations

We demonstrated our commitment to improving our environmental performance and energy management in 2024 by maintaining certifications according to the ISO 14001 Environmental Management Systems / ISO 50001 Energy Management standard in some of our key operational plants, with the aim of expanding this further in the coming years.

Each of our manufacturing sites operates in accordance with GFSI standards. This is independently verified through announced or unannounced audits according to ISO 22000, BRC or IFS.

> "Our packaging will be 100% recyclable, compostable, biodegradable or reusable by the end of 2025."

Better for the Community

Our people and communities

Equality and diversity
Froneri is committed to empowering our people through equal opportunities, protecting their rights, prioritising their health, safety and wellbeing, and focusing on personal development. We strive to create diverse, inclusive workplaces where every one of our 12,000+ employees is valued.

Froneri is continuously evaluating socio-economic issues to further focus its corporate responsibility efforts. We are increasingly exploring how we can best encourage gender diversity and empower people across our business. At the end of 2024, females represented 25% of senior management positions and our aim is to increase this further.

Employee engagement
Our employees are our most important asset, we listen and use feedback from surveys, round tables, town hall sessions and other sources to continuously develop our culture and create a good workplace in a pleasant and safe environment.

We take actions to improve internal communications and information sharing via town hall meetings, newsletters, electronic bulletin boards or pre-shift meetings. During family days, such as those held at our sites in New Zealand, Germany, France, Australia and the US, employees are able to share their love of ice cream making with their families and friends.

Safety
The safety of our employees is our top priority. For all employees who completed the Culture Survey in 2024, more than 80% rated safety as favourable. To foster a culture of safety, we maintain high standards, underpinned by robust policies and procedures.

Lessons learned and best practices are shared across factories and countries to ensure we continuously improve our safety performance. Froneri often exceeds local requirements when setting its safety strategy and expectations.

We maintain a constant dialogue and a strong focus on health and safety with our employees and contractors across all countries, provide hands-on training and education, and discuss current safety issues and trends at all levels on a weekly basis.

Froneri Safety Managers meet regularly to discuss health and safety risks and safety improvements across factories. Regular safety auditing of factories is used with the help of a universal rating system, which has been implemented through 2024 to drive continuous improvement. General safety performance is an important KPI and reviewed at Froneri Management meetings on a weekly basis to highlight progress and importance.

Our goal is for every member of our team to return home safe and sound. That is why we place great importance on occupational safety at Froneri. Froneri was able to reduce the number of injuries by 20.6% in 2024. If we look at the trend since 2019, injuries have halved. Due to ongoing efforts, the time lost to injury has been reduced Group-wide by 33% compared to 2023.

Training and development
In 2024, across the entire business we had over 850 training courses with +12,000 participants completing these either online or in person. Rigorous training is part of our ethos and will grow throughout 2025.

Employee wellbeing, particularly mental health and resilience, is part of each country's health and safety plans.

We proactively work with Froneri machinery vendors to design equipment safely and with proper guarding.

Employee development through training gives a stronger focus on formal career development plans, where we can help people grow and have successful and rewarding careers within our business.

Community impact
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. One of the best parts of our job is being able to give back. Across all Froneri markets, significant local activities are undertaken to benefit our communities, ranging from direct charitable donations, clean-up days, fun runs and, of course, ice cream donations.

We have chosen WildArk as our partner to help us on our journey. Each year we are committed to supporting biodiversity projects in places where we can make a real difference to the lives of people, wildlife and the environment.

In addition to this, the Kapiti brand continued to support conservation work of the Tītī bird on Kapiti Island and the Classic brand in Finland continued to strongly support conservation work of the Arctic fox in 2024.

ESG | The future

Our targets and priorities for the next years

Better for Me

Portion control and healthier products

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.

2025 goals

Zero
landfill waste

100%
of our A-brands using sustainable cocoa

Better for the Planet

Decarbonisation

We aim to get the SBTi approval on our near- and long-term Company-wide emission reductions. The verification of our 2023 and 2024 GHG inventory should be completed by our accredited partner by the end of 2025.

Factory waste reduction – zero landfill

All Froneri factories (excluding US, Australia, and New Zealand) will have zero landfill waste by the end of 2025.

The factories in the US, Australia and New Zealand aim to have zero landfill waste by 2027; they continue to be restricted by limited in-market facilities.

Reduction of energy use and renewable energy

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

Sustainable sourcing

Palm oil

We will continue to ensure 100% of our palm oil is sustainably sourced in line with RSPO or Mondelēz International's Palm Oil Policy.

Coconut

As a member of the Sustainable Coconut Charter, we will continue to evaluate and discuss options with suppliers to find ways to evolve sustainable coconut-sourcing practices.

Cocoa

We aim to have 100% of our A-brands using sustainable cocoa by the end of 2025.

Certified paper-based and wood packaging

We will continue with the transition of paper-based and wood packaging on our A-brands to FSC-certified, other similar certification schemes or recycled materials, and are committed to reaching 100% by the end of 2025.

Packaging

We aim for our packaging to be 100% recyclable, compostable, biodegradable or reusable by the end of 2025.

Better for the Community

Safety

We will continue to focus on reducing high-risk accidents and lost time due to injuries by a minimum of 5% year-on-year.

Gender diversity in management positions

We will focus on increasing female employees in management positions (Senior Managers comprises Management Board members and country head).

Engagement with own workforce

We will keep striving to create diverse, inclusive workplaces where every one of our employees is valued. Aligning with our values, Froneri is committed to empowering our people through equal opportunities, protecting their rights and prioritising their health, safety and wellbeing. We support and encourage our employees in contributing to our communities.

Support the community

We will continue to enhance and deepen our brand social partnerships as well as deliver relevant local country community initiatives.

"Froneri is committed to empowering our people through equal opportunities, protecting their rights and prioritising their health, safety and wellbeing."

ESG | Governance

Governance - Ensuring best practice

> "Good, strong governance is fundamental to achieving our ESG objectives and ensuring the safety and quality of our products."

Our ambition

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

Business conduct

The Froneri Code of Conduct sets out the standards for how we do business and applies to all Froneri colleagues worldwide. Our Code of Conduct is reinforced and supported by legal compliance policies applicable to all our businesses. Our legal compliance policies address all material areas affecting business conduct and ethics including anti-bribery and corruption, anti-facilitation of tax evasion, anti-modern slavery, whistleblowing, sanctions, data protection and competition law.

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

Each Froneri Group business is required to implement their own local policies which incorporate the Group's minimum legal compliance policy requirements. All relevant employees are trained on the requirements of Froneri's Code of Conduct and core legal compliance policies at regular intervals.

We continue to monitor material business risks associated with third parties we do business with and implement appropriate due-diligence measures and business controls to mitigate such risks. Each Froneri business is required to implement adequate procedures and due diligence relating to agents and distributors, suppliers, customers and any associated persons we do business with.

Our employees are encouraged to raise concerns about unethical practices or non-compliance with our Code of Conduct or legal compliance policies via a third-party-operated whistleblowing hotline, through their line manager or Group Legal, as appropriate.

The Group is regularly audited, by both independent auditors and customers. We also undertake a programme of auditing our top suppliers at a Group and country level to review areas such as consumer safety, compliance to product specification and verification of ethical and environmental commitments. This helps Froneri ensure that its suppliers operate in an ethically and socially responsible manner. To bring additional rigour to this audit programme, we continue to work with external audit partners.

We require all our Group Directors and Country Managers to certify annually that they and their business/function has operated in compliance with Froneri policies during the preceding financial year.

We also operate an internal Group Compliance Committee made up of senior leaders from across functions to oversee compliance with our Code of Conduct and legal compliance policies, and to identify best practices which we can implement into our business.

We are committed to thoroughly investigating any alleged non-compliances with our Code of Conduct and legal compliance policies, and we identify and implement improvement programmes where any issues are identified.

Managing risk and internal audit

We monitor and manage risks at both a Group and country level, using our Enterprise Risk Management framework, keeping a detailed risk register for each country, and regularly review risk severity to develop or adapt relevant policies, practices and training.

We require our businesses to participate in regular self-assessments against our standards, as well as a more detailed internal audit programme led by our internal audit function. Our internal audit reviews are overseen by the Audit Committee. In 2024, we completed 28 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 our policies and have a dedicated Anti-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.

ESG | Governance continued

> **"Froneri is committed to conducting its business in an honest and ethical manner."**

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 most significant risks and uncertainties faced by the Group are set out below:

- Ineffective IT disaster recovery processes or cyber-attacks. Whilst the Group has IT recovery and crisis management plans in place, there remains a risk that loss of, or issues 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 providers could lead to a breach of Froneri through its supply chain.
- The risk of disruptions or breakdowns within the supply chain arises from various factors, including supplier failures, logistical challenges and unforeseen external events. These disruptions could significantly impact the Company's ability to source critical raw materials, maintain smooth production processes and deliver products to meet customer demand. Such challenges not only threaten operational efficiency but also pose a risk to the Company's reputation, customer satisfaction and overall business continuity.
- Contamination of food or raw materials during production. The Group has controls in place to physically segregate and secure its physical production areas, as well as testing procedures to check finished goods. However, there is a risk of product contamination during production, due to usage of contaminated ingredients supplied by third parties. This could result in product recall, associated losses or negative publicity.
- Acquisitions integration. Whilst the Group undertakes detailed due diligence ahead of any acquisition, there is a potential that acquisitions may expose the Group to additional unforeseen risk. Integration of acquired businesses could encounter unforeseen challenges, such as cultural clashes, system incompatibilities or loss of key personnel, which could impede the realisation of anticipated benefits and synergies.
- ESG risk. The Group faces an evolving landscape of ESG-related risks that could have an actual, or a potential, material negative impact on the value of the investment arising from an adverse sustainability impact.
- 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 increased costs worldwide could negatively affect profitability.
- 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. The Group has adopted strict ringfencing of the Russian subsidiary and continues to monitor developments: see https://www.froneri.com/articles/update-ukraine-russia/.
- 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. Ice cream factories have ammonia plants. Leakage of ammonia or significant damage to ammonia storage could lead to a toxic exposure, endangering employees and nearby populations.
- Financial risks. The Group is exposed to several financial risks that could impact its operations and financial stability. Credit risk arises from potential defaults by financial institutions or customers, which could lead to losses on cash deposits, derivatives or trade receivables. Liquidity risk is the possibility of being unable to meet financial obligations due to insufficient cash flow or access to funding. Interest rate risk stems from significant floating-rate borrowings, making the Group vulnerable to fluctuating interest rates that could increase debt servicing costs. Capital risk involves maintaining a balanced capital structure to avoid overleveraging, which could hinder the Group's ability to operate effectively or comply with financial covenants. These risks collectively pose challenges to the Group's ability to maintain financial stability, meet obligations and achieve its strategic objectives. Details on how the Group manages these risks are included in note 25.

- Currency exposure. The Group operates in 18 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 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 the Group 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 the business. The Group operates primarily in the northern hemisphere; however, its operations in South America, Australia, New Zealand and South Africa provide 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. Failure to compete and price effectively could result in a material adverse effect on financial results.
- Compliance with laws and regulations. Failure to understand and comply with applicable laws and regulations, including those related to bribery, corruption, tax evasion, sanctions, competition law and data protection, can lead to severe legal and financial repercussions.

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.

ESG | Governance continued

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 is exposed to foreign currency risk from transactions and translation. Transactional exposures arise from transactions in foreign currency. Each of its trading operations typically buys and sells the majority of goods denominated in the local currency. Translation exposure arises from the consolidation of the financial statements of foreign operations in Euros. 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 strategic partnership 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 the refinancings in January 2020 and October 2024, 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 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 Euro and US Dollar denominated term debt facilities are 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

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. Pillar 2 legislation is effective across EU member states in 2024. Froneri Lux Topco S.à r.l. operates in Luxembourg, where implementation of the EU Pillar 2 directive has been confirmed.

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.

Froneri has been actively working with external advisers to ensure the Group is well-prepared for the implementation of Pillar 2, with work ongoing on this compliance matter since 2023. The transitional safe harbour rules have been considered, and the majority of jurisdictions will meet at least one of the three tests.

All work to date has indicated that the remaining markets not protected by the safe harbour rule will not create a material Pillar 2 impact, estimated for 2024 to be less than half a percent of Froneri's global current tax charge. The impact of Pillar 2 will continue to be monitored regularly to ensure that current expectations remain accurate.

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 (2023: none).

Purchase of own shares

As at 31 December 2024, 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)
- Phil Griffin (Chief Executive Officer)
- Sanjay Bahadur
- Frédéric Stévenin
- Colm O'Sullivan
- Martin Glenn
- David Rennie

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, New Tiger LLC and EPG TopCo S.à r.l.

Phil Griffin was promoted to Chief Executive Officer in August 2024, succeeding Ibrahim Najafi. Phil was most recently Deputy Chief Executive Officer, having previously served as Chief Commercial Officer and in various senior sales, marketing and commercial roles since joining the business in 2001. He worked closely with Ibrahim on all aspects of creating and developing Froneri, with a specific focus on strategy, culture, values and integration.

Sanjay Bahadur is Nestlé's 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 is a Managing Partner of PAI. He also chairs the firm's Investment Committee. He first joined the firm in 1993 and spent five years in the then Food & Beverage team. In 1998, he joined Deutsche Bank / Bankers Trust in the European Acquisition Finance as Managing Director. In June 2001, he returned to PAI, where he has been involved in a large number of 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, Tropicana Brands Group, United Biscuits and Yoplait.

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 Audiotonix, Azets, Froneri, HKA, The Compleat Food Group and VPS. He has also been involved in several other PAI transactions including Kwik Fit, Theramex and United Biscuits. Colm is a member of the PAI 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.

David Rennie is Executive Vice President, SBUs, Marketing and Sales at Nestlé. Prior to this he was EVP, Nestlé Coffee Brands. David joined Nestlé in 2005 in the UK&I Confectionery division. He started his career with Procter & Gamble, where he held several senior general management and marketing roles. David is the Chairman of Nestlé Nespresso SA.

Brand case study

Driving growth with fruit and fun brands

Froneri's fruit and fun portfolio continues to be a driver of growth, aligning to the macro trends of snacking combined with permissible treating.

Scan the QR code to view our plant-based stories

Brand case study

Froneri holds the leading position in plant-based snacking, thanks to the success of the Outshine brand in the US and our international portfolio of fruit and fun brands that together give us a global market share of 33%*.

In the US, Outshine leads the healthy snacks segment with a 64% value share and is growing through penetration gains, especially among millennial households. Outshine has the leading share in this segment, with its revived communication campaign celebrating the Real Fans, the Real Fruit and the Real Joy.

In Europe, the Pirulo brand performed strongly, supported by NPD and communication, with the widening of its target audience towards adults gaining momentum. The launch of the new Fruit Joy variant in Germany landed successfully with an adult audience, generating incremental growth.

Increased media investment to grow awareness through the "Free the Fun" campaign and influencer partnerships has driven strong consumer health metrics.

Rowntree's in the UK has launched the "Free the Fun" purpose-led project. In partnership with the charity Groundwork, the community grant programme aims to improve adult wellbeing by mobilising community action to create better places, improve prospects and bring about positive change.

Global market share
33%
in fruit snacking

Source: Circana Total US – MULO, FY 2023
*AC Nielsen, Circana YTD June 2024, Froneri markets

ESG | Governance continued

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, David Rennie 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, David Rennie, 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, David Rennie, 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 2024.

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 to be shared in both directions and ensures compliance with all relevant regulations in each territory. Throughout 2024, the Group has issued information and updates through its internal website ensuring critical information is shared with employees.

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 share the views of their colleagues and discuss relevant issues.

The Group is an equal opportunity employer committed to fostering an inclusive and diverse workplace. We believe that talent, dedication and potential are what truly matter, and we provide full consideration to all candidates regardless of race, colour, religion, gender, disability, age or any other individual characteristic. Our hiring and employment practices are designed to ensure fairness, equity and respect for all individuals, as we strive to create a work environment where everyone has the opportunity to succeed and contribute their unique perspectives.

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 before acquisitions, financing and exceptional items. 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.

"The Group is an equal opportunity employer committed to fostering an inclusive and diverse workplace."

Brand case study

Drumstick: continuing to ignite brand love with Gen Z

#1

most liked brand on TikTok

Largest ice cream snacking brand

Brand case study

Scan the QR code to view the Drumstick story

Drumstick is the number 1 cones brand in the US and has continued to cement its place in the heart of Gen Z.

Drumstick is the number 1 liked ice cream brand on TikTok. With 1.4 million followers, Drumstick's TikTok content has reached 370 million impressions with 14 million engagements since 1 January 2024.

In the US, Drumstick remains the largest snacking brand with a 15.4% share of all family snacking.

The first half of 2024 saw the brand grow three times faster than the total US ice cream market to gain 0.8% value market share in family snacking.

2024 saw the introduction of Drumstick Slurpee® Blue Raspberry Vanilla Cone. Drumstick and 7-Eleven, Inc. collaborated on this bold and unexpected new flavour to the Drumstick range, redefining the ultimate summer snack.

The Drumstick Slurpee® Cone was exclusively available at 7-Eleven, Speedway®, and Stripes® stores across the US for a limited time, creating real buzz for the iconic brand.

Our iconic Super Bowl advert shifted brand equity among snackers, with an increase in familiarity of 17% for the brand and 150% for the Dr. Umstick campaign. The ad ranked in the top 20 Super Bowl advertisers in reach and media coverage, with a social media reach of 13.4 million.

Source: Circana OmniMarket Core Outlets, MULO+ wC, July 2024

TikTok Stats Feb 2024

Pollfish Feb 2024

"The first half 2024 saw the brand grow three times faster than the total US ice cream market to gain 0.8% value market share in family snacking."

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 2024

	Note		2024 €m		2023 €m
Continuing operations					
Revenue	2		**5,531.0**		5,292.4
Cost of sales			**(3,276.2)**		(3,249.9)
Gross profit			**2,254.8**		2,042.5
Distribution expenses			**(606.3)**		(617.8)
Administrative expenses			**(834.6)**		(894.6)
Operating profit before exceptional items			**785.7**		591.6
Exceptional items – within Cost of sales		**(7.7)**		(9.5)	
Exceptional items – within Distribution expenses		**(0.4)**		(0.6)	
Exceptional items – within Administrative expenses (excl. impairments)		**48.1**		(46.9)	
Exceptional items – impairments (within Administrative expenses)		**(11.8)**		(4.5)	
Total exceptional items	4		**28.2**		(61.5)
Operating profit after exceptional items	5		**813.9**		530.1
Financial income	7		**145.6**		77.5
Financial expenses	7		**(526.7)**		(664.2)
Net financing expense	7		**(381.1)**		(586.7)
Profit / (loss) before tax			**432.8**		(56.6)
Taxation	8		**(88.2)**		9.3
Profit / (loss) for the year			**344.6**		(47.3)
Attributable to equity holders of the Parent:					
Profit / (loss) for the year			**344.6**		(47.3)

The notes on pages 50 to 97 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	**2024 €m**	2023 €m
Profit / (loss) for the year		**344.6**	(47.3)
Other comprehensive income / (expense)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on retranslation of foreign operations		**122.8**	(86.7)
Exchange differences on retranslation of net investment in foreign operation		**(40.9)**	(5.3)
Expense from hedging		**(1.9)**	(1.2)
Loss on cash flow hedge		**(37.5)**	(8.3)
Net investment hedging		**(12.0)**	21.7
Income tax relating to these items	8	**12.9**	(0.2)
		43.4	(80.0)
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability/asset before tax	22	**10.2**	(13.2)
Income tax relating to these items	8	**(0.9)**	0.9
Impact of hyperinflation	27	**(18.6)**	(6.0)
Loss on modification of financial liabilities		**–**	(19.2)
		(9.3)	(37.5)
Total other comprehensive income / (expense) for the year, net of tax		**34.1**	(117.5)
Total comprehensive income / (expense) for the year		**378.7**	(164.8)
Total comprehensive income / (expense) arises from:			
Continuing operations		**378.7**	(164.8)
		378.7	(164.8)

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

The notes on pages 50 to 97 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

at 31 December 2024

	Note	**2024 €m**	2023 €m
Non-current assets			
Intangible assets	9	**5,236.5**	5,115.2
Property, plant and equipment	10	**1,809.7**	1,645.0
Right-of-use assets	11	**149.0**	115.9
Trade and other receivables	17	**3.3**	3.5
Other financial assets	13	**26.8**	41.1
Deferred tax assets	14	**101.2**	215.0
		7,326.5	7,135.7
Current assets			
Inventories	15	**619.8**	584.3
Current tax receivables	16	**34.5**	33.7
Other financial assets	13	**55.8**	48.1
Trade and other receivables	17	**486.6**	547.3
Cash and cash equivalents	18	**926.7**	538.9
		2,123.4	1,752.3
Assets classified as held for sale	19	**–**	2.5
Total current assets		**2,123.4**	1,754.8
Total assets		**9,449.9**	8,890.5
Current liabilities			
Financial liabilities	20	**124.6**	134.4
Trade and other payables	21	**1,147.1**	1,099.7
Current tax liabilities	16	**75.6**	55.4
Provisions	23	**24.6**	29.0
		1,371.9	1,318.5

Consolidated Statement of Financial Position continued

at 31 December 2024

	Note	2024 €m	2023 €m
Non-current liabilities			
Financial liabilities	20	**5,747.9**	5,442.2
Trade and other payables	21	**21.5**	21.9
Employee benefits	22	**23.2**	35.9
Provisions	23	**9.2**	11.1
Deferred tax liabilities	14	**418.3**	592.8
		6,220.1	6,103.9
Total liabilities		**7,592.0**	7,422.4
Net assets		**1,857.9**	1,468.1
Equity attributable to equity holders of the Parent			
Share capital	24	**0.1**	0.1
Share premium	24	**2,536.4**	2,536.4
Merger reserve	24	**87.9**	87.9
Hedging reserve	24	**(4.2)**	34.9
Currency translation reserve	24	**(78.7)**	(158.0)
Accumulated losses	24	**(683.6)**	(1,033.2)
Total equity		**1,857.9**	1,468.1

The financial statements on pages 43 to 97 were approved by the Board of Managers on 03 April 2025 and signed on its behalf by:

Phil Griffin
Manager

The notes on pages 50 to 97 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	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 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
Balance at 1 January 2024	**0.1**	**87.9**	**2,536.4**	**(158.0)**	**34.9**	**(1,033.2)**	**1,468.1**
Total contributions by owners							
Issue of shares (Note 24)	–	–	–	–	–	–	–
Share-based payment (Note 22)	–	–	–	–	–	**11.1**	**11.1**
Total contributions by owners	–	–	–	–	–	**11.1**	**11.1**
Comprehensive income / (expense) for the year							
Profit for the year	–	–	–	–	–	**344.6**	**344.6**
Other comprehensive income (Note 24)	–	–	–	**79.3**	**(39.1)**	**(6.1)**	**34.1**
Total comprehensive income for the year	–	–	–	**79.3**	**(39.1)**	**338.5**	**378.7**
Balance at 31 December 2024	**0.1**	**87.9**	**2,536.4**	**(78.7)**	**(4.2)**	**(683.6)**	**1,857.9**

The notes on pages 50 to 97 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2024

	Note	2024 €m	2023 €m
Cash flows from operating activities			
Profit / (loss) before tax		**432.8**	(56.6)
Adjusted for:			
Net financing expense	3	**381.1**	586.7
Depreciation and amortisation	3, 5	**382.8**	364.0
Impairment	3, 5	**11.8**	4.5
Loss on disposal of fixed assets	3, 5	**7.4**	2.6
Other non-cash items of income and expense		**(20.6)**	(21.6)
Cash flow before working capital and provisions		**1,195.3**	879.6
Decrease / (increase) in trade and other receivables		**78.8**	(79.3)
(Increase) / decrease in inventories		**(15.9)**	58.3
Increase in trade and other payables		**14.1**	13.1
(Decrease) / increase in provisions and employee benefits		**(7.6)**	14.7
Decrease / (increase) in financial assets		**1.6**	(0.8)
Operating cash flow		**1,266.3**	885.6
Interest paid		**(390.0)**	(310.1)
Tax paid		**(146.9)**	(90.3)
Net cash generated from operating activities		**729.4**	485.2
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**11.9**	10.4
Interest received		**102.2**	57.7
Acquisition of subsidiaries, net of cash acquired	31	**(88.1)**	–
Acquisition of property, plant and equipment		**(266.9)**	(364.9)
Acquisition of other intangible assets	9	**(8.8)**	(19.9)
Net cash used in investing activities		**(249.7)**	(316.7)

	Note	**2024 €m**	2023 €m
Net cash flow from operating and investing activities		**479.7**	168.5
Cash flows from financing activities			
Net inflow from the issue of share capital		**–**	2.9
Proceeds from drawdown of new external debt	26	**4,557.4**	10.9
Repayment of external debt	26	**(4,565.7)**	(41.4)
Transaction costs in relation to new loans	26	**(25.0)**	–
Payment of lease liabilities	26	**(61.9)**	(58.0)
Net cash flow used in financing activities		**(95.2)**	(85.6)
Net increase in cash and cash equivalents		**384.5**	82.9
Cash and cash equivalents at 1 January		**538.9**	448.0
Effect of exchange rate fluctuations on cash held		**3.3**	8.0
Cash and cash equivalents at 31 December	18	**926.7**	538.9
Memorandum:			
Net cash flow from operating and investing activities		**479.7**	168.5
Acquisition of subsidiaries, net of cash acquired	31	**88.1**	–
Exceptional operating items – cash flows		**(33.3)**	41.3
Free cash flow before acquisitions, financing and exceptional items		**534.5**	209.8

The notes on pages 50 to 97 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 2024, the Group had net assets of €1,857.9 million (2023: net assets of €1,468.1 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, the US and Puerto Rico businesses in 2020 and the Uruguay business in 2024; (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.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

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.

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 recognised 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 2024 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.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

1.10 Business combinations continued

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.

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 to 20 years
- Supplier relationships — 10 to 25 years
- Brands and trademarks — 15 to 20 years
- Computer software and development costs — 3 to 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 ("ROU") 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 2024, the weighted average incremental borrowing rate margin applied to the discount rates for new leases across the Group was 6.1% (2023: 6.3%).

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 is 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.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

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.

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.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

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 comprises 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.

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 a t 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 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants –Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group provided new disclosures for compliance with covenants in note 20 and note 25.

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 and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

(a) Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Notes continued
(forming part of the financial statements)

1 Accounting policies continued

1.22 New standards and interpretations not yet adopted continued

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance ("ESG") targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

(c) IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027).

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

(d) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item "net finance expense" might need to be disaggregated, with some foreign exchange gains or losses presented above and some below operating profit.
  - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Group currently recognises gains or losses in finance costs, there might be a change to where these gains or losses are recognised, and the Group is currently evaluating the need for change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a breakdown of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this breakdown is only required for certain nature expenses; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows which is a change from current presentation as part of operating cash flows. Interest received is required to be presented as investing cash flows, which is consistent with the Group's current presentation.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

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.

Free cash flow before acquisitions, financing and exceptional items

The Group uses free cash flow before acquisitions, financing and exceptional items to monitor the performance of operating cash flows. It is net cash flow from operating and investing activities before exceptional items and acquisition of subsidiaries, net of cash acquired as shown in the consolidated cash flow statement memorandum.

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.

	2024 €m	2023 €m
Revenue from continuing operations:		
Europe	**2,456.4**	2,373.9
US	**2,155.8**	2,049.5
Rest of the world	**918.8**	869.0
	5,531.0	5,292.4

	2024 €m	2023 €m
EBITDAE from continuing operations:		
Europe	**698.7**	597.5
US	**283.9**	196.8
Rest of the world	**204.4**	171.3
	1,187.0	965.6

Refer to note 3 for a reconciliation of the profit (2023: 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:

	2024 €m	2023 €m
Profit / (loss) for the year	**344.6**	(47.3)
Taxation expense / (income)	**88.2**	(9.3)
Profit / (loss) before taxation	**432.8**	(56.6)
Net financing expense	**381.1**	586.7
Exceptional items (excluding exceptional impairments)	**(40.0)**	57.0
Operating profit before exceptional items	**773.9**	587.1
Depreciation – of owned assets	**168.1**	153.5
Depreciation – of right-of-use assets	**57.1**	58.3
Impairment charge – property, plant and equipment and right-of-use assets	**11.8**	4.5
Amortisation – of acquired intangible assets	**139.7**	135.3
Amortisation – of other intangible assets (software)	**17.9**	16.9
Loss on disposal of non-current assets and assets held for sale	**7.3**	2.6
Loss on disposal of other assets	**0.1**	–
Share-based payment charge	**11.1**	7.4
Total EBITDAE for the year	**1,187.0**	965.6

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:

2024	**Within Cost of sales €m**	**Within Distribution expenses €m**	**Within Administrative expenses €m**	**Total €m**
M&A-related transaction costs	–	–	**1.0**	**1.0**
Integration and restructuring costs	**7.7**	**0.4**	**10.3**	**18.4**
Regulatory recall	–	–	**(65.9)**	**(65.9)**
Other exceptional items	-	-	**6.5**	**6.5**
Sub-total excluding impairments	**7.7**	**0.4**	**(48.1)**	**(40.0)**
Tangible and intangible impairments	–	–	**11.8**	**11.8**
	7.7	**0.4**	**(36.3)**	**(28.2)**

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

M&A-related transaction costs

In 2024, the Group recognised costs of €1.0 million (2023: €3.9 million) in respect of transaction costs for merger and acquisition activities, most notably the acquisition of Crufi S.A in Uruguay.

Integration and restructuring costs

The Group has continued to implement a number of restructuring and integration projects across its countries. Total costs of €18.4 million have been incurred in the year, €8.1 million of which was in head office and €1.3 million in the US relating to restructuring projects. €6.0 million was incurred in the UK relating to the closure of the Skelmersdale factory.

In the prior year, total costs of €47.7 million were incurred, €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.

Regulatory recall

In 2024, €65.9 million of income (2023: €1.8 million of income) was recognised in relation to costs pertaining to a regulatory recall.

Other exceptional items

In 2024, other exceptional items include €6.1 million associated with costs relating to discontinued IT systems. In 2023, other exceptional items included €6.3 million associated with a Brazilian legal claim relating to the period before acquisition of the Brazilian subsidiary in 2016.

Tangible and intangible impairments

During 2024, impairments of €11.8 million were recognised across the Group, most notably in the US and the UK, in relation to the carrying of fixed assets. During 2023, impairments of €4.5 million were recognised across the Group, most notable in the US. See notes 9, 10 and 11 for further information.

Exceptional cash flows

Cash flows relating to exceptional items amounted to a net €33.3 million inflow in 2024 (2023: €41.3 million outflow).

5 Operating profit after exceptional items

Included in operating profit for the year are the following:

	2024 €m	2023 €m
Depreciation of property, plant and equipment:		
– Owned assets	**168.1**	153.5
– Right-of-use assets	**57.1**	58.3
Impairment of property, plant and equipment and ROU assets	**11.8**	4.5
Amortisation of intangible assets	**157.6**	152.2
Lease payments*	**1.4**	1.8
Research and development expensed as incurred	**14.8**	14.5
Net foreign exchange (gain) / loss	**(10.5)**	24.8
Loss on disposal of non-current assets and assets held for sale	**7.3**	2.6
Loss on disposal of other assets	**0.1**	–

* 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

	2024 €m	2023 €m
Audit services		
Audit of the Parent Company and these financial statements	**1.6**	1.7
Audit of the Company's subsidiaries	**2.3**	2.3
	3.9	4.0
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	**4.1**	4.2

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 2024	Average number of employees 2023
Production	**7,586**	7,608
Sales, marketing and distribution	**3,925**	3,856
Administrative and other roles	**1,518**	1,422
	13,029	12,886

The aggregate payroll costs of these persons were as follows:

	2024 €m	2023 €m
Wages and salaries	**602.2**	593.3
Social security costs	**81.6**	77.4
Other pension costs	**31.3**	30.5
	715.1	701.2

The geographical location of employees at 31 December 2024 and 31 December 2023 is as follows:

	Number of employees 31 December 2024	Number of employees 31 December 2023
US	**2,798**	3,085
Germany	**1,430**	1,548
Egypt	**1,218**	1,177
UK	**675**	751
Spain	**552**	740
Poland	**648**	638
France	**603**	600
Australia	**492**	457
Uruguay	**407**	–
Brazil	**383**	396
Italy	**384**	368
Switzerland	**350**	362
Russia	**345**	349
Israel	**357**	340
Serbia	**346**	320
South Africa	**276**	296
New Zealand	**270**	255
Finland	**163**	165
Argentina	**143**	149
Philippines	**121**	141
Puerto Rico	**76**	78
Bulgaria	**85**	78
Greece	**64**	66
Austria	**37**	39
Romania	**24**	22
	12,247	12,420

The gender split of employees at 31 December 2024 and 31 December 2023 is as follows:

	2024			
	Directors	**Senior Managers**(1)	**Other**	**Total**
Male	**100%**	**75%**	**67%**	**67%**
Female	**0%**	**25%**	**33%**	**33%**
Other	**0%**	**0%**	**0%**	**0%**
Prefer not to say	**0%**	**0%**	**0%**	**0%**
	100%	**100%**	**100%**	**100%**

	2023			
	Directors	Senior Managers (1)	Other	Total
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%

(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:

	2024 €m	2023 €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

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

	2024 €m	2023 €m
Financial income		
Net monetary gain in hyperinflationary economies[1]	**19.2**	9.1
Net (loss) / gain on financial instruments designated as fair value through profit or loss	**(0.8)**	1.4
Foreign exchange gain	**21.6**	2.5
Other interest income	**90.5**	57.7
Interest income on bank deposits	**15.1**	4.3
Gain on modification of financial liability	**–**	2.5
Total financial income	**145.6**	77.5
Financial expenses		
Interest expense on shareholder loan notes	**–**	209.2
Interest expense on term loans	**310.2**	296.6
Foreign exchange loss	**11.2**	27.3
Interest expense on overdrafts and other short-term borrowings	**21.9**	22.8
Write-off of unamortised transaction costs	**24.8**	–
Accrued dividend returns on Preference shares	**92.0**	13.9
Interest expense on lease liabilities	**9.5**	7.8
Interest expense on shareholder loans	**–**	64.8
Other interest expenses	**34.9**	9.9
Amortisation of financing costs	**9.5**	11.1
Loss on derivative financial instruments	**12.7**	0.8
Total financial expenses	**526.7**	664.2
Net financing expense	**381.1**	586.7

1 The net monetary gain of €19.2 million (2023: €9.1 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:

	2024 €m	2023 €m
Current tax expense		
Current tax on (profit) / loss for the year	(182.0)	(97.1)
Adjustments for prior years	15.3	7.6
Current tax expense	**(166.7)**	(89.5)
Deferred tax income		
Origination and reversal of temporary differences	80.7	108.1
Adjustment for prior years	(2.2)	(9.3)
Deferred tax income	**78.5**	98.8
Total tax (expense) / income	**(88.2)**	9.3
Income tax (expense) / income is attributable to:		
(Profit) / loss from continuing operations	(88.2)	9.3

Income tax recognised in other comprehensive income is as follows:

	2024 €m	2023 €m
Deferred tax changes on remeasurements of defined benefit pension liability	(0.9)	0.9
Deferred tax on foreign exchange differences arising on retranslation of net investment in overseas subsidiaries	12.6	0.4
Deferred tax on remeasurements of credit and liquidity risk on hedging arrangement	0.3	(0.6)
Income tax recognised in other comprehensive income	12.0	0.7

Reconciliation of effective tax rate:

	2024 €m	2023 €m
(Profit) / loss before taxation on continuing operations	(432.8)	56.6
Tax using the Group corporation tax rate of 24.94% (2023: 24.94%)	(107.9)	14.1
Effect of tax rates in foreign jurisdictions	6.0	6.5
Impact of change of tax rate on deferred tax	1.6	1.0
Non-deductible expenses and non-chargeable income	(40.2)	(21.9)
Current period losses for which no deferred tax asset was recognised	39.2	11.3
Over / (under) recovery in prior periods – current tax	15.3	7.6
– deferred tax	(2.2)	(9.3)
Total tax (expense) / income	**(88.2)**	9.3

Current tax expense

The total current tax expense of €166.7 million (2023: €89.5 million) relates primarily to corporation tax payable by overseas entities.

Deferred tax income

The total deferred tax income of €78.5 million (2023: €98.8 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 augmented in 2024 by the recognition of additional deferred tax assets in the US and UK in relation to interest disallowances, which Froneri expects 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 €6.0 million (2023: €8.7 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.

The Group's UTPs at 31 December 2024 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 the Group's tax risk profile. Froneri has carried out its annual review of the risks and has reduced the overall UTP position in 2024 on the basis of increased certainty in some territories and expiration of tax authorities' statutory right to challenge filings for some earlier periods.

9 Intangible assets

	Goodwill €m	Customer & supplier relationships €m	Brands and trademarks €m	Software €m	Total €m
Cost					
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

	Goodwill €m	Customer & supplier relationships €m	Brands and trademarks €m	Software €m	Total €m
Balance at 1 January 2024	**3,406.9**	**2,287.4**	**146.5**	**135.9**	**5,976.7**
On acquisition (note 31)	**41.2**	**–**	**24.0**	**0.1**	**65.3**
Other additions	**–**	**0.7**	**–**	**8.0**	**8.7**
Impact of hyperinflation	**3.6**	**2.7**	**–**	**0.4**	**6.7**
Effect of movements in FX	**117.1**	**115.4**	**(4.8)**	**(0.1)**	**227.6**
Disposals	**–**	**–**	**–**	**(8.7)**	**(8.7)**
Balance at 31 December 2024	**3,568.8**	**2,406.2**	**165.7**	**135.6**	**6,276.3**
Accumulated amortisation and impairment					
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
Balance at 1 January 2024	**41.2**	**696.5**	**49.2**	**74.6**	**861.5**
Amortisation for the year	**–**	**131.3**	**8.4**	**17.9**	**157.6**
Impact of hyperinflation	**3.6**	**2.7**	**–**	**0.4**	**6.7**
Effect of movements in FX	**(4.3)**	**29.0**	**(1.8)**	**(0.2)**	**22.7**
Disposals	**–**	**–**	**–**	**(8.7)**	**(8.7)**
Balance at 31 December 2024	**40.5**	**859.5**	**55.8**	**84.0**	**1,039.8**
Net book value					
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
At 31 December 2024	**3,528.3**	**1,546.7**	**109.9**	**51.6**	**5,236.5**

Notes continued
(forming part of the financial statements)

9 Intangible assets continued

Amortisation

The amortisation 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:

	2024 Years	2023 Years
Customer relationships	**7.1**	8.0
Brands and trademarks	**10.6**	11.6
Software	**4.4**	4.0

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:

	2024 Years	2023 Years
Customer & supplier relationships	**14.8**	15.7

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, UK, Australia, Germany, France, New Zealand, Switzerland and Spain.

	Goodwill 2024 €m	Goodwill 2023 €m
US	**1,912.4**	1,794.0
UK	**387.7**	370.1
Australia	**260.2**	268.6
Germany	**234.3**	234.3
France	**223.8**	223.8
New Zealand	**83.5**	88.5
Switzerland	**81.8**	82.7
Spain	**75.2**	75.2
Subtotal	**3,258.9**	3,137.2
as % of total carrying amount	**92.4%**	93.2%
Other CGUs	**269.4**	228.5
Total	**3,528.3**	3,365.7

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 7.3%	Improvement	2.1%	7.9%
UK	5 years	2.0% to 12.0%	Improvement	2.0%	9.3%
Australia	5 years	2.5% to 6.4%	Improvement	2.5%	8.8%
Germany	5 years	2.0% to 24.4%	Improvement	2.0%	8.7% to 7.6%
France	5 years	1.8% to 6.8%	Stable	1.8%	8.6%
New Zealand	5 years	2.0% to 5.5%	Improvement	2.0%	9.0%
Switzerland	5 years	1.0% to 6.4%	Improvement	1.0%	7.4%
Spain	5 years	2.0% to 6.2%	Improvement	2.0%	8.6%
Other	5 years	1.6% to 22.6%	Various	1.6% to 5.3%	7.7% to 29.1%

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	2.1% 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%

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 2024 (2023: €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 (2023: none). Furthermore, in 2024 no further impairments of customer relationship intangibles have been recognised (2023: none). 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	4.6%	5.4%
UK	8.3%	10.1%
Australia	14.8%	21.8%
Germany	13.9%	24.9%
France	14.2%	20.9%
New Zealand	5.2%	6.5%
Switzerland	21.9%	38.1%
Spain	18.8%	34.7%
Other	4.2% to 28.0%	6.2% 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 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
Balance at 1 January 2024	**681.2**	**1,504.6**	**283.9**	**2,469.7**
Acquired through business combinations (note 31)	**14.0**	**10.9**	**–**	**24.9**
Other additions	**1.9**	**79.1**	**207.0**	**288.0**
Movement in assets under construction	**54.9**	**129.3**	**(184.2)**	**–**
Impact of hyperinflation	**10.0**	**13.9**	**–**	**23.9**
Reclassifications	**4.4**	**10.4**	**(14.8)**	**–**
Disposals	**(8.1)**	**(46.3)**	**(1.3)**	**(55.7)**
Effect of movements in FX	**16.3**	**13.7**	**12.6**	**42.6**
Balance at 31 December 2024	**774.6**	**1,715.6**	**303.2**	**2,793.4**

	Land and buildings €m	Plant and equipment €m	Under construction €m	Total €m
Accumulated depreciation and impairment				
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
Balance at 1 January 2024	**177.2**	**646.3**	**1.2**	**824.7**
Depreciation charge for the year	**26.5**	**141.6**	**–**	**168.1**
Impact of hyperinflation	**10.0**	**13.9**	**–**	**23.9**
Impairments	**6.4**	**2.1**	**–**	**8.5**
Disposals	**(3.1)**	**(35.9)**	**–**	**(39.0)**
Reclassifications	**(0.6)**	**0.6**	**–**	**–**
Effect of movements in FX	**0.5**	**(2.9)**	**(0.1)**	**(2.5)**
Balance at 31 December 2024	**216.9**	**765.7**	**1.1**	**983.7**
Net book value				
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
At 31 December 2024	**557.7**	**949.9**	**302.1**	**1,809.7**

Impairments

During the year, property, plant and equipment impairment charges totalling €8.5 million were recognised, most notably in the UK (€4.2 million) and the US (€3.8 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 2023, property, plant and equipment impairment charges totalling €4.5 million were recognised, most notably in the US (€2.5 million).

11 Right-of-use assets

	Land and buildings €m	Plant and equipment €m	Motor vehicles €m	Total €m
Cost				
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
Balance at 1 January 2024	**210.5**	**24.8**	**47.1**	**282.4**
Other additions	**16.3**	**9.2**	**28.5**	**54.0**
Lease liability adjustments	**35.0**	**1.4**	**1.0**	**37.4**
Disposals	**(36.3)**	**(3.9)**	**(13.1)**	**(53.3)**
Effect of movements in FX	**0.4**	**(1.4)**	**(1.0)**	**(2.0)**
Balance at 31 December 2024	**225.9**	**30.1**	**62.5**	**318.5**

	Land and buildings €m	Plant and equipment €m	Motor vehicles €m	Total €m
Accumulated depreciation and impairment				
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
Balance at 1 January 2024	**129.1**	**10.5**	**26.9**	**166.5**
Depreciation charge for the year	**41.4**	**6.0**	**9.7**	**57.1**
Impairments	**3.3**	**–**	**–**	**3.3**
Disposals	**(39.6)**	**(3.8)**	**(13.2)**	**(56.6)**
Effect of movements in FX	**(0.2)**	**(0.2)**	**(0.4)**	**(0.8)**
Balance at 31 December 2024	**134.0**	**12.5**	**23.0**	**169.5**
Net book value				
At 31 December 2022	88.1	9.0	16.4	113.5
At 31 December 2023	81.4	14.3	20.2	115.9
At 31 December 2024	**91.9**	**17.6**	**39.5**	**149.0**

Impairments

During the year ended 31 December 2024, right-of-use asset impairment charges totalling €3.3 million (2023: none) were recognised, most notable in the US.

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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[1]	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%
Erlenbacher Backwaren GmbH	Wasserweg 39, 64521 Groß-Gerau	T	EUR	Germany	100%
Froneri (Erlenbacher) Holding GmbH	Wasserweg 39, 64521 Groß-Gerau	H	EUR	Germany	100%
Froneri Erlenbacher Immobilien GmbH & Co oHG	Wasserweg 39, 64521 Groß-Gerau	P	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 D 90419 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	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%
Froneri Polska Sp zoo	Ul. Wojska Polskiego 3, 39 300 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%

Subsidiaries	Registered address	Activity	Currency	Country of incorporation	Ownership interest
Europe continued:					
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	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%
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%
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%

Notes continued
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12 Investments in subsidiaries continued

Subsidiaries	Registered address	Activity	Currency	Country of incorporation	Ownership interest
Rest of the world continued:					
Froneri Philippines Inc.	National Highway, Barangay Tibag, Pulilan, Bulacan, Philippines, 3005	H	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	T	USD	United States	100%
Dreyer's Grand Ice Cream, Inc.	590 Ygnacio Valley Road, Suite 300, Walnut Creek, CA 94596	H	USD	United States	100%
The Häagen-Dazs Shoppe Company, Inc.	7500 Flying Cloud Drive #740, Eden Prairie, MN 55344	T	USD	United States	100%
Crufi S.A	Cam. Varzi 8497, 12500 Montevideo, Departamento de Montevideo, Uruguay	T	UYU	Uruguay	100%
Indiben S.A	Cam. Varzi 8497, 12500 Montevideo, Departamento de Montevideo, Uruguay	P	UYU	Uruguay	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 During the year, the French entity, Froneri Beauvais SAS was merged with Froneri France SAS.

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

	2024 €m	2023 €m
Non-current		
Customer advances	**13.6**	17.6
Other financial assets	**11.3**	11.1
Derivative financial instruments	**1.9**	12.4
	26.8	41.1
Current		
Customer advances	**5.3**	2.7
Derivative financial instruments	**50.5**	45.4
	55.8	48.1

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 of the Group, detailed below prior to country level offset, are attributable to the following:

	Net (assets) / liabilities	
	2024 €m	2023* €m
Property, plant and equipment	**166.9**	113.4
Other intangible assets	**438.1**	450.3
Inventories	**(3.0)**	4.6
Right-of-use assets	**(5.4)**	(3.9)
Employee benefits	**(15.6)**	(21.6)
Provisions	**(26.0)**	(24.4)
Tax value of losses and interest disallowances carried forward	**(198.9)**	(126.4)
Other items	**(39.0)**	(14.2)
Net deferred tax (assets) / liabilities	**317.1**	377.8

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

Reflected in the balance sheet after country level offset as follows:

	2024 €m	2023 €m
Deferred tax assets	**(101.2)**	(215.0)
Deferred tax liabilities	**418.3**	592.8
Net deferred tax (assets)/liabilities	**317.1**	**377.8**

Notes continued
(forming part of the financial statements)

14 Deferred tax assets and liabilities continued

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

	1 January 2024* €m	On acquisition (note 31) €m	Recognised in income €m	Recognised in equity €m	Foreign exchange movement €m	31 December 2024 €m
Property, plant and equipment	113.4	(2.1)	48.5	–	7.1	**166.9**
Other intangible assets	450.3	6.0	(40.5)	–	22.3	**438.1**
Inventories	4.6	0.5	(8.3)	–	0.2	**(3.0)**
Right-of-use assets	(3.9)	–	(1.6)	–	0.1	**(5.4)**
Employee benefits	(21.6)	–	5.0	0.9	0.1	**(15.6)**
Provisions	(24.4)	–	(3.1)	–	1.5	**(26.0)**
Tax value of losses and interest disallowances carried forward	(126.4)	0.6	(66.9)	–	(6.2)	**(198.9)**
Other items	(14.2)	(0.8)	(11.6)	(12.9)	0.5	**(39.0)**
Deferred tax (assets)/liabilities	377.8	4.2	(78.5)	(12.0)	25.6	**317.1**

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

Net deferred tax liabilities of €75.5 million (2023: €78.9 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 2024			
Indefinite life	**141.9**	**58.8**	**200.7**
Time limited	**1.9**	**44.5**	**46.4**
	143.8	**103.3**	**247.1**

	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

Of the unrecognised deferred tax assets in 2024 with a time limited life, approximately 71% 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.

The temporary differences associated with investments in subsidiaries and joint ventures, for which a deferred tax liability has not been recognised, aggregate to €378 million (2023: €229 million). As the Group does not foresee a distribution of unremitted earnings from these subsidiaries or joint ventures which would result in a reversal of deferred tax, no deferred tax has been recognised. The quantum of the unrecognised deferred tax liability is not significant in the context of the group.

15 Inventories

	2024 €m	2023 €m
Raw materials and consumables	**153.2**	152.2
Work in progress	**1.0**	0.5
Finished goods	**465.6**	431.6
	619.8	584.3

There are no inventories expected to be recovered in more than 12 months (2023: none).

Raw materials, consumables and changes in finished goods, and work in progress recognised as cost of sales in the year amounted to €2,446.2 million (2023: €2,458.4 million). The accumulated write-down of inventories to net realisable value amounted to €38.3 million (2023: €40.3 million) as at the year end.

16 Current tax receivables and liabilities

	2024 €m	2023 €m
Current tax receivables	**34.5**	33.7
Current tax liabilities	**(75.6)**	(55.4)
Net current tax liabilities	**(41.1)**	(21.7)

17 Trade and other receivables

	2024 €m	2023 €m
Current		
Trade receivables due from third parties	**389.4**	443.7
Trade receivables due from related parties	**3.0**	2.4
Prepayments and other receivables	**94.2**	101.2
	486.6	547.3
Non-current		
Prepayments and other receivables	**3.3**	3.5

Included within trade and other receivables are expected credit losses and impairments of €23.8 million (2023: €27.6 million).

18 Cash and cash equivalents

	2024 €m	2023 €m
Cash and cash equivalents per consolidated statement of financial position	**926.7**	538.9
Cash and cash equivalents per cash flow statement	**926.7**	538.9

Included within the above cash and cash equivalents are €90.8 million of restricted cash balances (2023: €62.4 million) in countries where legal restrictions result in limitations on remittances. 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. Changes to the underlying fair value measurement in the year are shown in the table below.

	2024 €m	2023 €m
Property, plant and equipment	**–**	2.5

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

	2024 €m	2023 €m
At 1 January	**2.5**	4.4
Transfers from property, plant and equipment	**–**	(0.1)
Disposals	**(2.5)**	(1.9)
Effect of movements in foreign exchange	**–**	0.1
At 31 December	**–**	2.5

Notes continued
(forming part of the financial statements)

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.

	2024 €m	2023 €m
Non-current liabilities		
Term bank loans	**4,660.3**	4,493.5
Less: unamortised transaction costs	**(24.2)**	(33.5)
	4,636.1	4,460.0
Lease liabilities	**112.8**	79.2
Preference share capital and interest	**978.8**	886.7
Derivative financial instrument	**5.2**	–
Other external debt	**15.0**	16.3
	5,747.9	5,442.2
Current liabilities		
Term bank loans	**23.5**	24.2
Other external debt	**13.8**	6.7
Current portion of lease liabilities	**49.8**	52.3
Derivative financial instrument	**5.0**	–
Other financial liabilities	**0.1**	0.5
Accrued interest on term bank loans	**32.4**	50.7
	124.6	134.4
Total financial liabilities	**5,872.5**	5,576.6
Add back: unamortised transaction costs	**24.2**	33.5
	5,896.7	5,610.1

Term bank loans are presented net of transaction costs of €24.2 million (2023: €33.5 million).

On 31 October 2024 the Group refinanced its existing term loans and revolving credit facility (RCF), amending the quantum of the existing term loans and extending the term. The maturity of the term loans was extended to 30 September 2031 and the maturity of the RCF was extended to 30 June 2031. The facilities as at 31 December 2024 comprise: a €2,000.0 million senior term loan facility and a USD 2,775.0 million senior term loan facility, both with maturity dates of 30 September 2031; and a €650.0 million multi-currency revolving credit facility, with a maturity of June 2031.

The Group has complied with the financial covenants of its term bank loans during both periods presented, see note 25 for details.

As at 31 December 2024, the Group has:

- USD 2.8 billion (2023: USD 2.6 billion) and €2.0 billion (2023: €2.2 billion) first lien term loans, maturing September 2031 (total outstanding €4.7 billion at 31 December 2024 (2023: €4.5 billion)). The USD element has interest payable at 6.57258%. The Euro element has interest payable at 5.5567%;
- several cross-currency interest rate swaps, swapping USD 801.6 million to circa GBP 374.8 million and circa AUD 465.9 million (2023: USD 810.0 million to circa GBP 378.7 million and circa AUD 470.8 million);
- a €650.0 million revolving credit facility (2023: €600.0 million), maturing June 2031; none of which was drawn at 31 December 2024 (2023: none); and
- €28.8 million of other external debt of which €17.2 million represents loans secured on property, plant and equipment in the US (2023: €23.0 million) and €11.6 million represents other external loans in Uruguay (2023: €nil).

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	
	2024 €m	2023 €m	**2024 €m**	2023 €m
Term bank loans (a)	**4,682.2**	4,490.3	**4,683.8**	4,517.7
Other external debt	**28.8**	23.0	**28.8**	23.0
A and B Preference shares	**138.3**	122.6	**138.4**	123.3
C Preference shares	**840.4**	763.4	**840.4**	763.4
Lease liabilities	**162.6**	131.5	**162.6**	131.5
	5,852.3	5,530.8	**5,854.0**	5,558.9

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 include 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:

	2024 €m	2023 €m
Non-current financial liabilities		
Term bank loans (net of transaction costs)	**4,636.1**	4,460.0
Lease liabilities	**112.8**	79.2
Derivative financial instrument	**5.2**	–
Other external debt	**15.0**	16.3
	4,769.1	4,555.5
Current liabilities		
Term bank loans	**23.5**	24.2
Other external debt	**13.8**	6.7
Current portion of lease liabilities	**49.8**	52.3
Other financial liabilities	**0.1**	0.5
Derivative financial instrument	**5.0**	–
Accrued interest	**32.4**	50.7
	124.6	134.4
Cash and cash equivalents	**926.7**	538.9
Net borrowings from third parties	**3,967.0**	4,151.0

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
(forming part of the financial statements)

21 Trade and other payables

	2024 €m	2023 €m
Current		
Trade payables due to related parties (note 30)	**71.8**	62.9
Trade payables due to third parties	**396.3**	352.8
Other payables, accrued expenses and deferred income	**679.0**	684.0
	1,147.1	1,099.7
Non-current		
Other payables, accrued expenses and deferred income	**21.5**	21.9

22 Employee benefits

Employee remuneration

The Group's salaries and wages costs of €602.2 million (2023: €593.3 million) and welfare expenses (comprising social security and pensions costs) of €112.9 million (2023: €107.9 million) represent a total of €715.1 million (2023: €701.2 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 2024, there were 4,994,476 D Shares in total allocated to individuals in the scheme.

In 2024, 13,250 D Shares were bought back from leavers and 30,752 were redesignated from leavers to the benefit of the employee benefit trust. 6,500 D Shares were issued to individuals at a value of €2.26 per share (2023: 1,445,729 D Shares in total, comprising of 1,270,979 at a value of €2.26 per share and 174,750 at a value of €5.30 per share). At 31 December 2024 there were 4,956,974 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 subscribed in January 2024 were an administrative hangover from shares issued in 2023 and so used the same valuation date of 31 August 2023. The share awards are expected to vest on 30 June 2025 (2023: 31 December 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 a volatility assumption of 22.1% for the 31 August 2023 valuation (2023: 24.9% for the 30 April 2023 valuation and 22.1% for the 31 August 2023 valuation). 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 €30.8 million (2023: €31.2 million), is being charged to the income statement to the estimated exit date of 30 June 2025 (2023: 31 December 2024) over a weighted average vesting period of 2.30 years (2023: 1.31 years). A charge of €11.1 million (2023: €7.4 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 2024 amounted to €23.2 million (2023: €35.9 million), including €15.2 million (2023: €22.9 million) in respect of defined benefit pension plans. One employee benefit asset of €2.9 million was recognised in the financial statements as at 31 December 2024 (31 December 2023: €2.3 million).

The Group has defined benefit plans in 14 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 2024, the Group's plans in respect of Switzerland represent 44.6% (2023: 46.3%) of the total net defined benefit obligations; the next most significant scheme in the Group is in France which represents 16.1% (2023: 10.8%). 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% (2023: 0.0%) per annum on the total account balance, as well as the rate set by government of 1.25% (2023: 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 six of its territories. The total excess of liabilities over funded obligations at 31 December 2024 amounted to €9.1 million (2023: €16.5 million), stated net of unrecognised assets amounting to €9.9 million (2023: €10.0 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 2024, the Switzerland plan represented 62.8% (2023: 65.8%) and 66.1% (2023: 69.8%) of the Group's total funded plan assets and obligations.

Unfunded obligations

The Group has unfunded defined benefit plans in eleven of its territories. The total unfunded obligations at 31 December 2024 amounted to €14.2 million (2023: €19.5 million). These obligations are mainly in respect of defined benefit pension plan arrangements and post-employment medical arrangements in Brazil and France, representing 69.2% of the total unfunded obligations (2023: Brazil and France, representing 77.8%).

Pension expense in the profit and loss account

	2024 €m	2023 €m
Defined benefit expenses	**5.0**	4.3
Defined contribution expenses	**26.3**	26.2
	31.3	30.5

Amounts recognised in other comprehensive income

	2024 €m	2023 €m
Return on plan assets, excluding interest income	**9.1**	(1.5)
Actuarial gains / (losses) arising on scheme liabilities	**1.1**	(14.7)
Unrecognised asset movements	**–**	3.0
	10.2	(13.2)

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

	2024 €m	2023 €m
Funded obligations		
Present value of funded obligations	**150.6**	153.7
Fair value of plan assets	**(151.5)**	(147.3)
Net funded obligations (asset) / liability	**(0.9)**	6.4
Other		
Unfunded obligations	**14.2**	19.5
Unrecognised assets and minimum funding requirements	**9.9**	10.0
Total defined benefit liability	**23.2**	35.9

Notes continued
(forming part of the financial statements)

22 Employee benefits continued

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 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
Balance at 1 January 2024	**14.4**	**158.8**	**173.2**
Currency retranslations	**(1.5)**	**(1.6)**	**(3.1)**
Service cost	**0.5**	**5.0**	**5.5**
Interest cost	**1.1**	**3.3**	**4.4**
Actuarial (gains) / losses	**(4.9)**	**3.8**	**(1.1)**
Benefits paid on funded defined benefit plans	**–**	**(15.9)**	**(15.9)**
Benefits paid on unfunded defined benefit plans	**–**	**(0.3)**	**(0.3)**
Liabilities extinguished on settlements	**–**	**0.1**	**0.1**
Other movement	**–**	**2.0**	**2.0**
Balance at 31 December 2024	**9.6**	**155.2**	**164.8**
– of which funded defined benefit plans	**2.2**	**148.4**	**150.6**
– of which unfunded defined benefit plans	**7.4**	**6.8**	**14.2**

Movement in fair value of defined benefit plan assets

	Defined benefit retirement plans €m
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
Balance at 1 January 2024	**147.3**
Currency retranslations	**(1.2)**
Interest income	**3.4**
Actual return on plan assets excluding interest income	**9.1**
Employee contributions	**4.0**
Employer contributions	**5.0**
Benefits paid on funded defined benefit plans	**(15.9)**
Other	**(0.2)**
Balance at 31 December 2024	**151.5**

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:

	2024 %	2023 %
Cash and cash equivalents	**1.3**	1.1
Equity instruments	**29.8**	29.4
Debt instruments of which government bonds	**35.1**	35.4
Real estate	**16.2**	16.4
Hedge funds	**0.7**	0.7
Private equity	**3.7**	3.6
Alternative investments	**13.2**	13.4
Total	**100.0**	100.0

Equity, debt instruments and commodities represent 64.9% (2023: 64.8%) of the plan assets. Almost all of them are quoted in an active market. Real estate, hedge funds and private equity investments represent 20.6% (2023: 20.7%) of the plan assets. Almost all of them are either not quoted or quoted in a market which is not active.

The Group expects to contribute €6.4 million (2023: €6.6 million) to its funded defined benefit plans in 2025.

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 2024 and 2023):

	2024	2023
Discount rate at 31 December	**1.8%**	2.0%
Future salary increases	**1.9%**	2.0%
Future price inflation increases	**1.4%**	1.5%

In respect of the Group's pension plan in Switzerland, the principal actuarial assumptions at 31 December 2024 were: discount rate of 0.9% (2023: 1.3%); future salary increases of 1.5% (2023: 1.6%); and future price inflation of 1.0% (2023: 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 (2023: 22 years) (male); 24 years (2023: 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:

	2024 €m	2023 €m
Discount rate: minus 50 basis points	**(10.5)**	(10.9)
Discount rate: plus 50 basis points	**9.5**	9.9
Future salary increases: minus 50 basis points	**3.1**	3.4
Future salary increases: plus 50 basis points	**(3.1)**	(3.4)
Mortality: life expectancy less 1 year	**0.6**	2.7
Mortality: life expectancy plus 1 year	**(0.7)**	(2.7)

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 2024 and 31 December 2023, 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 15.8 years (2023: 16.6 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 €26.3 million (2023: €26.2 million).

Notes continued
(forming part of the financial statements)

23 Provisions

	Integration and restructuring provisions €m	Employee benefits provisions €m	Litigation & other provisions €m	Total €m
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
Balance at 1 January 2024	**22.5**	**6.0**	**11.6**	**40.1**
Provisions made during the year	**5.3**	**0.4**	**8.0**	**13.7**
Provisions used during the year	**(16.3)**	**–**	**(3.4)**	**(19.7)**
Reclassifications	**2.8**	**–**	**(2.8)**	**-**
Effects of movement in foreign exchange	**0.1**	**(0.2)**	**(0.2)**	**(0.3)**
Balance at 31 December 2024	**14.4**	**6.2**	**13.2**	**33.8**
Non-current	**2.7**	**5.7**	**0.8**	**9.2**
Current	**11.7**	**0.5**	**12.4**	**24.6**
Balance at 31 December 2024	**14.4**	**6.2**	**13.2**	**33.8**

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 the closure of the Skelmersdale factory in the UK (€4.8 million). Provisions utilised during the year mainly relate to Germany (€14.8 million) and France (€1.0 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 France (€3.5 million), Italy (€1.5 million) and the US (€1.0 million). The utilised provision during the year primarily related to the US (€2.1 million).

The impact of discounting on provisions is not material.

24 Share capital and reserves

Share capital – 31 December 2024

	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**
– 5,000,976 D Shares of €0.001 each, 3,121,550 issued for €0.40 each, 637,598 issued for €3.00 each, 1,155,326 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 2024, fully paid	**0.1**	**2,536.4**	**2,536.5**

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

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 of 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.

Notes continued
(forming part of the financial statements)

24 Share capital and reserves continued

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).

In the year ended 31 December 2024, the Company issued the following D Ordinary shares:

	2024 €m
6,500 D Shares of €0.001 each, issued for €2.26 each	0.0
Total Ordinary shares	0.0

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

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 €0.001. On the same day, €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 €2,596,487.70, giving rise to additional share premium of €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 €0.001 each and a share premium of €99.999 each, giving rise to share capital of €20,000 and share premium of €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 €0.0001 each and a share premium of €0.9999 each, giving rise to share capital of €77,000 and share premium of €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 amounted to €10.1 million.

Dividends

No dividends were declared or recognised during the year (2023: 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 2024, the legal reserve amounts to €nil (2023: €nil).

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)

Other reserves	**Merger reserve €m**	**Currency translation reserve €m**	**Hedging reserve €m**	**Accumulated losses €m**
Balance at 1 January 2024	**87.9**	**(158.0)**	**34.9**	**(1,033.2)**
Total contributions by and distributions to owners				
Share-based payment (note 22)	**–**	**–**	**–**	**11.1**
Total contributions by owners	**–**	**–**	**–**	**11.1**
Comprehensive income / (expense) for the year				
Profit for the year	**–**	**–**	**–**	**344.6**
Exchange differences on retranslation of foreign operations	**–**	**119.6**	**–**	**3.2**
Exchange differences on net investment in foreign operations	**–**	**(40.9)**	**–**	**–**
Cost of hedging	**–**	**–**	**(1.9)**	**–**
Loss on cash flow hedge	**–**	**–**	**(37.5)**	**–**
Net investment hedging	**–**	**(12.0)**	**–**	**–**
Remeasurement of defined benefit liability before tax	**–**	**–**	**–**	**10.2**
Impact of hyperinflation	**–**	**–**	**–**	**(18.6)**
Income tax on other comprehensive income	**–**	**12.6**	**0.3**	**(0.9)**
Total comprehensive income / (expense) for the year	**–**	**79.3**	**(39.1)**	**338.5**
Balance at 31 December 2024	**87.9**	**(78.7)**	**(4.2)**	**(683.6)**

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.

Notes continued
(forming part of the financial statements)

24 Share capital and reserves continued

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 €250.0 million.

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 5.6 million and €1.1 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 Francs (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. On 31 October 2024, the Group refinanced its existing term loans and RCF, amending the quantum of the existing term loans and extending the term. The maturity of the term loans was extended to 30 September 2031 and the maturity of the RCF was extended to 30 June 2031. The facilities as at 31 December 2024 comprise: a €2,000.0 million senior term loan facility and a USD 2,775.0 million senior term loan facility, both with maturity dates of 30 September 2031; and a €650.0 million multi-currency revolving credit facility, with a maturity of June 2031.

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 maturity date of the cross-currency interest rate swaps executed in 2020 is 31 January 2025. In November 2024, the Group entered into a new series of cross-currency interest rate swaps, swapping USD 490.0 million to GBP 382.3 million and USD 309.9 million to AUD 473.3 million commencing on 31 January 2025 with a continuation of the hedging strategy.

The Group also typically uses contracts to mitigate foreign currency exposure on trading. At 31 December 2024, there were 112 such contracts (2023: 119 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 2024 was a liability of €1.1 million (2023: €1.4 million asset).

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 2024, it had 24 such swaps outstanding (2023: 26) and the fair value of those swaps was a net financial liability of €1.6 million (2023: €8.5 million asset).

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, if the test conditions are met. 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 €926.7 million of cash and cash equivalents (2023: €538.9 million) and the Group has access to a revolving credit facility of €650.0 million, expiring in June 2031. 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 2024, the Group had €650.0 million (2023: €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 2024.

Loan covenants

Under the terms of the Group's term bank loans, which have a gross carrying amount of €4,683.8 million, the Group is required to test the financial covenant at each quarter end, if the test condition is met. The test condition is met if at quarter end the Group's RCF drawings minus cash are greater than 40% of the €650.0 million revolving credit facility. If the test condition is met, then the Group is required to comply with the following financial covenant:

- the Consolidated Senior Secured Net Leverage Ratio as set out in the relevant Compliance Certificate shall not exceed 9.50:1.

The test condition was not met throughout the reporting period and therefore the financial covenant was not tested.

There are no indications that the Group would have difficulties complying with the covenants if they were required to be tested.

(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, 2022 and 2024.

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 2024, the Group recognised net financial asset related to derivatives of €42.2 million (2023: €57.8 million).

Notes continued

(forming part of the financial statements)

25 Financial instruments continued

(b) Fair values of financial instruments continued

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 2024, the remaining fair value to be unwound is €0.2 million (2023: €3.1 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 2024 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:

	2024 €m	2023 €m
Europe	**127.5**	190.7
US	**105.4**	162.4
Rest of the world	**162.9**	157.2
	395.8	510.3

Credit quality of financial assets and impairment losses

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

	2024 €m	2023 €m
Not past due	**325.5**	385.9
Past due 0-30 days	**47.8**	78.8
Past due 31-60 days	**4.7**	10.5
Past due 61-120 days	**1.8**	3.6
More than 120 days	**16.0**	31.5
	395.8	510.3

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

	2024 €m	2023 €m
Balance at 1 January	**27.6**	27.8
Impairment loss recognised	**1.5**	2.5
Impairment allowance utilised	**(1.7)**	(1.1)
Unused amounts reversed in the year	**(3.4)**	(1.3)
Foreign exchange movement	**(0.2)**	(0.3)
Balance at 31 December	**23.8**	27.6

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 €6.5 million (2023: €6.3 million) against total balances of €25.3 million (2023: €26.7 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 2024

	Carrying amount €m	Contractual cash flows* €m	1 year or less €m	1 to <2 years €m	2 to <5 years €m	5 years and over €m
Term loans	4,659.6					
Add back: Transaction costs	24.2					
	4,683.8	4,683.8	23.5	26.8	73.7	4,559.8
Term loans – interest accrued	32.4	1,740.8	197.1	252.5	749.6	541.6
Preference shares classed as debt	887.3	899.7	–	–	–	899.7
Preference shares – interest accrued	91.5	658.0	–	–	–	658.0
CCIRS derivative	(44.0)	(44.0)	(42.9)	–	–	(1.1)
Interest rate swap & forward derivative	1.8	1.8	(2.7)	4.5	–	–
Lease liabilities	162.6	192.1	58.8	36.8	61.4	35.1
Other external debt	28.8	29.3	15.7	10.4	3.2	–
Other financial liabilities	0.1	0.1	0.1	–	–	–
Trade payables, other payables and amounts due to related parties	1,168.6	1,168.6	1,147.1	21.5	–	–
	7,012.9	9,330.2	1,396.7	352.5	887.9	6,693.1

* 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 2024, €8.9 million (2023: €11.0 million) has been amortised during the year.

The refinancing of the term loans resulted in a substantial modification therefore, the remaining transaction costs of €24.8 million were written off.

In 2024, transaction costs of £24.3 million were incurred as part of the Group's refinancing of the term loans. In 2024, £0.1 million has been amortised during the year.

31 December 2023

	Carrying amount €m	Contractual cash flows* €m	1 year or less €m	1 to <2 years €m	2 to <5 years €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.

Notes continued
(forming part of the financial statements)

25 Financial instruments continued

(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).

Market risk – foreign currency risk	USD €m	GBP €m	CHF €m	AUD €m	BRL €m	NZD €m	Other €m	Total €m
At 31 December 2024								
Cash and cash equivalents	**61.4**	**(6.5)**	**29.8**	**21.8**	**13.5**	**11.6**	**133.1**	**264.7**
Trade receivables and other receivables	**108.0**	**14.4**	**18.5**	**49.0**	**21.1**	**18.2**	**79.2**	**308.4**
Term loans	**(2,680.4)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,680.4)**
CCIRS principal	**774.3**	**(453.0)**	**–**	**(278.6)**	**–**	**–**	**–**	**42.7**
Interest rate swaps	**(5.5)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5.5)**
Other external debt	**(22.5)**	**–**	**–**	**–**	**–**	**–**	**(6.0)**	**(28.5)**
Trade payables and other payables	**(146.0)**	**(18.8)**	**(36.9)**	**(18.9)**	**(27.0)**	**(9.5)**	**(75.3)**	**(332.4)**
	(1,910.7)	**(463.9)**	**11.4**	**(226.7)**	**7.6**	**20.3**	**131.0**	**(2,431.0)**
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)

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 2024 €m	Equity 2023 €m	**Profit or loss 2024 €m**	Profit or loss 2023 €m
USD	**(94.9)**	(113.1)	**5.4**	1.2
GBP	**–**	(18.7)	**(2.0)**	(3.6)
CHF	**(21.2)**	(20.5)	**(2.7)**	(2.1)
EGYP £	**(1.6)**	(3.6)	**(0.2)**	(0.4)
Other	**(38.1)**	(27.1)	**(17.5)**	(11.5)

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 2024 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 profit before tax by approximately €23.8 million (2023: €28.3 million).

26 Notes to the cash flow statement

Reconciliation of cash and cash equivalents to net borrowings:

	2024 €m	2023 €m
Net inflow of cash and cash equivalents	**383.1**	82.9
Decrease in leases	**67.5**	65.8
Decrease in borrowings	**9.1**	32.3
Arising on acquisitions	**(14.1)**	–
Other non-cash movements	**(193.3)**	1,589.3
FX movements	**(159.7)**	107.8
Decrease in borrowings net of cash	**92.6**	1,878.1
Total net borrowings at 1 January (excluding transaction costs)	**(5,020.0)**	(6,898.1)
Total net borrowings at 31 December (excluding transaction costs)	**(4,927.4)**	(5,020.0)

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 2024 €m	Cash flows €m	FX movements[b] €m	Arising on acquisitions €m	Other non-cash movements[c] €m	As at 31 December 2024 €m
Cash and bank deposits	538.9	383.1	3.3	1.4	–	926.7
Net cash and cash equivalents	**538.9**	**383.1**	**3.3**	**1.4**	**–**	**926.7**
Term loans	(4,517.7)	(2.3)	(163.4)	–	(0.4)	(4,683.8)
Preference shares classified as liabilities	(886.7)	–	–	–	(92.1)	(978.8)
Lease liabilities	(131.5)	67.5	1.6	–	(100.2)	(162.6)
Other external debt	(23.0)	11.4	(1.2)	(15.5)	(0.6)	(28.9)
Total net borrowings excluding transaction costs[a]	**(5,020.0)**	**459.7**	**(159.7)**	**(14.1)**	**(193.3)**	**(4,927.4)**

(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 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 €3,761.8 million (€3,786.0 million gross of unamortised transaction costs) and related party borrowings of €978.8 million (Preference shares). Offsetting the term loans value at 31 December 2024 in the consolidated statement of financial position is €24.2 million of unamortised transaction costs (2023: €33.5 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 2024, this has resulted in an increase to the 12-month sales of €2.0 million (2023: reduction of €7.8 million), and a non-monetary gain of €19.2 million (2023: €9.1 million) due to hyperinflating the underlying values to their current purchasing power, which was recognised in other finance income. The impact of €18.6 million (2023: €6.0 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 2024, the Group has entered into contractual commitments to purchase property, plant and equipment for €103.1 million (2023: €6.8 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 2024 or 31 December 2023.

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:

	2024 €m	2023 €m
Transitional services arrangements	**5.0**	13.3
Strategic partnership fees	**205.9**	199.3
Purchase of raw materials and other inputs	**32.4**	32.7
Other transactions	**3.4**	(2.3)
Income from logistics services	**(0.2)**	(7.1)
Ice cream sales to Nestlé	**(2.1)**	(2.0)
	244.4	233.9

In the consolidated statement of financial position at 31 December 2024, trade and other receivables include amounts due from Nestlé SA Group of €3.0 million (2023: €2.4 million), trade and other payables include amounts due to Nestlé SA Group of €71.8 million (2023: €62.9 million). All transactions with related parties during the normal course of business are at arm's length.

In addition, at 31 December 2024, €840.4 million (2023: €763.4 million) in relation to the Preference share capital and interest is payable to Nestlé SA and its subsidiaries and affiliates. 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 2024 and 31 December 2023, 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:

	2024 €m	2023 €m
Remuneration	**7.6**	8.8
Contributions to defined contribution pension schemes	**0.6**	0.5
Share-based payment benefits	**2.6**	2.6
	10.8	11.9

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

As at 31 December 2024 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 €2.0 million (2023: €1.9 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 (2023: €0.8 million).

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

European Pizza Group Holding Switzerland S.à r.l. ("EPG") is a joint venture set up by Nestlé SA and PAI Partners 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 joint venture.

During the year ended 31 December 2024, the Group's transactions with EPG were minimal. In the consolidated statement of financial position at 31 December 2024, there are no balances within trade and other receivables, and trade and other payables relating to EPG.

Notes continued
(forming part of the financial statements)

30 Related parties continued

Azets Holdco Limited

PAI Partners are the joint owner of Azets Holdco Limited ("Azets"), a professional services company in the UK.

During the year ended 31 December 2024, the Group's transactions with Azets were minimal. In the consolidated statement of financial position at 31 December 2024, 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 Acquisition of subsidiary

Acquisition of Crufi

On 31 December 2024, Froneri acquired the activities, and 100% of the voting rights, of the Crufi business, consisting of both the trading entity, Crufi S.A, and the property investment company Indiben S.A.

Crufi is a leading business in the production and marketing of ice cream, as well as the marketing of frozen foods, with operations in Uruguay. The Group acquired the Crufi business as a route to enter the Uruguayan ice cream market.

According to its most recent audited financial statements, being the year ended 31 May 2024, the business generated annual sales of €48.4 million (UYU $2,217.0 million and EBITDA of €8.9 million (UYU $407.0 million).

If the acquisition had occurred on 1 January 2024,the Group's revenue, operating profit and EBITDAE would have been €5,581.3 million, €821.0 million and €1,196.0 million retrospectively.

Effect of acquisitions

The provisional valuation of assets and liabilities acquired are shown below.

	Fair values on acquisition €m
Property, plant and equipment (note 10)	24.9
Intangible assets (note 9)	24.1
Inventories	12.1
Trade and other receivables	15.4
Cash and cash equivalents	1.4
Net deferred tax assets / (liabilities) (note 14)	(4.2)
Non-current financial liabilities	(5.3)
Current financial liabilities	(10.2)
Tax liabilities	(0.8)
Trade and other payables	(9.1)
Net identifiable assets and liabilities	**48.3**
Residual goodwill	41.2
Total consideration	**89.5**
Satisfied by:	
Fair value of consideration paid in cash	89.5
Cash acquired	(1.4)
Net cash outflow on acquisition	**88.1**

The fair values currently used for opening balances are provisional. These balances remain provisional due to there being outstanding relevant information in regard to facts and circumstances that existed as of the acquisition date and/or where valuation work is still ongoing.

Fair value adjustments

Management reviewed the fair value of the following asset categories, and used the following basis of valuation in respect of each asset class:

- Brands and trademarks: royalty relief methodology, taking into account industry norms for royalty rates
- Land and buildings: certain land was valued on a market values approach (which included significant judgements with respect to sales value). Buildings were valued using the cost approach
- Plant and equipment: valued using the cost approach
- Inventories: fair value, based on net realisable sales value, less reasonable costs to complete, distribute and sell the inventory, and a reasonable profit margin.

Goodwill

Goodwill arises on the acquisition due to the synergies expected as a result of cross-selling and international growth opportunities arising from utilising Froneri's new owned and licensed brands, and from its private label business; savings on operating costs and capital expenditure as a result of joint efficiencies expected from being part of the new Group; and the value inherent in the workforce and its expertise.

Deferred consideration

There was no deferred consideration as part of the transaction.

Acquisition-related costs

The Group incurred costs of €1.0 million in relation to the transaction. These costs are predominantly transaction-related shared costs (such as consultants, legal fees and other advisors' fees and costs).

These costs have been for the most part included in administrative expenses in the Group's consolidated income statement, disclosed as exceptional items for the relevant period and explained further in note 4 to these financial statements.

Contingent liabilities acquired

There were no contingent liabilities acquired as part of the transaction.

32 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.

33 Post balance sheet events

There are no significant post balance sheet events.

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 2024, 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 2024;
- 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.

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.

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

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;

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 3 April 2025

Vincent Ball

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