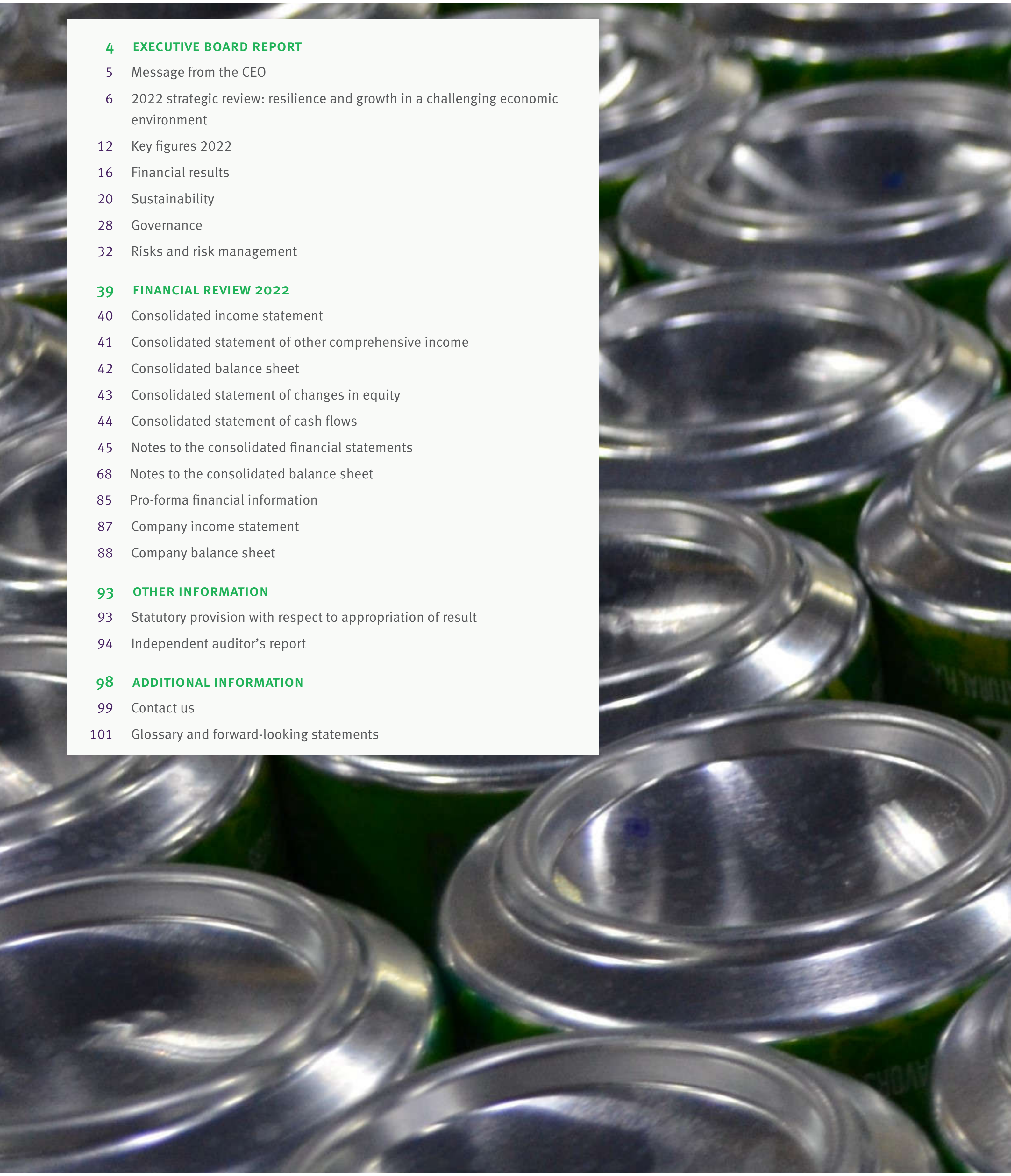
ANNUAL REPORT 2022

Pegasus MidCo B.V.

Contents



Executive Board Report

Message from the CEO

Dear stakeholder,

2022 was an important year for Refresco as we took several steps forward in our Buy & Build strategy. We did our third-largest acquisition thus far, in Germany. And we added a third geographical platform for growth, complementing our footprint in Europe and North America by entering the Australian market. Another significant milestone this year was KKR acquiring a majority stake in Refresco in July. Meanwhile, throughout the year, our resilience and agility were called upon, as we continued to serve our customers with the highest quality and service level possible in a challenging economic environment.

Year 2022 in brief

We were faced with unprecedented market circumstances this year, with shortages in many areas and disruptions in many supply chains and in all regions. Combined with the highest inflation rates in decades, this resulted in strong cost price increases, which we largely passed onto our customers. Thanks to the professionalism and agility of our staff, we were largely able to continue to deliver on our promises despite the volatile environment.

In July, Bill McFarland was appointed as Chief Financial Officer and Member of the Executive Board, succeeding Adee Packer. Bill joined Refresco when we acquired Cott Beverages and has over 20 years of experience in the FMCG industry, and his expertise is of great value as we proceed with our ambitious growth plans. In October, Martha Zandbergen was appointed in the new role of Chief People and Legal Officer, spearheading the People agenda as a member of the Executive Committee.

We continued to execute on our Buy & Build strategy in 2022 by acquiring and integrating assets to further strengthen our business. In February, we completed the acquisition of Hansa-Heemann, a German mineral water and CSD producer, adding five sites to our network. In January and April, we completed the acquisition of two production locations from The Coca-Cola Company in the US. In December, we added three facilities in Australia with the acquisition of Tru Blu Beverages, and acquired Avandis in the Netherlands.

Future outlook

KKR acquired a majority stake in Refresco in July. With their full support of our strategy, we are well positioned to accelerate our growth in the next years. Existing shareholders PAI and BCI maintain a significant minority position. We updated our strategic focus areas after reviewing our long-term strategy. We continue to pursue our vision of “Our Drinks on Every Table” and our core strategy of Buy & Build remains unchanged. We also continue to invest in our facilities and in our people. They will always be at the heart of our company and the People agenda is now an integral part of our strategic agenda.

Our footprint and people enable us to drive positive change in every part of our business. We always look to create value for our stakeholders. How we grow matters, and so we have put the Environmental, Social and Governance (ESG) agenda on our strategic priority list. ESG will be the watermark running through our company, from empowering all staff to drive positive change, to sourcing materials and running our operations sustainably and responsibly. Our operational excellence is key to the future success of Refresco. That is why we initiated a project this year to take our operational excellence to the next level as we continue to grow. Based on the results of the pilots that we have run in Europe and North America, we will define a roadmap on how to optimize our efficiency and flexibility in our operations across all our manufacturing facilities, making our business even more resilient.

I appreciate the loyalty of our customers and I thank our suppliers for being valuable partners to us. I am confident there are many more opportunities for Refresco to grow in new and existing geographies, categories, and capabilities. I would like to thank our shareholders for their support of our strategy. And Thank You to all Refresco colleagues for their dedication and passion to serving our customers day in, day out. Thank you all for being with us as we continue our journey!

Hans Roelofs
Chief Executive Officer

2022 strategic review: resilience and growth in a challenging economic environment

In 2022, Refresco achieved robust results in a challenging year. Though we faced the continuation of some Covid-19 restrictions in some regions during the first half of 2022, as well as historically high levels of inflation and global supply chain disruptions throughout the year, our efforts in 2022 put us in a strong position for 2023. The safety of our staff, as ever, was our top priority, and we continued to focus on three strategic priorities: Drive Profitable Growth, Lead in Operational Excellence, and Win with People. This chapter outlines how we managed our business in these unprecedented times and describes the steps taken to deliver on our strategic priorities.

DRIVE PROFITABLE GROWTH

Managing the effects of supply chain disruption and inflation

In 2022, manufacturers around the world, including Refresco, faced two significant challenges: supply chain disruption and increased levels of inflation. These issues also affected our customers, so we leveraged our network to fulfill their needs across Europe, North America, and, most recently, Australia, acting fast to help customers align their product offering with changes in consumer demand and macroeconomic conditions while generating strong top- and bottom-line growth.

With ongoing disruption to global supply chains, Refresco's procurement teams collaborated extensively to manage the issue. In 2022, we qualified several new suppliers to maximize supply surety. This increased diversification put us in a better position to receive timely shipments of materials. Furthermore, our continued expansion enabled us to leverage our expertise and scale to achieve strategic alignment across our input costs and terms and conditions.

In line with our strategic journey toward strengthening our position as a beverage solutions provider, we also further strengthened our supply chain handling capabilities. In Europe, we completed the implementation of a new transport management system across all our sites except France, where implementation will be concluded in Q1 2023. This system gives us a comprehensive view of all our transportation across the continent. In 2022, we also took another step forward in this area by selecting a yard management system that will significantly reduce waiting times at our sites. This system has already been implemented in the Benelux and Germany and will be rolled out across our other European sites in 2023. In North America, our transportation and supply chain teams worked closely together to find creative ways of optimizing product distribution, and this will remain a priority in 2023.

In 2023, the rollout of Dolphin, a program designed to elevate our operational excellence, will enable more extensive sharing of best practices between different sites, thereby improving our efficiency in production and offsetting the impact of inflation. A full account of Dolphin and its importance to Refresco in the coming years can be found further down in this chapter.

Adding value through mergers and acquisitions

2022 was an important year for our Buy and Build strategy, which remains the cornerstone of our overall growth agenda. We completed three significant acquisitions over the course of the year, each of which enhanced our capabilities and/or advanced our strategic ambitions.

> "With the acquisition of Hansa-Heemann, we doubled the size of our business in Germany"

On February 1, 2022, we finalized the acquisition of Hansa-Heemann, a player in Germany's bottled water market and a producer of carbonated soft drinks (CSDs). Through this transaction, Refresco added five new sites to our German network, doubled our business and headcount in the country, and we added three mineral water brands to our national portfolio. We can now allocate production between nine sites in Germany, to improve efficiencies and ensure optimal coverage across the German market. The acquisition also provides Refresco with in-house capabilities in the manufacturing of preforms, and we have already started using these preforms at our water and CSD facility in Erftstadt. Moreover, we are now able to self-develop value-engineering and weight-reduction initiatives in preform manufacturing, which will deliver additional ESG benefits as well as commercial benefits in the years to come.

December 1, 2022 brought a significant milestone in Refresco's history, as we announced the fulfillment of our strategic ambition to expand into a third continent. This was achieved through the acquisition of Tru Blu Beverages, a large manufacturer of private-label soft drinks in Australia. Their packaging portfolio fits very well with that of Refresco. The extensive scope of this acquisition gives us a secure foothold and enables us to pursue acquisition targets in this part of the world. It also puts us in a position to further develop relationships with branded beverage companies and retailers ahead of further expansion in the region.

"December 1 brought a significant milestone in Refresco's history, with our expansion into a third continent"

On December 31, we completed the acquisition of Avandis, a beverage manufacturer previously co-owned by Lucas Bols and De Kuyper Royal Distilleries. As part of the transaction, we entered into a long-term manufacturing contract with these two iconic alcohol companies.

In addition to these three acquisitions, 2022 also saw the integration of three North American sites we acquired from The Coca-Cola Company, in Truesdale (MO), Paw Paw (MI) and Waco (TX), in the US. This has added a substantial amount of additional volume to our business in the region, and we also welcomed more than 1,000 employees across three locations. The strategic location of each of these sites significantly enhances our North American footprint and gives us a competitive edge in the market.

Most significantly, these acquisitions made Refresco a long-term strategic partner of The Coca-Cola Company, the largest non-alcoholic beverage company in the world. As a result of the transaction, we also acquired capabilities in chilled and pouch technologies, as well as a state-of-the-art aseptic PET line. We are now uniquely qualified to embark on a journey toward increased production of aseptic PET, in line with the long-term industry trend toward greater use of the material.

Looking ahead to 2023, the pipeline of potential M&A targets remains healthy. We will continue to pursue acquisition opportunities across Europe, North America, and Australia, moving further into key growth categories and adding new capabilities that can be shared across the Group.

Focusing on growth categories

Value-added waters and sports and energy drinks are all growing in both volume and value, so we maintained our focus on developing these product areas throughout the year. We achieved several positive developments in the energy drinks category through the strengthening of contract manufacturing relationships with our branded beverage customers, while in the value-added waters category, our newly developed range of unsweetened, sparkling water products won the President's Choice Grocery Product of the Year Award in 2022.

Health and wellness drinks constitute another significant growth category. There is continued demand from our customers to reformulate and find alternatives in certain product categories, such as reducing sugar content in CSDs, and this has been especially pronounced in the private-label sector. In 2022, we collaborated closely with our European retail customers on this issue. In addition, for customers in France and the UK, the growth of the organic drinks category is a significant trend, so we are also exploring opportunities to develop more organic products in these markets.

The market for plant-based drinks, a closely related category, has grown rapidly in recent years. In 2022, we secured a strategic partnership with a leading plant-based company whose expansion strategy is focused on moving further into Europe. We purchased a new processing line that will enable the complete processing of plant-based beverages at one of our European sites.

Lead in operational excellence

Operational excellence is at the core of our business: it means reaching the highest standards in everything we do, every single day. In 2022, we initiated Dolphin, a strategic productivity program designed to elevate our operational excellence to an even higher level, adopting the dolphin – with its agility, tenacity, and cooperative mindset – as a symbol for our efforts. It is our objective to design a playbook and embed a Refresco way of how to run operations. Key levers are globally harmonized best practices to drive productivity in our global operations. Project Dolphin is led by our Chief Manufacturing Officer, whose primary role is to connect with stakeholders and support local business leaders in implementing best practices.

This project represents a significant bottom-line opportunity for our organization in the years to come. With Refresco having acquired so many new sites in recent years, there is great interest from our business unit leaders around how our different facilities approach their operations. To benefit fully from the potential of sharing best practices between all sites, Refresco established a clear structure for improving operational excellence across locations, to help leaders focus more on customer relations and winning propositions within their specific business units.

By unlocking the larger potential of individual sites, we will be able to do more with less and accelerate our Buy & Build strategy.

Maintaining high-quality manufacturing standards

In 2022, we also focused on more localized improvements to our operational excellence, displaying considerable creativity to streamline our operations in a challenging macroeconomic context. Our efforts in this area are overseen by a Continuous Improvement Director, who works closely with local teams and suppliers to drive higher performance at our plants. In addition, the operations team in Europe contains specialists in carton technology, bottle blowing, and other factory processes; these specialists work closely with local teams to drive improvements in operational excellence.

Meanwhile, throughout North America, we continued our initiative to strengthen operating training procedures. Success in this area requires a combined effort: along with the buy-in of the Operations team, the Human Resources (HR) team must ensure that each plant has a capable training coordinator. Once this support is in place, training becomes considerably more straightforward for employees. As the jobs performed by Refresco employees become more technically complex, this approach will be even more valuable in the coming years.

“We continued to build the flexible platforms needed to deliver complexity”

Investing in flexible manufacturing platforms

We continuously invest in our factories to meet the service standards our customers deserve, and we have continued to build the flexible platforms needed to deliver complexity. These efforts took place in a challenging investment climate, with delivery times from our suppliers continuing to increase. Nevertheless, in 2022, we refurbished and upgraded a wide range of production lines and installed new lines across Europe and North America.

In 2022, we made several investments to enhance our canning capabilities, such as the installation of a high-speed can line in San Bernadino, California. We also installed a new can filler at our Greendale facility in Indiana, which will strengthen our capabilities in the energy drinks category.

Based on the demand in certain product categories, we set out to expand our glass filling capabilities to meet those demands. In 2022, we installed a new aseptic PET line in Poland and we installed a new glass line at the Nuits-Saints-Georges plant in France. This investment complements the glass capabilities acquired through the Avandis acquisition and the 2021 installation of a double new glass line in Italy. In 2022, we focused on the ramp-up installation of those two lines: one for large bottles and another for small bottles. Several ongoing projects in Europe will be implemented in 2023, including a new PET line at Refresco Iberia, at the end of 2023.

During the year, we also made a multi-million euro investment in a fully automated, high-bay warehouse in Calvörde, Germany. This warehouse, which has a monorail connection to the production lines, has storage capacity for 40,000 pallets. Based on this successful experience, we are actively looking at opportunities across our network to determine whether additional warehousing solutions would enable us to invest in our communities and provide more cost efficient solutions for our stakeholders.

Commitment to market innovation

With our consistent focus on market-driven innovation, we support our customers in developing new products that add as much value as possible. Our substantial investment in manufacturing facilities across three continents means we are well equipped to drive innovation and develop new capabilities and categories for our customers around the world.

In 2022, the continued growth of R&D capabilities at our Columbus Innovation Center in Columbus (GA), US, an innovation incubator for our beverage concentrates, enabled the development of innovative product formulas and packaging combinations for customers across Europe and North America. One significant area of development was value-added water products, which included the creation of a range of new products for a major North American customer; these will be launched in 2023 across a variety of categories.

“We are well equipped to drive innovation and develop new capabilities and categories for our customers”

Meanwhile, we continued to innovate in the field of sustainable packaging, an important part of our overall focus on driving continuous improvements across all aspects of production. In 2022, we continued our ongoing program to make our PET bottles and caps lighter; we continuously followed up on this lightweighting program and benchmarked our performance against competitors. In terms of recycled PET (rPET), we invested in higher dry capacity and used rPET flakes in our preform production. In 2023, we will continue to work on increasing the amount of rPET used in these processes.

In Europe, we leveraged our innovation capabilities to increase our production of tethered caps in 2022, in preparation for upcoming European Union legislation that will mandate the use of tethered caps from 2024. Our carton line in Poland and aseptic PET lines in France now produce tethered caps, and in 2023, we will continue to convert additional lines to further support their production.

Win with people

Refresco’s People agenda is part of the strategic agenda of the Executive Committee, and is spearheaded by Martha Zandbergen, Chief People and Legal Officer. Going forward, the People agenda is supported by three distinct pillars: Attract, Engage, and Perform. "Attract" relates to finding the right talent: determining how we can make our recruitment strategy more creative and updating our employer branding strategy. The "Engage" pillar concerns our employee value proposition and how we ensure the talent we attract stays with Refresco, as well as leadership development and other training programs. Finally, "Perform" relates to the way all employees contribute to the results of their respective business units and to the Group.

In 2022, we made progress on each of these three areas within a challenging context for employers across the manufacturing sector.

Growing our workforce in a competitive labor market

During the year, demand for labor exceeded supply across the manufacturing sector. Given this situation, and the fact that Refresco continues to expand, we initiated several policies to enhance our hiring approach in line with the Attract pillar of our People strategy.

We launched a new employer branding campaign, integrated around the theme of “Your drinks on every table,” a variation on our company vision. We tailored the implementation of this campaign to the requirements of specific labor markets. In parallel with this campaign, we updated our careers site and significantly improved the user experience; it now takes just two clicks to access the application form from our list of vacancies. The new Group-wide site also better integrates our recruitment processes.

> “We initiated several policies to enhance our hiring approach in line with the Attract pillar of our People strategy”

One major focus area in North America was increasing our use of recruitment software to determine the optimal platform for posting a certain job. Also in North America, we deployed a software solution at a number of sites that helps employers hire and retain frontline workers using artificial intelligence technology. These data-driven approaches significantly enhanced the efficiency of our recruitment strategy in North America throughout 2022. In Europe, several business units hired focused recruiters to join their HR teams, and this served to strengthen their recruitment capabilities.

In 2023, we aim to keep developing the Attract pillar of our People strategy by making further progress on our employer branding campaign and recruitment strategy.

Strengthening employee engagement

The tight labor market also contributed to an increased focus on employee retention, in line with the Engage pillar of our People strategy, both in our plants and in office jobs. In 2022, several business units significantly increased their employee engagement activities to further strengthen employee retention.

In 2022 in North America we developed a range of retention and engagement activities, all of which are currently being worked on. Another important consideration is the speed of Refresco’s growth. This means that we have large numbers of recent hires – generally, the demographic with the highest turnover rate. By putting extra focus on employees during the first six months after they join, we can increase our average years of service and raise employee engagement.

In 2023, we will continue to leverage both qualitative and quantitative data to ensure sustained growth in engagement levels. Further development of talent and leadership capacities will also help us improve employee engagement.

Building a stronger organization

In 2022, we elevated our People agenda to the Executive Committee level with the appointment of Martha Zandbergen as Chief People and Legal Officer. In addition to her continued focus on the company’s legal matters, she will prioritize our People strategy across our entire footprint while ensuring full alignment with our other strategic priorities. Her appointment strengthens the Perform pillar of our People strategy, as it makes the People agenda an integral part of our overall strategy.

At other levels, we invested heavily throughout the year in training the next generation of leaders and supporting succession planning. In certain business units, we organized specific leadership programs for first-line managers, each of whom is responsible for coordinating a team of people on our production lines. We had considerable success with these programs in the Benelux and North America, where these projects were first initiated and implemented.

Our HR teams worked closely with leadership teams to create bespoke development plans that prepare employees for their next role within Refresco. We also strengthened our local leadership teams through external hiring and internal promotions, and by ensuring that important functions were sufficiently represented within leadership teams. Our approach to succession planning is highly developed in the Benelux region and the UK, as well as in Germany, where internal succession at the senior leadership level increased in 2022. We will continue to share succession planning best practices across the entire Group in 2023.

"With the acquisition of new sites, we focus on optimizing our integrations from a People perspective"

With the acquisition of new sites and expansion into new territories, we focus on optimizing our integrations from a People perspective, as our culture is a key differentiator for us. We place very high importance on actively sharing it during the initial phase of integration for all our acquired sites and companies. For example, in Australia, a newly appointed Integration Director with long tenure at Refresco will help the new Refresco Australia with cultural integration. Their role will be to help facilitate new staff members' understanding of Refresco's overall culture, which is especially important as we are establishing ourselves in a new market.

Strengthening our People capabilities

Having introduced two global learning platforms in 2021, we continued to accelerate their rollout in 2022. One platform focuses on day-to-day work processes and safety, using pre-recorded films of workers performing certain jobs to cover key production safety topics; employees study these training observations as well as corrective action blueprints before receiving official certification, accelerating their training process. Our other platform focuses on personal skills, such as leading people, presentation skills, time management, and sharing feedback.

In 2022, we finalized the fourth edition of the Refresco Leadership Acceleration Program (LEAP) training program. LEAP provides structured training to approximately 20 candidates selected annually from across Refresco, to support our internal promotion targets and ensure a healthy pipeline of future leaders. In 2022, a diverse range of stakeholders took part in the program, with 50:50 gender diversity, equal representation from our European and North American teams, and representatives from a wide range of functional areas, including finance, production, Human Resources, operations, and commercial roles. The program also generated a significant number of business projects. The LEAP 5 process started at the end of 2022 and will continue throughout 2023.

In 2022, we maintained our focus on frontline leadership development, which contributed to the Engage pillar of our strategy. Our frontline leaders are typically internal hires, and they have extensive technical knowledge. In North America, to improve their management capabilities, we created a dedicated supervisor boot camp. This three-day course brings together supervisors from different plants to learn about situational leadership and how to apply the Refresco handbook consistently. In 2022, we organized four of these boot camps, with 55 supervisors taking part. We plan to run eight more camps in 2023.

Helping our employees meet their potential

Regular performance evaluations help our people feel more valued and support the organization in achieving its ambitious goals. In 2022, our approach to improving employee performance was similar to that of 2021: we set personal goals for each employee, in addition to financial objectives for the unit and company. Employees' personal objectives were evaluated halfway through the year and at an end-of-year review. For eligible positions, we rewarded performance with two different sets of bonuses.

Strengthening internal communication has also been important for raising performance levels and improving employee engagement across the Group. In 2022, we held a wide range of communication sessions, including general business sessions and town halls for specific topics, including our updated People strategy. During 2022, all our global business units participated in these sessions, which will remain a key channel for disseminating important company updates in 2023.

A Great Place To Work®

Being a Great Place To Work® is the result of several factors: company culture, working environment, and proper recognition and development of employee contributions. It also means being part of a company that prioritizes social activities and community involvement.

Throughout 2022, we continuously worked to improve our work environment and create a culture where our employees feel safe, supported, and able to learn from their mistakes. To measure employee engagement levels and track our progress, we use the international, highly acclaimed Great Place To Work® survey, which we conduct every two years. Our most recent survey was finalized at the beginning of 2022, and local teams in specific areas designed targeted activities to address the localized feedback in the survey.

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Key figures 2022

Financial highlights (unaudited pro-forma information)

14,547

Total volume (millions of liters)

€5,458m

Revenue

€2,464m

Gross profit margin

€595m

Adjusted EBITDA

(x 1 million euros, unless otherwise stated)[2]	2022 Unaudited	2021
Volume (millions of liters)	14,547	11,905
Revenue	5,458	4,241
Gross profit margin	2,464	2,007
Adjusted EBITDA[1]	595	564
Net profit / (loss)	(203)	61
Adjusted net profit / (loss)	(80)	85
Net debt	3,754	2,636

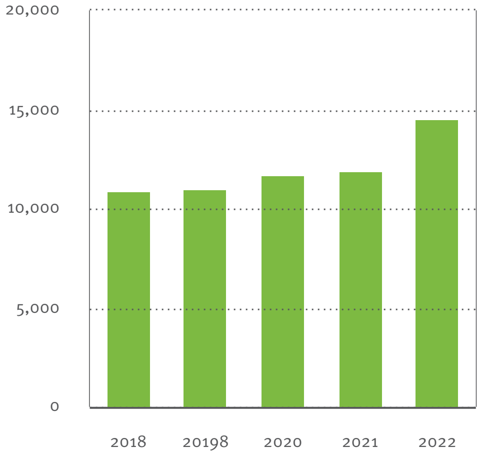
[1] Gross profit margin, EBITDA, adjusted EBITDA, adjusted net profit/(loss) and net debt are not a measure of our financial performance under IFRS.

[2] Change in ownership and presentation of financial information in the Executive Board report
On July 12, 2022, KKR and existing shareholders created new entities including Pegasus Bidco B.V., through which they acquired 100% of the shares in Sunshine Equity B.V., the controlling entity of the Refresco Group. As part of this acquisition, KKR and the existing shareholders also incorporated Pegasus Midco B.V., which holds 100% of Pegasus Bidco B.V. and consolidates the Refresco Group.

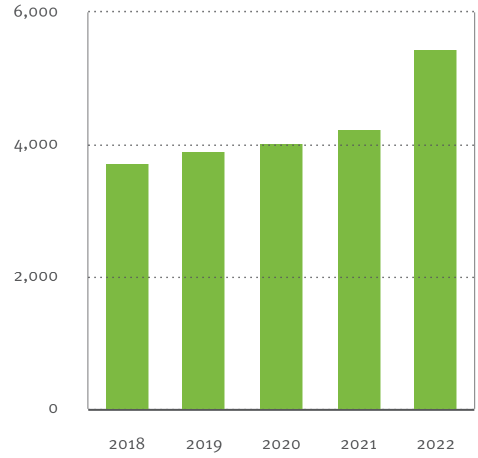
To illustrate the effects of the acquisition on the results of operations and financial positions of Pegasus Midco B.V. and to facilitate the comparability of the consolidated financial statements, Pegasus Midco B.V. has prepared pro- forma financial information. This information is shown on pages 12 through 37, in text and in columns, labeled '2022'. This pro-forma information is unaudited.

2021: Audited financial statements of Refresco Group B.V. for the year ending December 31, 2021.

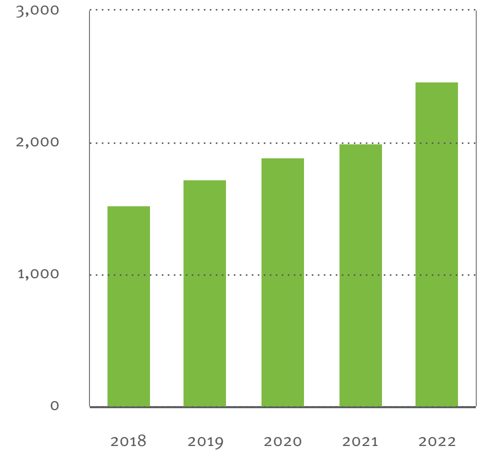
Volume (in millions of liters)



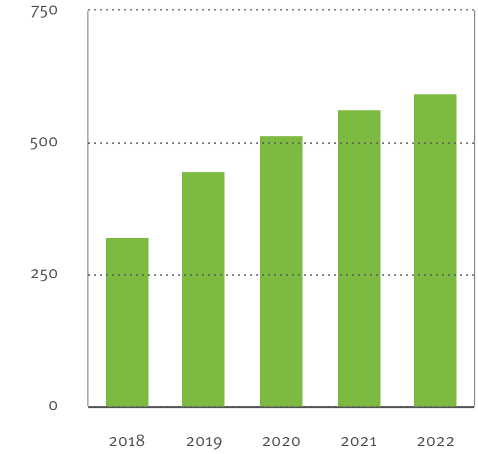
Revenue (in millions of euros)



Gross profit margin (in millions of euros)

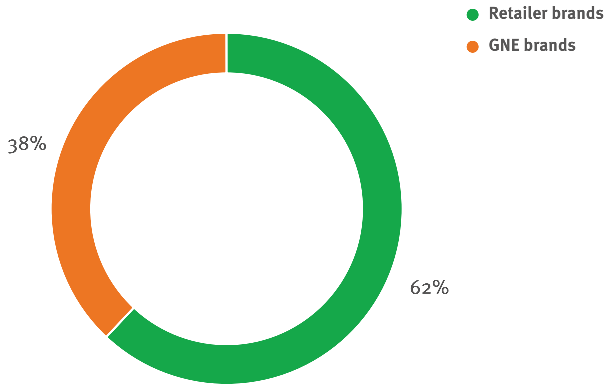


Adjusted EBITDA (in millions of euros)



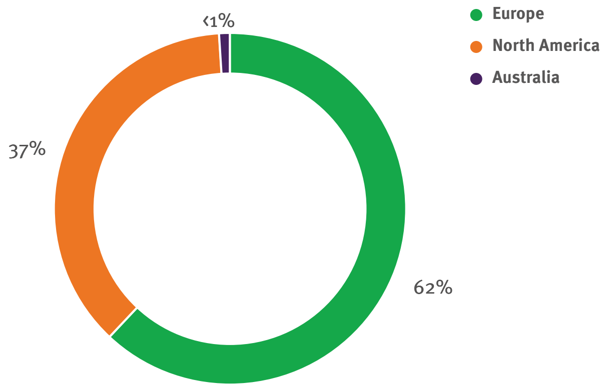
Volume per channel

(14,547 MILLION LITERS IN 2022)

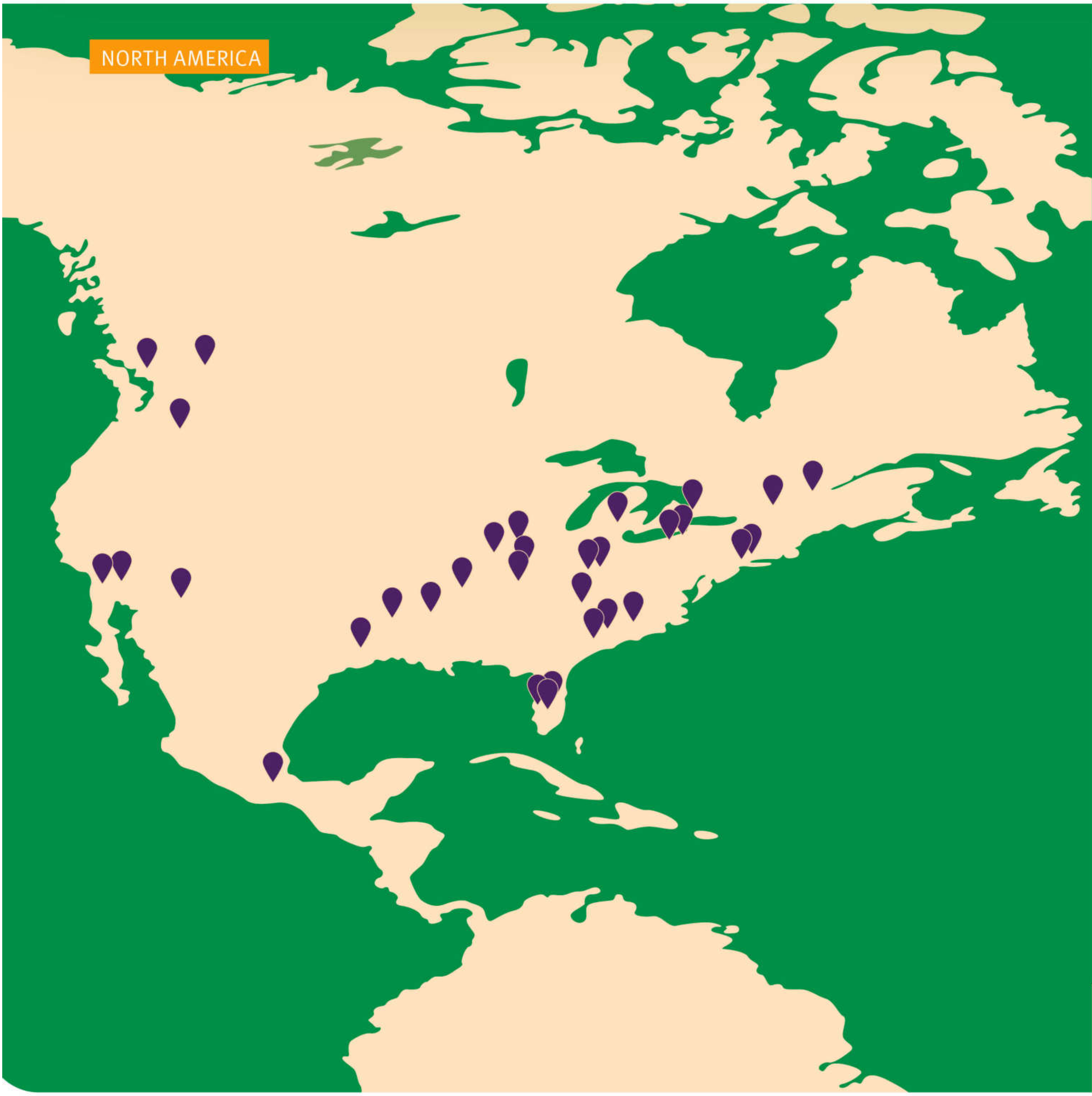


Volume per region

(14,547 MILLION LITERS IN 2022)



Three platforms for growth



Employees*
(average FTEs)

13,345

Facilities

Our

74

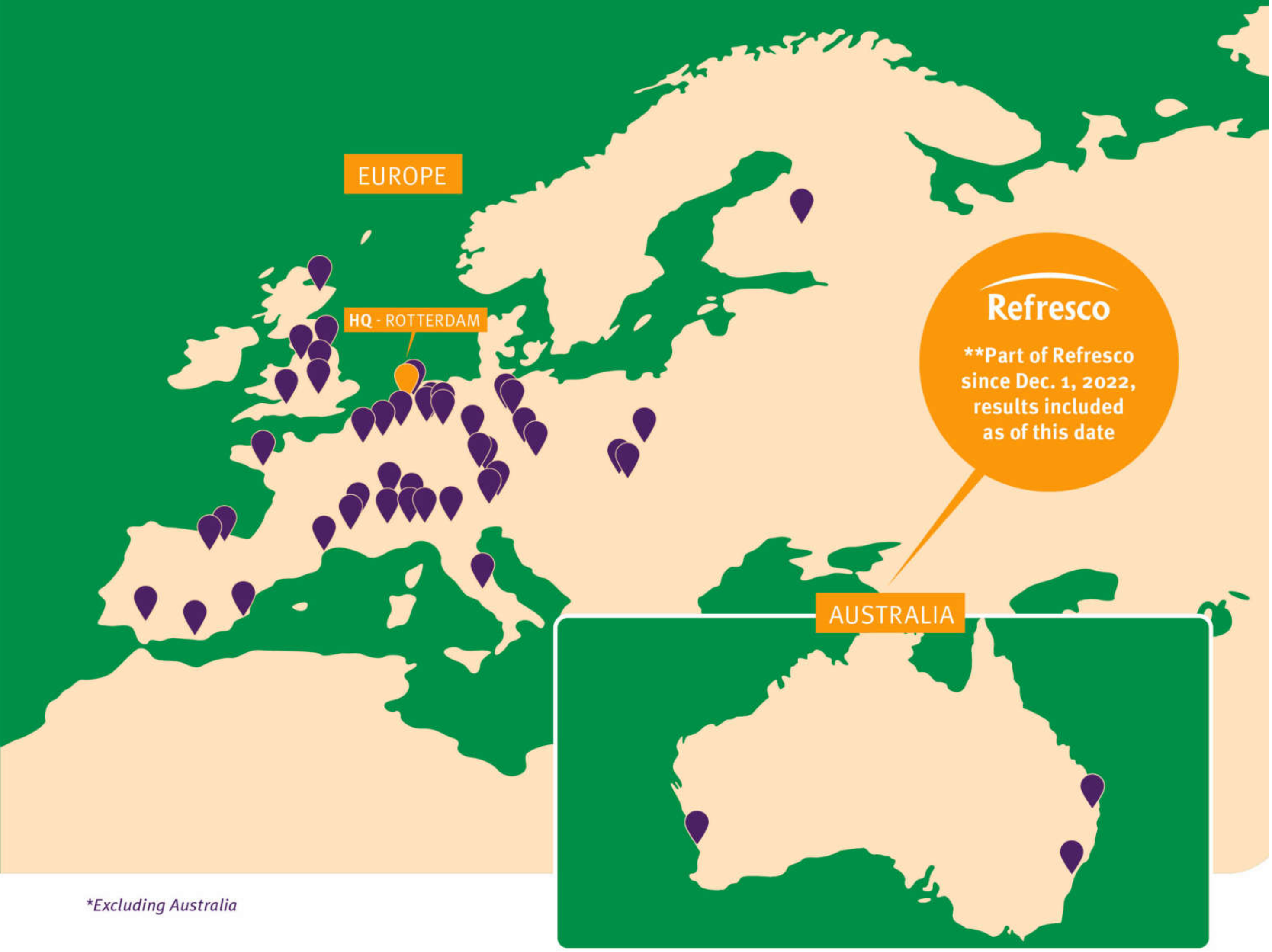
manufacturing locations
are strategically located

Volume**
(in millions of liters)

14,547

Bottling lines

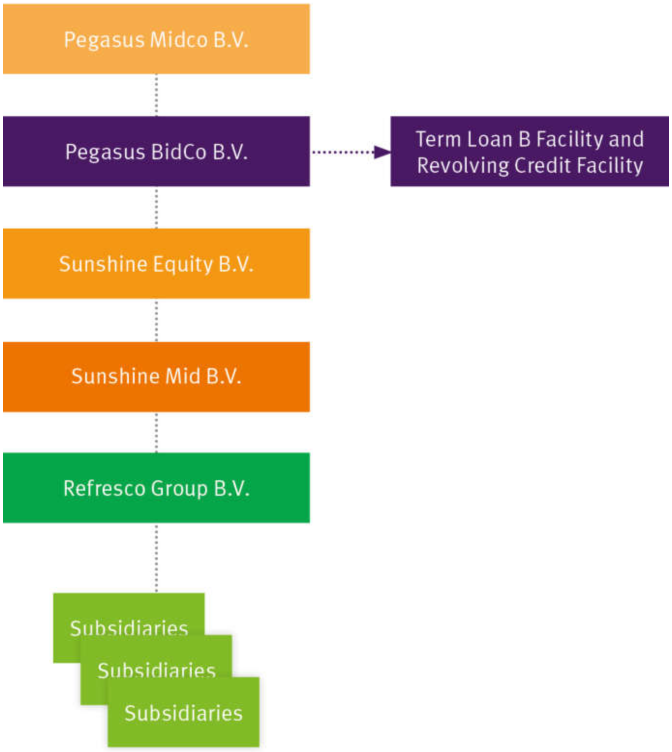
350



*Excluding Australia

Financial results

Group structure (simplified)



PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial information of Pegasus Midco B.V. concerns the financial year for the period July 12, 2022 - December 31, 2022. To facilitate comparability of the consolidated financial information of the Group, Pegasus Midco B.V. has prepared certain pro-forma information, for more information see pages 84 to 85 in the Financial Review. This pro-forma information comprises the financial information of Sunshine Equity B.V. for the period January 1, 2022 - July 11, 2022 and the financial information of Pegasus Midco B.V. for the period July 12, 2022 - December 31, 2022.

CHANGE IN GROUP OWNERSHIP AND FINANCING

On July 12, 2022, a new entity was created by KKR and existing shareholders: Pegasus Bidco B.V. Through this entity, they acquired 100% of the shares in Sunshine Equity B.V., a non-listed company based in the Netherlands and specializing in the provision of beverage solutions, in which Europe and North America are the most important markets.

The Refresco Senior Notes were delisted from the Official List of The International Stock Exchange on July 12, 2022.

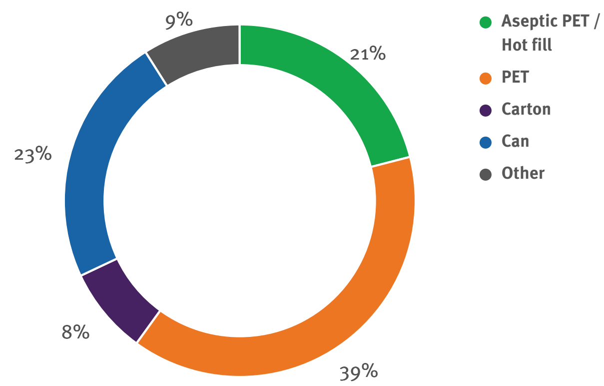
VOLUME AND REVENUE

Full-year volume was 14,547 million liters, an increase of 22.2% compared to last year (2021: 11,905 million liters).

Revenue was EUR 5,458 million for the full year, compared to EUR 4,241 million in 2021. Changes in revenue are mostly driven by increase in volume, combined with increases in input prices which are passed on to customers. As revenues can fluctuate significantly, revenue is not a representative indicator for the development of our business.

Volume per packaging type

(14,547 MILLION LITERS IN 2022)



GROSS PROFIT MARGIN

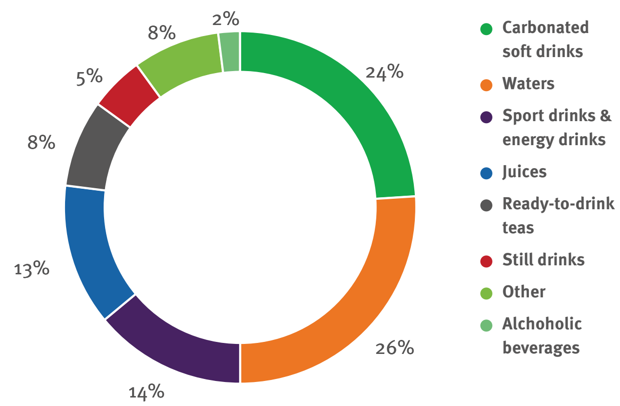
Gross profit margin is one of our key financial metrics. For full year 2022, gross profit margin increased to EUR 2,464 million, compared to EUR 2,007 million in 2021. The increase was mainly driven by increase in volume from the acquired businesses, combined with pricing initiatives that we have taken throughout the year.

INPUT COSTS AND OPERATING COSTS

Reported employee benefits expenses for 2022 amounted to EUR 811 million compared to EUR 647 million in 2021. The increase is mainly explained by acquisitions, combined with an elevated level of turnover of staff, higher wages to compensate for inflation, and to remain competitive in a tight labor market. Depreciation, amortization and impairment costs in 2022 totaled EUR 453 million, compared to EUR 324 million in 2021. The increase reflects the acquisitions and

Volume per product type

(14,547 MILLION LITERS IN 2022)



investments in non-current assets. Other operating expenses were EUR 1,214 million, compared to EUR 825 last year, mainly as a result of acquisitions, combined with an increase in costs related to energy and logistics.

OPERATING LOSS

Operating loss amounted to EUR 13 million, compared to a profit of EUR 211 million in 2021. The decrease is largely attributable to one-off costs related to the acquisition of Refresco by KKR and higher variable operating expenses across the business.

EBITDA was EUR 439 million, compared to EUR 535 million in 2021. The decrease was mainly driven by the one-off costs related to the acquisition of Refresco by KKR. The total one-off costs of EUR 155 million include acquisition/integration costs of EUR 144 million relating to the acquisition of Refresco by KKR, and the costs related to the acquisition/integration of Hansa-Heemann and the three sites acquired from The Coca-Cola Company. Other one-off items in operating profit relate to the Purchace Price Allocation (PPA) of the acquisition of Refresco by KKR and other costs and gains.

Reconciliation of operating profit 2022 to adjusted EBITDA[1]

(x 1 million euro)	2022	2021
Operating profit	-13	211
D&A and impairment costs	453	324
EBITDA	**439**	**535**
Covid-19	1	3
Other one-off costs and gains	155	27
Adjusted EBITDA	**595**	**564**

[1]The consolidated financial information of Pegasus Midco B.V. concerns the financial year for the period July 12, 2022 - December 31, 2022. The 2022 information is pro-forma, unaudited, and comprises the financial information of Sunshine Equity B.V. for the period January 1, 2022 - July 11, 2022 and the financial information of Pegasus Midco B.V. for the period July 12, 2022 - December 31, 2022. The 2021 numbers concern audited financial statements of Refresco Group B.V. for the year ending December 31, 2021.

OTHER ONE-OFF COSTS AND GAINS

Other one-off costs are mainly related to EUR 66 million of M&A activities, of which EUR 56 million relates to the acquisition of Sunshine Equity B.V., EUR 60 million due to the release of the finished goods fair value step-up and EUR 13 million in relation to real estate transfer tax.

FINANCE RESULT

Reported net finance costs totaled EUR 193 million (2021: EUR 122 million). The increase is due to the new financing structure in place as per July 12, 2022.

NET LOSS

Net loss totaled to EUR 203 million, compared to a net profit of EUR 61 million in 2021. Taking into account the acquisition costs, Covid-19 related costs, impairments and tax effect, adjusted net loss was EUR 80 million (2021: adjusted net profit of EUR 85 million).

CAPEX AND WORKING CAPITAL

We continued to invest in our production technology and warehouse capabiltiies both in our newly aquired businesses and elsewhere in our network.

Capital expenditures accounted for EUR 242 million (2021: EUR 265 million). Capex was invested in the installation of several new production lines and in the optimization of the existing manufacturing sites and warehousing facilities. In Europe, main projects included the new high-bay warehouse in Calvorde, Germany and installation of new production lines in Poland and France. In North America, investments included installation of a high-speed can line in San Bernadino, California and the installation of a wastewater treatment system in Walla Walla, Washington.

Working capital at the end of 2022 was EUR 76 million negative, compared to EUR 125 million negative in 2021. The change in working capital is mainly the result of an increase in inventories, as well as the acquisition of HANSA-HEEMANN and Refresco Australia. Stock levels have been rebuilt in order to improve service levels and to mitigate any supply chain challenges.

BALANCE SHEET

Total assets amounted to EUR 9,164 million as at December 31, 2022 (2021: EUR 5,433 million). Total non-current assets amounted to EUR 7,700 million compared to EUR 3,973 million in 2021. Preliminary goodwill arising on acquisitions totaled EUR 3,799 million (2021: EUR 1,783 million) and is derived from the acquisition of Sunshine Equity B.V. by Pegasus Bidco B.V. and the acquisition of Tru Blu Beverages. Total intangible fixed assets amounted to EUR 5,093 million (2021: EUR 2,214 million).

Cash and cash equivalents (net of overdrafts) at the end of 2022 were EUR 169 million compared to EUR 487 million at year-end 2021.

Net debt at the end of the year amounted to EUR 3,754 million (2021: EUR 2,636 million) consisting of EUR 3,534 million in loans and borrowings, EUR 389 million of IFRS 16 Leases net of EUR 169 million in and cash equivalents (net of overdrafts). The RCF of EUR 500 million stood at EUR 253 million as of December 31, 2022.

CREDIT RATINGS AS OF DECEMBER 31, 2022

Moody's	Long term rating	Outlook
Pegasus Midco B.V.	B2	Positive
S&P	**Long term rating**	**Outlook**
Pegasus Bidco B.V.	B+	Stable

DISTRIBUTION OF RESULT

The Executive Board's proposal is that the Annual Meeting of Shareholders deducts the net loss from retained earnings. The balance sheet presented in this report for the period ended December

31, 2022, is before appropriation of the result for the financial year 2022.

LOOKING AHEAD

We anticipate capital expenditures will increase in 2023 compared to the level of 2022, as a result of the continued upgrading of our manufacturing capabilities. We expect our average number of employees to increase as we progress in our buy & build strategy and continue to grow. This will be partly offset by ongoing optimization of our manufacturing footprint. We expect economical, political and other uncertainties in raw material and packaging material markets to remain high. We also expect inflation to remain high.

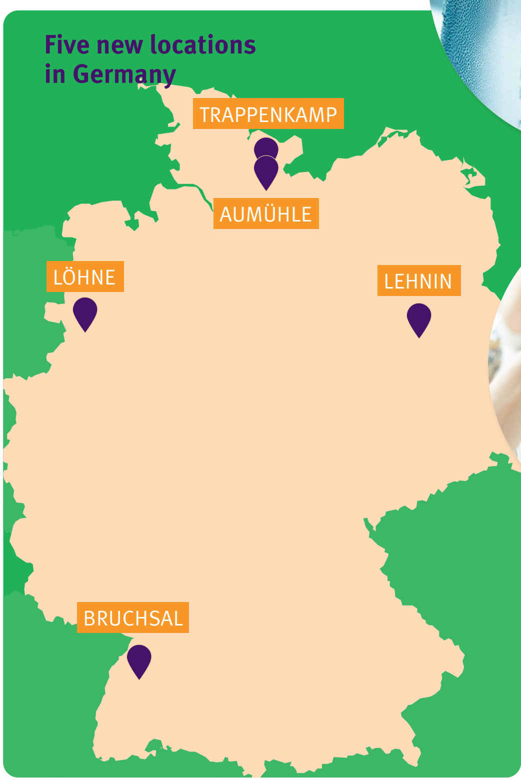
ACQUISITION OF HANSA-HEEMANN

On February 1, 2022, Refresco finalized the acquisition of Hansa-Heemann, a large German producer of bottled water and carbonated soft drinks (CSDs). The acquisition added three mineral water brands to our product portfolio in Germany – an important step forward for Refresco in the country's growing water category. In addition, we doubled our business and headcount in Germany.

The acquisition gives Refresco control of five bottling facilities in strategic locations across Germany, bringing our total number in the country to nine. By allocating production between these sites, we can improve our efficiencies.

As a result of this transaction, we now have the capability to manufacture our own preforms – the term used to describe a PET bottle before it has been blown into shape by high-pressure air – at our sites in Bruchsal and Lehnin. Following the acquisition, Refresco is now able to produce these in-house. Since the acquisition was finalized, Refresco has been manufacturing preforms for other sites in Germany.

Main products
Soft drinks, water



Sustainability

Refresco views sustainability as a key value driver that complements our overall growth strategy. Our long-term success in this area will be determined by our agility and entrepreneurial mindset: how we anticipate change, drive sustainable solutions with and for our customers, and meet the evolving needs and requirements of all our stakeholders. In 2022, Refresco took a number of steps towards realizing our sustainability targets and ambitions; this chapter provides an overview of these activities and the different ways we are readying ourselves for the future.

Creating sustainable value for our stakeholders

When we look into the future, in all continents where we operate, we see regulators set to address a series of sustainability challenges in their societies, investors likely to refocus their investment criteria, employees with new expectations of their employer and ever-changing consumer needs and requirements. Businesses are also making an effort to rethink how they will create long-term value for customers, their people, society and themselves.

As a growing business in the beverages industry, we see an opportunity for us to play a significant role in bringing together suppliers, customers and our own people and capabilities to work together on finding solutions to the pressing challenges that we face. In addition to cross-value-chain collaboration, we must continue to target internal synergies that will enable further progress on our sustainability journey.

We aim to provide Environment, Social and Governance (ESG) solutions for both existing and new-to-market products, in addition to leveraging our scale and efficiency to provide procurement, production, packaging, and logistics.

Focusing on high impact topics

While we are already making an impact through many initiatives across the business, our environment is changing rapidly too. As a part of the wider long-term strategy review in 2022, we concluded that ESG is a key value driver and needs more attention than ever before.

“ESG is a key value driver”

To support the strategy review, we conducted a comprehensive materiality assessment in 2022. We determined in which ESG topics we can become a visible frontrunner, building on our existing approach and initiatives. In our selection of topics, the aim was to ensure that our approach to sustainability continues to meet the growth of the company and the needs of our stakeholders. And it also guides our decision-making in areas where we want to maximize our impact.

The selection process started with extensive desk research, which led to the creation of a shortlist. Overall, we took more than 1,200 responses into account when constructing our materiality matrix, ensuring a balanced and complete view of stakeholder opinions.

Based on the assessment, we are furthering our focus on the following high-impact areas:

- Creating a safe and great place to work
- Reduce GHG emissions in our own operations and supply chains
- Water protection and efficiency
- Reducing manufacturing waste
- Sustainable packaging
- Promoting responsible business practices along the value chain

For most of the topics, we are already connecting to strong foundations and initiatives that are in place across the business. We are currently in the process of doing a full analysis of our value chain.

We pay specific attention to the six topics listed above, within the three pillars of our sustainability strategy: People, Processes, and Products. The following sections contain an overview of these pillars throughout 2022, and the governance that underpins the realization of our sustainability ambitions.

People

Working safely every day

At Refresco, we contribute to the livelihood and well-being of more than 13,000 employees across our sites and are responsible for their health and safety at work; this, as ever, is our top priority. We also maintain a strong commitment to promoting occupational safety across all our value chains.

> "The health and safety of our employees is our top priority"

In addition to complying with the requirements of local legislation and regulations, we have developed our own safety standards and internal audits, which are coordinated regionally in line with our continuous improvement programs and implemented locally.

Refresco is a Great Place to Work

People have been and always will be at the heart of our company. Working together on one mission, driven by our values, is what makes us Refresco. We want to be an attractive employer where people can build a career with purpose, and where people can grow and develop. In today's challenging labor market, we are executing our People strategy. We build on existing processes, tools and local best practices, monitored and measured through Great Place To Work, and complemented by new priorities to attract and engage talent.

Throughout 2022, we continuously worked to improve our work environment and create a culture where our employees feel safe and supported, and in which people can learn from their mistakes. These efforts were informed by our biannual Great Place To Work® survey, which was completed at the beginning of 2022. The survey covered a wide range of topics, including Refresco's physical work environment, company culture, and labor conditions. The survey provided highly localized responses, which allowed teams in specific areas to design targeted activities that addressed the feedback from their location. In three countries, Refresco received official Great Place to Work® certification for their local operations, in Italy, Mexico and Spain (Refresco Iberia).

Promoting diversity, equity, and inclusion (DE&I) is another important aspect of being a Great Place To Work®. In 2022, we continued to recognize and leverage diverse opinions within our workforce, respecting the variety of personalities that make our company unique. DE&I is an important topic on our agenda for 2023, and we intend to further strengthen our company culture in which everyone's voice is heard.

Diversity Week in France

In early 2022, Refresco France signed its Diversity and Inclusion Charter, in line with the belief that being a responsible employer means offering a work environment open to everyone, regardless of factors such as gender, age, sexual orientation, culture, or origins. To overcome bias and stereotypes, and to encourage tolerance of difference, Refresco France dedicated a week to discovering diversity and inclusion, with several activities.

2022 also saw us strengthen our community involvement across Europe and North America. We view this as part of our duty to support the communities where our workers live. It also helps to improve our attractiveness as an employer, helping us to attract staff in the local communities where we operate. Our community involvement differed from location to location.

Processes

We focus on managing energy and water use, reducing waste, sourcing materials more sustainably, and improving the efficiency of our transport and logistics activities worldwide. We invest in a flexible manufacturing footprint, upgrading and retrofitting our infrastructure to make our network more sustainable.

Through industry consolidation, we exchange knowledge and best practices in an effort to optimize our operations.

As Refresco continues to grow, finding solutions to reduce the impact of our energy and transport usage is more important than ever. For instance, we have switched to 100% renewable electricity procurement in our business units in France and the United Kingdom.

Alongside these efforts, we are investing in low-carbon alternatives to reduce the impact of our energy consumption, including solar panels and other solutions.

Managing our energy use

In 2022, we continued to monitor the energy ratios across our network, which may vary significantly from location to location. Differences in energy ratios are largely due to different production technologies used at each site, as well as varying historical investment rates in energy-efficient equipment. To further improve energy efficiency and measurement, we are implementing an automated energy monitoring system across all our sites in Europe.

Managing water usage

Water is one of the most important ingredients in many of our products; it is therefore a topic of fundamental importance for Refresco. Whenever we made a new investment in 2022, our usage of water, as well as other utilities, was reviewed in a detailed investment proposal, ensuring that new equipment was more efficient than the version it was replacing.

In 2022, our investments in managing water use included a pilot metering scheme at our plants in North America, which will provide us with a better baseline regarding necessary improvements. In Europe, meanwhile, we are implementing an automated water monitoring system across all our sites; this will provide us with more accurate water consumption data.

Minimizing manufacturing waste

Refresco's efforts to minimize manufacturing waste encompass waste to landfill, wastewater, and the amount of products and packaging used in beverage production that end up as a loss. Our ongoing waste minimization efforts include the installation of compactors at our sites for corrugate, aluminum, and plastic, and engaging our supply chain to avoid obsoletes in finished goods, raw materials, and packaging materials.

> "We are targeting zero waste to landfill across all our sites in the coming years"

In addition to these efforts, we are targeting zero waste to landfill across all our sites in the coming years. Reaching this target will bring significant environmental benefits and is also important to Refresco's bottom line. Though achieving confirmation will take longer for some business units than others, we can accelerate progress through the sharing of best practices at a Group level, building on the zero waste to landfill achievements of our business units in France and the Benelux.

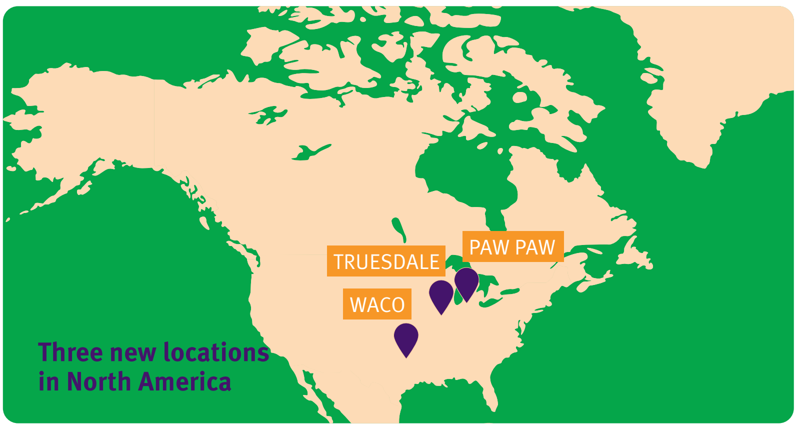
DEVELOPING OUR CAPABILITIES AND MANUFACTURING FOOTPRINT IN NORTH AMERICA

In 2022, Refresco integrated three sites acquired from The Coca-Cola Company (TCCC). Located in Paw Paw (Michigan), Truesdale (Missouri) and Waco (Texas), these sites provide Refresco with valuable new capabilities and expand our footprint in North America. The transaction also positions Refresco as a long-term strategic partner of TCCC, the world's largest non-alcoholic beverage company.

As a result of the purchase, Refresco enhanced our existing hot-fill capabilities and gained capabilities in chilled and pouch technologies. Moreover, we acquired an aseptic PET production line in North America at the state-of-the-art facility in Waco. As the North American market moves toward increased use of aseptic PET, we are now uniquely qualified to support customers with greater production capability of this material.

In 2023, we will be adding production lines for customers and exploring more on-site warehousing projects. The new leadership teams at the three sites include former Refresco employees, as well as former TCCC staff. We are well positioned to continue our growth in the North American market.

Main products
Soft drinks



Products

Within our product categories, a number of structural shifts are occurring as a result of changing consumer preferences. Heightened public engagement around sustainability and environmentally friendly procedures has led to further consumer demand for more natural and responsible products and packaging, alongside increased focus on functional nutrition and health and wellness.

It is essential for us to embed sustainability into our own supply chain. Furthermore, we must ensure that the products we make are fit for the future, and that our product development processes support our ultimate ambition of purchasing sustainable ingredients and securing the long-term availability of key raw materials.

In 2022, we invested in our capabilities and capacities to meet our customers' requirements for more natural and responsible products and packaging. By continuing to make progress in terms of innovation, we strengthened our knowledge and product proposition in line with beverage megatrends toward branded, healthier, convenient, and more sustainable products.

Health and nutrition

Although we produce branded beverages for our customers, we take the initiative in health and nutrition by staying ahead of changing consumer needs and requirements, offering our customers choice in a variety of health-related categories: these include low-calorie, lower- or no-sugar-, and natural products, such as plant-based products. As a member of UNESDA Soft Drinks Europe, and the American Beverage Association, we are aligned with regional industry guidelines and ambitions regarding sugar reduction and calorie reduction in the products we manufacture for our customers, in line with demand.

Extending our plant-based manufacturing capacity

At multiple sites across Europe, new production lines are being planned and built to enable the production of plant-based beverages. These products constitute a significant growth category, and moving further into this space is one of our strategic ambitions. Our activities in 2022 put us in a strong position to capitalize on this growing market in the years to come.

Sustainable packaging

Refresco's approach to sustainable packaging is summarized in our motto: Reduce & Recycle & Rethink. We make a positive impact in this area by working to make our packaging fully recyclable and by advocating for rapid increases in the volume of recycled materials, both in the packaging we produce for our customers and our collection of used packaging. This requires us to continuously look for alternative packaging solutions and technologies, collaborating across the value chain to find the most effective solutions.

"In 2022, we continued to deploy our Reduce & Recycle & Rethink principles across the Group"

To build the necessary infrastructure for the collection and recycling of used packaging, multiple parties in the supply chain need to work together alongside governments. Refresco fully champions this cause and advocates for deposit return schemes (DRS) in all the countries where we operate. In 2022, the Netherlands decided to extend its DRS, and we welcome such development across other markets. Furthermore, building on our proximity to both supplier and consumer markets, we strive to drive the industry forward by presenting our customers with the most sustainable packaging alternatives at the best quality and price. In 2022, we continued to deploy our Reduce & Recycle & Rethink principles across the Group.

Firstly, we continued our longstanding efforts to reduce packaging materials in our products, removing significant amounts of plastic across our customer portfolio through lightweighting of bottles and caps. Secondly, and in addition to achieving reductions in primary packaging, we attached equal importance to the removal of unnecessary transport packaging, such as by switching from shrink film to reusable trays. In 2022, our investments to enable innovation in this area included a new palletizing machine in the UK that allows us to produce multi-flavor pallets with minimal packaging.

Bio-based bottle development with Avantium

In partnership with Avantium, a leading technology company in renewable chemistry, we plan to offer our customers plant-based, fully recyclable polyethylene furanoate (PEF) packaging solutions, in line with our efforts to increase recycled content in our packaging and develop circular solutions that help our customers meet their sustainability targets.

In terms of recycling, we continued to remove virgin plastic from our bottles through the implementation of recycled content in polyethylene terephthalate (PET) bottles, plastic films, labels, sleeves, and strappings. Our recycling efforts also include moving to a higher percentage recycled PET (rPET) in our bottles, a transition that occurs in line with customer demand, which varies across geographies. Overall customer demand for rPET barely changed in 2022, due to the lower price of virgin PET and the impact of inflation, but we worked to expand our production of rPET wherever possible.

OUR FIRST STEP INTO A THIRD CONTINENT

On December 1, 2022, we announced the acquisition of Tru Blu Beverages, a large private-label manufacturer of soft drinks in Australia, and took over production at their facilities in Sydney, Brisbane, and Perth. With this acquisition, Refresco has fulfilled on the strategic promise to expand into a third continent and we furthered our ambition to have "our drinks on every table."

Australia met all our requirements for expansion. The market offers a healthy balance between private-label and branded drinks. However, we also needed our first step in Australia to be an acquisition that would give us a strong entry point into the market and provide a firm platform for future growth. Having nationwide coverage and supplying Australia's two largest retailers, Tru Blu Beverages met Refresco's high standards for a first-time acquisition on a new continent.

This acquisition marks the beginning of a continuous Buy & Build strategy in the Australian market. In addition to aiming for organic growth, we also target further acquisitions by which we can expand the number of production locations. We see ample opportunity for this, including acquisitions where we agree to contract manufacturing partnerships with GNE brands.

Main products
Soft drinks

Executing our sustainability strategy through strong governance

Refresco's sustainability strategy is led by our CEO, with a dedicated Head of Group Sustainability to drive our global approach. Responsibility for the strategic delivery of our sustainability strategy is embedded in our highest decision-making body, the Executive Committee, with the CMO and the CPO jointly responsible for embedding ESG across our entire operations and supplier base.

Our Environmental, Health, and Safety activities are led by our Chief Manufacturing Officer, while Social and Governance topics are overseen by our Chief People and Legal Officer. Operational responsibility and implementation of material topics is a shared responsibility across the organization.

Refresco's sustainability targets are set as part of the regular business cycle and approved by the Executive Committee. In addition, the Supervisory Board oversees and provides input regarding Refresco's overall sustainability policies.

Food safety

Maintaining high food safety standards is our license to operate; we do not compromise on this under any circumstances. In the USA, our manufacturing sites are regulated by the Food and Drug Administration (FDA), in Canada by the Canadian Food Inspection Agency (CFIA), and in Mexico by the Federal Commission for the Protection against Sanitary Risk (COFEPRIS). Refresco has adopted the Safe Quality Food (SQF) program of the Global Food Safety Initiative (GFSI) as its standard certification program in North America and has also been certified to the SQF quality standard. All 4 Canadian plants, the plant in Mexico, and all 25 US plants are SQF certified.

In Europe, all our manufacturing sites are certified to a recognized GFSI standard, which, depending on the country, is either the Global Food Standard (BRC), FSSC 22000, or the International Features Standard Food (IFS Food). To ensure food safety and quality, every manufacturing site has implemented a quality system tailored to the critical control and quality aspects applicable to its manufacturing processes. Our sites are also regularly audited by our retail customers and by Global, National, and Emerging brands.

Code of Conduct and Speak Up Policy

In March 2022, we refreshed our Code of Conduct, which provides insight and guidance about how we want to accomplish our vision, and what is required and expected from all Refresco employees. It covers topics including living up to our value of being Responsible, plus expectations regarding safety and the environment, ethical business conduct, and our compliance procedures.

In the same month, we launched a Speak Up Policy, which replaces the previous Whistleblower policy. The Speak Up Policy which gives employees a platform to speak up if they become aware of anything that violates our Code of Conduct or any applicable law. Launching this Policy reflects our desire to build a culture where people feel free to express any dilemmas without fear of punishment. People can access the Policy either online or over the phone, and our suppliers, customers, and neighbors at our factory sites can use it too, in addition to Refresco employees. Feedback shared through the Policy is anonymous, though we aim to build a culture where employees do not feel the need for anonymity when raising concerns. However, it is important for people to have this option, so they reserve the right to withhold their identity.

Our commitment to sustainable and ethical business activity also applies to our suppliers, who must conduct their operations with honesty, integrity, and transparency, in accordance with the principles set out in our Supplier Code of Conduct.

Sustainable sourcing

We align our ambition to purchase sustainable materials with the needs of our customers and we secure long-term availability of our key raw materials by working towards improving social compliance and environmental standards across our supply chains. We want to work closely with producers of raw materials and packaging materials, and we aim to decrease our dependency on regions where economic or political turmoil and extreme weather can severely disrupt our supply chain.

We require our suppliers to comply with local legislation and sign the Refresco Supplier Code of Conduct. Refresco expect its suppliers to embed the Code of Conduct into their organizations and their supply chain by developing and implementing appropriate internal business processes. Each supplier must be able to demonstrate compliance with the Refresco Supplier Code of Conduct upon request by Refresco.

SUSTAINABILITY AT REFRESCO IN 2022

People
Great Place To Work® certifications

In 2022, Refresco's businesses in Italy, Spain, and Mexico were each certified as a Great Place To Work®. This is due to their effective communication initiatives, high levels of community engagement, strong leadership training programs, and people-focused company culture. In 2023, Refresco's business units across Europe, North America, and Australia will take further steps to enhance the employee experience and achieve external certification at additional sites.

Processes
JuiSea Shipping, juice transport

JuiSea Shipping is a collaboration between Refresco and Trilobes. In short, JuiSea Shipping charters a vessel that has been made into a floating terminal for juices. The vessel sails 32 times a year between the European mainland and the UK, to transport orange juice and concentrate to our Bridgwater facility. JuiSea Shipping reduces the number of trucks on the road by 2,000 every year. Saving over 950,000 road kilometers annually and reducing CO_2 emissions by 62%.
As the juice remains in an aseptic environment during transportation, this new method also has benefits for the quality of the product, and there is less paperwork necessary at the border.

Products
Refresco wins industry award for CSD-flavored sparkling waters

In 2022, Refresco won the President's Choice Grocery Product of the Year Award for the President's Choice range of carbonated soft drink (CSD)-flavored sparkling waters. Recognizing the importance of value-added water as a growth category for this leading retailer in North America, we leveraged our innovation capabilities to develop this new product category, in close collaboration with our customer.

Governance

Refresco has a strong executive team with broad experience in the industry and a proven track record. This is supported throughout the organization by the entrepreneurial mindset of the employees and the focus on operational excellence and generating profitable growth.

Hans Roelofs
CEO

Hans Roelofs joined Refresco in March 2007 as CEO and since then has driven rapid growth of the company. Before joining Refresco, Hans was CEO of Dumeco, a private label meat producer and processor. He started his career at Nutreco, rising to Managing Director of the Agri Food business. Hans is a graduate of Wageningen University, the Netherlands.

Bill McFarland
CFO

Bill McFarland joined Refresco with the acquisition of Cott's bottling activities and was appointed CFO of Refresco in July 2022. Prior to joining Refresco, he fulfilled various positions at Molson Coors, including CFO of Molson Coors International. Bill also worked for Deloitte where he held various roles in the Audit & Assurance and Tax practices in the U.S. and Australia. He is a Certified Public Accountant and has a master's degree in tax and a bachelor's degree in accounting from the University of Tulsa.

Martha Zandbergen
Chief People and Legal Officer

Martha Zandbergen was appointed Chief People and Legal Officer in October 2022. She joined Refresco in 2015, initiating and leading the Legal department in the company. Martha has extensive international experience in negotiating complex deals and managing legal teams. A Law graduate from Utrecht University, she started her career as a lawyer in private practice and went on to be Legal Counsel at Shell for almost nine years. She rejoined Refresco in May 2021, following 11 months at Exact software as Director Legal Affairs.

Brad Goist
COO North America

Brad Goist joined Refresco with the acquisition of Cott's bottling activities in 2018. He was formerly President of Cott's bottling business in North America. Prior to this, he held several executive positions at the Kellogg Company between 2009 and 2016. Until 2009, Brad held several positions with the Coca-Cola Company. He holds a Master's in Business Administration from Ohio State University and is a graduate of University of Michigan.

Dieter Schulz
COO Europe

Dieter joined Refresco from ICL and is an experienced consumer goods executive. He has built an international career at such FMCG companies as Mars, Mondelez and Danone, leading various business units across Europe, Americas and Asia. Dieter is a graduate from Webster Vienna University and holds an MBA from RSM Erasmus University. Mr. Schulz joined Refresco in January 2020.

Christoph Häusler
Chief Manufacturing Officer

Christoph Häusler joined Refresco in 2021 as Chief Manufacturing Officer. Christoph is an experienced Supply Chain & Manufacturing executive with an international track record. He has held several senior executive supply chain roles at Reckitt Benckiser since 2007, most recently as Member of the Executive Committee for the Hygiene Business leading the End-to-End Supply. He started his career at Procter & Gamble, of which 7 years in the beverages business, and is a graduate from the Technical University of Braunschweig,

Coert Michielsen
Chief Procurement Officer

CPO Coert Michielsen joined Refresco in 2008 as Group Director Procurement. His previous experience includes Director Procurement at DSM Food Specialities, Director Procurement at General Nutrition Companies and Nutreco S.A. Coert is a graduate of Tilburg University, the Netherlands.

Vincent Delozière
Executive Director Special Projects

Vincent Delozière joined Refresco in 2002 when Refresco acquired Délifruits. He has fulfilled several managerial and commercial positions within the Refresco Group including his latest position as Group Managing Director. Vincent holds a Master's degree in Engineering from the Institut Supérieur d'Agriculture, Lille, France and an MBA from EMLYON business school, Lyon, France.

Organizational structure

Pegasus Midco B.V. is the parent company of the Refresco Group. An overview of all the subsidiaries owned, directly or indirectly, by Pegasus Midco B.V. can be found on pages 90 and 91 in this report. The Executive Board comprising the CEO and the CFO, together with six directors, acts as the Executive Committee of the Refresco Group. The Executive Committee is responsible for the overall performance of Refresco Group and the implementation of its strategy. The Executive Board is supervised by the Supervisory Board.

At an operational level, the organization is split into Europe and North America. Both regions are headed by an Operating Board, comprising the COO for the respective region and regional Directors representing Finance, HR, Operations, Purchasing, and Sales. The Operating Boards report to and advise the Executive Committee on operational and commercial matters in relation to Europe and North America, respectively.

Executive Board and Executive Committee

The Refresco Group is managed on a day-to-day basis by the Executive Committee, consisting of the Executive Board members, being the CEO and the CFO, plus the Chief People and Legal Officer, the COO Europe, the COO North America, the Chief Manufacturing Officer, the Chief Procurement Officer and an Executive Director Strategic Projects. The composition of the Executive Committee and its members' key employment history are presented on pages 28 and 29.

Supervisory Board

The Supervisory Board supervises the Executive Board, the policies carried out by the Executive Board, and the general affairs of the company and its affiliates. This includes, among other things, the effectiveness of the company's internal risk management and control systems, and the integrity and quality of the financial reporting. The Supervisory Board reviews the strategy and supervises the Executive Board in this regard.

The Supervisory Board is supported by:

• An Audit Committee: this committee supervises the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting by the company. It furthermore supervises the relations with internal and external auditors and compliance with the recommendations and following up of comments.

• A Remuneration and Nomination Committee: this committee is responsible for advising the Supervisory Board on the remuneration of the Executive Board, reviewing the Executive Board's proposals concerning remuneration policies for higher management within the Refresco Group, and advising on appointment procedures for and assessment of the functioning of Executive Board members and the regional management teams.

Where relevant, time is allocated during Supervisory Board meetings for the committee chairmen to report on the work done by their respective committees.

Diversity

The company strives for the right composition of its corporate bodies. Having the right experience and knowledge of the industry are the key appointment criteria for the Executive Board. The members of the Executive Board have been with the Company for a long time. The key selection criterion for the Supervisory Board is relevant industry knowledge. In case of new vacancies to be filled within either the Executive Board or the Supervisory Board, we strive for 30% of the seats to be allocated to women and therefore give equal opportunities to both men and women. However, the best candidate for the role concerned will be appointed.

Tax policy

Our business strategy is to grow alongside our customers in the markets where we currently operate, to enter new products and packaging categories in selected markets and to expand geographically. We consider the management of taxes as an integral part of this strategy. We understand that collecting and paying tax is an important contribution to the economies and societies in which our businesses operate. Our tax strategy is approved by the Executive Board and ensures that taxes and related risks are managed to provide sustainable outcomes within the parameters of our strategic and commercial objectives, and that all tax obligations are complied with in all countries where we operate.

We have established a tax risk management framework. This framework sets out the process for defining tax risk appetite, and for the monitoring, reporting and escalation of tax risks. Our approach to taxes is on one hand supportable to the business needs and the company's strategy and on the other hand compliant with all relevant (case) laws, regulations and international standards. The group's commercial needs are paramount and thus 'tax follows the business.' Where tax laws do not give clear guidance, prudence and transparency shall be the guiding principles. We will act in line with the spirit of the tax law and will not operate on the edge of it. We do not use artificial structures, instruments or tax havens solely for tax avoidance.

Whilst applying the OECD guidelines on transfer pricing we report income in the countries where the value is created, applying the arm's length principle. In The Netherlands we have entered into a Horizontal Monitoring relationship with the Dutch Tax Authorities, which is based upon proactively disclosing of uncertain tax positions, tax risks and transparency to obtain as much upfront certainty of our Dutch tax position as possible. This sets the example for how we want to work with tax authorities around the globe: we will act transparently by disclosing all relevant facts and circumstances and we aim to enhance clarity and upfront certainty of tax consequences.

We support the global initiative of the OECD to promote tax transparency and responsible tax management. We comply with disclosure requirements to the tax authorities and are transparent in reporting our tax position and approach to tax towards other stakeholders as well.

See note 2.6 on page 47 of this report for the tax policy.

Risks and risk management

Risks and risk management

Refresco's risk appetite

As a basic principle, we believe that doing business comes with taking risks. We expect our employees to be entrepreneurial, but also to act responsibly. This means that our employees should be able to make their decisions by carefully considering both the risks and the opportunities while taking into account the interests of all stakeholders. Having a culture of openness, transparency and integrity supports our employees in addressing any potential risks they see.

To frame our approach towards the various risks our company is facing, we categorize risks in four types. Each category comes with its own risk appetite:

Strategic risks

Entrepreneurship is one of Refresco's values. We see a certain level of risk-taking as part of our nature and we are willing to take a carefully weighted risk/return approach when doing business

Operational risks

Refresco has a prudent approach to operational risk management. Ensuring the high quality standards of our products, customer service and continuity of our production have the highest priority

Financial risks

Refresco seeks to identify, assess and, if necessary, mitigate financial risks, which include currency and interest rate risks, in order to minimize potential adverse effects on our financial performance

Legal and regulatory risks

Refresco believes that compliance with laws is essential for doing business and for that reason, we strive for full compliance with applicable laws

Key risks

Risk	Mitigation
STRATEGIC RISKS	
Significant changes in customer and consumer preferences	
Refresco produces products for its customers who in turn sell these products to consumers. Should there be a reduction in consumer demand or customer requirements change in such a way that we are not able to meet the new requirements, this may have an adverse effect on our business, financial condition and results of operations.	We aim for diversification in terms of product, packaging, customers and geography. This helps us to better anticipate changes in consumer demand or customer requirements in a timely manner. Our flexible manufacturing processes also enable us to quickly adapt to changing customer requirements.
M&A risks	
Acquisitions may turn out to be less successful than anticipated. If we are unsuccessful in the performance of our buy & build strategy, it will be difficult for the Group to grow. Unsuccessful acquisitions may lead to higher costs for the company.	The Executive Board is directly responsible for the execution of the acquisition strategy. We are continuously looking for companies with the potential to fulfil our growth strategy. Every acquisition process is supported by a team of dedicated and experienced in-house professionals and external consultants who perform due diligence to capture a proper assessment of the risks. Any acquired business is integrated into the relevant jurisdiction as quickly as possible because we believe that local integration is the best way to facilitate a cultural fit into our organization. Integration of larger acquisitions into the Refresco organization is being overseen by the members of the Executive Board. We establish an Integration Monitoring Team to track progress and ensure a smooth transition. The leader of this team reports directly into the Executive Board.
Sustainability	
There is a continued high level of media and government scrutiny on health and environmental concerns of consumers. Expectations from consumers and governmental and non-governmental bodies on the industry taking responsibility in tackling health issues (such as obesity) and environmental	We take various initiatives to address the concerns of society around our impact on the environment and public health. We support our customers should they look for innovative solutions addressing these concerns. Additionally, we believe that addressing these concerns also requires an industry-wide approach. We are a member of certain industry bodies in

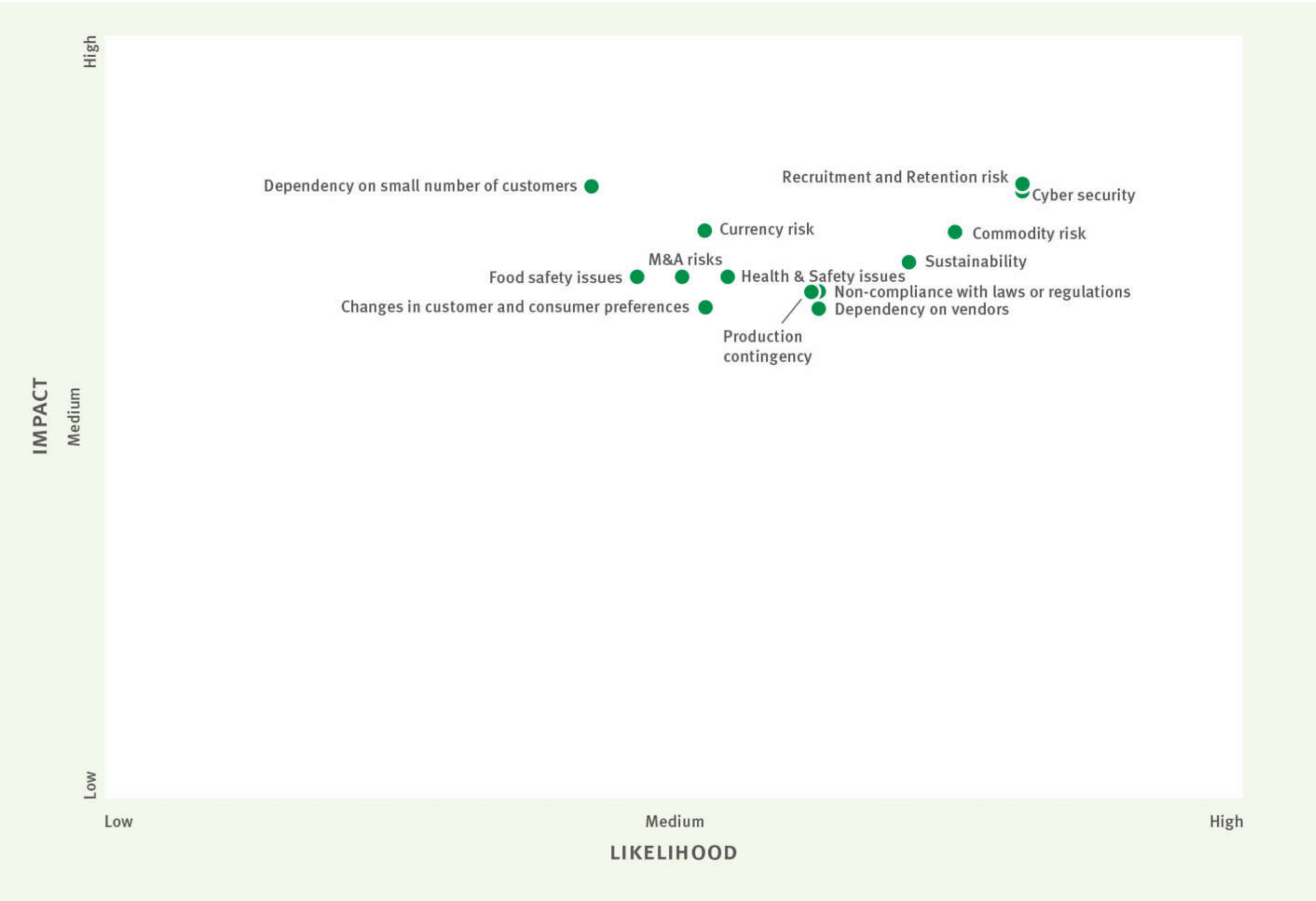
Risk	Mitigation
issues (such as climate change, water scarcity, plastics) may grow, leading inter alia to changes in regulations impacting our product portfolio and manufacturing processes, specifically for plastics, rising stakeholder concerns and changes in laws and regulations relating to the use of plastics packaging and handling of plastic packaging waste may have adverse effects on our business. Legislative changes related to plastic packaging, such as taxation or bans of certain plastics packaging, can increase our costs, reduce demand for some of the products we manufacture for our customers or otherwise have an adverse effect on our business. If we are unsuccessful in reducing our plastics use and increasing recycled content in plastic packaging in line with customer demand and our own ambitions this could further reduce the demand for some of the products we manufacture for our customers and have an adverse effect on our business, financial condition and results of operations. Furthermore, climate change and related physical, policy & legal, technology, market and/ or reputation risks, risks related to water and water scarcity and our ability to meet applicable standards and expectations with respect to these issues across our products and operations could have an adverse effect on our reputation, business, financial condition, results of operations and/or prospects Furthermore, climate change and related physical, policy & legal, technology, market and/ or reputation risks, risks related to water and water scarcity and our ability to meet applicable standards and expectations with respect to these issues across our products and operations could have an adverse effect on our reputation, business, financial condition, results of operations and/or prospects.	which among other things these concerns are being discussed. Specifically for plastics, we integrate sustainable packaging into customer and supplier strategies and tap into the power of our group and network to find solutions to tackle the plastic challenge, among others, by: reducing the amount of plastic packaging in beverage containers and secondary packaging that we produce for our customers; designing our packaging to be fully recyclable; increasing the amount of recycled plastic in beverage containers and secondary packaging, always in line with customer demand; working together with partners to increase recycling rates, special focus on setting up deposit return schemes in all markets of operations, working together with suppliers to further develop (alternative) access to rPET.
OPERATIONAL RISKS	
Health & Safety issues	
The risk that Refresco is faced with health or safety issues of our employees or of external employees. This could affect our ability to continue our operations as planned, which may have an adverse effect on our business, financial condition and results of operations.	Processes are in place throughout the organization which are focused on keeping our employees safe and healthy at work, and to ensure production can continue uninterrupted. We comply with all regulations and guidelines as defined by the relevant authorities.
Commodity risk	
The prices of raw and packaging materials fluctuate due to factors beyond the Group's control. While the company aims to purchase sufficient raw and packaging materials to meet our estimated sales volumes, these estimates may prove inaccurate. If the raw and packaging materials costs increase, it may not be possible to pass the increase on to customers through price adjustments or in a timely manner. This could have a material adverse effect on the business, financial condition and results of operations.	Our exposure to price fluctuations mostly impacts our retailer brands business. With GNE brands, we more often operate on the basis of a tolling fee so the price risk is typically carried by the customer. The Group has a centralized procurement department that closely monitors price developments of raw and packaging materials. We have a policy to wherever possible purchase forward contracts that match sales in volume as well as in time. The Group's exposure is therefore limited to under- or over-coverage by corresponding forward purchase contracts.

Risk	Mitigation
	A small percentage of input material cost fluctuations can sometimes incur delay in being passed on to customers, resulting in a small upside or downside deviation of gross profit margin per liter over time. We assume a dynamic pricing strategy to manage this.
Dependency on vendors	
Our manufacture of products is highly dependent on an adequate supply of certain raw materials including FCOJ, apple juice and sugar as well as certain packaging materials including liquid paperboard, aluminum cans and PET, most of which are only available from a limited number of suppliers. The loss of or delay in delivery by any one of these suppliers could lead to a disruption in our supply chain, which could reduce the utilization rate of manufacturing sites and deliveries to customers, and in turn have a material adverse effect on the business, financial condition and results of operations.	This risk mainly applies for retailer brands, as these products are more dependent on the Group's own sourcing than Global National and Emerging brands, where the customer more often sources the raw materials. We attempt to ensure that we always have sufficient raw and packaging materials in stock. To ensure we can cover sales positions with the Group's customers, we have adopted a policy to enter into forward purchase contracts – up to 12 months in advance – for most raw and packaging materials. If there are not sufficient raw materials or packaging, we discuss with our customers how to mitigate the impact. Additionally, to ensure we have alternatives when needed, the Group is continuously looking to broaden its supplier base for the most important raw and packaging materials.
Food safety issues	
Our reputation could be jeopardized by a failure to maintain high quality standards for our products. If we fail to meet applicable standards or expectations with respect to these issues across our products and operations, our reputation could be damaged, and our business, financial condition, results of operations and/or prospects could be adversely impacted.	To mitigate against the risks of quality and safety, each of our sites have implemented a quality system based on the critical control and quality points. We also have various measures in place to mitigate operational risks. In the US, our manufacturing sites are regulated through the FDA, in Canada through the CFIA, and in Mexico by Cofepris. Refresco has adopted GFSI's Safe Quality Food (SQF) as its standard certification program in North America and also been certified to the SQF quality standard. All four Canadian plants, the plant in Mexico and 23 US plants are SQF certified.In Europe, all manufacturing sites are certified to a recognized Global Food Safety Initiative Standard (GFSI), which, depending on the country, is either the Global Food Standard (BRC), FSSC 22000, or the International Features Standard Food (IFS Food). To ensure food safety and quality, every manufacturing site has implemented a quality system tailored to the critical control and quality aspects applicable to its manufacturing processes. Our sites are also regularly audited by our retail customers and by GNE brands. Where relevant, we have taken out insurance for customary risks to cover any negative financial consequences of the events insured to an appropriate level.
Production contingency	
Operations at our sites could be adversely affected by extraordinary events which could materially reduce our production and have a material adverse effect on our business, financial condition and results of operations.	We continue to invest significantly in our manufacturing sites and to strive for improvement of our health, safety and environmental practice. Together with our insurance broker we have a program to regularly review our housekeeping, fire protection and environmental management to mitigate business interruption. We have contingency plans in place pursuant to which we can move production to other locations in case of emergencies.

Risk	Mitigation
	Furthermore, we have a crisis management program for dealing with crises and certain identified staff have been trained in crisis management.
Dependency on a relatively small number of customers	
A significant portion of our revenue is concentrated with a relatively small number of customers; although we have multiple contracts with each of our customers. The loss of any of our Top-10 customers could have a material adverse effect on our operating result and cash flow.	We have long-term relationships with the majority of our customers and a high level of customer integration on supply chain, new product development and customer service. We believe this mitigates the Group sufficiently against this risk.
Recruitment and retention risk	
Human capital is one of our key assets. The performance of senior management and other key employees is critical to our success. There can be no assurance that Refresco will be successful in attracting or retaining highly qualified senior management and other key employees needed in the future, which could have an adverse effect on the business.	We continue to invest time and resources in hiring, developing and training our senior management and key employees. Furthermore, we continue to invest in our leadership acceleration program LEAP because we believe that developing talent internally is preferable to attracting people externally. To remain attractive, we encourage international mobility and, where appropriate, we give our employees the opportunity to work in another business unit. We regularly perform employee surveys. The findings help us to understand what our employees think about our leadership style, organizational culture, working environment and the way we manage, develop and recognize our people's contribution.
Cyber security	
The Group's operating results may be adversely affected by a cybersecurity incident leading to disruption of operations and/or loss of information confidentiality or integrity. The Group depends on key information systems to conduct its business, to provide information to management and to prepare financial reports. We rely on reputable third-party providers for the majority of our key information systems and business processing services supporting our operations in several different countries. A system failure could therefore have serious consequences for the Group's entire business.	The Group coordinates a continuous risk-based cybersecurity program aimed at ensuring that we have adequate capabilities across identification, protection, detection, and response domains related to cyber security threats. We conduct internal and external reviews of our cybersecurity posture on a regular basis to further shape our security improvement activities. To lower the risk, we use specific tooling on the infrastructure side (mitigating network, email and endpoint risks), we cover the people aspect by various awareness activities and we ensure processes are part of our Information Security Management System. We also engage external partners to bring in best-practice knowledge and supplement our capabilities in specific areas like monitoring and incident response.
FINANCIAL RISKS	
Currency risk	
The Group is exposed to transactional currency risk mainly on purchases denominated in USD. With expanding the operations in the United States and with our presence in the United Kingdom, the exposure to USD, GBP and CAD risks has become a higher priority.	At any point in time, the Group hedges 80 to 100% of its foreign currency exposure on contracted forecasted purchases. The Group uses currency option contracts and forward exchange contracts to hedge its transactional currency risks, most of which have a maturity date of less than one year from the reporting date. When necessary, foreign currency contracts are rolled over on maturity. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, as necessary, to address short-term imbalances. To hedge translational currency risks, part of

Risk	Mitigation
	the Company debt is denoted in USD and GBP. See note 3.1.3 to the financial statements on page 55 for more detail.
Other financial risks	
Note 3 to the financial statements, starting on page 53, gives more detail regarding the company's approach towards financial risk management and addresses certain identified risks.	
LEGAL AND REGULATORY RISKS	
Non-compliance with laws or regulations	
The Group may fail to comply with any laws and regulations that are applicable to its business and production facilities and/or supply chains. This may lead to fines, interruptions in operations and increased costs. Additionally, the Group may have to recall products manufactured for third parties which may lead to significant harm to the Group's reputation.	Refresco operates under a Code of Conduct. Our customers perform audits in which compliance with food and safety legislations are also addressed. Where relevant, we monitor legislation to ensure compliance. Finally, we have whistleblowing processes in place pursuant to which employees can address non-compliant situations. We give clear guidance in Refresco's Supplier Code of Conduct about how we expect our suppliers to act in the areas of compliance with laws and regulations, integrity, gifts, hospitality & bribes, environment, product safety and quality, health and safety, labor conditions & human rights, confidentiality, privacy and intellectual property.

The above table gives an overview of the risks that we believe may have an adverse impact on the Group. Additional risks and uncertainties of which we are not aware or that we currently believe are less material, may also adversely affect our business, financial condition, and results of operations.



Risk management

We believe that risk management starts with the creation of an open culture in which employees are empowered to optimize the balance between maximization of business opportunities and managing the risks involved. Refresco's Code of Conduct informs employees throughout the organization what we expect from them in terms of ethical behaviour. Our Speak Up policy details the exact process to be followed if an irregularity is identified and outlines the roles and responsibilities of the different parties involved. Both the Code of Conduct and the Speak Up policy are available on the company website.

In addition to creating the right culture, we have a program of internal control and reporting procedures. Internal audit procedures play a key role in providing the Operational Boards and the Executive Board an objective view on, and ongoing assurance as to, the effectiveness of risk management and related control systems throughout the Group. By drawing up an annual Internal Audit Plan, the systematic assessment of the design and effectiveness of internal risk management and control systems is ensured.

The process around letters of representation for the external auditor also helps to increase awareness around risks and risk management. To ensure that newly acquired businesses are integrated into these internal control and reporting procedures, we bring them into the Group’s governance structure as soon as is practically possible. We typically aim for integration to be completed by the end of the first full year of operations within the Group.

We also have various measures in place to mitigate operational risks. All our manufacturing sites in Europe are certified to a recognized Global Food Safety Initiative Standard (GFSI) – which, depending on the country, is Global Food Standard (BRC), FSSC 22000 or the International Features Standard Food (IFS Food). Furthermore, the majority of our manufacturing sites in Europe are ISO14001 certified. In the US, our manufacturing sites are regulated through the FDA, in Canada through the CFIA, and in Mexico by Cofepris. Refresco has adopted GFSI's Safe Quality Food (SQF) as its standard certification program in North America and also been certified to the SQF quality standard. All four Canadian plants, the plant in Mexico and all 25 US plants are SQF certified.To ensure food safety and quality, every manufacturing site has implemented a quality system tailored to the critical control and quality aspects applicable to its manufacturing processes. Our sites are also regularly audited by our retail customers and by GNE brands. Where relevant, we have taken out insurance for customary risks to cover for negative financial consequences of the events insured to the maximum amount possible.

Finally, in addition to the above organizational mitigation measures, we have a strong financial position which can act as a cushion against an economic downturn in our company due to any of the outlined risks materializing.

The Executive Board is responsible for establishing and monitoring the Group’s internal risk management and control systems. It is also responsible for identifying risks and implementing its risk management policies, internal controls and reporting procedures. The Executive Board reports regularly to the Supervisory Board and the Audit Committee on issues relating to risk management and internal control and on the effectiveness of these programs.

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REFRESCO FINANCIAL REVIEW 2022

Consolidated income statement

For the financial period ended December 31

(x 1 million euro)	Note	February 18 to 31 December, 2022
Revenue from contracts with customers	**4.1**	**2,870**
Other income	**4.2**	1
Raw materials and consumables used	**4.3**	(1,602)
Employee benefits expense	**4.4**	(436)
Depreciation, amortization and impairments	**4.5**	(261)
Other operating expenses	**4.6**	(655)
Operating profit / (loss)		**(83)**
Finance income	**4.7**	18
Finance expense	**4.7**	(149)
Net finance costs	**4.7**	**(131)**
Profit / (loss) before income tax		**(215)**
Income tax (expense) / benefit	**4.8**	12
Profit / (loss)		**(203)**
Profit / (loss) attributable to:		
Owners of the Company		(209)
Non-controlling interest		7
Profit / (loss)		**(203)**

The notes on page 45 to page 86 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

For the financial period ended December 31

(x 1 million euro)	Note	February 18 to 31 December, 2022
Profit / (loss)		**(203)**
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligations	**5.9**	4
Income tax (expenses)/benefits	**5.9**	(1)
Total		**3**
Items that may be subsequently reclassified to profit or loss		
Cashflow hedges	**5.9**	87
Foreign currency translation differences for foreign operations	**5.9**	(9)
Income tax (expenses)/benefits	**5.9**	(23)
Total		**55**
Other comprehensive income / (loss)		**58**
Total comprehensive income / (loss)		**(144)**
Attributable to:		
Owners of the Company		(151)
Non-controlling interest		6
Total comprehensive income / (loss)		**(144)**

The notes on page 45 to page 86 are an integral part of these consolidated financial statements.

Consolidated balance sheet

(x 1 million euro)	Note	December 31, 2022
Assets		
Property, plant and equipment	**5.1**	2,054
Right-of-use assets	**5.2**	393
Goodwill	**5.3**	3,799
Brands and customer relationships	**5.3**	1,251
Other intangible assets	**5.3**	43
Non-current financial assets	**3.1.1/5.4**	36
Derivative financial instruments	**3.1.2/3.3**	124
Deferred income tax assets	**5.5**	1
Total non-current assets		**7,700**
Inventories	**5.6**	653
Current income tax receivable		7
Trade and other receivables	**3.1.1/5.7**	634
Cash and cash equivalents	**3.1.1/5.8**	169
Assets classified as held for sale		0
Total current assets		**1,464**
Total assets		**9,164**
Liabilities		
Loans and borrowings	**5.10**	3,529
Lease liability	**5.2**	296
Contract liability	**5.11**	11
Employee benefits provisions	**5.12**	34
Other provisions	**5.13**	159
Deferred income tax liabilities	**5.5**	325
Total non-current liabilities		**4,354**
Loans and borrowings	**5.10**	5
Lease liability	**5.2**	93
Derivative financial instruments	**3.3**	2
Contract liability	**5.11**	7
Trade and other payables	**5.14**	1,319
Current income tax liabilities		2
Other provisions	**5.13**	40
Total current liabilities		**1,468**
Total liabilities		**5,822**
Equity		
Issued share capital		0
Share premium	**5.9**	3,484
Other reserves	**5.9**	58
Retained earnings		(209)
Equity attributable to equity holders of the Company		**3,333**
Non-controlling interests		9
Total equity		**3,342**
Total equity and liabilities		**9,164**

The notes on page 45 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the financial period ended December 31

(x 1 million euro)	Note	Issued share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total Equity
February 18, 2022		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income / (loss)		-	-	58	-	58	(1)	58
Profit / (loss)		-	-	-	(209)	(209)	7	(203)
Total comprehensive income / (loss)		**-**	**-**	**58**	**(209)**	**(151)**	**6**	**(144)**
Share capital issued	**5.9**	**-**	**3,484**	**-**	**-**	**3,484**	**-**	**3,484**
Other		-	-	-	-	-	0	0
Dividends paid / repayment of share premium	**5.9**	-	-	-	-	-	(8)	(8)
Non-controlling interest arising on business combinations	**5.9**	-	-	-	-	-	11	11
Total transactions with owners recognized directly in equity		**-**	**3,484**	**-**	**-**	**3,484**	**3**	**3,487**
December 31, 2022		**-**	**3,484**	**58**	**(209)**	**3,333**	**9**	**3,342**

The notes on page 45 to page 86 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the financial period ended December 31

(x 1 million euro)	Note	February 18 to 31 December, 2022
Profit/(loss) after tax		**(203)**
Adjustments for:		
Depreciation, amortization and impairments	**4.5**	261
Net change in fair value derivative financial instruments	**4.7**	(0)
Other net finance costs	**4.7**	131
Other income	**4.2**	(1)
Income tax expense / (benefit)	**4.8**	(12)
Movement in employee benefit provisions and other provisions		(18)
Cash flow from operating activities before changes in working capital		**159**
Changes in:		
Inventories		33
Trade and other receivables		89
Trade and other payables		(190)
Move provision in working capital		(12)
Total change in working capital		**(80)**
Prepayments received from customers		3
Interest received		14
Income taxes paid		(7)
Net cash generated from operating activities		**89**
Cash flows from investing activities		
Purchase of property, plant and equipment		(125)
Proceeds from disposal of property, plant and equipment		0
Purchased and internally developed intangible assets		(7)
Proceeds non-current financial assets		3
Proceeds from disposals of assets held for sale		3
Acquisition of subsidiary, net cash acquired	**6.1**	(3,734)
Net cash used in investing activities		**(3,859)**
Cash flows from financing activities		
Proceeds of new issued shares		3,484
Dividend payment non-controlling interest		(8)
Proceeds from loans and borrowings	**5.10**	3,680
Financing costs		(121)
Interest paid		(77)
Repayment of loans and borrowings	**5.10**	(2,922)
Payments interest portion leases	**5.2**	(12)
Payments principal portion leases	**5.2**	(69)
Net cash used in financing activities		**3,955**
Net cash (used in)/from operating, investing and financing activities		**184**
Translation adjustment		(17)
Movement in cash and cash equivalents		**168**
Cash and cash equivalents as at February 18		-
Bank overdraft as at January 1		-
Cash and cash equivalents as at December 31	**5.8**	169
Bank overdraft as at December 31	**5.8**	(1)
Cash movement		**168**

The cash flow statement is prepared according to the indirect method.

The notes on page 45 to page 86 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The consolidated financial statements of Pegasus Midco BV and its group companies (collectively the “Group”, “Pegasus Group” or the “Company”) concern the financial year 2022 as from February 18, 2022 until December 31, 2022. From the inception of the Company on February 18, 2022 until July 11, 2022 no activities took place with respect to the Company. The Company's financial activities commenced on July 12, 2022 (the acquisition date by KKR). The consolidated financial statements were approved for issuance by the Supervisory Board, Executive Board and Executive Committee on March 23, 2023 and are subject to adoption by the General Meeting of Shareholders.

On July 12, 2022, a new entity was created by KKR and existing shareholders: Pegasus Bidco B.V. Through this entity, they acquired 100% of the shares in Sunshine Equity B.V., controlling party of Refresco Group B.V. Pegasus Midco B.V. was incorporated on February 18, 2022 and domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam, trade register number 85543713. The shareholder of Pegasus Midco B.V. is Pegasus Holdco B.V. and the ultimate controlling party is KKR Pegasus Aggregator L.P.

The activities of the Group consist of the manufacturing of fruit juices and soft drinks for Retailer brands and Global, National and Emerging (''GNE'') brands. Sales and production are made both domestically and abroad, Europe and North America being the most important markets.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and IFRS as adopted by the European Union. IFRS as adopted by the European Union (“EU”) differs in certain aspects from IFRS as issued by IASB. The differences have no impact on the group’s consolidated financial statements for the periods presented.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest million, unless stated otherwise. As a consequence, rounded amounts may not add up to the rounded total. Amounts rounded to nill are presented as '0' and not applicable is presented as '-'. No comparative information has been included, since Pegasus Midco B.V. was incorporated on February 18, 2022 and this financial statements concerns the financial period as from 18 February 2022 until 31 December 2022.

The company financial statements are part of the consolidated financial statements of Pegasus Midco B.V. The Company makes use of the option provided in section 2:402 of the Dutch Civil Code, under which the income statement in the company financial statements can be simplified.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at balance sheet date. The companies in note 3.1 of the company financial statements have all been included in the consolidated financial statements.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests ('NCI') in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Subsequently profits are allocated to NCI based on their net effective interest in the subsidiary. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Acquisition-related costs are expensed as incurred and included in other operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the income statement.

2.3 Foreign currency

Functional and presentation currency

The Group’s consolidated financial statements are presented in euros, which is also the Pegasus Midco B.V.'s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency which is the Euro, except for UK (GBP), US (USD), Canada (CAD), Poland (PLN), Mexico (MXN) and Australia (AUD).

Transactions and balances in foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of foreign currency differences arising from the translation of financial liabilities designated as a hedge of the net investment in a foreign operation. These foreign currency differences are recognized in OCI, to the extent that the hedge is effective.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions (or at an average rate if this is not an unreasonable approximation).

Foreign currency differences arising thereon are recognized, in OCI, in the foreign currency translation reserve. When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Foreign exchange gains and losses arising on a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in OCI in the foreign currency translation reserve.

2.4 Revenue from contracts with customers

Revenue from the sale of products is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods to customers, net of trade discounts and volume rebates. The five-step model of IFRS 15 is applied for revenue arising from contracts with customers. Revenue is recognized when both parties have approved the contract, the Group can identify each party's rights regarding the goods or services to be transferred, the Group can identify the payment terms for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Group has two main revenue streams: (1) sales, manufacturing and distribution of goods for retailer brands (“retailer brands contracts") and (2) sales, manufacturing and distribution for GNE brands (“GNE brands contracts”). The Group recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied and are recognized at a point in time, which generally occurs either on shipment or on delivery based on contractual terms, which is also when control is transferred. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset.

The primary performance obligation is the sales, manufacturing and distribution of its products to its customers. This performance obligation applies to both revenue streams (1) Retailer brands contracts and (2) GNE brands contracts.

For retailer brands, revenue is recognized when control is transferred. Control is transferred when the product is delivered at the specified location. The performance obligation is satisfied at the point in time in which the customer has (i) legal title to the asset; (ii) physical possession of the asset; (iii) significant risk and rewards of ownership of the asset; (iv) accepted the asset; and (v) a current obligation to pay for the asset. The Group serves as a principal and revenue is recognized in the gross amount of consideration for the sold products.

Manufacturing for GNE brands consist of the provision of manufacturing services and sale of the resultant product. The nature and the risk profile of the contract with the customer are key in determining whether the Group is providing a manufacturing service or is selling a product. The revenue is recognized solely for the activities, ingredients and materials for which the Group is the principal and has the control. For most GNE brands contracts, the revenue is recognized similar as to retailer brands contracts. For some GNE brands, our customers provide the main ingredients and packaging for the beverages to be manufactured and have control over the production planning. The Group is responsible for the filling process which is the identified performance obligation. This obligation is generally met when the production has been completed and control is transferred to the customer. Despite the lack of physical possession of the asset the customer has (i) legal title to the asset; (ii) significant risks and rewards of ownership of the asset; and (iii) a current obligation to pay for the asset, as such, the performance obligation is satisfied at this point in time once production has been completed and this is the moment that revenue is recognized. GNE brands contracts can also contain take-or-pay clauses related to unsatisfied minimum volume commitments and reserved flling capacities. These penalties are recognized as revenue in accordance with the underlying performance obligations.

For some GNE brands, an additional warehousing contract has been agreed. Revenue for warehousing is recognized over time. For some GNE brands, the Group receives equipment or contributions to purchase equipment, from customers required to manufacture products. The value of the equipment, which is considered a non-cash consideration, and the contributions received are recorded as a contract liability and recognized as revenue during the contract with the customer based on the forecasted volumes.

The forecasted volumes determine how the contract liability is released over the contractual term of the agreement with our customers. These forecasted volumes are generally based on volumes disclosed in our contractual agreements with these customers. A contract liability is also recognized for other considerations received from customers before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the related performance obligation is satisfied. The contract liability is disclosed in note 5.11 of our financial statements.

Contracts with customers can include some form of variable consideration. The most common forms of variable consideration are trade promotions, rebates and discounts. Variable consideration is treated as a reduction of revenue at the time product revenue is recognized. Depending on the nature of the variable consideration, we use either the “expected value” or the “most likely amount” method to determine variable consideration.

Uncertainties related to the estimates of variable consideration are resolved in a short time frame and do not require any additional constraint on variable consideration. Our products are sold with no right of return, except in the case of goods which do not meet product specifications or are damaged. No services beyond this assurance-type warranty are provided to customers. Customer remedies include either a cash refund or an exchange of the product. As a result, the right of return and related refund liability is estimated and recorded as a reduction of revenue based on historical sales return experience.

We expect to receive payment on all of our customer account receivables generally within 15 days and therefore we classify all such receivables as current assets. Accounts receivable are net of an allowance for lifetime expected credit losses. Recoveries of receivables previously written down are recorded when received. Historically, the Group has experienced an immaterial amount of actual losses due to uncollectible items.

2.5 Government grants

Government grants are recognized at their fair value when it is reasonably assured that the Group will comply with the conditions attached to them and that the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

2.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to business combinations or items recognized in equity or OCI in which case the income tax is recognized in equity or OCI.

Uncertain tax treatments are accounted for in accordance with IFRIC 23. Where it is probable that the tax authorities will accept the treatment in the tax return, current and deferred taxes are recognized in the financial statements consistently with the return. Conversely, if it is not probable that the tax authority will accept the tax treatment, then the uncertainty is reflected in the current and deferred taxes.

Current tax is the income tax expected to be payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following:

- taxable temporary differences on the initial recognition of goodwill;
- temporary differences on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the reporting period they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Current tax assets and current tax liabilities are offset only if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset if:

- there is a legally enforceable right to offset current tax liabilities and assets; and
- they relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities of which will be realized simultaneously.

2.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.4 Revenue from contracts with customers.

Financial assets are classified, at initial recognition as: subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

This classification depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost;
2. Debt instruments at fair value through OCI with recycling of cumulative gains and losses;
3. Equity instruments designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition;
4. Financial assets at fair value through profit or loss.

Category 2 and 3 are not applicable and therefore not further disclosed.

Financial assets at amortized cost

The Group’s financial assets at amortized cost includes non-current financial assets, trade and other receivables, cash and cash equivalents. Cash and cash equivalents in the balance sheet include bank balance and bank deposit.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. The amortized cost is reduced by impairment losses. Interest income is recognized within finance income using the effective interest rate method.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value: unhedged commodity forward contracts in current assets. These financial assets are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement. Net gains or losses, including any interest or dividend income, are recognized in profit or loss.

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets (excluding equity instruments) not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, lease receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at amortized cost

This is the category most relevant to the Group and applies to interest-bearing loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Interest expense is recognized in profit or loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss concerns unhedged aluminum contracts and an unhedged interest rate swap in current liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including the fair value of new liabilities assumed) is recognized in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments (interest rate swaps, commodity forward contracts, and foreign currency forward contracts) to hedge the foreign currency, commodity and interest rate risk exposures. The Group seeks to apply hedge accounting in order to minimize the effects of fluctuations in cash flow.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group applies cash flow hedge accounting.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in OCI and accumulated in the hedging reserve (grouped within other reserves). The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. The gain or loss relating to the ineffective portion is recognized in the income statement immediately.

When the hedged item is a non-financial asset, the amount recognized in OCI is transferred to the carrying amount of the asset when it is recognized. In other cases, the amount recognized in OCI is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss. Where the financial instruments are held to hedge foreign currency purchases of raw materials and consumables, the amounts recognized in OCI are included in raw materials and consumables used.

Where the instruments are held to hedge interest rate risk exposure, the amounts recognized in OCI are included in finance income and expense.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercized, then hedge accounting is discontinued. The cumulative unrealized gain or loss previously recognized in OCI and presented in the hedging reserve in equity, is recognized in profit or loss immediately, or when a hedging instrument is terminated. If the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in OCI and is recognized in accordance with the above-mentioned policy when the transaction occurs.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 3.3. Movements of the hedging reserve in OCI are shown in note 5.9. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months

Finance income and expense

Finance income comprises interest income on bank deposits and fair value gains on interest hedging instruments.

Finance expense comprises interest expense on leases and borrowings including derivative financial instruments, the unwinding of discount on provisions and fair value losses on interest hedging instruments that are recognized in profit or loss. Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognized respectively in finance income and finance cost. Fair value gains and losses on interest hedging instruments are not taken to profit or loss unless (i) they are fair value hedges, (ii) ineffective portion of cash flow hedges or (iii) if the reclassification of net gains and losses previously recognized in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings that are recognized in profit or loss.

Interest income and expense is recognized in profit or loss as it accrues, using the effective interest method ('EIR').

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.8 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a condition suitable for their intended use, and the costs of dismantling and removing the items and restoring of the site on which they are located. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are allocated to the assets when incurred.

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds of disposal with the carrying amount and are recognized on a net basis in other income in profit or loss.

Subsequent costs

Subsequent expenditure, including the cost of replacing part of an item of property, plant and equipment is capitalized and recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and charged as depreciation. The costs of the day-to-day maintenance of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values and is recognized in profit or loss on a straight-line basis over their estimated useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings: 5-30 years
- Machinery and equipment: 5-15 years
- Other fixed assets: 2-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and where adjustments are required these are made prospectively.

Property, plant and equipment are subject to impairment. Refer to note 2.11.

2.9 Intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is initially recognized based on the accounting policy for business combinations. Refer to the accounting policies section 2.2. Goodwill is subsequently measured at cost less accumulated impairment losses.

Internally generated intangible assets

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure, including for internally developed software, is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

All other acquired intangible assets

Brands and customer relationships acquired, separately or as part of a business combination, are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. These are initially measured at fair value. The fair value of brands is based on the relief from royalty method. The fair value of customer relationships is based on the Multi-period Excess earnings valuation method (MEEM) part of Income approach. The relationship between brands and customer relationships is carefully considered so that both are not recognized on the basis of the same cash flows.

Software, brands and customer relationships acquired by the Group are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on intangible assets is capitalized only to the extent that it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

- Brands:
  - Refresco brands: 20 years
- Customer relationships:
  - Retailer brands: 5 - 16 years
  - GNE brands: 5 - 20 years
- Software:
  - ERP systems: 6 years
  - Other software: 3 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Goodwill and other intangible assets are subject to impairment. Refer to note 2.11.

2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group applies a single recognition and measurement approach for all leases, except for leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group separates lease and non-lease components by reviewing each individual contract.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the lease term on a lease by lease basis based on the individual lease contracts. The average lease terms for the current period are as follows:

- Buildings & warehouses: 6 years
- Machinery: 4 years
- Cars & lift trucks: 3 years
- Other: 2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercize of a purchase option, depreciation is calculated using the estimated useful life of the underlying asset, which are mentioned in section 2.8 Property, plant and equipment.

The right-of-use assets are also subject to impairment. Refer to note 2.11.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of lease liability comprise the following:

- Fixed payments (including in substance fixed payments) less any lease incentives receivable.
- Exercize price of a purchase option reasonably certain to be exercized by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercizing the option to terminate.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; other variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortized cost using the effective interest method: the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of a purchase, renewal or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on low-value assets are recognized as expense on a straight-line basis over the lease term. We have used EUR 5.000 or local currency equivalent as a threshold.

2.11 Impairment of non-financial assets

The carrying amounts of 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 lives or that are not yet available for use, the recoverable amount is at minimum estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating units').

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or 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 recognized in prior periods are assessed at each reporting date for 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 amortization, if no impairment loss had been recognized.

2.12 Inventories

Inventories are measured by cost or net realizable value, depending on which is lower. The cost of inventories is based on the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.13 Assets classified as held for sale

The Group classifies non-current assets as held for sale when the carrying amounts will be recovered principally through a sale transaction and a sale is highly probable. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets classified as held for sale are presented as a part of current assets in the balance sheet.

2.14 Issued share capital

Issued equity share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.15 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as employee benefit expense in profit or loss when the related services are provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

The group's net obligation in respect of defined benefit plans concerns the amount of pension benefit that an employee will receive on retirement, which they have earned in the current period and in prior periods. The benefits are dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

In countries where there is no deep market in such bonds, the market rates on government bonds are used.

For pension plans whereby a limit on the employer’s future contribution to the pension plans exist, the Group will reflect this limit in its calculations. For these plans the Group will apply a liability cap in case the present value of the future service cost exceeds the present value of the future maximum employer contributions and the defined benefit obligation exceeds the asset value. The liability cap does not exceed the difference between the defined benefit obligation and the asset value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in OCI in the period in which they arise.

Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan, when the settlement occurs.

Multi-employer plans

The Group also facilitates multi-employer plans, in which various employers contribute to one central pension union.

In accordance with IAS 19, as the pension union managing the plan is not able to provide the Group with sufficient information to enable the Group to account for the plan as a defined benefit plan, the Group accounts for its multi-employer defined benefit plan as if it were a defined contribution plan.

Other long term employee benefits

The net obligation in respect of long term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the obligations of the Group.

The calculation is performed using the projected unit credit method. Remeasurements are recognized in profit or loss in the period in which they arise.

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 recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

2.16 Other provisions

A provision is recognized if, as a result of a past event, the Group has a legal or constructive obligation that can be reliably estimated 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 current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with the contract.

2.17 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS as issued by the IASB and adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, especially the periodical review of useful lives of property plant and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated goodwill and impairment of goodwill

The Group estimates the fair values of assets and liabilities acquired by acquisitions. This measurement is provisional and can be adjusted within 12 months after the date of each acquisition. The acquisitions are recorded in note 6.1.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and are recorded in note 5.3. These calculations require the use of estimates.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the provision for income taxes. Significant estimates are required in case of uncertain tax positions. If it is probable that the tax authorities will accept the tax treatment, the entire amount of the tax position determined is recognized. If it is not probable that the tax treatment will be accepted by the tax authorities, the financial consequences of this uncertainty is accounted for in the tax position.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group selects calculation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 5.12.

Information for other areas of estimation used in applying accounting policies can be found in the following notes:

- Note 3: Financial risk management
- Note 5.1: Property plant and equipment
- Note 5.2: Leases
- Note 5.13: Other provisions

Information for other areas of judgement used in applying accounting policies can be found in the following notes:

- Note 5.13: Other provisions

2.18 New standards and amendments

New standards and amendments effective as of January 1, 2022

The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

The following new standards and amendments became effective as of January 1, 2022:

- Annual Improvements Cycle - 2018-2020. These annual improvements have no material impact on the financial statements of the Group.
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use. These amendments have no material impact on the financial statements of the Group.
- Amendments to IFRS 3 Business Combinations - References to the Conceptual Framework. These amendments have no material impact on the financial statements of the Group.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of fullfilling a Contract. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour,

materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments were applied by the Group in determining the value of the onerous contracts that were identified during the purchase price accounting for the acquisition of Refresco Group (refer to note 6.1).

New standards and amendments not yet effective

Below the standards and amendments that are issued, but not yet effective as of December 31, 2022. The Group intends to adopt these standards and amendments, if applicable, when they become effective:

- IFRS 17 and amendments to IFRS 17 - Insurance Contracts, effective January 1, 2023;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies, effective January 1, 2023;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates, effective January 1, 2023;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective January 1, 2023.
- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, effective January 1, 2024;
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback, effective January 1, 2024;
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants, effective January 1, 2024.

The Group is reviewing the impact of these standards and amendments on the Group's consolidated financial statements. The changes to those standards are not expected to have a material impact on the Group's financial statements.

3 Financial risk management

3.1 Financial risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The Executive Board has the responsibility for the establishment of the risk management framework of the Group.

Risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. All derivative activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes might be undertaken. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group. Through its training program and its management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Group audit committee reviews the adequacy of the risk management framework in relation to the risks faced by the Group and oversees how management monitors compliance with the Group's risk management policies and procedures. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

3.1.1 Credit risk

Credit risk represents the risk that counter parties fail to meet their contractual obligations, leading to a financial loss. It arises principally in the receivables and contract assets from customers, derivative financial instruments, deposits with banks and financial institutions and lease receivables. In order to reduce the exposure to customer credit risk, the Group carries out credit evaluations of the financial position of customers monthly, but does not require collateral. Use is made of a combination of independent ratings and risk controls to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales are subject to payment conditions which are common practice in each country. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in various countries and operate in largely independent markets. Allowance for credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The banks and financial institutions used as counter party for holding cash and cash equivalents and deposits and in derivative transactions can be classified as high credit quality financial institutions (minimal A rating Standard & Poor's).

The Group has policies that limit the amount of credit exposure to individual financial institutions. Impairment on cash and cash equivalents have been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. Management believes that the likelihood of losses arising from credit risk is remote, particularly in the light of the diversification of activities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date:

(x 1 million euro)		Carrying amount
	Note	December 31, 2022
Non-current financial assets	**5.4**	36
Trade and other receivables	**5.7**	634
Cash and cash equivalents	**5.8**	169
		838

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency is as follows:

(x 1 million euro)	Carrying amount
	December 31, 2022
Euro-zone countries (EUR)	259
UK (GBP)	134
Poland (PLN)	16
Australia (AUD)	34
Mexico (MXN)	18
Canada (CAD)	18
US (USD)	155
	634

The Group uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets from individual customers, which comprise of a very large number of balances. The loss rates are based on actual credit loss experience and over the past years the actual credit loss of the Group has been close to nil. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group believes that no further impairment loss has occurred in respect of trade receivables not past due or past due by up to 60 days.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at December 31, 2022:

(x 1 million euro)	December 31, 2022	
	Gross carrying amount	Loss Allowance
Not past due	551	-
Past due 0 - 30 days	53	-
Past due 31 - 60 days	15	-
Past due more than 60 days	17	1
	635	**1**

The movements in the expected credit loss in respect of trade and other receivables during the period are as follows:

(x 1 million euro)	2022
February 18	-
Addition	(1)
Write-off	0
Exchange differences	0
December 31	**(1)**

3.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach of the Group to managing liquidity risk is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and more extreme conditions, without incurring unacceptable losses or risking damage to the reputation of the Group. The Group has a clear focus on financing long term growth as well as current operations. Strong cost and cash management and controls over working capital and capital expenditure proposals are in place to ensure effective and efficient allocation of financial resources.

The Treasury Function is responsible for managing the Group's cash resources and the financial risks arising from underlying operations. All these activities are carried out under defined policies and procedures. Supervisory / Executive Board delegate oversight of these activities to the Finance Director and Treasury Function. The Group utilizes cash pooling and zero balancing bank account structures, dividend distributions in addition to intercompany loans and borrowings to mobilize cash efficiently within the Group.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, if applicable, are as shown based on undiscounted contractual cash flows in the following table. As far as these cash flows depend on future floating interest rates, which were unknown on the balance sheet date, the cash flows have been estimated on the basis of rates prevailing on the balance sheet date.

December 31, 2022

(x 1 million euro)	Carrying amount	Contractual cash flows	12 months or less	1 – 2 years	2 – 3 years	3– 4 years	4 – 5 years	› 5 years
Non-derivative financial liabilities								
Syndicated loan	3,366	5,016	269	267	266	264	263	3,686
Mortgage	9	11	3	3	3	1	-	-
Revolving credit facility	253	338	14	14	14	14	14	268
Capitalized finance costs	(115)	-	-	-	-	-	-	-
Lease liability	389	465	110	89	70	54	41	100
Other	19	19	1	0	0	1	0	17
Trade and Other Payables	1,319	1,319	1,319	-	-	-	-	-
	5,241	**7,168**	**1,716**	**374**	**353**	**335**	**318**	**4,072**
Derivative financial liabilities								
Aluminium swaps (current liabilities)	1	1	1	0	-	-	-	-
	1	**1**	**1**	**0**	**-**	**-**	**-**	**-**

The Group has access to a revolving credit facility (RCF) of EUR 500 million maturing in 2029 of which EUR 253 million was drawn down as per December 31, 2022.

3.1.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: foreign currency risk, interest rate risk and price risk.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated, which are mainly USD and GBP and the respective functional currencies of Group companies. At any point in time the Group hedges 80 to 100% of its foreign currency exposure on contracted forecasted purchases. The Group uses currency option contracts and forward exchange contracts to hedge its currency risks, most of which have a maturity date of less than one year from the reporting date. When necessary, foreign currency contracts are rolled over on maturity. FX exposure on group revenue is minimal as sales are made within each of the business units “BU’s” territories and are denominated in the BU’s currency, as such, the FX risk is not significant.

In order to minimize the impact of accounting mismatches in the profit or loss account, the Group applies cash flow hedge accounting. Its policy is for the critical terms of the option currency contracts and forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Per year-end the cash flow hedge accounting relationships were fully effective. There are no forecasted transactions for which hedge accounting has been applied, but which are no longer expected to occur. The fair value of foreign currency instruments per reporting date is EUR 0 million credit.

The Group records a hedge reserve of EUR 7million loss net of deferred taxes in equity relating to the effective part of the intrinsic value changes of the foreign currency option contracts and the fair value of the forward contracts. During the period, no amounts were recorded in raw material costs due to ineffectiveness.

The amounts deferred in equity at year-end are expected to occur and to affect profit or loss for majority in 2023. All of the resulting fair value estimates are included in Level 2.

The notional amounts of exposure to significant foreign currency risks were as follows:

December 31, 2022

(x 1 million euro)

	USD exposure						EUR exposure			GBP exposure
	EUR/ USD	GBP/ USD	PLN/ USD	CAD/ USD	MXN/ USD	Total USD	GBP/ EUR	PLN/ EUR	Total EUR	EUR/GBP
Trade accounts payable	39	1	2	13	9	64	14	4	18	1
Estimated forecast purchases	90	103	2	-	-	196	71	3	74	1
Gross exposure	**130**	**104**	**4**	**13**	**9**	**260**	**85**	**8**	**92**	**2**
Forward exchange contracts / Currency option contracts	(90)	(103)	(2)	0	0	(196)	(71)	(3)	(74)	(1)
Net exposure	**39**	**1**	**2**	**13**	**9**	**64**	**14**	**4**	**18**	**1**

The change in fair value of the financial instruments used to hedge currency risk is included in raw materials and consumables in the income statement, except for the instruments for which hedge accounting is applied.

The following significant exchange rates were applied:

	Average	Year-end
Value of 1 euro	2022	2022
USD	1.01	1.07
GBP	0.86	0.89
PLN	4.73	4.69
CAD	1.35	1.44
MXN	20.24	20.82
AUD	1.57	1.57

Sensitivity analysis

A 10% strengthening or weakening of the EUR against the USD, the GBP against the USD, the GBP against the EUR, and the CAD against the USD at reporting date would have changed equity and profit or loss by the amounts shown below.

December 31, 2022

(x 1 million euro)	EUR/USD		GBP/USD		GBP/EUR		CAD/USD	
	10% strength	10% weak	10% strength	10% weak	10% strength	10% weak	10% strength	10% weak
Trade payables	3	(4)	0	(0)	(1)	1	1	(1)
Foreign currency hedge instruments	(1)	1	(2)	3	1	(2)	0	0
Effect Profit/(Loss) gross of tax	**3**	**(3)**	**(2)**	**3**	**0**	**(0)**	**1**	**(1)**
Foreign currency hedge instruments	5	(6)	5	(6)	(4)	5	0	0
Effect OCI debit/(credit) net of tax	**5**	**(6)**	**5**	**(6)**	**(4)**	**5**	**0**	**0**

The impact on PLN/USD, PLN/EUR, CAD/EUR, MXN/USD, MXN/EUR, EUR/GBP and EUR/AUD is not material.

Interest rate risk

The Group is exposed to the effects of variable interest rates on interest-bearing long term liabilities, which is partly offset by cash held at variable rates. On fixed interest receivables and liabilities, it is exposed to market value fluctuations. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For certain variable interest rate long term liabilities, the Group has entered into interest rate swap agreements through which the Group effectively pays fixed interest rates on these liabilities.

The Group applies cash flow hedge accounting to offset the profit or loss impact resulting from timing differences between variable interest rate liabilities and the interest rate swap.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:
- the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.
- in some interest rate swaps, no interest rate floor is included while in loan agreement such floor is included.

Throughout the year as well as per year-end the cash flow hedge accounting relationships were effective, except for ineffectiveness as disclosed in note 4.7.

The fair value of interest rate swaps per reporting date is EUR 124 million debit. The effective part of the fair value changes of the interest rate swaps amounts to EUR 72 million gain net of deferred taxes in OCI.

The amounts deferred in equity at year-end are expected to affect financing costs within the coming five years. All of the resulting fair value estimates are included in Level 2.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

(x 1 million euro)		Carrying amount
	Note	December 31, 2022
Fixed rate instruments		
Other	**5.10**	19
Total Fixed rate instruments		**19**
Variable rate instruments		
Syndicated term loan	**5.10**	3,366
Mortgage loan	**5.10**	9
Revolving credit facility	**5.10**	253
Total Variable rate instruments		**3,629**
Total Fixed and Variable rate instruments		**3,647**

The Group policy is to hedge 80 to 100% of the forecasted net interest rate risk, including a forecasted cash position. Per end of 2022 the forecasted position is in line with this policy.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have changed equity and profit or loss by the amounts shown in table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

December 31, 2022

(x 1 million euro)		Profit/(loss)		OCI Debit/(Credit)
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
Net Interest (paid)/received on variable rate instruments	(6)	6	-	-
Change fair value interest rate swaps	-	-	(74)	71
	(6)	**6**	**(74)**	**71**

Price risk

The Group is exposed to commodity price risks. To manage these risks procurement operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures.

The Group contract positions are based on a thorough understanding of the raw material markets and in principle contracted sales are covered back-to-back. The Group centralizes the procurement of raw materials, packaging materials and indirect spend for Europe and North America. The Group's procurement organization is executing and monitoring the main contracts and important purchase decisions. Commodities are only purchased by business units after approval of the purchasing department.

The group policy is to address cash flow risk from the purchase of the raw material aluminium and the policy is to hedge 80 to 100% of the forecast volume in any given financial year. Where derivative contracts are used the commodity price risk exposure is hedged up to 24 months of forecast volume through exchange-traded and over-the-counter contracts (futures, forwards and swaps) and cash flow hedge accounting is applied.

Contracts exceeding predefined limits must be authorized by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

To enable the Group to stay ahead of the current situation in the raw materials markets and maintain its gross margins, it implements pass-on clauses into sales contracts with customers. In parallel, the quality of management information has been enhanced by the development of a network enabling knowledge of markets, suppliers and conditions of raw materials to be shared at Group level.

The Group hedges the raw material aluminum through derivatives. The Group applies cash flow hedge accounting on aluminium forward contracts entered into during the period to offset the profit and loss impact resulting from the volatility attributable to price fluctuations of aluminium. The Group policy is to hedge 80 to 100% of the forecasted required aluminium supply for the next two years. Throughout the period as well as per year-end the cash flow hedge accounting relationships were effective. The fair value of these derivatives per reporting date is EUR 1 million credit. The Group records a hedge reserve loss of EUR 0 million net of deferred taxes in equity.

3.2 Capital management

The policy of the Group is to maintain a sufficient capital base to maintain investor, creditor and market confidence, to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines ‘capital’ as being net debt plus equity and for the purpose of the Group’s objective to maintain a sufficient capital base, the Group manages the Net debt ratio calculated as the Net debt divided by the adjusted EBITDA.

(x 1 million euro)	Note	December 31, 2022
Interest-bearing loans and borrowings long term	**5.10**	3,529
Interest-bearing loans and borrowings short term	**5.10**	5
Non current lease liability	**5.2**	296
Current lease liability	**5.2**	93
Less: cash and cash equivalents	**5.8**	(169)
Net debt (A)		**3,754**
Equity (B)		**3,342**
Capital C = (A+B)		**7,096**
Operating profit / (loss) (EBIT)		(83)
Depreciation, amortization and impairments	**4.5**	261
EBITDA		**178**
Exceptional cost adjustment		138
Adjusted EBITDA (D)		**316**

The exceptional cost adjustment for the financial period mainly relates to EUR 54 million of M&A activities of which EUR 52 million is related to the acquisition of Sunshine Equity B.V., EUR 60 million due to the release of the finished goods fair value step-up and EUR 13 million in relation to real estate transfer tax. These costs are excluded from the Adjusted EBITDA and net debt ratio.

The Senior Facilities Loan agreement requires, in relation to the revolving credit facility only, that this net debt ratio (Consolidated First Lien Secured Debt to Consolidated EBITDA Ratio) will not exceed 9.6:1 in each relevant period. The actual net debt ratio in accordance to the financing documentation is 6.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting period. There have been no breaches of the capital requirements during the period.

3.3 Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods set out below. Where applicable further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Levels of fair value measurement

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis if there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group defines the following different levels of fair value:

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

Fair values

The following table presents the Group's financial assets and liabilities, measured at fair value as at balance sheet date. This concerns derivatives only. All derivatives are valued using valuation techniques with market observables inputs and the most frequently applied valuation technique include forward pricing and mid-market prices. The interest rates used to discount estimated cash flows of derivative financial instruments, where applicable, are based on Eonia curve at the reporting date.

Non-derivative financial assets and financial liabilities not measured at fair value but at amortized cost are detailed further in note 2.7. Fair value of the remaining assets and liabilities measured at amortized cost is considered close to the carrying value, therefore not further disclosed.

December 31, 2022

(x 1 million euro)	Level 1	Level 2	Level 3	Total
FX instruments (credit)	-	(0)	-	(0)
Commodity swaps (credit)	-	(1)	-	(1)
Interest rate swaps (debit)	-	124	-	124
	-	**122**	**-**	**122**

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The market value of items of machinery and equipment and other fixed assets is based on the quoted market prices for similar items.

Other intangible assets

The fair value of brands acquired in a business combination is determined based on the relief of royalty method. The fair value of customer relationships acquired in a business combination is determined based on the Multi-period Excess earnings valuation method (MEEM) part of Income approach.

Inventories

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

Trade and other receivables

The fair value of trade and other receivables equals the carrying amount due to the short term nature.

3.4 Offsetting financial assets and financial liabilities

The Group uses a cash pool structure to facilitate the central cash management function. The Group has the intention and the legal right to settle cash on a net basis. The liability represents the bank overdraft on local accounts which are netted in the overall presentation of the cash which is in line with the netting agreement, as such, this particular liability is presented as part of cash.

December 31, 2022

(x 1 million euro)	Gross carrying amounts	Gross amounts offset	Net amount presented in balance sheet
Cash and cash equivalents	184	(15)	169
Liabilities	(15)	15	-
	169	**-**	**169**

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when either elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

4 Notes to the consolidated income statement

4.1 Revenue from contracts with customers

The revenue by location of sales are set forth in the table below.

(x 1 million euro)	Note	Retailer brands	GNE brands	February 18 to 31 December 2022
Europe		1.169	535	1.704
North America		760	406	1.166
		1.929	**941**	**2.870**

Major customer

In the context of IFRS 8.34, the Group identified one single customer (Walmart) generating an annual revenue of EUR 329 million being 11.5% of total revenue.

4.2 Other income

Other income relates entirely to gains and/or losses of sales of property, plant and equipment.

4.3 Raw materials and consumables used

(x 1 million euro)	Note	February 18 to 31 December, 2022
Raw materials		756
Packaging materials		831
Product tax		15
		1,602

4.4 Employee benefits expense

(x 1 million euro)	Note	February 18 to 31 December, 2022
Wages and salaries		358
Compulsory social security contributions		67
Pension contributions to defined contribution schemes		10
Pension costs of defined benefit schemes	**5.12**	1
		436

During the period, the average number of fixed employees in the Group, in full-time equivalents ('FTEs'), was 12,083, of which 10,983 were employed outside the Netherlands.

4.5 Depreciation, amortization and impairments

(x 1 million euro)	Note	February 18 to 31 December, 2022
Depreciation of property, plant and equipment	**5.1**	154
Depreciation of right-of-use assets	**5.2**	53
Amortization of intangible assets	**5.3**	55
Impairment of property, plant and equipment	**5.1**	0
	3.2	**261**

4.6 Other operating expenses

(x 1 million euro)	Note	February 18 to 31 December, 2022
Freight charges		100
Other cost of sales		44
Promotion costs		6
Temporary staff		38
Other personnel costs		20
Rent and leasing of machinery and equipment		3
Maintenance		82
Energy		108
Advice and legal costs		72
Housing costs, other than costs relating to leases		28
Storage costs		49
Other operating costs		105
		655

Advice and legal costs include EUR 52 million due to M&A actvities in relation to the acquisition of Sunshine Equity B.V. Other operating expenses include EUR 0 million low value lease expenses and EUR 12 million variable lease expenses.

4.7 Net finance costs

(x 1 million euro)	Note	February 18 to 31 December, 2022
Interest income		17
Change in fair value of derivatives recognized in profit and loss		0
Hedge accounting ineffectiveness		1
Finance income		**18**
Interest expense on financial liabilities measured with effective interest method		(122)
Foreign currency translation differences		(8)
Interest expense on lease liability		(12)
Cost of borrowings		(7)
Finance costs		**(149)**
Net finance costs		**(131)**

The change in fair value of derivative financial instruments recognized in profit and loss relates to changes in the fair value of EUR 0 million of the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The amount reflects the change in fair value of interest rate swaps for which no hedge accounting is applied and/or the releases from OCI.

The hedge accounting ineffectiveness of EUR 1 million profit also relates to the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The ineffectiveness is due to the fact that hedged financing agreements include a floor on the interest rate while no floor has been included in some interest rate swaps in combination with negative interest in the market. Refer to note 3.1.3 for disclosure on interest rate risk with respect to the interest rate floor.

The foreign currency translation loss of EUR 8 million mainly relates to a foreign currency translation loss of EUR 35 million relating to a foreign currency translation loss on a forward exchange contract in respect of the acquisition of Sunshine Equity B.V. and a EUR 25 mllion foreign currency translation profit on the syndicated term loans that are not hedged through the net investment hedge in foreign subsidiaries. The Group records a hedge reserve of EUR 43 million profit net of defferred taxes in the currency translation reserve relating to the effective part of the syndicated term loans hedged through the net investment hedge in foreign subsidiaries.

The cost of borrowing relates to the financing costs which were capitalized in the aggregate amount and the effective interest method is applied.

(x 1 million euro)	February 18 to 31 December, 2022
Initial capitalized amount	
Senior facilities agreement 2022	121
Total	**121**
Capitalized amount	
February 18	-
Financing costs senior facilities agreement 2022	121
Amortization	(7)
Effect of movements in exchange rates	1
December 31	**115**

Finance income and costs recognized in other comprehensive income

(x 1 million euro)	February 18 to 31 December, 2022
Foreign currency translation differences for foreign operations	(9)
Effective portion of changes in fair value of cash flow hedges	87
Tax effect	(23)
Net finance income/(costs) recognized in other comprehensive income, net of tax	**55**
Recognized in:	
Translation reserve	(9)
Hedging reserve	64
Net finance income/(costs) recognized in other comprehensive income, net of tax	**55**

4.8 Income tax (expense) / benefit

(x 1 million euro)	Note	February 18 to 31 December, 2022
Current tax expense		
Current income tax current year		(6)
Current income tax previous years		0
		(6)
Deferred tax expenses		
Deferred income tax current year		20
Deferred income tax previous years		1
		21
Other tax expenses		
Current portion other taxes		(0)
Deferred portion other taxes		(0)
Withholding taxes		(3)
		(3)
Total income tax (expense) / benefit		**12**

Reconcilliation of effective tax rate

(x 1 million euro)	February 18 to 31 December, 2022	
Result before income tax	(215)	
Income tax based on the Group's blended tax rate	56	26%
Non-deductible operational expenses	(2)	(1%)
Non-deductible interest expenses	(0)	0%
Investment allowances	2	1%
Notional interest deduction	-	0%
Non-deductible M&A related expenses	(12)	(5%)
Participation related results	2	1%
Tax rate change impact	2	1%
(De)recognition (un)recognized deferred tax assets	(28)	(13%)
Other taxes	(3)	(1%)
Prior period taxes	1	1%
Movement uncertain tax provision	0	0%
Other reconciling items	(6)	(3%)
Total income tax (expense) / benefits	**12**	**6%**

The effective tax rate is 6%, which is 20% lower than the blended Group tax rate of 26%. The effective tax rate is mainly impacted by unrecognized deferred tax assets on non-deductible interest carryforward, other reconciling items caused by attribution of results to the period prior to the KKR acquisition and other income taxes levied in France and Italy.

Income tax recognized in other comprehensive income

(x 1 million euro)	February 18 to 31 December, 2022
Changes in tax on hedging reserve fx hedge instruments	2
Changes in tax on hedging reserve interest hedge instruments	(25)
Changes in tax on hedging reserve commodity hedge instruments	(0)
Changes in tax on currency translation reserve	(0)
Changes in pension provision	(1)
Total income tax (expense)/benefit in other comprehensive income	**(25)**

The total tax charge through OCI consists of both current and deferred tax effects that are recognized in OCI.

5 Notes to the consolidated balance sheet

5.1 Property, plant and equipment

(x 1 million euro)	Note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
Cost						
February 18, 2022		-	-	-	-	-
Acquired through business combinations	**6.1**	719	1,238	36	68	2,060
Additions		6	22	4	119	151
Reclassifications		18	37	3	(57)	1
Disposals		-	(0)	(2)	-	(2)
Other		23	0	1	-	24
Effect of movements in exchange rates		(9)	(20)	(0)	(2)	(31)
December 31, 2022		**756**	**1,276**	**41**	**129**	**2,203**
Depreciation and impairment losses						
February 18, 2022		-	-	-	-	-
Depreciation for the year	**4.5**	(22)	(125)	(6)	-	(154)
Impairment	**4.5**	-	(0)	-		(0)
Reclassification		0	(0)	(0)	-	(0)
Disposals		-	0	2	-	2
Effect of movements in exchange rates		(0)	3	0	-	3
December 31, 2022		**(22)**	**(122)**	**(5)**	**-**	**(149)**
Carrying amounts						
December 31, 2022		**734**	**1,155**	**37**	**129**	**2,054**

Collateral
Collateral on the land and buildings in Bridgwater in the UK is given for the mortgage loan for an amount of EUR 39 million.

Reclassification
The reclassification relates to a transfer of amounts between assets.

Other
The amount in other mainly relates to the purchase option exercized in Germany which corresponds to EUR 21 million and it is related to the purchase of Erftstadt plant.

Property, plant and equipment under construction
Property, plant and equipment under construction relates mainly to expansion of production facilities in UK, Germany and North America. After assets are taken into operation, the assets are reclassified to the applicable property, plant and equipment category.

5.2 Leases

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

(x 1 million euro)	Note	Buildings & Warehouses	Machines	Cars & lift trucks	Other	Total
February 18, 2022		-	-	-	-	-
Acquired through business combinations	**6.1**	326	81	26	4	438
Additions		20	5	5	6	37
Disposals		(2)	(1)	(1)	(0)	(3)
Other		(23)	-	-	-	(23)
Lease incentives		0	-	-	-	0
Effect of movements in exchange rates		(5)	(1)	(0)	(0)	(6)
December 31, 2022		**317**	**85**	**30**	**10**	**442**
Depreciation and impairment losses						
February 18, 2022		-	-	-	-	-
Depreciation for the year	**4.5**	(29)	(14)	(7)	(1)	(53)
Disposals		1	1	0	0	2
Other		0	-	-	-	0
Effect of movements in exchange rates		1	0	0	0	1
December 31, 2022		**(28)**	**(13)**	**(7)**	**(1)**	**(49)**
Depreciation and impairment losses						
Carrying amounts						
December 31, 2022		**289**	**72**	**23**	**9**	**393**

Other

The amount in other mainly relates to the purchase option exercized in Germany which corresponds to EUR 21 million and it is related to the purchase of Erftstadt plant.

Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(x 1 million euro)	Note	2022
February 18, 2022		-
Acquired through business combinations	**6.1**	430
Additions		36
Asset return / termination of lease		(1)
Payment		(81)
Interest		12
Effect of movements in exchange rates		(7)
December 31		**389**
Non current lease liability	**3.2**	**296**
Current lease liability	**3.2**	**93**

Total cash out for leases as included in the cash flow statement amounts to EUR 81 million and consists of EUR 12 million in payments interest portion leases and EUR 69 million in payments principal portion leases.

The maturity of the lease liability has been disclosed in 3.1.2.

Incremental borrowing rate

The incremental borrowing rate (IBR) is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates).

Further disclosures on leases can be found in the following notes:
- Note 4.5 Depreciation, amortization and impairments
- Note 4.6 Other operating expenses
- Note 4.7 Net finance costs

5.3 Intangible assets

		Indefinite-life intangible	Finite-life intangibles			
(x 1 million euro)	Note	Goodwill	Brands and customer relationships	Other	Under construction	Total
Cost						
February 18, 2022		-	-	-	-	-
Acquisitions through business combinations	**6.1**	3,802	1,324	30	10	5,165
Additions		-	-	1	6	6
Disposals		-	-	(1)	-	(1)
Reclassification		-	-	1	(2)	(1)
Effect of movements in exchange rates		(3)	(21)	(0)	(0)	(24)
December 31, 2022		**3,799**	**1,302**	**31**	**14**	**5,146**
Amortization and impairment losses						
February 18, 2022		-	-	-	-	-
Amortization for the year	**4.5**	-	(52)	(3)	-	(55)
Disposals		-	-	1	-	1
Effect of movements in exchange rates		-	1	0	-	1
December 31, 2022		**-**	**(51)**	**(2)**	**-**	**(53)**
Carrying amounts						
December 31, 2022		**3,799**	**1,251**	**29**	**14**	**5,093**

Intangible assets under construction contain EUR 11 million of internally generated assets in 2022.

Impairment testing for cash-generating units containing goodwill

The goodwill resulting from the acquisitions disclosed in note 6.1 is preliminary because the purchase price allocation is not completed, and the goodwill is not yet allocated to the underlying cash generating units of the Group. This last step of the purchase price allocation process will be completed as part of the measurement period in 2023. The Group performed the annual impairment review per the reporting date on the consolidated Group’s carrying value of EUR 3,799 million.

The recoverable amount of the Group was determined by discounting the future pre-tax cash flows generated from the continuing use of the Group using a pre-tax discount rate and was based on the following key assumptions:
- Cash flows were projected based on the current operating results and the most recent business plan covering the period 2023-2024. Future cash flows beyond this period were extrapolated using a growth rate which is based on the growth expectation of the local market, these growth expectations are based on research from independent external sources. The growth rates are ranging from 2.4% to 4% and are considered appropriate considering the expected retailer brands market development. The group takes into account sales growth, production efficiency improvements, waste reduction and the cost reduction program which are anticipated to contribute positively to the future cash flows. The Group believes that the business plan period is appropriate to the long-term nature of the business.
- The consolidated pre-tax discount rate is 11.1% and based on the credit risk per country, a weighted average cost of capital applicable to the industry and the Group’s blended tax rate.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources (historical data). The recoverable amount of the consolidated Group was determined to be higher than the carrying value per December 31, 2022.

The preliminary goodwill amount in relation to the purchase of Sunshine Equity B.V. does not yet reflect the foreign currency effect from Goodwill allocation for the period 12 July 2022 to 31 December 2022 as the Goodwill allocation is not completed.

Sensitivity analysis

The impairment test and sensitivity analysis are performed using a business plan significantly in line with the business plan used for the purchase price allocation, therefore, changes to the key assumptions in the impairment test are more likely to indicate sensitivity.

A sensitivity analysis of a 100 basis points adverse change in key assumptions (lower terminal value growth rate or higher pre-tax discount rate respectively) for the consolidated Group did result in a carrying amount that exceeds the recoverable amount by EUR 573 million and EUR 506 million respectively. Without a change in key assumptions, there is a headroom of EUR 592 million. A 100 basis points adverse change in the revenue growth assumption in 2023 and 2024 which aligns it to the terminal value growth rate and did not result in a different outcome from the impairment test. An increase in the pre-tax discount rate from 11.1% to 11.8% or a decrease in the weighted average terminal value growth rate from 3% to 2.5% would result in a recoverable amount that equals the carrying amount for the consolidated Group.

5.4 Non-current financial assets

(x 1 million euro)	Note	December 31, 2022
Non-current investments		
Deposits and other financial fixed assets		36
	3.1	**36**

In non-current financial assets is included the acquisition of Avandis which pertains the amount of EUR 22 million, EUR 5 million related to the revaluation of the insurance assets in relation to workers compensation in North America and EUR 4 million related to net defined benefit asset in respect of the retirement scheme in the UK. The exposure to credit and currency risks related to non-current financial assets is disclosed in notes 3.1.1 and 3.1.3.

5.5 Deferred tax assets and liabilities

The deferred tax assets and liabilities are related to the following account balances:

(x 1 million euro)	Assets	Liabilities	Net
	December 31, 2022	December 31, 2022	December 31, 2022
Property, plant and equipment	0	(396)	(396)
Intangible assets	6	(188)	(182)
Inventories	12	-	12
Trade and other receivables	2	(0)	2
Loans and borrowings	60	(12)	48
Derivatives	-	(26)	(26)
Employee benefits provision	5	(0)	4
Other provisions	54	(1)	52
Current liabilities	58	-	58
Tax attributes	103	-	103
Deferred tax assets / (liabilities)	**299**	**(624)**	**(324)**
Deferred tax asset			1
Deferred tax liability			(325)
Net deferred income tax assets / (liabilities)			**(324)**

On the balance sheet, deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

(x 1 million euro)	February 18, 2022	Reported in profit and loss account	Reported in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Other movements	December 31, 2022
Property plant and equipment	-	8	0	(406)	3	-	(396)
Intangible assets	-	3	-	(188)	3	-	(182)
Inventories	-	6	-	6	(0)	-	12
Trade and other receivables	-	(2)	-	4	(0)	-	2
Loans and borrowings	-	(7)	(12)	67	(0)	-	48
Derivatives	-	(0)	(20)	(6)	-	-	(26)
Employee benefits provision	-	(0)	(1)	6	0	-	4
Other provisions	-	1	(3)	53	0	-	52
Current liabilities	-	1	(0)	57	(0)	-	58
Tax loss carry-forwards	-	11	-	94	(2)	-	103
Deferred tax assets / (liabilities)	**-**	**21**	**(36)**	**(314)**	**4**	**-**	**(324)**

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable future taxable profits will be available against which they can be used. The effects of prior period deferred taxes are recognized in the same balance sheet item where the deferred tax amounts were originally recognized in prior years.

At December 31, 2022 the temporary differences associated with investments in subsidiaries, including potential income tax consequences on dividends, for which no deferred tax liabilities are recognized, aggregate to EUR 461 million.

Tax losses carry-forwards

The Group recognizes deferred tax assets on interest and loss carry forwards to the extent future interest deduction headroom and taxable profits are expected and can be offset with these available interest and losses carried forward. The total carry forwards (both interest and losses) amount to EUR 917 million as at balance sheet date, for which a deferred tax asset is recognized for EUR 103 million. The deferred tax assets relating to interest and loss carry forwards expire in the following years:

(x 1 million euro)	Recognized	Unrecognized
2023	-	1
2024	-	0
After 2024 but not unlimited	8	1
Unlimited	95	85
	103	**87**
Recognized as deferred tax assets		103
Unrecognized		87

Unrecognized tax loss carry forwards relate to interest and tax losses that we do not expect to be utilized in the near future.

5.6 Inventories

(x 1 million euro)	December 31, 2022
Stock of raw materials	191
Stock of packaging materials	159
Stock of finished goods	258
Other inventory	46
	653

Inventory is shown net of a provision for obsolescence of EUR 21 million. The movement of the provision is as follows:

(x 1 million euro)	2022
February 18, 2022	-
Addition through profit or loss	(24)
Write-offs	4
Exchange differences	(0)
December 31	**(21)**

5.7 Trade and other receivables

(x 1 million euro)	Note	December 31, 2022
Trade receivables		515
Lease receivables		0
Other receivables, prepayments and accrued income		85
Other taxes and social security premiums		33
	3.1.1	**634**

Trade receivables is presented net of the factored trade receivables of EUR 188 million.

The exposure to credit and foreign currency risks related to trade and other receivables is disclosed in note 3.1.1 and 3.1.3. All receivables are due within 1 year.

The trade receivables is presented net of the allowance of EUR 1 million. The movement of the allowance is as follows:

(x 1 million euro)	2022
February 18, 2022	-
Addition through profit or loss	(1)
Write-offs	0
Exchange differences	0
December 31	**(1)**

5.8 Cash and cash equivalents

(x 1 million euro)	Note	December 31, 2022
Bank balances		169
Cash and cash equivalents	**3.1.1/3.2**	**169**
Bank overdrafts (included in loans and borrowings)	**5.10**	(1)
Cash and cash equivalents in the consolidated cash flow statement		**168**

The total restricted cash is EUR 12 million. All other cash amounts are available for use by the Group.

The exposure to credit and foreign currency risks related to cash and cash equivalents is disclosed in notes 3.1.1 and 3.1.3.

5.9 Equity

Share capital

Share capital during the period and as at balance sheet date consisted of 100 ordinary, fully paid shares of one class with a nominal value of EUR 0.01 each.

Share premium

As at balance sheet date, the share premium consists of ordinary shares only.

(x 1 million euro)	2022
February 18, 2022	-
Increase share premium	3,484
December 31	**3,484**

Other reserves

The other reserves consist of currency translation reserves, hedging reserves and actuarial gains and losses on pensions. The translation reserve comprises foreign currency differences arising from the translation of foreign operations of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. Actuarial gains and losses reserve comprises of movements in pension liability due to change in actuarial assumptions.

The movement of the other reserves is as follows:

(x 1 million euro)	Hedge reserve Interest rate swaps	Hedge reserve FX instruments	Hedge reserve commodity swaps	Currency translation reserve	Actuarial gains and losses on pensions	Total
February 18, 2022	-	-	-	-	-	-
Changes in cashflow hedge	97	(9)	(0)	-	-	87
Translation results	-	-	-	(8)	-	(8)
Employee benefits remeasurement	-	-	-	-	4	4
OCI minority share	-	-	-	(1)	-	(1)
Tax	(25)	2	0	(0)	(1)	(25)
December 31, 2022	**72**	**(7)**	**(0)**	**(9)**	**3**	**58**

Non controlling interest

The NCI relates to 49% of the shares in North East Retailer Brands LLC (US) and 20% of the shares in JuiSea Shipping B.V. (Europe). A dividend of EUR 8 million was distributed to the holders of the non controlling interest in North East Retailer Brands LLC (US). No dividend was distributed to the holders of the non controlling interest in JuiSea Shipping B.V.

5.10 Loans and borrowings

The interest-bearing loans and borrowings are recognized at amortized cost. The exposure to interest rate, foreign currency and liquidity risks is disclosed in note 3.1. The movement of the capitalized finance costs is disclosed in note 4.7.

Non-current

(x 1 million euro)	Note	December 31, 2022
Syndicated term loan	**3.1.2**	3,366
Revolving credit facility	**3.1.2**	253
Mortgage loan	**3.1.2**	6
Other	**3.1.2**	18
		3,644
Capitalized finance costs		(115)
	3.2	**3,529**

The face value of the syndicated term loan is EUR 3,430 million. The syndicated term loan together with the RCF is referred to as Senior Facilities Agreement dated July 12, 2022. Refer to note 3.1.2 for disclosure of the RCF.

The capitalized finance costs relate to transaction costs made for the refinancing in July 2022 for the acquisition of Refresco Group.

The movement of the syndicated term loan and other loans is as follows:

Movement schedule loans

(x 1 million euro)	2022
February 18	-
Business combinations	2,913
Proceeds	3,680
Repayments long term portion	(2,921)
Interest added to carrying amount	0
Reclassed to short term	(1)
Translation results	(27)
December 31	**3,644**

The repayment of loans and borrowings of EUR 2,922.4 million as included in the cash flow statement relate to repayments of loans and borrowings long-term portion of EUR 2,921 million and short-term portion of EUR 1 million.

Current

(x 1 million euro)	Note	December 31, 2022
Current portion of mortgage loan	**3.1.2**	3
Current portion of other loans		1
	3.2	**4**
Bank overdrafts	**5.8**	1
	3.2	**5**

The terms and conditions of the outstanding loans and notes are as follows:

(x 1 million euro)	Currency	Nominal interest rate %	Repayment	Carrying amount December 31, 2022
Syndicated term loan	EUR	3M EURIBOR + 4.25%	2029	1,530
Syndicated term loan	USD	3M SOFR + 4.25%	2029	1,509
Syndicated term loan	GBP	3M SONIA + 5.25%	2029	327
Revolving credit facility	EUR	EURIBOR + 3%		253
Capitalized finance costs	EUR			(115)
Mortgage loan	GBP	3M GBP LIBOR + 0.75%	2026	9
Other	Various	Various	Various	19
Total interest-bearing liabilities				**3,532**

On July 12, 2022 the Group refinanced its existing syndicated external loan facility (EUR 2,310 million), high yield bonds (EUR 445 million) and revolving credit facility (EUR 70 million) through repaying these debts, and subsequently on the same day entered into a new syndicated external loan facility consisting of a EUR 1,530 million loan facility, USD 1,610 million loan facility and a GBP 290 million loan facility with a duration until July 12, 2029, and a new revolving credit facility of EUR 500 million with a duration until January 12, 2029 of which EUR 253 million was drawn down as per December 31, 2022. The new syndicated external loan is fully secured, which includes secured amounts in repsect of intangible assets (EUR 5,093 million), property, plant and equipment (EUR 2,052 million) and inventories (EUR 653 million) at 31 December 2022.

Mortgage loan

The Group has a mortgage loan from HSBC Bank Plc for construction of the production site in Bridgwater (UK). The real estate of the production site in Bridgwater (UK) is pledged as collateral. A fixed quarterly payment of GBP 0.7 million consists of interest of 3 months GBP Libor plus 0.75% plus MLA costs and the remaining part is redemption. The final repayment date of the mortgage is 2036, but with current forward interest rate the mortgage will be repaid in 2026.

5.11 Contract liability

(x 1 million euro)	December 31, 2022
Contract liability	17
	17
Current	**7**
Non-Current	**11**

The contract liability relates to received prepayments from customers for related goods and services that are not yet transferred and includes received cash and non-cash considerations from GNE brands contracts for the purchase or use of specific equipment required to manufacture products for those customers.

5.12 Employee benefits provision

The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Belgium, Germany, Italy, UK and in US and jubilee plans in the Netherlands, Germany and France. The amount of the benefits depends on age, salary and years of service. Furthermore, the Group has an indemnity plan in France.

The amounts recognized for defined benefit plans in the balance sheet are determined as follows:

December 31, 2022

(x 1 million euro)	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Pension plan Belgium	Pension plan US	Other	Total
Present value of obligation	46	33	45	3	6	6	139
Fair value of plan assets	(46)	(11)	(47)	(3)	(5)	-	(112)
Deficit of funded plans	**-**	**23**	**(3)**	**0**	**1**	**6**	**27**
Present value of unfunded obligations	1	1	-	-	-	1	3
Present value of net obligations	**1**	**23**	**(3)**	**0**	**1**	**7**	**29**
Impact of minimum funding requirement / asset ceiling	-	-	-	-	0	-	0
Present value of net obligations	**1**	**23**	**(3)**	**0**	**1**	**7**	**30**
Present value defined benefit liability							**34**
Present value defined benefit (asset)							**(4)**

Plan assets can be detailed as follows:

(x 1 million euro)	December 31, 2022
Equity instruments	9
Debt instruments	21
Assets held by insurance companies	9
Derivatives	4
Investment funds	14
Cash and cash equivalents	1
Other	54
	112

The debt instruments are plan assets with a quoted market price. The pension plan assets do not include the company's own shares or notes. The category Other consists of the value of qualifying insurance policies.

Movements in the present value of the defined benefit obligations and plan assets

(x 1 million euro)	Note	Defined Benefit obligation	Plan assets	Total	Impact of minimum funding requirement / asset ceiling	Total
Defined benefit obligations as at February 18, 2022		-	-	-		-
Current service costs		1	-	1	-	1
Interest expense/(income)		2	(1)	0	-	0
Administrative expenses		-	0	0	-	0
Cost recognized in income statement	**4,4**	**3**	**(1)**	**1**	**-**	**1**
Return on plan assets		-	13	13	-	13
(Gain)/loss from change in demographic assumptions		0	-	0	-	0
(Gain)/loss from change in financial assumptions		(19)	-	(19)	-	(19)
Experience (gains)/losses		1	-	1	-	1
Change in asset ceiling		-	-	-	0	0
Total remeasurements recognized in OCI		**(17)**	**13**	**(4)**	**0**	**(4)**
				-		
Benefits paid by the plan		(2)	2	-	-	-
Benefit payments from employer		(2)	1	(0)	-	(0)
Employer contributions		-	(3)	(3)	-	(3)
Effect of movements in exchange rates		(1)	1	(0)	-	(0)
Business combinations		161	(125)	36	0	36
Net defined benefit obligations as at December 31, 2022		**141**	**(112)**	**29**	**0**	**30**
Defined benefit liability						**34**
Defined benefit (asset)						**(4)**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately EUR 16 million related to active employees, EUR 64 million related to deferred members and EUR 61 million related to members in retirement.

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages for the main plans):

December 31, 2022

(%)	Netherlands	Germany	France	Italy	UK	Belgium	US
Discount rate	4.1-4.2	4.1-4.3	4.1-4.2	4.0	5.0	4.2	4.3-4.5
Inflation	2.0	2.5	2.0	2.0	3.1	2.0	2.0
Salary growth rate	2.5	2.8	2.3-5.0	n/a	n/a	3.0	n/a
Pension growth rate	0.0	2.3	n/a	n/a	1.7-4.0	n/a	n/a

The assumptions regarding mortality experience are based on actuarial advice and latest available published statistics and mortality tables in each territory. For the Netherlands this was AG Prognose table 2020 Corr. 2019 H7, for Germany Heubeck 2018G, for France TF/TH0002, for Italy IPS55, for the UK 100% S3PXA CMI 2020 1.25% SK 7.5, for Belgium MR-5/FR-5 and for the US Pri-2012/MP2020.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		December 31, 2022
		Impact on Defined benefit obligation
	Change in assumption	(Debit/(Credit)
	%	x 1 million euro
Discount rate	+0.25	5
	-0.25	(5)
Pension growth rate	+0.25	(2)
	-0.25	2
Salary growth rate	+0.25	1
	-0.25	1
Life expectancy	Increase by 1 year	4
	Decrease by 1 year	(4)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

The Group expects that contributions to the defined benefit plans will be EUR 6 million for 2022. The weighted average duration of the defined benefit obligation is 13.4 years.

Expected maturity analysis of undiscounted pension and other defined benefits:

(x 1 million euro)	Less than one year	Year 2	Year 3 up to and including year 5	Year 6 up to and including year 10	Total
Pensions & other	7	7	21	40	75

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets under perform this yield, this will create a deficit. The plan in the UK holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short term volatility can cause additional funding to be required if deficits emerge.
- Changes in bond yields: The plan’s liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the plan holds assets such as equities the value of the assets and liabilities may not move in the same way. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.
- Inflation risk: Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation or inflation increases are only possible after excessive returns on assets).
- Life expectancy: The majority of the plans’ obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans’ liabilities.
- The Group operates unfunded pension and jubilee plans, where the Group meets the benefit payment obligation as it falls due. Future payments depend on salary developments, changes in life expectancy and turnover rates which might result in fluctuations in cash flows.

Multi-employer plan

The Group's employees participate in three multi-employer defined benefit plans: "Stichting Bedrijfstakpensioenfonds voor de Drankindustrie" (an industry-wide plan in the Netherlands), Teamsters Canadian Pension Plan Local 1999 (in Canada) and Teamsters Negotiated Pension Plan Local 688 (in US). These schemes are defined benefit but the Group accounts for the multi-employer plans as if they were defined contribution. This is due to the fact that pension funds are not able to provide the Group with the required Company-specific information to allow the assets and liabilities to be separately identified. Every company participating in the multi-employer plans contribute premium calculated as a percentage of its total pensionable salaries. The pension expense for the multi-employer plan for the fiscal period is equal to the required contribution for that period. In case of a shortfall (or surplus) the Group has no obligation to pay (or receive) any supplementary contributions other than possibly higher (lower) future premiums. The pension rights of each employee are based upon the employee's salary during employment.

5.13 Other provisions

(x 1 million euro)	Note	Restructuring	Strategic partnerships	Other	Total
February 18, 2022		-	-	-	-
Business combinations	**6.1**	5	190	37	232
Provisions made during the period		1	-	20	21
Provisions used during the period		(3)	-	(16)	(19)
Provisions reversed during the period		0	(12)	(4)	(17)
Provisions remeasured during the period		-	(14)	-	(14)
Effect of movements in exchange rates		(0)	(4)	(0)	(5)
December 31, 2022		**3**	**160**	**37**	**200**
Non-current		**-**	**147**	**12**	**159**
Current		**3**	**13**	**25**	**40**

The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The strategic partnerships provision relates to the strategic partnerships with The Coca-Cola Company and PepsiCo entered into in combination with prior acquisitions of production plants and assets from each partner. The provision reflects the contingent consideration which is the difference between the value of the supply agreement at arm’s length margins and the agreed upon margins based on the forecasted volumes. The provision is recognized as revenue during the contract with the customers based on the forecasted volumes. The remeasurement effect of 14 million relates to the discounting impact on the strategic partnership provision and is reflected in finance income in note 4.8.

5.14 Trade and other payables

(x 1 million euro)	December 31, 2022
Trade accounts payable	722
Other taxes and social security premiums payable	62
Other payables and accruals	535
	1,319

The exposure to liquidity and foreign currency risks on trade accounts payable is disclosed in note 3.1.2 and 3.1.3.

6 Supplementary notes

6.1 Business acquisitions

Acquisition of Sunshine Equity B.V.

On July 12, 2022, Pegasus Midco B.V., through Pegasus Bidco B.V., acquired 100% of the shares of Sunshine Equity B.V., a non-listed company based in the Netherlands and specializing in the manufacturing of fruit juices and soft drinks, in which Europe and North America are the most important markets. The Group acquired Sunshine Equity B.V. because the acquistion enables the Group to enter the beverages industry, with the aim to grow the business. The acquisition price amounts to EUR 3,970 million and it was funded by a new syndicated external loan facility consisting of a EUR 1,530 million, USD 1,610 million and GBP 290 million loan facility, and the new revolving credit facility of EUR 153 million. The preliminary accounting for the business combination resulted in a fair value of the identified assets and liabilities at the acquisition date of EUR 225 million and goodwill of EUR 3,745 million. The values of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair values, translated into the respective functional currency of the Group using exchange rates at the dates of acquisitions.

The acquistion date of Sunshine Equity B.V. is July 12, 2022, however because the difference in the consolidated figures of Sunshine Equity B.V. between June 30, 2022 and July 12, 2022 is not material, for consolidation and practical purposes, the consolidated figures of Sunshine Equity B.V. from 30 June 2022 has been consolidated. The impact on Operating profit/(loss) between June 30, 2022 and July 12, 2022 on the consolidated figures of Sunshine Equity is EUR 15.5 million.

Acquisition of Tru Blu Beverages in Australia

On November 30, 2022, Pegasus acquired Tru Blu Beverages Pty Ltd. (“Tru Blu Beverages”), one of Australia’s leading manufacturers of non-alcoholic beverages, for the consideration of EUR 81 million funded by available cash. The acquisition of Tru Blu Beverages in Australia is in line with our strategy to expand our current manufacturing footprint into a third continent. Tru Blu Beverages owns three manufacturing facilities located in Sydney, Brisbane and Perth, supported by a distribution network with warehouses all over Australian capital cities. The preliminary accounting for the business combination resulted in a fair value of the identified assets and liabilities at the acquisition date of EUR 24 million and goodwill of EUR 57 million. The values of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair values, translated into the respective functional currency of the Group using exchange rates at the dates of acquisitions.

Acquisition of Avandis in the Netherlands

On December 31, 2022, Pegasus acquired Avandis for a consideration of EUR 26 million funded by available cash. The acquisition expanded our manufacturing capabilities in the alcohol category with the production facility in the Netherlands complementing the existing capabilities in Europe. The acquisition price of Avandis is included in the balance sheet for the year ended 31 December 2022 within non-current financial assets (EUR 22 million) and within the cash and cash equivalents balance as restricted cash (EUR 4 million).

Goodwill arising on acquisition

6.1 Consideration transferred

(x 1 million euro)	Sunshine Equity BV	Refresco Australia Pty Ltd	Avandis BV	Total
Acquisition price paid	3,970	81	26	4,077
Consideration paid in cash	**3,970**	**81**	**26**	**4,077**
Less: cash and cash equivalent balances acquired	(337)	(1)	(4)	(343)
(Future) Net movement in cash	**3,632**	**80**	**22**	**3,734**

Cash paid for acquisition of subsidiary of EUR 3,734 million, as included in the cash flow statement, relate to consideration paid in cash during the current financial period of EUR 4,077 million.

The following table summarizes the fair value of assets and liabilities acquired at the acquisition dates (provisional purchase price allocation). If estimates of fair values of assets and liabilities will change materially because additional information becomes available within 12 months after the acquisitions, the Group will adjust the carrying amounts and adjust the corresponding goodwill.

(x 1 million euro)		Sunshine Equity BV	Refresco Australia Pty Ltd	Avandis BV	Total
Values as per		July 12, 2022	November 30, 2022	December 31, 2022	
Non-current assets					
Property, plant and equipment	**5.1**	2,022	38	-	2,060
Right-of-use assets	**5.2**	411	28	-	438
Goodwill	**5.3**	-	-	-	-
Brands and customer relationships	**5.3**	1,324	-	-	1,324
Other intangible assets	**5.3**	40	-	-	40
Non-current financial assets	**3.1.1/5.4**	13	-	22	35
Derivative financial instruments	**3.1.2/3.3**	25	-	-	25
Deferred income tax	**5.5**	12	3	-	15
					-
Current assets					-
Inventories	**5.6**	676	18	-	694
Derivative financial instruments	**3.1.1/3.3**	12	-	-	12
Current income tax receivable		12	0	-	12
Trade and other receivables	**3.1.1/5.7**	707	28	-	735
Cash and cash equivalents	**3.1.1/5.8**	337	1	4	343
Assets classified as held for sale		2	-	-	2
					-
Non-current liabilities					-
Loans and borrowings	**5.10**	(2,902)	(11)	-	(2,913)
Lease liability	**5.2**	(293)	(22)	-	(315)
Derivative financial instruments	**3.1.2/3.3**	-	-	-	-
Contract liability	**5.11**	(8)	-	-	(8)
Employee benefits provisions	**5.12**	(36)	(0)	-	(36)
Other provisions	**5.13**	(188)	-	-	(188)
Deferred income tax	**5.50**	(324)	(4)	-	(328)
					-
Current liabilities					-
Loans and borrowings	**5.10**	(4)	(15)	-	(20)
Lease liability	**5.2**	(109)	(6)	-	(115)
Derivative financial instruments	**3.3**	(1)	-	-	(1)
Contract liability	**5.11**	(5)	-	-	(5)
Trade and other payables	**5.14**	(1,425)	(31)	-	(1,456)
Current income tax liabilities		(19)	-	-	(19)
Other provisions	**5.13**	(43)	(2)	-	(45)
					-
Minority interest		(9)	-	-	(9)
Fair value of identifiable net assets acquired		**225**	**24**	**26**	**275**

The values of assets, liabilities, and contingent liabilities recognized on acquisition date are their estimated fair values, if applicable, translated into the respective functional currency of the Group at exchange rates at the dates of acquisitions. The gross value of the trade receivables amounts to EUR 626 million, the allowance for doubtful debt is EUR 8 million and the balance being the fair value amount of EUR 616 million. It is expected that the full contractual amounts can be collected. The goodwill of EUR 3,802 million comprises the value of expected future growth from the expected synergies arising from well-established network relationships and operational expertise to support the future growth of the Group. The goodwill recognized is expected to be deductible for income tax. The transaction costs related to the acquisitions are EUR 52 million and are included in the other operating expenses line item on the face of the income statement.

Goodwill arising on acquisition

(x 1 million euro)		Sunshine Equity BV	Refresco Australia Pty Ltd	Avandis BV	Total
Consideration transferred		3,970	81	26	4,077
Less: fair value of identifiable net assets acquired		(225)	(24)	(26)	(275)
Goodwill arising on acquisition	**5.3**	**3,745**	**57**	**(0)**	**3,802**

Impact of acquisition on the results of the Group

The results of Sunshine Equity B.V. are consolidated in the results of Pegasus Midco B.V. as of July 12, 2022. The revenue for Group for the year ended December 31, 2022 includes EUR 2,870 million in respect of Sunshine Equity B.V. The result of the Group for the year ended December 31, 2022 includes a loss of EUR 142 million.

The results of Tru Blu Beverages are consolidated in the results of Pegasus Midco B.V. as of November 30, 2022. The revenue for Group for the year ended December 31, 2022 includes EUR 18 million in respect of Tru Blu Beverages. The result of the Group for the year ended December 31, 2022 includes a loss of nill.

The results of Avandis are consolidated in the results of Pegasus Midco B.V. as of December 31, 2022. The revenue and result for the Group for the year ended December 31, 2022 does not include an amount in respect of Avandis.

Refer to note 7 pro-forma financial information for the revenue and result of the Group for the period February 18, 2022 till December 31, 2022, including 12 months of Refresco Group.

6.2 Commitments and contingent liabilities

Off balance sheet purchase, investment and lease commitments

(x 1 million euro)	Less than one year	One to five years	More than five years	Total December 31, 2022
Property, plant and equipment / lease commitments	98	5	16	119
Raw materials, packaging and utilities	1,249	1,131	759	3,139
	1,347	**1,136**	**775**	**3,258**

The off balance sheet commitments as per December 31, 2022 is related to committed raw materials volumes and purchase prices following global market trends.

Contingent liabilities

The total restricted cash is disclosed in note 5.8.

The Group has several facilities for issuing letters of credit and local overdraft facilities for cash pool purposes. As at balance sheet date, there was EUR 3 million in open letters of credit and EUR 25 million of guarantee facilities.

The Company forms a fiscal unity for income tax purposes with Pegasus Bidco B.V., Sunshine Equity B.V., Refresco Group B.V., Sunshine Mid B.V., Refresco Holding B.V., Refresco Europe B.V., Refresco Benelux B.V., Refresco Benelux FinCo B.V., Refresco Americas B.V., and Refresco Asia-Pacific B.V. The Company also forms a fiscal unity for VAT purposes with Pegasus Bidco B.V., Refresco Group B.V., Sunshine Mid B.V., Refresco Holding B.V., Refresco Europe B.V., and Refresco Asia-Pacific B.V. In accordance with the standard conditions. The Company and the subsidiaries that are part of the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity.

A limited number of claims have been filed against the Company and Group companies, which the Company disputes. Although the outcome of these disputes cannot be predicted with any certainty, it is expected, partly on the basis of legal advice, that these will not have any significant impact on the Company's financial position and results.

Assumptions of liability pursuant to section 403, Book 2 of the Dutch Civil Code are disclosed in note 3 in the company financial statements.

6.3 Related parties

Identification of related parties

Pegasus HoldCo B.V. and the subsidiaries included in note 3.1 of the company financial statements are considered to be related parties. Other identified related parties are senior management of the Group, members of Executive Board and members of the Supervisory Board. The transactions with these related parties relate primarily to the shareholding and remuneration. Pegasus HoldCo B.V. is the management company of the investors in Pegasus Group and is not part of the consolidated accounts.

Personnel compensation and transactions with Executive and Supervisory Board Members

Executive Board personnel compensation and transactions

In accordance with the terms of the plan, members of the Executive Board retire at age 67.

Compensation of the Executive Board and Executive Committee members was EUR 4 million, which is as follows:

- Short-term employee benefits - EUR 3 million

- Post-employment benefits - EUR 0 million

- Other long-term benefits - EUR 1 million

As of October 1, 2022, Mrs. Martha Zandbergen joined Pegasus's Executive Committee as Chief People and Legal Officer. The roles and responsibilities of the Executive Board and Executive Committee are presented on page 28.

Supervisory Board compensation and transactions

The remuneration for Supervisory Board members was EUR 0 million.

Transactions with related parties

The transactions with related parties are as follows:

(x 1 million euro)	February 18 to 31 December, 2022
Transactions related to advisory services	2
	2

Transactions with related parties are priced on an arm's length basis.

6.4 Subsequent events

No subsequent events to be disclosed.

7 Pro-forma financial information

As disclosed in note 6, Refresco Group has been consolidated by Pegasus Midco B.V. as from acquisition date July 12, 2022. To illustrate the effects of the acquisition to the results of operations and financial positions of Pegasus Midco B.V. and to facilitate the comparability of the consolidated financial statements, Pegasus Midco B.V. has prepared the following unaudited pro-forma financial information.

7.1 Consolidated income statement - pro-forma

	Audited	*Unaudited*	*Audited*
	February 18 to 31 December, 2022[1]	2022[2]	2021[3]
(x 1 million euro)		Pro-forma	
Revenue from contracts with customers	**2,870**	**5,458**	**4,241**
Other income	1	1	3
Raw materials and consumables used	(1,602)	(2,995)	(2,237)
Employee benefits expense	(436)	(811)	(647)
Depreciation, amortization and impairments	(261)	(453)	(324)
Other operating expenses	(655)	(1,214)	(825)
Operating profit / (loss)	**(83)**	**(13)**	**211**
Finance income	18	16	1
Finance expense	(149)	(208)	(123)
Net finance costs	**(131)**	**(193)**	**(122)**
Profit / (loss) before income tax	**(215)**	**(206)**	**89**
Income tax (expense) / benefit	12	3	(27)
Profit / (loss)	**(203)**	**(203)**	**61**
Profit / (loss) attributable to:			
Owners of the Company	(209)	(209)	52
Non-controlling interest	7	7	9
Profit / (loss)	**(203)**	**(203)**	**61**

[1] This column includes the audited consolidated income statement of Pegasus Midco B.V. for the period February 18, 2022 till December 31, 2022.
[2] This column includes the unaudited consolidated income statement of Pegasus Midco B.V. for the period February 18, 2022 till December 31, 2022, including 12 months of Refresco Group.
[3] This column includes the audited consolidated income statement of Refresco Group B.V. for the period January 1, 2021 till December 31, 2021.

7.2 Consolidated balance sheeet - pro-forma

	Audited 2022[1]	Audited 2021[2]
(x 1 million euro)		
Assets		
Property, plant and equipment	2,054	1,348
Right-of-use assets	393	398
Goodwill	3,799	1,783
Brands and customer relationships	1,251	410
Other intangible assets	43	21
Non-current financial assets	36	11
Derivative financial instruments	124	-
Deferred income tax	1	2
Total non-current assets	**7,700**	**3,973**
Inventories	653	481
Derivative financial instruments	-	2
Current income tax receivable	7	3
Trade and other receivables	634	485
Cash and cash equivalents	169	487
Assets classified as held for sale	0	2
Total current assets	**1,464**	**1,460**
Total assets	**9,164**	**5,433**
Liabilities		
Loans and borrowings	3,529	2,698
Lease liability	296	303
Derivative financial instruments	-	14
Contract liability	11	14
Employee benefits provisions	34	57
Other provisions	159	66
Deferred income tax	325	117
Total non-current liabilities	**4,354**	**3,270**
Loans and borrowings	5	4
Lease liability	93	117
Derivative financial instruments	2	-
Contract liability	7	5
Trade and other payables	1,319	1,055
Current income tax liabilities	2	8
Other provisions	40	14
Total current liabilities	**1,468**	**1,203**
Total liabilities	**5,822**	**4,473**
Equity		
Issued share capital	0	0
Share premium	3,484	1,006
Other reserves	58	13
Retained earnings	(209)	(67)
Equity attributable to equity holders of the Company	**3,333**	**953**
Non-controlling interests	9	7
Total equity	**3,342**	**960**
Total equity and liabilities	**9,164**	**5,433**

[1] This column includes the audited consolidated balance sheet of Pegasus Midco B.V. as per December 31, 2022.
[2] This column includes the audited consolidated balance sheet of Refresco Group B.V. as per December 31, 2021.

Company income statement

For the financial year ended December 31

(x 1 million euro)	Note	February 18 to 31 December, 2022
Share in results from participation interest after taxation	**3.1**	(209)
Profit / (loss)		**(209)**

Company balance sheet

(After appropriation of result)

(x 1 million euro)	Note	December 31, 2022
Assets		
Financial fixed assets	**3.1**	3,333
Total non-current assets		**3,333**
Total assets		**3,333**
Equity		
Issued share capital		0
Share premium		3,484
Legal reserves		58
Retained earnings		(209)
Total equity attributable to equity holders of the company	**3.2**	**3,333**
Total equity and liabilities		**3,333**

Notes to the company financial statements

1 General

The financial statements of Pegasus Midco B.V. or 'the Company' are included in the consolidated financial statements of the Group.

2 Significant accounting policies

The Company makes use of the option provided in section 2:362 (8) of the Dutch Civil Code Title 9, Book 2, under which the principles for the recognition and measurement of assets and liabilities and for determination of the result of the Company financial statements are the same as those applied for the consolidated financial statements (hereinafter referred to as principles for recognition and measurement). In these separate financial statements investments in subsidiaries are accounted for using the equity method.

Participating interests over which control is exercized are carried on the basis of net asset value. The share in the result of participating interests represents the Company's share in the result of these participating interests. To the extent that they are deemed to be unrealized, results are not recognized on transactions between the Company and its participating interests and mutually between participating interests themselves. The Company makes use of the option to eliminate intercompany expected credit losses against the book value of loans and receivables to Group companies, instead of elimination against the investments in Group companies.

3 Notes to the company balance sheet and income statement

3.1 Financial fixed assets

Financial fixed assets consist of participating interests in Group companies. The movements in the participating interests in Group companies were as follows:

(x 1 million euro)	2022
February 18	**-**
Business combination	**3,484**
Share in result of participating interests	(209)
Reserves	58
December 31	**3,333**

Pegasus Midco B.V. owns directly or indirectly the following subsidiaries as at balance sheet date:

Company	Statutory seat	Note	2022
Consolidated companies			
Pegasus Bidco B.V.	Rotterdam (The Netherlands)	1	100%
Sunshine Equity B.V.	Rotterdam (The Netherlands)	1/2	100%
Refresco Group B.V.	Rotterdam (The Netherlands)	1/2	100%
Sunshine Mid B.V.	Rotterdam (The Netherlands)	1/2	100%
Refresco Holding B.V.	Rotterdam (The Netherlands)	1	100%
Refresco Europe B.V.	Rotterdam (The Netherlands)	1	100%
Refresco Americas B.V.	Rotterdam (The Netherlands)	1	100%
Refresco Asia Pacific B.V.	Rotterdam (The Netherlands)	1	100%
Refresco Benelux B.V.	Maarheeze (The Netherlands)	1	100%
Refresco Benelux FinCo B.V.	Rotterdam (The Netherlands)	1	100%
JuiSea Shipping B.V.	Rotterdam (The Netherlands)		80%
Refresco N.V.	Ninove (Belgium)		100%
Avandis B.V.	Zoetermeer (The Netherlands)	1	100%
Avandis C.V.	Zoetermeer (The Netherlands)		100%
Refresco Australia Holding Pty Ltd	Condell Park (Australia)		100%
Refresco Australia Pty	Condell Park (Australia)		100%
Refresco Iberia S.A.	Valencia (Spain)		100%
Verwaltungsgesellschaft EMIG mbH	Rellingen (Germany)		100%
Refresco Deutschland Services & IT GmbH	Mönchengladbach (Germany)		100%
Refresco Deutschland Holding GmbH	Mönchengladbach (Germany)		100%
Refresco Hamburg GmbH	Mönchengladbach (Germany)		100%
Refresco Calvörde GmbH	Mönchengladbach (Germany)		100%
Refresco Deutschland GmbH	Mönchengladbach (Germany)		100%
Logico GmbH & Co KG	Mönchengladbach (Germany)		100%
HANSA-HEEMANN AG	Rellingen (Germany)		100%
Fürst Bismarck Quelle GmbH	Rellingen (Germany)		100%
HANSA Mineralbrunnen GmbH	Rellingen (Germany)		100%
HANSA-HEEMANN Vertriebsgesellschaft GmbH	Rellingen (Germany)		100%
Lehja Personalmanagement GmbH	Rellingen (Germany)		100%
Jakobus Getränke GmbH	Rellingen (Germany)		100%
EFG-Getränke GmbH	Rellingen (Germany)		100%
Refresco Finland Holding O.Y.	Kuopio (Finland)		100%
Refresco Finland O.Y.	Kuopio (Finland)		100%
Ferskur France S.A.S.	Marges (France)		100%
Refresco France S.A.S.	Marges (France)		100%
J.& C. S.A.S.	Crolles (France)		100%
Pride Foods Ltd.	Bridgwater (UK)		100%
Quantock Properties Ltd.	Bridgwater (UK)		100%
Refresco Beverages UK Ltd.	Bridgwater (UK)		100%
Gerber Emig Group Ltd.	Bridgwater (UK)		100%
Yorkshire Spring Mineral Water Holdings Ltd.	Bridgwater (UK)		100%
Yorkshire Spring Mineral Water Company Ltd.	Bridgwater (UK)		100%
Yorkshire Spring Water Ltd.	Bridgwater (UK)		100%
Refresco Financing UK 001 Ltd.	Bridgwater (UK)		100%
Refresco Financing UK 002 Ltd.	Bridgwater (UK)		100%
Refresco Drinks UK Ltd.	Kegworth (UK)		100%
Refresco Developments Ltd.	Kegworth (UK)		100%
TT Calco Ltd.	Kegworth (UK)		100%

Note:

1) Pursuant to section 403, Book 2 of the Dutch Civil Code Pegaus Midco B.V. has issued a 403 liability statement for these companies. Pursuant to section 403, Pegasus Midco B.V. has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries

2) As per January 2023 the entities Sunshine Equity B.V., Refresco Group B.V. And Sunshine Mid B.V. were merged into Pegaus Bidco B.V.

Company	Statutory seat	Note	2022
Consolidated companies			
Refresco Poland Sp. z o.o.	Kety (Poland)		100%
Refresco Sp. z o.o.	Kety (Poland)		100%
Refresco Italy S.p.A.	Cadorago (Italy)		100%
Spumador S.p.A.	Cadorago (Italy)		100%
Refresco US Holding Inc.	Tampa, Florida (US)		100%
Northeast Retailer Brands LLC	Tampa, Florida (US)		51%
Refresco Beverages US Inc.	Tampa, Florida (US)		100%
Arizona Production & Packaging LLC	Tempe, Arizona (US)		100%
Refresco Canada Inc.	Mississauga, Ontario (Canada)		100%
RG Refresco Group Holding SA de CV	Puebla (Mexico)		100%
RG Refresco Embotelladora Mexico SA de CV	Ciudad de Mexico (Mexico)		100%
Non- consolidated companies			
Entsorgungsgesellschaft mbH Neues Land	Calvörde (Germany)	**3**	40%
Stichting JuicyChain	Rotterdam (The Netherlands)	**3**	n/a

Note:
3) The Non-consolidated companies are not material for the financial statements of Pegasus Midco B.V.

3.2 Equity

For details on equity, a reference is made to note 5.9 of the consolidated financial statements.

Legal reserves include hedge reserve interest rate swaps, hedge reserve FX instruments, hedge reserve commodity swaps, currency translation reserve and capitalized development costs. The capitalized development costs legal reserve amount to EUR 12 million.

3.3 Remuneration

For the remuneration to the Executive Board a reference is made to note 6.3 of the consolidated financial statements. The Company does not employ personnel.

3.4 Independent auditor's fees

With reference to Section 2.382a(1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by Ernst & Young Accountants LLP (EY LLP) and their network inside and outside the Netherlands to the Company, its subsidiaries and other consolidated entities:

(x 1 million euro)			2022
	EY LLP	**Network**	**Total**
Statutory audit of financial statements	1	2	3
	1	**2**	**3**

There were no non-audit fees for EY during the period.

3.5 Appropriation of result

The General Meeting has the authority to allocate the results by adoption of the annual accounts. The result for the year is added to the retained earnings in accordance with the proposal to the General meeting.

Rotterdam, March 23, 2023

Executive Board and Executive Committee members

J.H.W. Roelofs – Chief Executive Officer
B. McFarland – Chief Financial Officer
B. Goist – Chief Operating Officer North America
D. Schulz – Chief Operating Officer Europe
V.D.J. Delozière – Executive Director Strategic Projects

C.M.L. Michielsen – Chief Procurement Officer
C. R. Häusler - Chief Manufacturing Officer
M. Zandbergen - Chief People and Legal Officer

Supervisory Board

J.M. Cunningham
K.P. Casey
R.J. Golden
S. Malik
J.F. Remedios
F.J.M.P. Stévenin

Other information

Statutory provision with respect to appropriation of result

The General Meeting has the authority to allocate the profits determined by adoption of the annual accounts.

Independent auditor's report

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Pegasus MidCo B.V. based in Rotterdam, The Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

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

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2022
- The following statements for 2022: the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information (the pro-forma financial information in the notes of the financial statements are unaudited)

The company financial statements comprise:

- The company balance sheet as at 31 December 2022
- The company income statement for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Pegasus MidCo B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section Risks and risk management of the executive board report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.17 to the financial statements including purchase price allocations relating to acquisitions.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. Our understanding of the business forms a source in our fraud risk assessment process.

Pegasus MidCo B.V. has customer specific contracts, that differentiate between contract manufacturing and retailer brands.

These conditions give rise to management accelerating revenues by applying incorrect delivery terms or through top side journal entries. In addition, the company has sales promotions-related agreements with certain customers whereby discounts and rebates are provided according to the (forecasted) quantity of goods sold and applicable contract terms. A risk exists those accruals for sales promotions recorded by management are not complete.

As part of our procedures we obtained contracts with counterparties and assessed if the terms and conditions matched the IFRS 15 revenue recognition requirements. We also assessed whether the required sales related accruals have been recognised. We have used data analytics, to focus our audit procedures on high risk journal entries and/or non-standard revenue entries. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk. The risk of fraud in revenue recognition did however not require significant auditor's attention during our audit.

The following fraud risk identified did require significant attention during our audit

Fraud risk: Acquisitions

Fraud risk	In 2022 the company completed the acquisition of Sunshine Equity B.V. As of 31 December 2022, the company has completed the (preliminary) acquisition accounting for the acquisition. Auditing purchase price allocations is complex and judgmental, due to the estimation required in determining the fair value of the acquired assets and liabilities measured at fair value. Auditing these judgments involved complex auditor judgment. The executive board is in the unique position to override controls and has incentives and opportunity to misrepresent fair values and estimates that involve significant management judgment.
Our audit approach	We evaluated management's process and methodology applied related to the provisional purchase price allocation. We have tested the allocation against the applicable IFRS standards and purchase agreements and assessed whether the correct accounting treatment has been applied. Given the complexity around this topic, Pegasus has used a valuation specialist to assist them in assessing the fair value of certain (in)tangible fixed assets. We have involved our own specialists and obtained an understanding of the nature, scope and objectives of the specialist's work through reading the terms of the engagement agreement between the entity and the valuation specialist. In addition we have evaluated the competences, capabilities and objectivity of the management specialist. We have tested/ evaluated the identified fair values of the assets and liabilities acquired, and assessed the underlying valuation assumptions. To test goodwill and intangibles, we tested the model's mathematical accuracy and the completeness and accuracy of the underlying data used in it. We compared the sales growth rate and discount rate assumptions to historical results and external data, such as external market growth and discount rate expectations. We also compared the cash flow projections used in the value-in-use model to the approved budgets and evaluated their historical accuracy. In addition, we have tested the supporting calculations for mathematical accuracy. We also evaluated the adequacy of the disclosure of these acquisition in the financial statements.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, regional directors and the supervisory board.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section Going concern in Note 2.1 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

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

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and Performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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

Rotterdam, 23 March 2023

Ernst & Young Accountants LLP

signed by I.H.G. Hengefeld

Additional information

Contact us

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OUR MANUFACTURING LOCATIONS

AUSTRALIA
- Brisbane, QLD
- Perth, WA
- Sydney, NSW

BENELUX
- Bodegraven
- Hoensbroek
- Maarheeze
- Ninove
- Sittard
- Zoetermeer

CANADA
- Calgary, AB
- Mississauga, ON
- Pointe-Claire, QC
- Surrey, BC

FINLAND
- Kuopio

FRANCE
- La-Roche-sur-Foron
- Le Quesnoy
- Margès
- Nissan-lez-Enserune
- Nuits St. Georges
- St. Alban

GERMANY
- Aumühle
- Bruchsal
- Calvörde
- Erftstadt
- Grünsfeld
- Herrath
- Lehnin
- Löhne
- Trappenkamp

IBERIA
- Alcolea
- Marcilla
- Oliva
- Sevilla
- Tafalla

ITALY
- Caslino al Piano
- Recoaro Terme
- San Carlo Spinone
- Sulmona
- Quarona Sesia

MEXICO
- Puebla, MX

POLAND
- Kety
- Kozietuly
- Slemien

UNITED KINGDOM
- Bondgate
- Bridgwater
- Kegworth
- Macduff
- Milton Keynes
- Nelson

UNITED STATES
- Carlisle, OH
- Columbus, GA
- Concordville, PA
- Dade City, FL
- Dunkirk, NY
- Evansville, IN
- Fontana, CA
- Fort Gibson, OK
- Fort Worth, TX
- Greendale, IN
- Greer, SC
- Joplin, MO
- Lakeland, FL
- Paw Paw, Michigan
- San Antonio, TX
- San Bernardino, CA
- Sikeston, MO
- St. Louis, MO
- Tampa, FL
- Tempe, AZ
- Truesdale, MO
- Waco, TX
- Walla Walla, WA
- Wharton, NJ
- Wilson, NC

Glossary

Non-IFRS measures are provided because they are closely tracked by management to evaluate Pegasus's operating performance and to make financial, strategic and operating decisions.

Adjusted EBITDA

Operating profit before depreciation, amortization and impairments (=EBITDA), excluding exceptional items related to acquisitions, refinancing and other one-off items.

Adjusted net profit

Net profit excluding the effects of certain exceptional items. Such adjustments relate primarily to substantial one-off restructurings, costs relating to acquisitions or disposals, refinancing and related tax effects.

Capital employed excluding goodwill

Capital employed excluding goodwill is calculated as the total non-current assets excluding goodwill plus the working capital minus the Employee benefits provision.

EBITDA

Operating profit before depreciation, amortization and impairments.

Great Place to Work

This is a methodology process adopted by businesses to measure employee engagement.

Gross profit margin per liter

Gross profit margin per liter produced divided by volume. The gross margin used for calculation includes freight charges and other cost of sales.

Net debt

Defined as long-term borrowings plus short term borrowings less cash and cash equivalents.

Operating cash flow

We use operational cash flow to monitor cash generation. It is defined as operating income excluding depreciation and amortization, adjusted for the change in operating working capital and capital expenditures.

Operating income

Operating income is defined in accordance with IFRS and includes the relevant exceptional items.

Refresco Group

In this Annual report Pegasus Midco B.V. and its subsidiaries are collectively referred to as Pegasus Group or the Company or the Group.

Volume

Volume is defined as number of liters sold.

Forward-looking statements

Certain statements in this document are not historical facts and are or are deemed to be 'forward-looking'. The Company's prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; 'may', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'foresee', 'will','could', 'may', 'might', 'believe' or 'continue' or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward- looking statements are not guarantees of future performances.

Factors, risk and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions; future prices and demand for the Group's products and demand for the Group's customers' products; future expansion plans and capital expenditures; the Group's relationship with, and conditions affecting, the Group's customers; competition; weather conditions or catastrophic damage; and risks relating to global economic conditions and the global economic environment. Forward-looking statements speak only as of the date of this document.

The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward- looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

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Our drinks on every table