Sligro Food Group N.V.

Press release
Result improvement in 2024

The operating result (EBIT) increased by €28 million to €43 million and profit rose from €6 million to €24 million. We succeeded in achieving a pleasing improvement in our result in a challenging market characterised by volume pressures and high cost inflation.

Koen Slippens, CEO

"At the start of the year, it was quickly apparent to us that market conditions would remain challenging, meaning that a strong focus on efficiency and cost reduction would be needed. Long-term high inflation led to restraint in consumer spending, which in turn put pressure on our customers' volumes and, by extension, our volumes. Cost inflation was sharp, but through enhanced efficiency and focus, we were able to absorb the substantial increase in our procurement costs.

Due to pressure on their revenue model, our customers understandably looked even more closely at our performance as a supplier. So a great deal of attention was focused this year on meeting the required standard in our basic operations and making improvements wherever possible. We executed this very successfully in the Netherlands, and we will continue to give full attention in the coming period to supporting our customers in the challenges they experience. The processes to integrate and optimise the logistics of our overall infrastructure in Belgium that we started in the autumn of 2023 continued into 2024, finally reaching completion at around the mid-year mark.

Our operational performance suffered in this phase, costing us customers and revenue. Today, though, our operations, management, control and infrastructure in Belgium are now at the level we have successfully applied in the Netherlands for many years. Based on the feedback we received from customers after the summer, we can be confident about 2025.

Through our vigilant focus on cost control in particular, we achieved a solid improvement in our operating result. The free cash flow was once again positive and the group's financial position developed positively once again. Based on that result and our dividend policy, we propose a dividend for 2024 of €0.40 per share. Having already paid an interim dividend of €0.30 per share in 2024, a final dividend of €0.10 per share remains.

For us, 2025 is all about healthy revenue growth, against the trend, because we want to outperform general market growth in both countries. Operations are firmly in place in both countries and we see plenty of opportunities but, at the end of the day, the financial result is what counts. This is appropriately reflected in our theme for this year: **Results count**!"

Key figures

x € million	2024	2023
Revenue	2,890	2,859
Revenue growth (%)	1.1	15.2
Organic revenue growth (%)	1.1	8.8
Gross operating result (ebita)	138	137
Operating result before amortisation (ebita)	69	70
Operating result (ebit)	43	15
Net profit	24	6
Free cash flow	29	34
Net invested capital	883	866
Net interest-bearing debts	459	450
Earnings per share (x € 1)	0.54	0.14
Dividend per share (x € 1)	0.40	0.30

Integration project in Belgium

Last year, after the summer, we decided to change how we managed our Belgian operations and move toward a BeNe organisation. That rationalisation allowed us, on balance, to eliminate more than 150 positions across the Netherlands and Belgium. In addition, we optimised the logistics infrastructure and migrated almost all sites to the systems that we have also used successfully in the Netherlands for many years. The product ranges and prices, where relevant, are geared towards the Belgian market and fully harmonised within Belgium so that the supply chain can respond quickly to customer needs within the national borders. The supply of products is largely centralised through our central distribution centre in Veghel, which works well for both countries given its geographical location. All transitions in this area were completed in 2024 and are now operating as planned.

ERP and digital development

In terms of our IT transition, 2024 was a year of consolidation. On the one hand, after pausing the SAP roll-out, we focused on creating operational stability and switched in most of our network to the technology we have been using in the Netherlands for many years. That resulted in a situation in which we could evaluate and rethink the route forward in relative calm. Together with SAP, we have formulated a new forward-looking plan. Within that framework, 2025 will still largely be devoted to researching, designing and constructing the solution, with the actual roll-out following from 2026 onwards.

ESG

In 2024, we worked with a large number of colleagues and several external consultants to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD) in our reporting. We chose the themes most relevant to Sligro Food Group based on our double materiality analysis and stakeholder engagement and adapted our reporting structure accordingly. The Sustainability Statement reflects the results of these efforts. In addition to the huge amount of focus and time devoted to complying with the reporting requirements, Sligro Food Group's operation fortunately also continued to make improvements in sustainability in real terms. That, after all, is what generates the greatest societal and environmental benefit.

Revenue growth

The first half of the year was characterised by a strong focus on operational stability and cost control. Despite operating in a market where volumes are under pressure, we are also eager to achieve growth, although we realize that this is difficult under these market conditions. The majority of our larger customers still have long-term agreements with us, and we even agreed to renew the current contracts with some of our key customers this year. In addition, we instructed our sales colleagues, also in collaboration with our partner Heineken, to focus on customer acquisition and upselling, in order to achieve growth in the regions. To boost revenues in cash-and-carry as well, we launched a campaign on the radio and on social media.

Results

In both the Netherlands and Belgium, the improvement in the result was mainly due to cost savings. In Belgium, we did incur one-off costs for integration activities needed to build a base for further growth and profitability improvement. Part of the group's improvement in results relative to the previous year can be explained by the impairment of software and assets that we recognised last year.

Gross profit as a percentage of revenue fell. That decline was caused by strong and predicted growth in the revenue from tobacco products, which had a negative effect on the overall gross profit margin due to the very low gross profit margin on these products. If we disregard the revenue from tobacco products, we actually see a slight increase in gross profit as a percentage of revenue. This is partly due to improvements in our procurement conditions, supported further by additional centralisation and combined procurement for the Netherlands and Belgium. We used part of that improvement to cushion price increases to our customers in times of high inflation.

Costs as a percentage of revenue, including depreciation and amortisation, reduced in comparison to the previous year. The decrease in the percentage was influenced by the strong increase in tobacco product sales, but even after applying a correction for that distortion, we still achieved a decrease in costs despite generally high cost inflation.

High inflation right from the start of the year meant that keeping our costs in check was even more challenging. On average, collective labour agreement and wage increases and price increases for rent, energy and outsourced services including transport, led to a cost increase of over 5%.

At the beginning of 2024, we acquired transport-related assets and staff from Simon Loos. As a result, we directly control a larger portion of our transport to customers and therefore employ our own drivers. This meant our distribution expenses decreased by €24 million, €20 million of which was attributed to employee expenses and €4 million to depreciation and interest. We are very pleased with the integration of Sligro Food Group Transport. It gives us control over the 'last mile' and will accelerate growth of the electric fleet. The collaboration with external transport partners is going well and we were able to achieve cost neutrality in the first year of integration.

Amortisation expenses decreased due to the impairment recognised on software in 2023 and the revised economic useful life estimate for the SAP development, based on new plans.

Investments and working capital

Net investments reduced to €38 million or 1.3% of revenue in 2024. We invested €55 million in the Netherlands and Belgium, spending the funds on converting our cash-and-carry outlets and making them more sustainable in line with our 3.0 concept and on modifications, sustainability measures and replacements at our delivery service and production sites, 26 new electric trucks, and our online platform and software for the existing systems. The divestments, amounting to €17 million, related mainly to sale & leaseback of part of the transport-related assets acquired from Simon Loos and the Sligro-M premises in Liège. In addition, further properties that we no longer use were sold.

Our net working capital position increased compared to the previous year, and working capital also increased slightly when measured as days of revenue. This is mainly due to a number of specific positions in our working capital, which, due to calendar timing at the turn of the year, have a strong influence on that position.

Free cash flow was again strong at €29 million and was used for the acquisition of transport-related operations, the interim dividend payment and debt repayments.

Supervisory Board changes

The second term of office of Mr Gert van de Weerdhof as a member of the Supervisory Board of Sligro Food Group will end during the Annual General Meeting held on 14 May 2025.

On this date, Mr Jan van Dam (53, Dutch nationality) will be nominated for appointment to the Supervisory Board of Sligro Food Group. Mr Van Dam has held the position of CEO of Dutch Flower Group since January 2021. From 1996 to 2019, he held various national and international positions at Ahold Delhaize. Ms Angelique de Vries will take over as chair of the Remuneration and Appointments Committee (R&AC) as of this date, succeeding Mr Van de Weerdhof.

Outlook

Due in part to rising international tensions and political uncertainty, the economic outlook is not yet reliably predictable. However, since the second half of 2024, we also see that consumers are gradually becoming more accustomed to the sharp price inflation of recent years and, in addition, purchasing power has increased due to wage increases and low unemployment. The trends we see in the market now and the market information available at year-end 2024 indicate a modest positive volume trend, moving from slight decline to a small plus. Inflation is expected to be around 3% in 2025.

At the beginning of 2025, we saw only very limited growth in the Dutch market in January and February. The Belgian market even contracted sharply in the first few months of the year. Furthermore, 2024 was a leap year, which meant an extra day of sales, and Easter was in the first quarter, whereas it is in the second quarter of 2025. For Belgium, this combination of effects means that, despite the cautious recovery in the fourth quarter, we are not yet seeing the recovery continued in the first few months of 2025. The relative drop in revenue compared to last year is expected to reach double figures in the first quarter. In the Netherlands, revenue excluding tobacco will be around the same level as a year previously in the first quarter, meaning we are outperforming the Dutch market.

For Sligro Food Group, a market with relatively high inflation and only limited volume increases means that we must closely monitor and manage costs and reduce them where possible. Managing inflation in our pricing in a competitive environment is also an important matter in the Netherlands and Belgium.

The cost-saving interventions we implemented in 2024 will have a positive effect in 2025 as well, and we will continue this approach in the coming year. Operations are running smoothly and we have our costs under control, so revenue growth will be the main driver for improved profitability in the coming period. In the Netherlands and Belgium, we are focusing intensively on customer acquisition, based on a uniform approach. Where applicable, we do this in conjunction with our partner Heineken.

In the cash-and-carry environment, our plans focus specifically on acquiring new customers and also retaining existing customers and expanding our volumes with them. Through a widely deployed radio campaign combined with targeted follow-up through social media campaigns, we are concentrating on an audience of existing and new young business owners who are less familiar with Sligro. In 2025, we will expand the commercial initiatives in the Netherlands and Belgium to include seasonally driven activities and a large event linked to Amsterdam's Sail 2025, where we have an opportunity to profile ourselves as a Presenting Partner.

Providing excellent service to our customers is paramount, but we of course have to keep cost control in our supply chain in mind when doing so. Avoiding distractions in our operations is also an important prerequisite for this, and we have therefore avoided planning major changes in the operational environment in 2025. Our drivers are the face of Sligro when they visit customers, and together with our transport partners we are committed to continually educating and training our drivers and supporting them as much as possible in their key role in respect of our customers.

In terms of sustainability, we will continue to work on increasing employee engagement and development in 2025. In addition to complying with the numerous formal requirements under the different sustainability laws applicable to us, we remain especially committed to initiatives that are beneficial for our environment and that contribute to improved profitability (in the long run).

Over the past year, we made significant progress and built a robust base for the profitability improvements we envision. That robust base means that we can enter 2025 with a great deal of confidence. With tight cost control in place and no distractions in the supply chain, boosting revenue is the main driver for improving profitability.

We published the 2024 annual report this morning. Comments on the annual figures will follow today at a press conference and an analyst meeting. The presentation that will be given is available at www.sligrofoodgroup.nl.

In our trading update of 17 April 2025, we will go into developments in the first quarter of 2025 in greater detail, and we will publish our interim figures on 17 July 2025.

Veghel, 27 March 2025

On behalf of the Executive Board of Sligro Food Group N.V.

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Appendices

Consolidated statement of profit or loss

x € million	2024	2023
Revenue	**2,890**	**2,859**
Cost of sales	(2,125)	(2,097)
Gross profit	**765**	**762**
Other operating income	**4**	**8**
Employee expenses	(387)	(370)
Premises expenses	(48)	(41)
Selling expenses	(20)	(22)
Distribution expenses	(122)	(144)
General and administrative expenses	(54)	(56)
Depreciation of property, plant and equipment and right-of-use assets	(69)	(65)
Amortisation of intangible assets	(26)	(38)
Impairment of property, plant and equipment and right-of-use assets	0	(2)
Impairment of goodwill and other intangible assets	0	(17)
Total operating costs	**(726)**	**(755)**
Operating result	**43**	**15**
Finance income	0	0
Finance costs	(18)	(16)
Share in the result of associates	4	7
Profit (loss) before tax	**29**	**6**
Income taxes	(5)	0
Net profit (loss)	**24**	**6**
Profit (loss) attributable to shareholders of the company	**24**	**6**

Details per share (x €1)	2024	2023
Basic earnings (loss) per share	0.54	0.14
Diluted earnings (loss) per share	0.54	0.14
Dividend per share proposed	0.40	0.30
Declared and paid dividends per share	0.30	0.30

Consolidated statement of comprehensive income

x € million	2024	2023
Net profit (loss)	24	6
Items that have been or may be reclassified to profit or loss:		
Other comprehensive income that will be reclassified to profit or loss, after tax	0	0
Comprehensive income	**24**	**6**
Comprehensive income attributable to shareholders of the company	**24**	**6**

Consolidated statement of cash flows

x € million	2024	2023
Receipts from customers	3,303	3,260
Receipts from other operating income	0	1
	3,303	**3,261**
Payments to suppliers	(2,834)	(2,728)
Payments to employees	(175)	(159)
Payments to the government	(181)	(222)
	(3,190)	**(3,109)**
Net cash flow from business operations	113	152
Interest paid	(11)	(9)
Dividends received from participations	3	8
Income tax received (paid)	(8)	(9)
Net cash flow from operating activities	**97**	**142**
Acquisitions of subsidiaries	(9)	(44)
Proceeds from sale of subsidiaries	0	0
Purchase of property, plant and equipment	(42)	(64)
Receipts of government subsidies	0	0
Proceeds from disposal of property, plant and equipment	20	8
Purchase of intangible assets	(10)	(19)
Purchase of interests in and loans to associates	0	0
Other receipts from sale of interests in and repayment of loans by associates	0	0
Net cash flow from investing activities	**(41)**	**(119)**
Proceeds from long-term and short-term borrowings	90	161
Repayment of long-term and short-term borrowings	(50)	(100)
Change in treasury shares	(1)	1
Lease instalments paid	(36)	(33)
Dividend paid	(13)	(24)
Net cash flow from financing activities	**(10)**	**5**
Change in cash and cash equivalents	**46**	**28**
Opening balance	32	4
Closing balance	**78**	**32**

Consolidated statement of financial position

x € million	31 December 2024	31 December 2023
Assets		
Goodwill	130	130
Other intangible assets	127	143
Property, plant and equipment	303	296
Right-of-use assets	263	250
Investments in associates	56	56
Other non-current financial assets	13	13
Deferred tax assets	4	4
Total non-current assets	**896**	**892**
Inventories	267	268
Trade and other receivables	231	244
Other current assets	58	37
Income tax	1	0
Cash	78	32
	635	**581**
Assets held for sale	0	9
Total current assets	**635**	**590**
Total assets	**1,531**	**1,482**
Liabilities		
Paid-up and called-up capital	3	3
Share premium	31	31
Other reserves	(4)	(2)
Retained earnings	441	429
Total equity	**471**	**461**
Deferred tax liabilities	7	9
Employee benefits provision	3	2
Other non-current provisions	0	0
Long-term borrowings [1]	74	101
Non-current lease liabilities	267	255
Other liabilities	3	3
Total non-current liabilities	**354**	**370**
Current provisions	0	0
Current portion of long-term borrowings	43	0
Short-term borrowings [1]	124	100
Current lease liabilities	29	26
Trade and other payables	346	364
Income tax	4	5
Other taxes and social security contributions	26	37
Other liabilities, accruals and deferred income	134	119
Total current liabilities	**706**	**651**
Total liabilities	**1,531**	**1,482**

[1] IAS 1 accounting policy change

IAS 1 accounting policy change

In the 2024 financial year, the company implemented a change in accounting policy regarding the presentation of short-term borrowings. Some of the short-term borrowings are now presented as long-term, in accordance with the requirements of IAS 1. The change has been made to better reflect the company's financial position and to meet the requirements of IAS 1, which requires liabilities to be classified as long-term if the Group has the right to defer settlement of the liability for at least 12 months after the end of the reporting period.

This change in accounting policy has been processed retrospectively, meaning that the comparative figures for 2023 have been restated to reflect the change. The short-term loan amounting to €61 million as at 31 December 2023 has been reclassified as long-term. The change does not affect the total liabilities, shareholders' equity or the result. It has the effect of presenting the maturity of liabilities more accurately.

The impact of the change is summarised below:

Change in connection with application of IAS 1

x € million	**31 December 2023** before application of IAS 1	correction	**31 December 2023** after application of IAS 1
Long-term borrowings	40	61	101
Current portion of long-term borrowings	0	0	0
Short-term borrowings	161	(61)	100

Consolidated statement of changes in shareholders' equity

x € million	Paid-up and called-up capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 31 December 2022	**3**	**31**	**(4)**	**449**	**479**
Share-based payments					
Dividend paid	0	0	0	(24)	(24)
Treasury share transactions	0	0	2	(2)	0
Transactions with owners of the company	0	0	2	(26)	(24)
Profit (loss) for the financial year of the company	0	0	0	6	6
Total realised and unrealised profit (loss)	0	0	0	6	6
Balance as at 31 December 2023	**3**	**31**	**(2)**	**429**	**461**
Share-based payments					
Dividend paid	0	0	0	(13)	(13)
Treasury share transactions	0	0	(2)	1	(1)
Transactions with owners of the company	0	0	(2)	(12)	(14)
Profit (loss) for the financial year	0	0	0	24	24
Total realised and unrealised profit (loss)	0	0	0	24	24
Balance as at 31 December 2024	**3**	**31**	**(4)**	**441**	**471**

Segment reporting

x € million	Netherlands		Belgium		Group	
	2024	2023	2024	2023	2024	2023
Revenue	2,493	2,429	397	430	2,890	2,859
Organic revenue growth as %	2.6	8.6	(7.8)	11.3	7.0	8.8
Gross profit as % of revenue	26.9	27.1	24.1	24.1	26.5	26.7
Gross operating result (EBITDA)	147	146	(9)	(9)	138	137
Operating result before amortisation (EBITA)	91	93	(22)	(23)	69	70
Operating result (EBIT)	70	45	(27)	(30)	43	15
Net profit (loss)	47	31	(23)	(25)	24	6
Net investments	31	60	7	18	38	78
Free cash flow	69	79	(40)	(45)	29	34
EBITDA as % of revenue	5.9	6.0	(2.4)	(2.1)	4.8	4.8
EBIT as % of revenue	2.8	1.9	(6.8)	(7.0)	1.5	0.5
Average net invested capital	703	726	171	107	874	833
EBITDA as % of average net invested capital	20.9	20.0	(5.5)	(8.3)	15.8	16.4
EBIT as % of average net invested capital	9.9	6.2	(15.7)	(28.2)	4.9	1.8

Profile

Sligro Food Group consists of companies that specifically focus on the food service market in the Netherlands and Belgium by offering a comprehensive range of food and food-related non-food products and services in the wholesale market.

Netherlands

In the Netherlands, we are the market leader and operate a nationwide network of Sligro cash-and-carry and delivery service wholesale outlets supplying large and small-scale companies in the hospitality industry, leisure facilities, caterers, large-volume users, company restaurants, petrol stations, small and medium-sized enterprises, small-scale retail businesses and the institutional market. Van Hoeckel focuses specifically on the institutional market, while Sligro serves all the other segments. We operate in the City Region of Amsterdam under the wholesale format 'De Kweker'. In a long-term strategic partnership with Heineken, Sligro is responsible for the exclusive distribution of Heineken keg beer in the Netherlands. Sligro/De Kweker and Van Hoeckel each have a dedicated commercial organisation focusing on their specific markets, while they make operational use of joint delivery and other shared networks and the back-office organisation.

Belgium

In Belgium, Sligro and Sligro-M focus on food professionals, the gastronomic catering market, bulk consumers and SMEs through a nationwide network of cash-and-carry wholesale outlets and delivery service centres. JAVA Foodservice focuses primarily on the institutional, corporate catering and hotel chain market segments. The brands in Belgium have their own commercial organisations and make increasing use of a common delivery structure and shared services.

Sligro Food Group

Sligro Food Group has its own production facilities for specialist convenience products (Culivers) and fresh fish (SmitVis). The company also sources meat, game and poultry, and bread and pastries through its participations in fresh partners, which serve both the Dutch and Belgian market. In Bouter, Sligro Food Group has a specialist company for consultancy, design, supply, installation and maintenance of professional kitchen equipment, appliances and refrigeration and freezing equipment. Sligro Food Group is one of the largest players in the end-of-year gift market, with traditional Christmas hampers being offered through Sligro and online gift concepts through Tintelingen.

Our customers have access to more than 75,000 food and food-related non-food products, together with numerous services to support our customers' businesses and help them to advance. Most of the procurement for specific food service products is handled directly through the Sligro Food Group, although a portion is arranged through CIV Superunie BA.

Sligro Food Group companies actively seek to share knowledge and make good use of the extensive scope for synergy and economies of scale. Both countries are centrally managed based on a BeNe organisational model. Activities that are primarily customer-related are carried out in the separate countries and business units. By combining our central procurement with direct, meticulous category and margin management, we aim to continuously improve our gross margins and offer our customers a unique and innovative product range. Operating expenses are kept under control by having an integrated supply chain and through our constant focus on cost control. Centralised management of our IT landscape, centralised design and control of master data management, and centralised talent and management development all work to further enhance group synergy.

Sligro Food Group strives to be a high-quality business for all its stakeholders that constantly grows in a controlled manner. Sligro Food Group shares are listed on Euronext Amsterdam. The Group's head office is located in Veghel, Netherlands.