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 2021 included in the annual report

Our opinion

We have audited the financial statements for the year 2021 of Refresco Group 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 Refresco Group B.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Refresco Group B.V. as at 31 December 2021 and of its result for 2021 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 2021
- the following statements for 2021: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021
- the company income statement for 2021
- 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 Refresco Group B.V. 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 understanding of the business

Refresco Group B.V. is an independent bottler for retailers and A-brands. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment, which is incorporated in our Key Audit Matters (e.g. valuation of goodwill in Italy and revenue recognition).

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 10 million (2020: € 9 million)
Benchmark applied	Approximately 2% of EBITDA (2020: 2% of EBITDA).
Explanation	Based on our professional judgment we have considered earnings-based measures, such as EBITDA, as an appropriate benchmark to determine materiality. Given the growth of the company and increased emphasis on EBITDA, we consider EBITDA the most appropriate measure to determine materiality. We consider this a suitable basis, as EBITDA is an important measure of the company's performance.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €500,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Refresco Group B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

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.

Upon request of the company, our group audit included all components making up the Refresco Group. We have performed the audit procedures on the Dutch holding entities ourselves. For the audit work in the other components we used other EY network firms.

Based on our assessment of the complete set of financial information for each component, we obtained a 100% coverage over the group total assets, 100% of revenues and 100% of net profit.

Involvement with component teams

Because of the international travel restrictions and social distancing requirements due to the COVID-19 pandemic, we have been unable to visit management and/or component auditors to perform our oversight procedures on site. Instead, we predominantly used video facilities, as well as EY's electronic audit file platform and screen sharing to communicate with component audit teams. Our communication with component teams included discussions relating to, among others, the business activities and the identified significant risks and/or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from their audit procedures and our evaluation, in order to obtain sufficient and appropriate audit evidence.

We hosted virtual global audit meetings with component auditors to discuss the group audit, risks, audit approach and instructions. In addition, we sent out detailed instructions to all component auditors, that covered the significant areas, including the relevant risks of material misstatement and the information required to be reported to us. Based on our risk assessment, we held virtual site visits at component locations in US, UK, and Benelux. These virtual site visits encompassed some, or all, of the following activities: co-developing the significant risk area audit approach and reviewing key local working papers and conclusions. We interacted regularly with the component teams during various stages of the audit, through the use of video facilities. We attended all component closing meetings with management, also using video facilities.

Any further work deemed necessary by the group audit team was subsequently performed. The group audit team performed audit procedures with respect to certain accounts on the consolidated level, such as the accounting treatment of acquisitions, hedge- and pension accounting, valuation of goodwill and certain data analytical procedures related to revenue recognition.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of Refresco Group B.V. We included specialists in the areas of IT audit, income tax, treasury , valuations of purchase price allocations, goodwill, derivates and pensions.

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 identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Refresco Group B.V. 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. We evaluated whether these factors indicate that a risk of material misstatement due 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.

We identified the following fraud risks and performed the following specific procedures:

Presumed risks of fraud in revenue recognition

Fraud risk	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition and management override of controls. In our audit approach we considered that this fraud risk and management override would primarily impact recognition of revenues from customers with specific contracts and sales promotions. These revenues are disclosed in note 4.2 Revenue from contracts with customers in the notes to the financial statements. Executive Board discusses the risks in section Risks and Risk Management of the Executive Board report and note 3 financial risk management in the notes to the financial statements.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter “Revenue recognition – Specific agreements in contracts with clients and sales promotions”.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal counsel, regional directors) and the Supervisory Board.
The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

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

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 Executive 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 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 2.1 Basis of preparation in the notes to the consolidated financial statements, management made a specific assessment of Refresco Group B.V.’s ability to continue as a going concern and to continue its operations for at least the next 12 months. 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 events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the entity’s ability to continue as a going concern for the next 12 months.

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.

Our key audit matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The Key Audit Matter Accounting treatment of acquisitions which was included in our last year’s auditor’s report, is not considered a Key Audit Matter for this year as the involved cash consideration relating to acquisitions in 2021 is lower and valuation of (in)tangible assets are considered less complex and subjective.

Key Audit Matter	Our audit approach	Key observations
Revenue recognition - Specific agreements in contracts with clients and sales promotions Refer to note 2.4 (Revenue from contracts with customers) and note 4.2 (Revenue from contracts with customers)		
Refresco Group B.V. has customer specific contracts, that differentiate between contract manufacturing and retailer brands. There is a risk of management accelerating revenues through inappropriate top side journal entries or applying incorrect delivery terms. 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. There is a risk of management not recording accruals for those sales promotions at year-end. The company's measurement of accruals for rebates and other bonus agreements in certain cases involved subjective management assumptions around the extent to which promotional or marketing targets will be met by Refresco's customers and the related rebates will be owed. As auditing these judgments involved complex auditor judgment, we consider this a key audit matter.	In our audit, we applied a substantive audit approach. We have used data analytics, to focus our audit procedures on unusual revenue transactions. 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. With respect to the sales-related accruals, we evaluated the assumptions made by management by performing a retrospective review of actual settlements of prior period sales-related accruals, reconciliations to the (forecasted) revenue and agreeing terms and conditions for a sample of customer contracts. Among other procedures, we have also tested, (manual) revenue transactions around year-end through inspection of agreements and delivery documentation or production reports. We have integrated unpredictability into the extent of these procedures, through expanding the period of transactions tested around year-end, and testing sales promotions for large customers for which no sales-related accruals were recognised. We also assessed the adequacy of the revenue disclosures.	We have not identified any material misstatements related to revenue recognition and accruals for sales promotions. We consider management's assumptions related to the sales related accruals to be within an acceptable range. In addition, we assessed that the revenue disclosures are in accordance with IFRS.

Key Audit Matter	Our audit approach	Key observations
Valuation of goodwill related to CGU Italy **Refer to note 2.10 (Intangible assets), note 2.12 (Impairment of non-financial assets), note 2.18 (Use of estimates and judgments; estimated goodwill and impairment of goodwill) and note 5.3 (Intangible assets)**		
At December 31, 2021, the total carrying value of goodwill amounted to €1,783 million and represented 33% of total assets. For the cash-generating unit (CGU) Italy (€ 78 million of goodwill), the annual impairment test indicated there was relatively limited headroom in 2021. As discussed in Note 5.3 to the consolidated financial statements, goodwill is allocated to CGUs for which management is required to test the carrying value of goodwill for impairment annually or more frequently if there is a triggering event. The recoverable amount of the CGUs is based on value-in-use models. Based on the annual goodwill impairment test, management concluded that there was no impairment.	To test the value-in-use model for the CGU Italy, among other procedures, 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. We performed sensitivity analyses to evaluate changes in the headroom that would result from change in assumptions, including the sales growth rate and	Based on our work, we concur with the company that no impairment of goodwill is required. We consider management's assumptions and data used to calculate the recoverable amount to be within an acceptable range. We note that the company concluded from its impairment tests that the headroom for the CGU Italy is relatively limited

Key Audit Matter	Our audit approach	Key observations
Valuation of goodwill related to CGU Italy Refer to note 2.10 (Intangible assets), note 2.12 (Impairment of non-financial assets), note 2.18 (Use of estimates and judgments; estimated goodwill and impairment of goodwill) and note 5.3 (Intangible assets)		
Auditing the annual goodwill impairment test for the CGU Italy was complex and required significant auditor judgment given its value-in-use model was sensitive to assumptions that are affected by expected future market conditions. The most significant of these assumptions were the determination of the sales growth rate and the discount rate.	discount rate. We involved a valuation expert in our team to assist us in these audit activities. We evaluated the adequacy of the company's disclosures regarding impairment testing for CGUs containing goodwill.	and a reasonable possible change in key assumptions could result in an impairment. We assessed that the disclosures are in accordance with IFRS.

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. The other information also includes:

- The Executive Board report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code
- Additional information

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

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 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 Executive Board 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.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Refresco Group B.V. as of the audit for the year 2014 and have operated as statutory auditor ever since that date.

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 frameworks 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 further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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

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.

From the matters communicated with the Supervisory Board, we determine the Key Audit Matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 9 March 2022

Ernst & Young Accountants LLP

signed by I.H.G. Hengefeld