For a life full of flavour.

Financial Statements 2024

Contents

Board of Directors' report for 1 January–31 December 2024

In 2024, Paulig Group's revenue was EUR 1,198.9 million (1,167.6), an increase of 2.7% on the previous year. The Group's operating profit was EUR 77.6 million (90.1), which represented 6.5% (7.7) of revenue. Paulig Group employed 2,374 people on average during the year (2,209).

Changes in the Group's structure during the financial year

The following changes took place in the Group's structure in 2024:

- Panesar Foods (Holdings) Limited, together with its three subsidiaries (UK), were acquired.
- Sauerklee A/S (Denmark) was merged into Paulig Ltd.

Revenue

In 2024, Paulig Group's revenue was EUR 1,198.9 million (1,167.6), an increase of 2.7% on the previous year. Revenue growth was mainly driven by price increases, volume growth within the Branded Business Area and the inclusion of the acquisition of Panesar Foods for November-December.

Of Paulig Group's total revenue of EUR 1,198.9 million, 48% came from the Nordic countries and 52% from other countries. Business area Branded accounted for 59% of the external revenue, Customer Brands 40% and Other 1%.

Result for the financial year

The Group's operating profit was EUR 77.6 million (90.1), and its ratio to net sales was 6.5% (7.7).

The consolidated net profit for the financial year was EUR 65.8 million (89.1). Depreciation, amortisation and impairment losses totalled EUR 45.4 million (42.3). The net financial items were EUR 8.6 million (13.6).

Furthermore, raw material prices, with the exception of green coffee, decreased somewhat during the year. Employee benefit expenses were higher due to salary inflation.

Financial position

The financial position remained good for the entire financial year. The net cash flow from operations was EUR 89.9 million (125.9). The Group's solvency was on a good level throughout the year.

Investments

Investments during the financial year totalled EUR 107.0 million (39.6). The most significant investments were related to M&A as Paulig acquired Panesar Foods Limited, a manufacturer of salsas, sauces and condiments located in Tipton, UK. Other important operative investments related to the business transformation programme, high-capacity vacuum pack and palletising automation solution renewal in roasting, capability building in Saue, Estonia, as well as the remaining part of a snacking pellet line in Spain and automatic nesting for tacos, together with a solar panels-related project in Belgium.

REVENUE (MEUR)

	2024	2023	CHANGE
Branded	**710.0**	673.5	5.4%
Customer Brands	**482.2**	477.7	0.9%
Other	**6.7**	16.4	
Total	**1,198.9**	1,167.6	2.7%

KEY INDICATORS OF PAULIG GROUP'S FINANCIAL STATUS AND RESULT

	2024	2023	2022
Revenue, MEUR	**1,198.9**	1,167.6	1,105.5
Other income, MEUR	**1.7**	2.6	11.0
Share of results in associated companies, MEUR	**-**	-	-21.6
Operating profit, MEUR	**77.6**	90.1	5.8
Operating profit, % of revenue	**6.5**	7.7	0.5
Operating profit before depreciation, amortisation and impairment, MEUR	**123.0**	132.4	48.9
Profit for the financial year, MEUR	**65.8**	89.1	-19.9
Shareholders' equity, MEUR	**600.2**	583.2	715.0
Return on equity, %	**11.1**	13.7	-2.7
Equity ratio, %	**59.1**	61.3	61.8
Cash and short-term deposits, MEUR	**60.5**	51.4	52.2
Interest-bearing liabilities, MEUR	**100.5**	94.4	149.9
Investments during the financial year, MEUR	**107.0**	39.6	56.3

Risks

In its risk management, Paulig Group observed the risk management policy adopted by Paulig Ltd's Board of Directors. Risks are systematically identified and assessed on the basis of this policy.

In the management of liability risks, the Group followed the insurance policies adopted by the Board of Directors. The insurance coverage against losses related to property and business, such as product liability and interruption of operations, is comprehensive in accordance with these policies.

The Group's main operative risks are related to raw materials, their costs and their availability. In the management of risks associated with the acquisition of green coffee raw materials, the Group followed the policies adopted by the Board of Directors. The principal strategic risks were changes in competition and consumer behaviour in different market areas, accentuated by the weak economic outlook and the reduced purchasing power of households.

In its management of financial risks, the Group followed the treasury policy adopted by the Board of Directors. The availability of sufficient financing for the business in the future is guaranteed with credit facilities, even in the current solvent situation. The treasury policy also covers the hedging of currency and interest rate risks. The most significant of these risks is the currency risk associated with the US dollar, as a substantial proportion of raw materials is paid for in dollars.

Personnel

Paulig Group's average number of employees increased by 165 persons from the previous year. The majority of the Group's 2,374 employees on average were employed in Belgium 34%, Sweden 18%, Finland 15% and Spain 14%. The increase in the average number of personnel relates mainly to the acquisition of Panesar Foods Limited in the UK.

PERSONNEL

	2024	2023	2022
Average number of employees	**2,374**	2,209	2,278
Employee benefit expenses, MEUR	**170.5**	162.6	147.8

Innovation and product development

In 2024, Paulig launched more than 60 new products, reinforcing the commitment to innovation and meeting consumer needs. New product launches included Corn and Oat Tortillas, Tex Mex and Asia Mayo Toppings, Café Napoli & Café Napoli Espresso City Coffees and Keys to Korean taste OOH, a toolbox of K-food flavourings including sauces, pastes and spice mixes.

In addition, approximately 350 items were reworked and improved, ensuring the existing portfolio remains competitive and aligned with evolving demands. Paulig also introduced the first easy-open recyclable vacuum packaging on a few products, such as Paulig Mundo Original and Paulig Café New York.

PINC, Paulig's venture arm, invests in early-stage startups with the aim of supporting innovations enabling a more sustainable future of food. In 2024, PINC added one new startup to its investment portfolio: OlsAro, which is an agtech startup securing wheat supply through AI-enabled crop-breeding.

Sustainability

In 2024, Paulig further continued the business integration and scaling of sustainability initiatives, guided by the Paulig Sustainability Approach 2030. Paulig's three focus areas with long-term ambitions continue to be: products that enable health and wellbeing of people and planet, climate and nature actions, and fair and inclusive way of working. The strategic initiatives ensuring the delivery of the focus areas saw minor updates on scope and roadmaps, and we launched a new strategic initiative focusing on embedding sustainability attributes closer to our brands and at a product level.

While the delivery of our 2030 climate ambitions, aligned with a 1.5°C pathway and approved by the Science Based Target initiative remain to be in focus, in 2024, Paulig also set a complementary ambition to reach net-zero emissions by 2045. This ensures our long-term transition and growth plans are purposefully aligned.

Development of Paulig's Climate Fund, aimed at accelerating climate emission reductions in Paulig's value chain, continued in 2024, with special focus on accelerating emission reductions in wheat and corn value chains, coffee, and logistics. Collaborations to reduce carbon emissions in the wheat value chain with Lantmännen in Sweden and Paniflower in Belgium and Germany were continued, with approximately 30% lower emissions from wheat cultivation in selected farms. In coffee origin countries, notably in Brazil and Colombia, Paulig expanded to new sustainable farming programmes to encourage the implementation of regenerative farming practices with the potential to nearly halve the emissions in some locations, improve the resilience of farmers and restore nature. Paulig also significantly invested in low-emissions transportation in key routes, including investments in electric trucks and accelerating the switching to biofuels in ocean freight and road transport.

In 2024, we achieved our targeted 28% reduction in greenhouse gas emissions in our own operations compared to the baseline year of 2018. We concluded a net-zero roadmap study to introduce low-carbon manufacturing solutions for our sites in Spain and Belgium and continued to invest in energy efficiency across our sites. The availability and uncertainty of biogas and green gas certificates that meet our quality requirements continues to be a challenge.

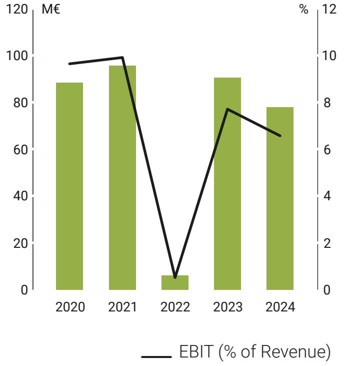
As a result of intensive development and a significant step towards making all our packaging recyclable by 2027, we introduced the first batch of easy-open recyclable, fully printed vacuum coffee packaging in May 2024. This launch took place in retail stores in Finland and Estonia, making us the first roastery in the world to achieve this milestone.

In 2024, we continued our progress towards the strategic initiative target of securing external verifications for a selection of our top spices. We achieved our 2024 target to have 92% of the sourced volumes come from externally verified sources. We also updated our human rights principles and conducted an in-depth impact assessment in Thailand.

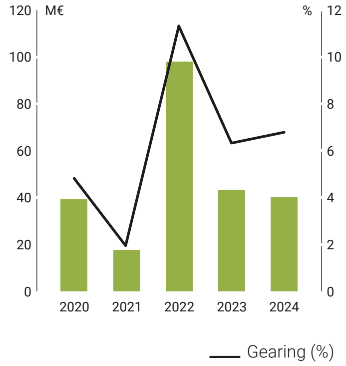
Paulig's nutrition framework was updated in 2024, to fully align with the widely used EU front-of-pack nutrition label Nutri-Score. In 2024, a cross-functional project group finalised detailed reformulation roadmaps to increase Nutri-Score A and B products in our portfolio.

Nature was added to Paulig's sustainability approach already in 2023. In 2024, Paulig continued to build capabilities to assess impacts and dependencies on Nature, including on biodiversity

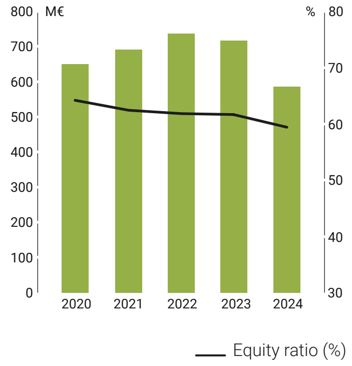
EBIT



Net debt



Shareholders' equity



and water, and to develop a programme to further minimise negative impacts and invest in restoration by scaling regenerative agriculture practices to ease pressures on nature.

Management and auditors

At the end of the financial year, Paulig Ltd's Board of Directors had seven members: Jukka Moisio (Chairman), Mathias Bergman, Arancha Cordero, Eduard Paulig, Petra Teräsaho, Rob Versloot and Christina Wergens. Anna Paulig was elected as the observer of the Board in April 2024.

Arancha Cordero and Rob Versloot were elected as new Board members in April 2024. The mandate periods of Board Members Christian Köhler and Heikki Takala and the mandate period of Observer of the Board Oliver Paulig ended in April 2024.

The Group's CEO is Rolf Ladau.

The Group's auditor was Ernst & Young Oy, with Authorised Public Accountant Terhi Mäkinen as the principal auditor.

Shares

The company's stock is divided into A shares (487,765 shares) and B shares (15,000 shares), a total of 502,765 shares. There were no changes in this during the financial year.

The Articles of Association contain restrictions specific to share series that concern the right to dividends and company assets, as well as a series-specific redemption clause.

Proposal by the Board of Directors for the distribution of profit

The consolidated profit for the financial year was EUR 65,834,186.08. The Parent Company's distributable shareholders' equity was EUR 394,725,514.20 according to the financial statements on 31 December 2024. The Board of Directors proposes that a dividend of EUR 38.72 per share be paid, amounting to EUR 19,467,060.80 in total, and that the parent company retains distributable equity of EUR 375,258,453.40.

There have been no fundamental changes in the company's financial position since the end of the financial year. Liquidity is at a good level, and the proposed disposal of profits will not, in the Board's view, endanger the company's solvency.

Outlook for the current financial year

The global economic outlook continues to be uncertain and divergent with low GDP growth expectations particularly in the Eurozone. Continued geopolitical uncertainty and elevated uncertainty in foreign trade policies may impact Paulig's supply chain.

Revenue and profitability are expected to improve in 2025.

Events following the end of the financial year

In December 2024, Paulig announced the acquisition of Conimex, a leading brand on the Dutch market known for its range of Asian meal makers, prawn crackers, soups, sauces, and seasonings. The acquisition includes the Conimex brand and its associated business, encompassing all trademarks and related intellectual property. The merger control clearance from the Dutch competition authority has already been received. The closing of the acquisition is subject to customary works council procedures, and takes place earliest on April 1, 2025.

Consolidated Statement of Comprehensive Income

EUR 1,000	NOTE	2024	2023
Revenue	3.1	**1,198,931**	1,167,580
Other operating income	3.2	**1,716**	2,582
Materials and services	3.3	**-695,652**	-687,116
Employee benefit expenses	3.4, 5.7	**-170,475**	-162,575
Depreciation, amortisation and impairment losses	4.1–4.4	**-45,383**	-42,279
Other operating expenses	3.5	**-211,539**	-188,109
Operating profit		**77,598**	90,082
Financial income	3.6	**18,748**	30,893
Financial expenses	3.6	**-10,176**	-17,263
Net financial expenses		**8,571**	13,631
Profit (-loss) before taxes		**86,170**	103,713
Income taxes	3.7	**-20,335**	-14,595
Profit (-loss) for the financial year		**65,834**	89,117

EUR 1,000	NOTE	2024	2023
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss in subsequent periods			
Foreign currency translation difference		**-3,392**	211
Change in fair value of hedging instruments	6.4	**-23,325**	-15,489
Items that will not be subsequently reclassified to profit or loss			
Actuarial gains and losses from defined benefit plans	5.7	**-80**	-155
Changes in fair value of equity investments through OCI		**74**	-740
Tax effect	3.7	**-7**	147
Other comprehensive income (-loss), net of tax		**-26,731**	-16,025
Total comprehensive income (-loss) for the year		**39,104**	73,092
Profit for the financial year attributable to			
Owners of the parent company		**65,834**	89,117
		65,834	89,117
Total comprehensive income for the year attributable to			
Owners of the parent company		**39,104**	73,092
		39,104	73,092

The consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

EUR 1,000	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
ASSETS			
Non-current assets			
Goodwill	4.1, 4.2	**98,595**	89,833
Intangible assets	4.1	**46,501**	23,688
Tangible assets	4.3	**373,669**	331,204
Other receivables	5.2	**1,606**	1,398
Non-current financial assets	6.2	**20,149**	28,899
Deferred tax assets	3.7	**5,519**	5,927
Total non-current assets		**546,039**	480,949
Current assets			
Inventories	5.1	**187,652**	134,104
Trade and other receivables	5.2	**170,471**	183,747
Other current financial assets	6.2–6.4	**48,489**	99,605
Income tax receivable		**2,847**	726
Cash and short-term deposits	5.3, 6.2	**60,489**	51,428
Total current assets		**469,947**	469,609
Total assets		**1,015,986**	950,558

EUR 1,000	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
EQUITY AND LIABILITIES			
Equity	6.1		
Share capital		**8,204**	8,204
Other equity		**592,004**	574,962
Equity attributable to equity holder of the parent		**600,208**	583,166
Total equity		**600,208**	583,166
Non-current liabilities			
Interest-bearing liabilities	5.6	**88,795**	84,153
Other non-current financial liabilities		**1,681**	1,450
Provisions	5.5	**4,442**	4,378
Net employee defined benefit liabilities	5.7	**1,857**	2,039
Deferred tax liabilities	3.7	**23,104**	14,273
Total non-current liabilities		**119,879**	106,295
Current liabilities			
Interest-bearing liabilities	5.6	**11,733**	10,275
Provisions	5.5	**0**	30
Trade and other payables	5.4, 6.2–6.4	**280,471**	243,490
Income tax payable		**3,696**	7,303
Total current liabilities		**295,900**	261,098
Total liabilities		**415,779**	367,393
Total equity and liabilities		**1,015,986**	950,558

The consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

EUR 1,000	NOTE	2024	2023
Cash flows from operating activities			
Net profit (-loss) before taxes		**86,170**	103,713
Adjustments 1)		**10,572**	-3,825
Change in net working capital:			
Change in trade and other receivables		**26,246**	-17,062
Change in inventory		**-43,033**	38,542
Change in trade and other payables		**28,910**	5,510
Interest received		**10,967**	12,026
Interest paid		**-6,886**	-6,090
Other financial income and expenses, net		**5,555**	1,842
Income taxes paid		**-28,624**	-8,757
Cash flows from operating activities (A)		**89,876**	125,900
Cash flows from investing activities			
Investments in tangible and intangible assets	4.1–4.4	**-40,684**	-39,629
Proceeds from sale of shares in associated companies		**0**	20,000
Proceeds from disposal of tangible assets		**270**	2,298
Investments in other investments (subsidiary acquisitions)		**-66,318**	0
Dividends received		**212**	2,277
Net cash flow from investments		**59,721**	-8,905
Cash flows from investing activities (B)		**-46,799**	-23,959

EUR 1,000	NOTE	2024	2023
Cash flows from financing activities 2)			
Increase (-), decrease (+) in long-term receivables		**-248**	-137
Dividends paid		**-22,061**	-34,238
Repayment of borrowings	5.6, 6.2	**-682**	-50,615
Repayments of leasing liability	4.4	**-11,356**	-10,355
Cash flows from financing activities (C)		**-34,347**	-95,345
Change in cash flows (A+B+C)		**8,730**	6,597
Cash and short-term deposits at 1 January	5.3	**51,428**	52,159
Net foreign exchange difference in cash		**331**	-10
Cash transferred in demerger		**0**	-7,318
Cash and short-term deposits at 31 December	5.3	**60,489**	51,428
Change		**8,730**	6,597
1) Adjustments			
Depreciation, amortisation and impairment losses	4.1–4.4	**45,383**	42,279
Eliminated foreign exchange gains and losses		**-138**	1,216
Net financial expenses	3.6	**-8,571**	-13,631
Other adjustments		**-26,101**	-33,689
Total		**10,572**	-3,825

2) Changes in liabilities arising from financing activities

Cash flow from financing activities consists of dividends paid, proceeds from borrowings, received finance lease receivable payments and repayments of leasing liability. The movements in leasing liabilities are presented in note 4.4 Leases.

Consolidated Statement of Changes in Equity

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY							
EUR 1,000	SHARE CAPITAL	OTHER RESTRICTED EQUITY FUNDS	CASH FLOW HEDGE FUND	OTHER OCI ITEMS	TRANSLATION FUND	UNRESTRICTED EQUITY FUNDS	RETAINED EARNINGS	TOTAL EQUITY
Balance at 1 January 2023	**8,204**	**4,168**	**12,730**	**4,131**	**-15,493**	**4,324**	**696,938**	**714,999**
Profit (-loss) for the period							89,117	89,117
Other comprehensive income								
Cash flow hedge, net of tax			-15,489					-15,489
Change in fair value of equity instruments at FVOCI				-592				-592
Defined benefit plan actuarial gains and losses, net of tax				-156				-156
Translation differences					211			211
Total comprehensive income			**-15,489**	**-748**	**211**		**89,117**	**73,092**
Transactions with owners of the parent company								
Demerger							-170,687	-170,687
Dividend							-34,238	-34,238
Balance at 31 December 2023	**8,204**	**4,168**	**-2,759**	**3,384**	**-15,282**	**4,324**	**581,130**	**583,166**
Profit (-loss) for the period							65,834	65,834
Other comprehensive income								
Cash flow hedge, net of tax			-23,325					-23,325
Change in fair value of equity instruments at FVOCI				60				60
Defined benefit plan actuarial gains and losses, net of tax				-73				-73
Translation differences					-3,392			-3,392
Total comprehensive income			**-23,325**	**-13**	**-3,392**		**65,834**	**39,103**
Transactions with owners of the parent company								
Dividend							-22,061	-22,061
Balance at 31 December 2024	**8,204**	**4,168**	**-26,084**	**3,370**	**-18,674**	**4,324**	**624,903**	**600,208**

The consolidated financial statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENT

1.1 CORPORATE INFORMATION

Paulig Ltd, the parent company of Paulig Group, is a Finnish limited liability company incorporated under the Finnish law with its domicile in Helsinki, Finland. The registered office is located at Satamakaari 20 in Helsinki. The consolidated financial statements comprise the parent company Paulig Ltd and its subsidiaries (collectively "Group", "Paulig Group" or "Group companies").

Paulig Group is an international family-owned Group in the food industry offering products such as coffee, spices, plant-based products and snacks. The Group's business is divided into two business areas: Branded and Customer Brands. Paulig Group operates in 13 countries with largest markets in Northern Europe, continental Europe, the UK and the Baltics.

The Board of Directors of Paulig Ltd has approved these financial statements for publication at its meeting on 25 March 2025. Under Finland's Limited Liability Companies Act, the shareholders have the option to accept or reject the financial statements in the Annual General meeting of the shareholders, which will be held after the publication of the financial statements.

Copies of the financial statements are available on the internet, at www.pauliggroup.com, or at the parent company's head office in Helsinki.

1.2 BASIS OF PREPARATION

Paulig Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as adopted by the European Union, including International Accounting Standards (IAS) and Interpretations issued by the IFRS Interpretations Committee (IFRIC) or its predecessor Standing Interpretations Committee (SIC). The notes to the consolidated financial statements also comply with Finnish accounting and corporate law.

The 2024 consolidated financial statements have been prepared based on original acquisition costs, except for financial assets and financial liabilities (including derivative instruments) that have been measured at fair value through profit and loss or other comprehensive income (OCI).

Financial statement presentation is in thousands of euros. Figures presented have been rounded and therefore the sum of individual figures might differ from the presented total figure.

1.3 FOREIGN CURRENCY

Presentation currency

The Group's consolidated financial statements are presented in euros, which is also the parent company'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. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Foreign subsidiaries

The income statements of the foreign subsidiaries in their local currencies are translated into euro at the average rates for the period during the financial year and the balance sheets at the rates determined by the European Central Bank at the closing date (balance sheet date). The figures in the notes (specifications) are translated into euro in the similar manner as the income statements and balance sheet depending on which the notes relate to. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Foreign currency transactions

Business transactions in foreign currencies have been valued using the exchange rate at the date of transaction. Receivables and liabilities on the balance sheet date are valued using the exchange rate on the balance sheet date. Advances paid and received are valued in the balance sheet using the exchange rate at the date of payment. Exchange rate differences on trade receivables and payables are treated as the adjustments to revenue and materials and services. Exchange rate differences on other receivables and liabilities are entered under financial income and expenses.

1.4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of Paulig Group's consolidated financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Although estimates and assumptions are based on the management's best knowledge of current events, actual results may differ from the estimates used in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Identified significant accounting judgements, estimates and assumptions are presented in connection to the items considered to be affected and are attached to the underlying note as follows:

NOTE	NOTE NUMBER
Change in deferred tax assets and liabilities	3.7
Goodwill and impairment testing	4.2
Leases	4.4
Provisions	5.5
Pensions and other post-employment benefit plans	5.7

1.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Amendments and annual improvements to IFRS Standards

Amendments and annual improvements effective from the beginning of January 2024 have not had a major impact on Paulig Group's result, financial position or the presentation of the financial statement.

New and amended standards and interpretations to be applied

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027. IFRS 18 will apply retrospectively.

Paulig Group is currently working to identify all impacts.

2. CONSOLIDATION

2.1 GENERAL CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and all companies controlled by Paulig Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries, in which the parent company owns over 50% of the voting rights, either directly or indirectly, are fully consolidated from the date on which control is transferred to the Group, and are no longer consolidated when this control ceases.

In the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Acquired and established companies 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 in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The excess of acquisition cost over the fair value of net assets acquired is recognised as goodwill. Acquisition-related costs are expensed as incurred and included in administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 SUBSIDIARIES

31 DECEMBER 2024	GROUP OWNERSHIP %
Euroleasing Ltd, Finland	100
Paulig Foods Ltd, Finland	100
Paulig Finland Ltd, Finland	100
AS Paulig Baltic, Estonia	100
AS Santa Maria, Estonia	100
BJ Packaging Solutions Limited, United Kingdom	100
Global Choice Foods Limited, United Kingdom	100
Liven S.A.U., Spain	100
Nordfalks AB, Sweden	100
NV Snack Food Poco Loco, Belgium	100
Panesar Foods (Holdings) Limited, United Kingdom	100
Panesar Foods Limited, United Kingdom	100
Paulig Austria GmbH, Austria	100
Paulig Belgium NV, Belgium	100
Paulig Denmark A/S, Denmark	100
Paulig Estonia AS, Estonia	100
Paulig Latvia SIA, Latvia	100
Paulig Lietuva UAB, Lithuania	100
Paulig Netherlands B.V., Netherlands	100
Poco Loco France SARL, France	100
Santa Maria AB, Sweden	100
Paulig Norway AS, Norway	100
Santa Maria UK Ltd, United Kingdom	100
Snack Food Poco Loco UK Ltd, United Kingdom	100
Taljegården Fastighets AB, Sweden	100

Sauerklee A/S was merged into Paulig Ltd during 2024. Panesar Foods Ltd, Panesar Foods (Holdings) Ltd, BJ Packaging Solutions Ltd and Global Choice Foods Ltd were acquired in October 2024.

2.3 BUSINESS COMBINATIONS AND DISPOSALS

§ Accounting principles

Paulig applies the IFRS 3 Business Combinations standard. The business combinations where control of a business has been acquired are accounted for using the acquisition method in which the acquired assets and liabilities are measured at their fair values at the acquisition date. Identifiable assets, liabilities and non-controlling interests are recognized separately from goodwill. Goodwill is measured as the difference between the aggregate of the consideration transferred, non-controlling interest and fair value of previous equity interests, and the net assets recognized.

Acquisitions in 2024

In October 2024, Paulig announced the acquisition of all the shares and the businesses of Panesar Foods (Holdings) Limited ("Panesar Foods") together with its three subsidiaries from the Panesar family. The acquisition was completed on October 29, 2024. Based in Tipton, the UK, Panesar Foods is a manufacturer of sauces, salsas and condiments with a net sales of approximately EUR 68.7 million and Operating Profit of approximately 5.9 million during its financial year 2023–2024. The final acquisition price was GBP 58.2 million (EUR 69.9 million) including the acquired factory property in Tipton. The net sales of Panesar Foods during November–December was GBP 8.6 million (EUR 10.2 million) and Operating Profit was GBP 0.9 million (EUR 1.1 million). If the acquisition would have taken place in the beginning of the financial year, the net sales of Panesar Foods would have been approximately GBP 59.0 million (EUR 69.5 million) and the Operating Profit GBP 5.5 million (EUR 6.5 million).

The acquisition accelerates Paulig's growth in the World Foods category and through the acquisition, Paulig will bring even more flavorful experiences to its customers and consumers. The acquisition combines Paulig's strong flavoring expertise with Panesar Food's excellent manufacturing and innovation capabilities and their ability to quickly bring products to market. Through complementary geographies and portfolios, both Paulig and Panesar can strengthen their positions in World Foods.

Founded in 1992, Panesar Foods has focused on the United Kingdom as their main market, where it is one of the market leaders in manufacturing of sauces, salsas, and condiments.

In accordance with IFRS 3, the accounting for the business combination is provisional as of the reporting date. Paulig has not yet finalised the fair values of certain identifiable assets and liabilities, and therefore, provisional amounts have been used. The measurement period remains open, and adjustments to the provisional amounts will be done when the information becomes available within 12 months of the acquisition date.

The fair value of the acquired net assets of Panesar Foods was GBP 58.2 million (EUR 69.9 million). GBP 21.2 million (EUR 25.5 million) of the fair value was preliminary allocated to the customer relationship and tradenames, GBP 10.3 million (EUR 12.4 million) preliminary to land, buildings and PP&E, and GBP 0.8 million (EUR 1.0 million) preliminary to inventories. GBP 8.4 million (EUR 10.2 million) of the fair value was allocated preliminary to goodwill, which relates to the expected synergies from the acquisition. Goodwill is not amortised nor tax deductable.

The following prelminary fair values of the assets and liabilities of Panesar Foods have been consolidated to Paulig balance sheet from the acquisition date.

EUR 1,000	FAIR VALUE
Intangible non-current assets	25,481
Goodwill	10,167
Other non-current assets	28,634
Inventories	10,514
Accounts receivables and other receivables	12,088
Cash	2,732
Total assets	**89,616**
Deferred tax liabilities	10,028
Interest-free liabilities	9,645
Total liabilities	19,673
Net assets	69,943
Purchase price	69,943

ANALYSIS OF THE CASH FLOWS FROM THE ACQUISITION

EUR 1,000	FAIR VALUE
Purchase price	**-69,943**
Panesar Foods cash	**2,732**
Transaction costs	**-2,320**
Net cash flow from acquisition	**-69,531**

The acquisition-related transaction costs, consisting of legal fees and due diligence costs, have been included in the Other operating expenses.

Disposals in 2024

There were no disposals in 2024.

Acquisitions in 2023

There were no acquisitions in 2023.

Disposals in 2023

Nissen Invest Ltd was separated from Paulig through a partial demerger 31.5.2023.

THE NET ASSETS OF THE DEMERGED COMPANY	EUR 1,000
Trade and other receivables	**202**
Other current financial assets	**163,176**
Cash and short-term deposits	**7,318**
Trade and other payables	**-8**
Change in equity	**170,687**

3. FINANCIAL PERFORMANCE

3.1 REVENUE

§ Accounting principles

Paulig applies IFRS 15 Revenue from Contracts with Customers standard. Revenue from the sale of goods is recognised in the consolidated statement of income when the control and significant risks and rewards related to the ownership of the goods have been transferred to the customer. Control is seen to be transferred either at a point in time or over time. Revenue is recognised to the amount to which Paulig Group expects to be entitled in exchange for goods or services and to the extent that is highly probable that significant reversal will not occur. Revenue is measured as gross sales less indirect taxes, discounts and exchange rate differences.

Paulig Group companies manufacture and sell food products such as coffee, spices, plant-based products and snacks. Usually individual products or batches of products form a performance obligation and the revenue is recognised at a point in time, when the control of goods is transferred, generally based on delivery terms.

In addition Paulig Group also sells and leases coffee machines to workplace offices and shops including related maintenance services. Revenue from maintenance services is recognised over time, when the service is completed. Revenue from the sales of coffee machines are recognised at a point in time when delivered.

Revenues from licenses and royalties are recognized when the subsequent sale is entered as income. Lease income from coffee machine leases is recognised according to IFRS 16 Leases standard and is included in the revenue in the consolidated statement of income (see note 4.4 Leases).

Customer contracts may include terms related to customer rebates, right to return delivered goods and penalties if certain service level is not met. These terms give rise to variable consideration and are recorded to their most likely amount. Paulig Group considers whether the variable amount shall be allocated entirely to one performance obligation or to a distinct good or service that forms part of a single performance obligation. Revenue will be recognised to the extent that Paulig is entitled to the consideration. Contract terms do not contain significant financing component as all the payment terms are under 1 year.

The Group exercises the practical exemption provided in IFRS 15 and does not disclose any outstanding performance obligations on the reporting date related to contracts with a maximum duration of one year.

EUR 1,000	2024	2023
Revenue by market area		
Nordic countries	**581,148**	567,990
Continental Europe	**424,567**	433,937
United Kingdom and Ireland	**88,459**	73,828
Baltic countries	**83,134**	72,300
Other countries	**21,623**	19,525
Total*	**1,198,931**	**1,167,580**
Revenue by Business area		
Branded	**710,026**	673,482
Customer Brands	**482,222**	477,744
Other	**6,683**	16,355
Total*	**1,198,931**	**1,167,580**
Timing of revenue recognition		
At a point in time	**1,194,819**	1,163,087
Over time	**4,112**	4,493
Total*	**1,198,931**	**1,167,580**

* Revenue includes EUR 0,1 million (2023: EUR 0,2 million) realised exchange rate differences and EUR -1,9 million (2023: EUR 1,7 million) unrealised exchange rate differences.

Paulig Group business is divided into two business areas: Branded and Customer Brands. Paulig Group operates in 13 countries with the largest markets in Northern Europe, Continental Europe, the UK, and the Baltics. Goods are sold under brands Paulig, Santa Maria, Risenta, Zanuy and Poco Loco which are sold in Retail and Out-of-home market. Also coffee related equipment and maintenance services are sold under Paulig brand.

Paulig coffee brands hold a strong market position in Finland and the Baltics. Santa Maria is the leading seasoning brand on the Nordic market. Product concepts are Spices, Tex Mex, Thai Food, Indian Food, BBQ and snacking. The Risenta portfolio holds products with Breakfast, Seeds & Kernels, Cooking, Baking and Fuelling. Paulig Customer Brands Business Area is known for the Poco Loco brand and for the excellent know-how in private label manufacturing. The Spanish group company Liven S.A.U. has Zanuy brand and is engaged in manufacturing products in Tex Mex and Snacking categories. Panesar Foods specialises in manufacturing of private label products for retailers and sells also Panesar Foods branded products.

Paulig's debt or equity instruments are not traded in a public market thus IFRS 8 Operating Segments is not applied and segment information is not presented.

3.2 OTHER OPERATING INCOME

EUR 1,000	2024	2023
Sale of tangible assets*	**74**	1,092
Government grants	**118**	240
Other income	**1,524**	1,250
Total	**1,716**	**2,582**

* The sale of Frezza Brand to Juustoportti included in 2023 values.

3.3 MATERIALS AND SERVICES

EUR 1,000	2024	2023
Materials and services		
Purchases during reporting period	**698,305**	633,751
Change in inventories	**-32,125**	31,156
External services	**29,472**	22,210
Total*	**695,652**	**687,116**

* Materials and services include EUR -0,6 million (2023: EUR 3,2 million) realised exchange rate differencies and EUR 1,0 million (2023: EUR -0,7 million) unrealised exchange rate differencies.

3.4 EMPLOYEE BENEFIT EXPENSES AND NUMBER OF EMPLOYEES

EUR 1,000	2024	2023
Salaries and remuneration for Managing Directors and the members of the Board of Directors	**2,176**	1,925
Wages and salaries	**126,781**	119,030
Pension expenses – defined contribution plans	**10,465**	8,555
Pension expenses – defined benefit plans	**810**	2,370
Other personnel expenses	**30,243**	30,695
Total	**170,475**	**162,575**
Average number of employees		
Nordic countries	**827**	823
Central and Southern Europe	**1,178**	1,099
United Kingdom and Ireland	**193**	119
Baltic countries	**176**	168
Total	**2,374**	**2,209**

3.5 OTHER OPERATING EXPENSES

EUR 1,000	2024	2023
Energy	**16,876**	19,410
Rents and leases	**4,838**	4,346
Sales freights and logistics	**31,972**	33,274
External services	**29,624**	28,009
Marketing activities	**62,762**	52,139
IT expenses	**20,270**	15,891
Other expenses	**45,198**	35,041
Total	**211,539**	**188,109**
Auditor's fees		
Audit	**464**	426
Tax services	**41**	34
Other services	**105**	108
Total	**610**	**568**

3.6 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

EUR 1,000	2024	2023
Dividend income	**212**	2,277
Interest income derivatives	**5,521**	4,292
Interest income other	**4,465**	5,828
Fair value gain on financial assets and derivatives	**1,209**	13,841
Other exchange rate gains	**672**	1,430
Financial income on derivatives	**6,639**	3,425
Other financial income	**29**	13
Total	**18,748**	**31,107**

FINANCIAL EXPENSES

EUR 1,000	2024	2023
Interest expenses derivatives	**1,751**	2,237
Interest expenses other	**2,352**	7,687
Fair value loss on financial assets	**851**	706
Exchange rate losses from derivatives	**810**	214
Interest on lease liability	**3,854**	3,742
Financial expenses on derivatives	**0**	1,424
Other financial expenses	**559**	1,467
Total	**10,176**	**17,477**
Financial income and expenses, net	**8,571**	**13,631**

Group's hedge accounting effectiveness testing was found to be effective thus no inefficiency is included in the financial items for 2024 nor 2023.

Exchange rate gains and losses in financial income consist of EUR 16.8 million (2023: EUR 16.9 million) realised exchange rate gains, EUR 1.5 million euro (2023: EUR 2.3 million) unrealised exchange rate gains, EUR -17.0 million (2023: EUR -16.0 million) realised exchange rate losses and EUR -1.4 million (2023: EUR -2.0 million) unrealised exchange rate losses. Net result of other exchange rate gains and losses is included in the financial income for years 2024 and 2023 and net result of exhange rate gains and losses from derivatives is included in the financial expenses for years 2024 and 2023.

3.7 INCOME TAXES

§ Accounting principles

The Group's income tax expenses include taxes of Group companies calculated on the basis of the taxable profit for the period, with adjustments for previous periods, as well as the change in deferred income taxes. Current tax is calculated from each group company's taxable profit by using the valid tax rate of each country.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is determined using tax rates that are in force at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Critical accounting judgements and estimates

Deferred tax asset is recognised to the extent that realisation of the related tax benefit through future profits is probable. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

INCOME TAXES RECOGNISED IN PROFIT OR LOSS

EUR 1,000	2024	2023
Current tax for the reporting year	**-21,444**	-16,682
Current tax adjustments for prior years	**299**	260
Changes in deferred taxes	**809**	1,827
Total	**-20,335**	**-14,595**

RECONCILIATION BETWEEN INCOME TAX EXPENSE IN PROFIT OR LOSS AND TAX EXPENSE CALCULATED BY THE FINNISH TAX RATE

EUR 1,000	2024	2023
Profit before tax	**86,170**	103,713
Tax calculated using Finnish tax rate 20%	**-17,234**	-20,743
Effect of tax rate in foreign subsidiaries	**-728**	13
Non-deductible expenses	**-1,703**	-3,030
Tax-free income		
Effect of unrecognised tax on profit*	**80**	2,263
Other tax-free income	**268**	725
Utilisation of tax losses and other tax credits	**-698**	3,205
Other temporary differences	**-112**	-95
Previous years taxes	**299**	260
Change for tax in distributable profits	**-508**	2,806
Income taxes in the statement of comprehensive income	**-20,335**	-14,595
Effective tax rate %	**23.6%**	14.1%
Other comprehensive income		
Tax effects in other comprehensive income	**-7**	147
Total	**-20,342**	**-14,449**

* 2024: Profit for subsidiary for which tax is not recognised due to previous year's losses
2023: Fair value adjustment and profit for demerged subsidiary for which tax is not recognised due to previous year's loss.

Changes in deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred tax assets and liabilities are determined in accordance with that country specific corporate tax rate.

2024 EUR 1,000	1 JANUARY 2024	RECOGNISED THROUGH PROFIT OR LOSS	RECOGNISED IN OCI	EXCHANGE RATE DIFFERENCES	OTHER	ACQUIRED COMPANIES	31 DECEMBER 2024
Deferred tax assets							
Tangible and intangible assets	19,706	-387		5	963	80	**20,368**
Employee benefits	636	-86	8	-15			**543**
Inventory	95	54		-3			**146**
Tax losses	2,243	304		4			**2,551**
Other temporary differences	269	-373		-0			**-105**
Total	**22,949**	**-488**	**8**	**-10**	**963**	**80**	**23,503**
Netting of deferred taxes	-17,022				-963		**-17,985**
Total deferred tax assets	**5,927**	**-488**	**8**	**-10**	**0**	**80**	**5,519**

2024 EUR 1,000	1 JANUARY 2024	RECOGNISED THROUGH PROFIT OR LOSS	RECOGNISED IN OCI	EXCHANGE RATE DIFFERENCES	OTHER	ACQUIRED COMPANIES	31 DECEMBER 2024
Deferred tax liabilities							
Tangible and intangible assets	25,938	-868		47	963	10,114	**36,193**
Financial assets	1,067	28	15				**1,110**
Depreciation difference and optional provisions	1,881	-32		-47			**1,802**
Other temporary differences	2,410	-425		0			**1,985**
Total	**31,295**	**-1,297**	**15**	**-1**	**963**	**10,114**	**41,090**
Netting of deferred taxes	-17,022				-963		**-17,985**
Total deferred tax liabilities	**14,273**	**-1,297**	**15**	**-1**	**0**	**10,114**	**23,104**

2023 EUR 1,000	1 JANUARY 2023	RECOGNISED THROUGH PROFIT OR LOSS	RECOGNISED IN OCI	EXCHANGE RATE DIFFERENCES	OTHER	31 DECEMBER 2023
Deferred tax assets						
Tangible and intangible assets	21,125	-405			-1,014	**19,706**
Employee benefits	2,678	-2,402	-8	4	363	**636**
Inventory	104	-10				**95**
Tax losses	2,588	-345				**2,243**
Other temporary differences	255	14				**269**
Total	**26,751**	**-3,148**	**-8**	**4**	**-650**	**22,949**
Netting of deferred taxes	-18,024	352			650	**-17,022**
Total deferred tax assets	**8,726**	**-2,796**	**-8**	**4**	**0**	**5,927**

Deferred tax liabilities						
Tangible and intangible assets	28,204	-890			-1,376	**25,938**
Financial assets	1,424	-209	-148			**1,067**
Depreciation difference and optional provisions	2,072	-195		3		**1,881**
Other temporary differences	5,365	-2,955				**2,410**
Total	**37,065**	**-4,249**	**-148**	**3**	**-1,376**	**31,295**
Netting of deferred taxes	-18,024	-374			1,376	**-17,022**
Total deferred tax liabilities	**19,041**	**-4,623**	**-148**	**3**	**0**	**14,273**

At 31 December 2024, the tax credits carried forward in the Group (including carried forward tax losses, net interest expense and capital allowance) amounted to EUR 8.3 million (2023: EUR 9.4 million). The tax losses EUR 0.9 million derive from UK business losses for which there is no expiration date and EUR 1.6 million from Paulig Oy expiring 2034. Without expiration date there are net interest expenses in Paulig Oy for EUR 1.8 million and capital allowances in Santa Maria UK Ltd for EUR 2.8 million. Deferred tax asset has been recorded for EUR 1.8 million (2023 EUR 2.2 million) relating to the losses from the previous years. Deferred tax liability of EUR 0.5 million (2023: EUR 1.4 million) has been recognised for undistributed earnings of subsidiaries where income tax will be payable upon distribution.

OECD Pillar two

Paulig group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Finland, the jurisdiction in which Paulig Ltd is incorporated, and was effective for the group's financial year beginning 1 January 2024. Paulig group applies the exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

According to the Pillar Two legislation, Paulig group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate, if any. The assessment of potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Paulig group operates are above 15%. However, the transitional safe harbour relief does not apply in Estonia where all undistributed corporate profits are tax exempt and the taxation of corporate profits is postponed until the profits are distributed. The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on 2024 financial information for the constituent entities in the Group and does not expect top-up taxes.

4. INTANGIBLE AND TANGIBLE ASSETS AND LEASES

4.1 INTANGIBLE ASSETS

§ Accounting principles

Intangible asset is recognized in the balance sheet at original cost if it can be reliably measured and it is probable that the economic benefits attributable to the asset will flow to the Group. The useful life of an intangible asset is assessed as either definite or indefinite. Intangible assets with definite useful life are amortised with straight-line method over a useful life of 3–10 years. Intangible assets with indefinite useful life are not amortised but are tested for impairment.

Amortisation of intangible assets begins when the asset is available for use, i.e. when it is in such a location and condition that it is capable of operating in the manner intended by the management.

The amortisation method, residual values and useful lives of assets are reviewed and adjusted where appropriate at each balance sheet date. The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Gains and losses on the disposal of intangible asset are recognised in profit or loss in other operating income or expenses. The impairment loss is recognised in profit or loss in depreciation, amortisation and impairment losses.

Research and development expenses are mainly expensed as incurred. In significant product development projects for which Paulig Group can reliably demonstrate that they will generate probable future economic benefits, the expenses related to development phase can be capitalized and recognised as intangible assets.

EUR 1,000	GOODWILL	INTANGIBLE RIGHTS	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost 1 January 2024	95,442	47,473	29,547	**172,461**
Exchange rate differences	-1,404	-484	-401	**-2,290**
Additions		2,590		**2,590**
Disposals		-76	-8	**-84**
Acquisitions and disposals of subsidiaries	10,167	25,609		**35,776**
Transfers		-3,775	3,853	**78**
Acquisition cost 31 December 2024	104,204	71,337	32,990	**208,531**
Accumulated amortisation and impairment losses 1 January 2024	-5,609	-27,739	-25,593	**-58,940**
Exchange rate differences		477	397	**874**
Amortisation on disposals and transfers		76	22	**97**
Amortisation for the reporting period		-2,999	-2,467	**-5,466**
Accumulated amortisation and impairment losses 31 December 2024	-5,609	-30,185	-27,641	**-63,435**
Carrying amount 1 January 2024	**89,833**	**19,734**	**3,954**	**113,521**
Carrying amount 31 December 2024	**98,595**	**41,152**	**5,349**	**145,096**
Acquisition cost 1 January 2023	95,314	42,900	28,787	**167,001**
Exchange rate differences	127	35	29	**192**
Additions		4,648	817	**5,465**
Disposals		-284	-102	**-386**
Transfers		174	16	**190**
Acquisition cost 31 December 2023	95,442	47,473	29,547	**172,461**
Accumulated amortisation and impairment losses 1 January 2023	-5,609	-25,108	-23,144	**-53,861**
Exchange rate differences		-35	-32	**-68**
Amortisation on disposals and transfers		284		**284**
Amortisation for the reporting period		-2,879	-2,416	**-5,295**
Accumulated amortisation and impairment losses 31 December 2023	-5,609	-27,739	-25,593	**-58,940**
Carrying amount 1 January 2023	**89,705**	**17,792**	**5,643**	**113,140**
Carrying amount 31 December 2023	**89,833**	**19,734**	**3,954**	**113,521**

4.2 GOODWILL AND IMPAIRMENT TESTING

§ Accounting principles

Goodwill arising from the business combinations is the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Separately recognized goodwill is tested for impairment annually and recognised at cost, less accumulated impairment losses.

The impairment testing is done annually and whenever there is an indication that the value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Paulig Group has determined the recoverable amount by using the value in use method. The discount rates used in impairment testing of goodwill represent the WACC specified for the business area in question pre-tax and reflects the time value of the money and asset specific risks. Impairment loss identified is recognised in the profit and loss in depreciation, amortisation and impairment losses and is never reversed.

Critical accounting judgements and estimates

The recoverable amounts of cash generating units have been determined by using value in use calculations in the Group. The use of estimates is required in the preparation of these calculations. Estimates are based on budgets and forecasts which contain some degree of uncertainty. The main uncertainties relate to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the business areas. CGUs for the yearly testing were BA Finland & Baltics, BA Scandinavia & Central Europe and BA Customer Brands until May 31, 2024. As of June 1, 2024, a new organisational structure was established, which lead to the number of CGUs decreasing from three to two: BA Branded and BA Customer brands.

The recoverable amounts for the CGUs are determined based on the value in use calculations according to the discounted cash flow method using cash flow projections covering a five-year period added with a terminal year. For each CGU cash flows calculations are based on a 3-year business plan approved by the Board of Directors. The Cash flow projections are prepared by using compound annual growth rate determined in the business plan. For the terminal year, the growth rate of 2.0% is used according to the market practice.

Discount rate, which is determined using the weighted average cost of capital, is based on the optimal finance structure or the average finance structure of industry peers (reflects the total cost of equity and debt). The components of the discount rate are risk free long-term government bond yields rates, market and company specific risk premium, debt to equity ratio and cost of debt.

CARRYING AMOUNT OF GOODWILL ALLOCATED TO EACH OF THE TWO CGUS ACCORDING TO THE NEW ORGANISATIONAL STRUCTURE:

EUR 1,000 CASH GENERATING UNITS	31 DECEMBER 2024 GOODWILL	 DISCOUNT RATE % (WACC)
BA Branded	**54,006**	8.0
BA Customer Brands	**44,589**	8.4
Total	**98,595**	

Sensitivity to changes in assumptions according to the new organisational structure

For BA Branded CAGR-% used in cash flow projection is 7.1% reflecting expected growth in sales mainly through categories coffee, Tex Mex, World Foods including Asian and Korean meal concepts as well as snacking. Recoverable amount for BA Branded is well above the carrying value of assets. Based on the sensitivity analysis, the headroom turned negative when EBITDA was decreased by 43.0% of the planned level or discount rate was increased to 119.3%.

For BA Customer Brands CAGR-% used in cash flow projection is 7.7% reflecting expected growth for private label products and snacking. Recoverable amount for BA Customer Brands is well above the carrying value of assets. Based on the sensitivity analysis, the headroom turned negative when EBITDA was decreased by 26.0% of the planned level or discount rate was increased to 51.2%.

4.3 TANGIBLE ASSETS

§ Accounting principles

Tangible assets are measured at historical cost in the balance sheet, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The depreciable amount of an asset is allocated on a systematic basis over its useful life. Each part of an item of tangible asset with a cost that is significant in relation to the total cost of the item is depreciated separately. Land areas are not depreciated. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

- Buildings and constructions 25 years
- Machinery and equipment 3–10 years
- Other tangible assets 3–10 years

Depreciations commence when the asset is available for use i.e. when it is in a location and condition that it can operate as intended by the management.

The depreciation method, residual values and useful lives of assets are reviewed and adjusted where appropriate at each balance sheet date. The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Gains and losses on the disposal of tangible asset are recognised in profit or loss in other operating income or expenses. The impairment loss is recognised in profit or loss in depreciation, amortisation and impairment losses.

Accounting principles for right-of-use assets are described in note 4.4. Leases.

TANGIBLE ASSETS

EUR 1,000	LAND AND WATER	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	ADVANCE PAYMENTS AND WORK IN PROGRESS	TOTAL
Acquisition cost 1 January 2024	16,186	269,264	414,318	32,237	**732,004**
Exchange rate differences	-29	-1,960	-1,025	13	**-3,001**
Additions		22,456	15,089	23,151	**60,697**
Disposals	-977	-3,542	-15,324		**-19,843**
Acquisitions and sales of subsidiaries	7,272	9,262	22,402	2,619	**41,556**
Transfers	976	3,414	25,821	-30,289	**-78**
Acquisition costs 31 December 2024	23,429	298,893	461,282	27,732	**811,336**
Accumulated depreciation and impairment losses 1 January 2024		-110,157	-290,644		**-400,801**
Exchange rate differences		929	591		**1,519**
Accumulated depreciation on disposals		3,446	15,878		**19,325**
Depreciation for the reporting period		-15,368	-24,549		**-39,917**
Depreciations on acquisitions and sales of subsidiaries		-4,202	-13,590		**-17,792**
Accumulated depreciation and impairment losses 31 December 2024		-125,352	-312,315		**-437,668**
Carrying amount 1 January 2024	**16,186**	**159,107**	**123,674**	**32,237**	**331,204**
Carrying amount 31 December 2024	**23,429**	**173,540**	**148,967**	**27,732**	**373,669**

TANGIBLE ASSETS

EUR 1,000	LAND AND WATER	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	ADVANCE PAYMENTS AND WORK IN PROGRESS	TOTAL
Acquisition cost 1 January 2023	15,680	259,973	397,094	27,417	**700,164**
Exchange rate differences	1	-1	721	14	**734**
Additions	1	2,636	8,531	28,634	**39,803**
Disposals		-729	-7,351	-426	**-8,507**
Transfers	504	7,385	15,323	-23,402	**-190**
Acquisition costs 31 December 2023	16,186	269,264	414,318	32,237	**732,004**
Accumulated depreciation and impairment losses 1 January 2023		-96,338	-272,758	-426	**-369,522**
Exchange rate differences		-163	-641		**-804**
Accumulated depreciation on disposals		676	5,407	426	**6,510**
Depreciation for the reporting period		-14,332	-22,652		**-36,984**
Accumulated depreciation and impairment losses 31 December 2023		-110,157	-290,643	0	**-400,800**
Carrying amount 1 January 2023	**15,680**	**163,635**	**124,335**	**26,991**	**330,641**
Carrying amount 31 December 2023	**16,186**	**159,107**	**123,674**	**32,237**	**331,204**

RIGHT-OF-USE ASSETS INCLUDED IN TANGIBLE ASSETS

EUR 1,000	BUILDINGS AND CONSTRUCTIONS*	MACHINERY AND EQUIPMENT	TOTAL
Acquisition cost 1 January 2024	135,481	13,676	**149,157**
Exchange rate differences	-1,572	-120	**-1,693**
Additions	14,261	4,218	**18,479**
Disposals	-3,256	-2,764	**-6,020**
Acquisitions of subsidiaries	21	132	**153**
Acquisition costs 31 December 2024	144,935	15,141	**160,076**
Accumulated depreciation and impairment losses 1 January 2024	-52,580	-8,117	**-60,697**
Exchange rate differences	811	82	**892**
Accumulated depreciation on disposals	3,171	2,519	**5,691**
Depreciation for the reporting period	-9,618	-3,028	**-12,646**
Accumulated depreciation and impairment losses 31 December 2024	-58,215	-8,545	**-66,760**
Carrying amount 1 January 2024	**82,902**	**5,559**	**88,461**
Carrying amount 31 December 2024	**86,720**	**6,596**	**93,316**

RIGHT-OF-USE ASSETS INCLUDED IN TANGIBLE ASSETS

EUR 1,000	BUILDINGS AND CONSTRUCTIONS*	MACHINERY AND EQUIPMENT	TOTAL
Acquisition cost 1 January 2023	133,962	12,773	**146,735**
Exchange rate differences	-29	6	**-23**
Additions	1,745	3,894	**5,639**
Disposals	-197	-2,997	**-3,194**
Acquisition costs 31 December 2023	135,481	13,676	**149,157**
Accumulated depreciation and impairment losses 1 January 2023	-43,683	-8,205	**-51,888**
Exchange rate differences	-133	-20	**-153**
Accumulated depreciation on disposals	159	2,744	**2,904**
Depreciation for the reporting period	-8,924	-2,636	**-11,559**
Accumulated depreciation and impairment losses 31 December 2023	-52,580	-8,117	**-60,697**
Carrying amount 1 January 2023	**90,280**	**4,567**	**94,847**
Carrying amount 31 December 2023	**82,902**	**5,559**	**88,461**

*Land areas included in the lease contracts of buildings and constructions are not a material part of the contract and therefore are included in the right-of-use asset of underlying building or construction.

4.4 LEASES

§ Accounting principles

Group as a lessee

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. Paulig group leases mainly consist of leased premises and machinery and equipment, such as cars and production equipment. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises 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

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 recognised, initial direct costs incurred, estimate of costs to be incurred by Paulig in restoring the assets to the condition required by the terms and conditions of the lease, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The Group's right-of-use assets and changes are presented in tangible assets, see note 4.3 Tangible assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily available. The incremental borrowing rate has been defined separately for each group company and with consideration to company-specific, geographical and currency risks. Average incremental borrowing rate for the Paulig Group was approximately 5.5% during the financial year 2024 (2023: 4.6%). After the commencement date, 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 (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in interest-bearing liabilities, see note 5.6 Interest-bearing liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. Rental income arising from operating lease is accounted for on a straight-line basis over the lease term and is included either in revenue or in other operating income in the statement of profit or loss based on its operating nature. A lessor shall recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

Critical accounting judgements and estimates

Paulig Group has lease contracts with indefinite lease term and contracts which included extension/termination option rights. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option.

GROUP AS A LESSEE

RIGHT-OF-USE ASSETS INCLUDED IN TANGIBLE ASSETS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Buildings and constructions	**86,720**	82,902
Machinery and equipment	**6,596**	5,559
Total	**93,316**	**88,461**

LEASING LIABILITY INCLUDED IN THE INTEREST-BEARING LIABILITIES AND THE MOVEMENTS DURING THE PERIOD

EUR 1,000	CURRENT LEASE LIABILITY	NON-CURRENT LEASE LIABILITY
As at 1 January 2023	**9,499**	**88,694**
New contracts	189	1,923
Modifications to contracts	1,598	1,928
Cash flows	-10,355	0
Reclassification between short-term and long-term liabilities	8,765	-8,929
As at 31 December 2023	**9,697**	**83,616**
New contracts	869	2,515
New contracts from acquisitions of subsidiaries	59	94
Modifications to contracts	2,066	12,896
Cash flows	-11,356	0
Reclassification between short-term and long-term liabilities	9,660	-10,494
As at 31 December 2024	**10,996**	**88,628**

The most significant individual lease agreement in the Group is the rent agreement over coffee roastery in Helsinki. The right-of-use asset as of 31 December 2024 amounted EUR 48.0 million including EUR 1.5 million provision related to the obligation to restore premises and land areas after lease period ending 31 December 2049. Corresponding lease liability amounted EUR 55.8 million.

AMOUNTS RECOGNISED IN PROFIT OR LOSS

EUR 1,000	2024	2023
Depreciation expense of right-of-use assets	**12,646**	11,559
Interest expenses on lease liabilities	**3,854**	3,742
Expenses - short-term leases	**1,174**	278
Expenses - leases of low-value assets	**829**	227
Total amount recognised in profit or loss	**18,504**	**15,806**

There were no lease expenses relating to variable lease payments not included in lease liabilities during the years 2024 and 2023.

GROUP AS A LESSOR

MATURITY OF RENTALS RECEIVABLE AS OF 31 DECEMBER 2024

EUR 1,000	< 1 YEAR	1–5 YEARS	> 5 YEARS	TOTAL
Operating lease receivables	149	0	0	149
Total	**149**	**0**	**0**	**149**

AMOUNTS RECOGNISED IN PROFIT OR LOSS

EUR 1,000	2024	2023
Total amount recognised in profit or loss	**2,209**	2,061
Total amount recognised in profit or loss	**2,209**	**2,061**

Operating lease income in Paulig Group consists of mainly income from coffee machine leases which is included in the Revenue in the comprehensive income statement.

5. OPERATIONAL ASSETS AND LIABILITIES

5.1 INVENTORY

§ Accounting principles

Inventories include materials and supplies, unfinished and finished goods. Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis or alternatively weighted average cost or standard cost method where it approximates FIFO
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

A net realizable values is the estimated selling price in the ordinary course of business less the estimated costs of the completion of the product and the cost of sale.

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Materials and consumables	**84,203**	53,018
Work in progress	**2,029**	1,290
Finished goods	**104,026**	82,122
Provision for obsolete inventory	**-2,606**	-2,326
Total	**187,652**	**134,104**

5.2 TRADE AND OTHER RECEIVABLES

§ Accounting principles

Trade receivables are usually receivables from the sale of goods, products and services of the normal business of the company. Also lease receivables and receivables from the sale of non-current assets and investments are reported as trade receivables. Customer payment terms vary from 30 to 90 days from the delivery. Trade and other receivables are recognised initially at the original invoice amounts and subsequently valued at amortised cost.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECL). The Group recognises 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

TRADE AND OTHER RECEIVABLES IN CURRENT ASSETS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Trade receivables	**146,676**	159,125
Allowance for expected credit losses	**-859**	-667
Total trade receivables	**145,818**	**158,459**
Other receivables	**24,653**	**25,289**
Total trade and other receivables	**170,471**	**183,747**

Group Companies are responsible for the credit risk arising from business operations. Each Group Company is responsible for managing and analysing the credit risk of both existing and potential new clients. Risk control is based on assessing the credit quality of the customer, taking into account the financial position, past experience and performance as well as forward looking macroeconomic factors. Credit insurances are used in Business Area Customer Brands. Actual credit losses recognised were less than 0.015% out of total net sales during financial years 2024 and 2023. Also majority of the Group's customers are major retailers with very low risk of insolvency. Based on historical loss rate and customer credit risk analyses, and due to the credit insurances covering 30% of the Group's trade receivables at the year end 2024 (2023: 31%) the risk of material credit losses is deemed to be very low. Expected credit losses for year end 2024 amounted to EUR 0.9 million (2023: EUR 0.7 million). Due to the immaterial amount of expected credit losses no separate provision matrix of allocating the amount to days past due is presented.

SPECIFICATION FOR OTHER RECEIVABLES IN CURRENT ASSETS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
VAT receivable	**7,899**	6,325
Derivative instruments	**6,617**	3,290
Other receivables	**10,138**	15,674
Total other receivables in current assets	**24,653**	**25,289**

OTHER RECEIVABLES IN NON-CURRENT ASSETS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Employee benefits	**50**	90
Other receivables	**1,556**	1,308
Total other receivables in non-current assets	**1,606**	**1,398**

5.3 LIQUID FUNDS

Cash in the statement of financial position comprise cash at banks on hand.

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Cash and bank	**60,489**	51,428
Total	**60,489**	**51,428**

5.4 TRADE AND OTHER PAYABLES

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Trade payables	**200,704**	153,571
Other payables	**79,767**	89,918
Total	**280,471**	**243,490**

Paulig has a supplier financing program with a bank involving eight suppliers. The total amount of trade payables in the consolidated balance sheet as of December 31, 2024, was EUR 200.7 million, of which the debt from open purchase invoices under the financing program was EUR 71.4 million. In supplier financing, the supplier utilizes the buyer's credit rating when selling their receivables to the financial institution. Once the buyer company has approved the invoices, the bank pays them to the supplier without recourse, allowing the supplier to quickly access the cash flows related to their receivables. Open purchase invoices covered by the program are presented as trade payables in the group's balance sheet. The impact of these trade payables is reflected in the cash flow from operations as a change in working capital.

SPECIFICATION FOR OTHER PAYABLES IN CURRENT LIABILITIES

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Accrued personnel expenses	**31,534**	34,444
Annual discounts to customers	**20,739**	25,587
VAT payables	**10,375**	8,527
Derivative instruments	**238**	2,025
Other	**16,882**	19,335
Total	**79,767**	**89,918**

5.5 PROVISIONS

§ Accounting principles

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the obligation will result in payment, and the amount of payment can be estimated reliably. Provisions can arise from environmental risks, litigation, restructuring plans or onerous contracts. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks specific to the obligation.

Critical accounting judgements and estimates

The existence of criteria for recognizing provisions and the amounts of provisions are determined based on estimates. The amount to be recorded is the best estimate of the cost required to settle the obligation at the reporting date or transfer to a third party. The estimate of the financial impact of the past event requires management judgement, which is based on similar events occurred in the past, and where applicable, the opinion of external experts.

EUR 1,000	DISMANTLING OF LEASED PREMISES	OTHER	TOTAL
1 January 2024	**4,364**	**44**	**4,408**
Reversed unused provisions		-30	-30
Exchange rate difference	63		63
31 December 2024	**4,428**	**14**	**4,442**

The most significant provisions in the consolidated statement of financial position relate to contractual obligation to restore premises and land areas after lease period. Dismantling of leased premises provisions are based on management's best estimate of remediation costs.

5.6 INTEREST-BEARING LIABILITIES

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Non-current liabilities		
Term loan	**167**	537
Lease liabilities	**88,628**	83,616
Total	**88,795**	**84,153**
Current liabilities		
Term loan	**737**	578
Lease liabilities	**10,996**	9,697
Total	**11,733**	**10,275**

Paulig Group interest-bearing liabilities consist of lease liabilities and a term loan. Accounting principle for lease liabilities is described in note 4.4 Leases and for a term loan in note 6.2 Classification of financial assets and liabilities.

5.7 PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

§ Accounting principles

The Group has pension schemes in different countries, which are generally funded through insurance companies. Pension cover is based on the legislation and agreement in force in each country. Pension schemes consist of both defined benefit and defined contribution plans. Finnish statutory pensions are accounted for as a defined contribution plan in the consolidated financial statements.

Short-term employee benefits

The Group recognises short-term employee benefits as an expense to profit or loss. The expense recognised is the undiscounted amount of short-term employee benefits expected to be paid in exchange for employee's service rendered during an accounting period.

Defined contribution plans

Contributions to the defined contribution plans are charged directly to the statement of income in the year to which these contributions relate. In defined contribution plans, the Group has no legal or contractive obligations to pay further contributions in case the payment recipient is unable to pay the retirement benefits. All arrangements that do not fulfil these conditions are considered defined benefit plans.

Defined benefit plans

In defined benefit plans, after the Group has paid the amount for the period, an excess or deficit may result. The defined benefit obligation represents the present value of future cash flows from payable benefits, which are calculated annually by independent actuaries using the projected unit credit method. The discount rate assumed in calculating the present value of the pension obligation is based on the market yield of high-quality corporate bonds with appropriate maturities.

The liability or asset recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting period closing date less fair value of plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. Pension costs are recognized in the consolidated statement of income so as to spread the current service cost over the service lives of employees based on actuarial calculations. The net interest is included as part of the employee benefit expenses in the consolidated statement of income.

Other long-term employee benefits

Other long-term employee benefits are long-service remunerations, which are accounted for as an unfunded defined benefit plan in accordance to IAS 19. The liability or asset recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting period closing date less fair value of plan assets. The service cost, net interest and remeasurements are all recognised in the consolidated statement of income.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment. The Group recognises a liability and expense for termination benefits at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Critical accounting judgements and estimates

The present value of defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, employee service life and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

DEFINED EMPLOYEE BENEFIT ASSETS AND LIABILITIES

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Voluntary Insurance plan in Finland	**50**	90
Post-employment benefit plan Belgium	**3**	6
Jubilee plans	**1,805**	1,944
Total defined benefit liability (+) /asset (-)	**1,857**	**2,039**

Voluntary Insurance Plan in Finland

A group of employees is covered by a defined benefit pension plan in Finland. The plan is a final average pay pension plan concerning additional pensions. The benefits are insured with an insurance company. The plan provides an old age benefit to complement the statutory old age pension. The level of additional old age pension and the retirement age is agreed in the contract between the employer and the insurance company.

Post-employment benefit plan Belgium

Paulig also have post-employment benefit plan in Belgium. The benefits include both defined benefit (DB) and defined contribution (DC) parts as defined in IAS 19.

ITP2 pension plan in Sweden

ITP2 pension plan was modified 1.5.2023 and the plan is no longer defined benefit plan but is accounted as defined contribution plan. 2023 Cash impact of buyout was 20.8 million euros and cost impact of 1.5 million euros which is presented under employee benefit expenses. The unfunded book-reserved obligations in Sweden were mainly lifelong retirement pensions within the ITP 2-plan.

Jubilee plans

Paulig has Jubilee plans in Finland and in Estonia which are classified as defined benefit plans under IAS 19. Employees have possibility to earn extra vacation days based on the length of their employment. Alternatively an employee can choose to have the earned benefit paid as a salary.

NET BENEFIT EXPENSE (RECOGNISED IN PROFIT OR LOSS)

EUR 1,000	2024	2023
Current service cost	**710**	828
Interest cost (+) income (-) on benefit obligation	**218**	422
Actuarial gains	**-285**	0
Exchange rate differences	**0**	-391
Settlement	**0**	1,542
Total	**643**	**2,401**

AMOUNTS RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME

EUR 1,000	2024	2023
Experience adjustments	**-79**	144
Actuarial gains (-) / losses(+) from changes in financial assumptions	**88**	-153
Other gains (-) / losses (+)	**72**	163
Remeasurements in other comprehensive income	**81**	**155**

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

EUR 1,000	2024	2023
Defined benefit obligation at 1 January	**6,299**	25,038
Current service cost	**710**	828
Interest cost	**223**	427
Actuarial gains	**-285**	0
Expense recognized in profit/loss	**648**	1,255
Changes in actuarial assumptions	**41**	-179
Experience adjustment	**-79**	144
Remeasurement recognised through OCI	**-37**	-34
Termination of benefit	**0**	-19,268
Benefits paid	**-469**	-300
Exchange difference	**0**	-391
Defined benefit obligation at 31 December	**6,442**	**6,299**

CHANGES IN FAIR VALUE OF PLAN ASSETS

EUR 1,000	2024	2023
Fair value of plan assets at 1 January	**4,260**	3,681
Interest income	**5**	5
Items recognised through profit and loss	**5**	5
Actuarial gains/losses (-)	**-46**	-6
Items recognised through OCI	**-46**	-6
Contributions paid	**702**	682
Benefits paid	**-337**	-101
Fair value of plan assets at 31 December	**4,585**	**4,260**

VOLUNTARY INSURANCE PLAN ASSETS ARE COMPRISED AS FOLLOWS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Listed shares	**50**	50
Debt instruments	**50**	50
	100	**100**

DEFINED BENEFIT PLANS: PRINCIPAL ACTUARIAL ASSUMPTIONS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Discount rate		
Voluntary insurance plan in Finland	**3.40%**	4.10%
Post-employment benefit plan Belgium	**3.25%**	3.70%
Rate of salary increase		
Voluntary insurance plan in Finland	**2.00%**	2.50%
Post-employment benefit plan Belgium	**2.60%**	2.80%
Rate of inflation		
Voluntary insurance plan in Finland	**2.00%**	2.50%
Post-employment benefit plan Belgium	**2.10%**	2.30%
Life expectation for pensioners at the age of 65:	**Years**	**Years**
Voluntary insurance plan		
Male	**21.4**	21.4
Female	**25.4**	25.4

MATURITY PROFILE OF THE DEFINED BENEFIT OBLIGATION OF VOLUNTARY INSURANCE PLAN IN FINLAND

The weighted average duration of defined benefit obligation is 11 years. The weighted average duration is calculated with discount rate 3.40%.

EUR 1,000	FUTURE BENEFIT PAYMENTS (UNDISCOUNTED DEFINED BENEFIT OBLIGATION)
Maturity under 1 year	0
Maturity1–5 years	169
Maturity 5–10 years	402
Maturity 10–15 years	277
Maturity 15–20 years	96
Maturity 20–25 years	89
Maturity 25–30 years	77
Maturity over 30 years	143
Total	**1,253**

SENSITIVITY ANALYSIS

Sensitivity analysis describes the effect of change in actuarial assumptions to net defined benefit obligation. The sensitivity analyses are based on a change in a significant assumptions, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

VOLUNTARY INSURANCE PLAN IN FINLAND

ACTUARIAL ASSUMPTIONS	CHANGE IN ASSUMPTION	CHANGE IN DEFINED BENEFIT OBLIGATION EUR (1,000)	
		2024	2023
Discount rate %	+0.50%	-41	-43
	-0.50%	47	48
Salary increase	+0.50%	19	20
	-0.50%	-17	-18

Change in mortality basis so that life expectancy will increase by one year increases net liability EUR 7,978 (15.7%). Last period the change was EUR 7,839 (8.6%). Voluntary pension fund plan is in Finland. Finnish legislation requires pension funds to be fully funded.

POST-EMPLOYMENT BENEFIT PLAN BELGIUM

ACTUARIAL ASSUMPTIONS	CHANGE IN ASSUMPTION	CHANGE IN DEFINED BENEFIT OBLIGATION EUR (1,000)	
		2024	2023
Discount rate %	+0.50%	0	0
	-0.50%	1	1

RISKS ASSOCIATED WITH DEFINED BENEFIT PLANS

Paulig is exposed to a number of actuarial risks through its defined benefit plans, e.g. changes in interest rates or changes in the expected salary increases or life expectancy.

Discount rate

The discount rate is set by looking at mortgage bonds with a duration corresponding to the average remaining maturity of the obligation. If the discount rate is changed it will result in an actuarial gain or loss. An increase of the discount rate results in a decrease of the liability and thus an actuarial gain appears. A decrease of the discount rate gives the opposite effect.

Long-term salary increase assumption

The long-term salary increase assumption is used to evaluate future benefits for the part of the collective that is in service. If the actual salary increases diverge from the chosen assumption or the assumption is changed, it will result in an actuarial gain or loss.

Mortality

If mortality occurs before the expected age, it results in an actuarial gain. If mortality occurs after the expected age, it results in an actuarial loss.

6. CAPITAL STRUCTURE AND FINANCIAL RISK

6.1 SHAREHOLDERS EQUITY AND CAPITAL MANAGEMENT

	A -SHARES	B -SHARES	TOTAL NUMBER OF SHARES	SHARE CAPITAL EUR 1,000
1 January 2023	487,765	15,000	502,765	8,204
31 December 2023	487,765	15,000	502,765	8,204
1 January 2024	487,765	15,000	502,765	8,204
31 December 2024	487,765	15,000	502,765	8,204

Main preferences and restrictions of classes of share capital

The Parent Company's share capital registered with the Trade Register as of 31 December 2024 totalled EUR 8,203,618.4, divided into 487,765 A Class shares and 15,000 B class shares. The nominal value of one share is not determined.

Class B shares give a preferential right to a dividend of EUR 16 per share. In the event that the company is unable to pay a dividend of EUR 16 per each Class B share, these shares confer the right to receive any unpaid portion of the dividends in later years before any dividend can be paid for Class A shares. If the dividend per share is EUR 16 or more, both classes of shares carry the same right to dividend.

If the company is dissolved, Class B shares do not give any right to the shareholders' equity accrued in the company before 1 January 2009; instead, these shares give the right to the portion of added value generated in the company after 31 December 2008.

Issues of new shares may consists of either Class A or Class B shares or both. Only Class A shares give the right of first refusal to subscribe new shares irrespective of the class of shares involved.

If a Class A share in the company is transferred to a new shareholder the holders of Class A share in the shareholders register at the time of transfer have the right of first refusal, and the company the right of second refusal, to redeem Class A shares. The right of redemption does not apply to transfers of Class A shares to direct heirs in a descending order. No redemption right applies when a share is transferred to a new owner by the company.

If a Class B share in the company is transferred to a new shareholder the holders of Class B shares in the shareholders register at the time of transfer have the right of first refusal, and the company the right of second refusal, to redeem Class B shares.

Specific terms and conditions applied to transfers of Class A and B shares are specified in the Paulig Ltd's Articles of Association.

Other funds

Other restricted equity fund comprises of restricted funds other than share capital.

Revaluation fund includes revaluation made to land areas.

The cash flow hedge fund includes the effective portion of accrued fair value changes of derivative instruments used for cash flow hedging.

Other OCI items include the net change of the fair value of equity investments measured through OCI and remeasurements of the net defined benefit liability (asset), to be recognised in other comprehensive income.

The unrestricted equity funds consist of the invested non-restricted equity fund held by the Parent Company.

Foreign currency translation fund include exchange differences resulting from the translation of income statement of foreign entities at the average exchange rates and balance sheet at the closing rates and is also included in the OCI.

Dividends

After the closing date, the Board of Directors has proposed dividend distribution of EUR 38.72 per share.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

EUR 1,000	2024	2023
Share capital on 1 January	8,204	8,204
Share capital on 31 December	8,204	8,204
Other restricted funds on 1 January	4,168	4,168
Other restricted funds on 31 December	4,168	4,168
Cash flow hedge fund on 1 January	-2,759	12,730
Change for the financial year	-23,325	-15,489
Cash flow hedge fund on 31 December	-26,084	-2,759
Foreign currency translation fund on 1 January	-15,282	-15,494
Change for the financial year	-3,392	211
Foreign currency translation fund on 31 December	-18,674	-15,282
Other OCI items on 1 January	3,384	4,130
Changes for the financial year	-13	-748
Other OCI items on 31 December	3,370	3,384
Unrestricted equity funds on 1 January	4,324	4,324
Unrestricted equity funds on 31 December	4,324	4,324
Retained earnings on 1 January	581,130	696,937
Dividend	-22,061	-34,238
Demerger of subsidiary	0	-170,687
Retained earnings on 31 December	559,069	492,013
Profit for the period	65,834	89,117
Total shareholders' equity on 31 December	**600,208**	**583,166**

Capital management

For the purpose of Paulig Group's capital management, capital includes issued capital, invested distributable equity fund and all other equity reserves attributable to the equity holders of the parent. The main objective is to maintain strong capital structure and to ensure the Group's capacity to fund its operations on a long-term basis in order to be able to maximise the shareholder value. Based on Group's policy the target is to keep equity ratio above 50%.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The development of the Group's capital structure is continuously monitored by equity ratio, by gearing ratio and by comparing net debt to EBITDA.

6.2 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

§ Accounting principles

Financial assets

Under IFRS 9 Paulig Group classifies financial assets in the following measurement categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Financial assets are classified as currents assets, except when the remaining maturity exceed 12 months after balance sheet date, which are classified as non-current assets.

Financial assets measured at amortised cost

Financial assets recognised at amortised cost include the financial assets where the business model is to hold the asset to collect the contractual cash flows which represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortised cost consist of cash and cash equivalents, trade receivables and other held-to-maturity receivables that are non-derivative assets.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss consist of investments in funds, equity investments, debt instruments and derivatives which do not meet criteria for hedge accounting. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. If the fair value of investments in unlisted companies cannot be reliably measured, the assets can be measured at cost. Change in fair value and gains or losses are included in financial income and expenses including the results from impairment assessment.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are debt instruments or receivables held within business model whose objective is to collect contractual cash flows and selling financial assets, and where contractual cash flows represents solely payments of principal and interest. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and are measured in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change in OCI is recycled to profit or loss. The Group includes derivative instruments under hedge accounting in this measurement category.

The Group has also made an irrevocable election to recognise particular equity instruments at fair value through other comprehensive income that would otherwise be measured at fair value through profit or loss. Gains and losses on these financial assets are never recycled to profit or loss. Only dividends are recognized through profit or loss in accordance with IFRS 9. These particular equity instruments are considered long term investments and are not held for trading purpose. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt 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. For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, net of transactions costs. For purposes of subsequent measurement, financial liabilities are classified in two categories: amortised costs and fair value through profit or loss. Financial liabilities are classified as liabilities, except when the remaining maturity exceed 12 months after balance sheet date, which are classified as non-current liabilities

Financial liabilities at amortised cost

Financial liabilities recognised at amortised cost consist of interest-bearing loans, lease liabilities, trade payables, advance payments and other liabilities and financial instruments included in accrued expenses. Financial liabilities measured at amortized cost are recognized initially at fair value, net of transaction costs, on the trading date and subsequently measured at amortized cost using the effective interest method. Financial liabilities are included in current and non-current liabilities and may be either interest-bearing or non-interest-bearing.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. In Paulig Group financial liabilities recognised through profit or loss include commodity and currency derivatives that do not fulfil the terms of hedge accounting. Realised and unrealised profits and losses caused by changes in the fair values of derivatives are recognised through profit and loss for the period in which they originate. The accounting principle for derivative financial liabilities under hedge accounting is presented in note 6.4. Derivative instruments.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

31 DECEMBER 2024

EUR 1,000	FAIR VALUE THROUGH OCI	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL FAIR VALUE	FAIR VALUE HIERARCHY	AMORTISED COST	TOTAL CARRYING AMOUNT
Non-current financial assets						
Equity securities	4,621		**4,621**	1		**4,621**
Equity securities		5,528	**5,528**	3		**5,528**
Receivable from the sale of the associated company					10,000	**10,000**
Current financial assets						
Trade receivables					145,818	**145,818**
Equity securities		35,330	**35,330**	1		**35,330**
Convertible loan		376	**376**	3		**376**
Receivable from the sale of the associated company					10,000	**10,000**
Derivative financial instruments	768	2,015	**2,783**	2		**2,783**
Cash and bank					60,489	**60,489**
Total financial assets	**5,389**	**43,249**	**48,638**		**226,307**	**274,944**
Non-current financial liabilities						
Lease liabilities					88,628	**88,628**
Term loan					167	**167**
Current financial liabilities						
Lease liabilities					10,996	**10,996**
Term loan					737	**737**
Derivative financial instruments		238	**238**	2		**238**
Trade payables					200,704	**200,704**
Total financial liabilities		**238**	**238**		**301,232**	**301,470**

31 DECEMBER 2023						
EUR 1,000	FAIR VALUE THROUGH OCI	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL FAIR VALUE	FAIR VALUE HIERARCHY	AMORTISED COST	TOTAL CARRYING AMOUNT
Non-current financial assets						
Equity securities	4,546		4,546	1		4,546
Equity securities		4,112	4,112	3		4,112
Receivable from the sale of the associated company					20,000	20,000
Trade receivables					241	241
Current financial assets						
Trade receivables					158,459	158,459
Equity securities		47,020	47,020	1		47,020
Convertible loan		864	864	3		864
Bond funds		38,052	38,052	1		38,052
Receivable from the sale of the associated company					10,000	10,000
Derivative financial instruments	2,051	1,618	3,669	2		3,669
Cash and bank					51,428	51,428
Total financial assets	**6,597**	**91,666**	**98,263**		**240,127**	**338,390**
Non-current financial liabilities						
Lease liabilities					83,616	83,616
Term loan					537	537
Current financial liabilities						
Lease liabilities					9,697	9,697
Term loan					578	578
Derivative financial instruments		2,025	2,025	2		2,025
Trade payables					153,571	153,571
Total financial liabilities		**2,025**	**2,025**		**248,000**	**250,025**

TOTAL FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Financial assets		
Level 1	39,951	89,618
Level 2	2,783	3,669
Level 3	5,904	4,976
Total	**48,638**	**98,263**
Financial liabilities		
Level 1	0	0
Level 2	238	2,025
Level 3	0	0
Total	**238**	**2,025**

Determination of fair values

For financial instruments that are measured at fair value in the balance sheet , the following measurement hierarchy and valuation methods have been applied:

Level 1 = Fair values are based on identical assets or liabilities quoted (unadjusted) in active markets
Level 2 = Fair values are based on other than level 1 quoted prices and are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e., derived from prices)
Level 3 = Fair values are not based on observable market data

The equity securities measured at fair value through OCI at level 1 consist of listed equity investments which are directly valued based on exchange quotations. The equity securities measured at fair value through profit or loss at level 3 include unlisted shares for which the fair value cannot be reliably determined. The management assessed that cash and bank and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities fair value approximate their carrying amounts largely due to the short-term maturities of these instruments.

There have been no transfers between levels during years 2024 nor 2023.

Investments in equity instruments

Paulig Group has made an irrevocable election to recognizes following equity instruments at fair value through other comprehensive income. These equity instruments are considered long term investments and are not held for trading purpose.

RECONCILIATION OF FAIR VALUE MEASUREMENT OF LISTED EQUITY INVESTMENTS CLASSIFIED AS EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OCI

EUR 1,000	KESKO OYJ
Fair value as at 1 January 2023	**5,286**
Remeasurement recognised in OCI	-740
Fair value as at 31 December 2023	**4,546**
Remeasurement recognised in OCI	75
Fair value as at 31 December 2024	**4,621**

Paulig Group received EUR 0.20 million dividend from Kesko Oyj during year 2024 (2023: EUR 0.27 million).

6.3 FINANCIAL RISK MANAGEMENT

The principles and organization of financial risk management

The nature of Paulig business operations exposes the company to various financial risks such as commodity, foreign exchange, credit and liquidity risks. Group's risk management aim is to minimize adverse effect on the Group's financial performance. Paulig Board of Directors has approved risk management guidelines in the Group Treasury Policy and Commodity Risk Policy. Paulig's treasury operations are managed centrally by the Group Treasury unit. Operating as a counterparty to the Group's operational units, Group Treasury is responsible for managing external financing, liquidity and external currency hedging operations. Treasury is also responsible of investing excess liquidity. Commodity hedging operations are managed separately by sourcing organisation. Centralised treasury operations aim to ensure financing on flexible and competitive terms, optimised liquidity management, cost-efficiency and efficient management of financial risks.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Group Treasury is responsible for managing credit risk of the financial instruments and transactions on a Group level. The principle is that Paulig Group requires a minimum credit rating of A-, A- or A- (Moody's, Standard & Poor's, or Fitch Ratings) when entering into an agreement or transaction with a financial counterparty. Separate rules and principles are in force when investing excess liquidity. Counterparty specific risk limits are set for each financial institution consisting of a limit for balances on bank accounts, term money market investments and a net fair value on derivatives of outstanding transactions with the counterparty. Counterparty specific risk limit is also set for each counterparty in which investment of excess liquidity is made. Prior to entering into a financial derivative transaction with a bank, a master agreement between the Group and the counterparty needs to be in effect, e.g. ISDA (International Swap Dealers Association) or an equivalent master agreement.

Group Companies are responsible for the credit risk arising from business operations. Each Group Company is responsible for managing and analysing the credit risk of both existing and potential new customers. Risk control is based on assessing the credit quality of the customer, taking into account the financial position, past experience and performance as well as forward looking macroeconomic factors. For trade receivables and contract assets, Paulig Group applies a simplified approach in calculating Expected Credit Loss (ECL), which uses a lifetime expected loss allowance to be assessed and recognised regularly, see note 5.2

Liquidity risk

Liquidity risk materializes if a company ceases to have cash or has insufficient credit limits and borrowing facilities to meet its contractual obligations. The Group monitors its risk of a shortage of funds using a liquidity planning tool.

Group Treasury is responsible for maintaining sufficient liquidity resources and borrowing facilities in order to secure the availability of liquidity needs arising from the Group's operations. For cost efficiency reasons liquid funds are kept at 2% or below of the Group's annual net sales as long as the Group has net external long-term debt.

Commodity risk

Paulig Group is exposed to market price risk of commodities (raw material). Biggest risk arises from green coffee purchases. Global trading volumes in the green coffee market are large and speculative trading exists. The market price volatility is high, sudden and sharp movements in the market price are possible. Hedging is conducted according to Paulig's commodity risk management policy, which covers the main principles of the green coffee price risk management and hedging practices. Based on 12-month rolling forecast of the required coffee supply, the Group hedges the coffee margin by using forward and option commodity purchase contracts. Commodity derivatives do not result in physical delivery of coffee, but are designated as cash flow hedges to offset the effect of price changes in coffee.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Group is exposed to transaction risk resulting from cash flows related to revenue and expenditure in different currencies other than the operating's units own functional currency. Group main foreign selling currencies are SEK and NOK. Majority of raw material purchases are done in USD.

Transaction exposure

Group companies are responsible for identifying exposures and monitoring balances against transaction risk related to their business operations in accordance with the Group Treasury Policy.

Group Treasury is responsible for the external execution of the transaction exposure of Paulig Group and for ensuring that hedging guidelines are followed. Group Treasury supports Group Companies in determining their foreign exchange exposures. The Group Company has the primary initiative for hedging decision, and Group Treasury offers hedging solutions. The exposure is defined from each Group Company's perspective on a rolling 12-month period of cash flows per currency. The main principle is to hedge an exposure which exceeds 5% of the net sales of the Group Company. The foreign currency risk is hedged by using foreign currency forward contracts. The Group does not apply hedge accounting to foreign exchange derivatives.

Translation risk

Currency translation risk is defined as the risk arising from the translation of a foreign subsidiary's profit and loss statement and balance sheet into the Group's base currency in consolidation. When the income statement and balance sheet of the subsidiaries in foreign currency are translated into EUR, the values of Paulig Group's consolidated assets, liabilities and equity will be affected. The policy is that the translation risk is not hedged, since the risk has no short-term cash flow impact.

Interest rate risk

Interest rate risk is the exposure of the Group to fluctuations of market interest rates and interest margins influencing finance costs, returns on financial investments and valuation of interest-bearing balance sheet items. The Group's interest rate risk is managed by Group Treasury. The objective is to control the effects of fluctuations in the interest rates on the Group's financial position and profitability and to minimize the net interest cost over time.

Group interest-bearing liabilities consist mainly lease liabilities related on buildings and constructions. Interest-bearing assets are not exposed to interest rate risk at the end of year 2024 (2023: EUR 38.1 million).

NET FORECAST FOREIGN CURRENCY TRANSACTION EXPOSURE, OTHER THAN OPERATING UNITS FUNCTIONAL CURRENCY

31 DECEMBER 2024 EUR 1,000	USD	SEK	NOK	DKK
Next 12 months forecast foreign currency cash flow	-264,971	-68,160	37,657	16,970
Cash flow, hedges at 31 December 2024	33,834	28,029	-17,618	-9,735
Total exposure	**-231,137**	**-40,132**	**20,039**	**7,236**

31 DECEMBER 2023 EUR 1,000	USD	SEK	NOK	DKK
Next 12 months forecast foreign currency cash flow	-162,605	-86,333	36,795	27,816
Cash flow, hedges at 31 December 2023	64,751	13,503	-10,765	-10,734
Total exposure	**-97,854**	**-72,830**	**26,030**	**17,082**

A 10% adverse change in the foreign currency exchange rates above would result loss of EUR 32.4 million (2023: EUR 32.5 million loss) in net result and equity, based on forecasted cash flow. Net result of open foreign exchange contracts would result gain of EUR 4.7 million (2023: EUR 13.5 million gain). Adverse change refers weakening of the currency, except in the case of USD and SEK.

MATURITY OF THE GROUP'S FINANCIAL LIABILITIES AND TRADE PAYABLES

31 DECEMBER 2024 EUR 1,000	2025	2026	2027	2028	2029	LATER
Leasing liabilities*	10,996	9,346	7,671	6,593	6,036	58,981
Term loan	737	42	31	31	31	31
Derivative liabilities	238					
Trade payables	200,704					
Total	**212,675**	**9,388**	**7,702**	**6,625**	**6,068**	**59,012**

31 DECEMBER 2023 EUR 1,000	2024	2025	2026	2027	2028	LATER
Leasing liabilities*	9,697	8,013	6,454	5,045	4,513	59,591
Term loan	578	397	31	31	31	47
Derivative liabilities	2,025					
Trade payables	153,571					
Total	**165,872**	**8,409**	**6,485**	**5,077**	**4,544**	**59,638**

* Leasing liabilities include interest payments.

6.4 DERIVATIVE INSTRUMENTS

§ Accounting principles

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are recognized on the trade date at fair value and other current financial assets on the settlement date. Later derivatives are remeasured at their fair value each reporting date and any subsequent change is recognized at profit and loss if hedge accounting is not used.

If hedge accounting is applied, 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, at the inception of a hedge relationship. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

Derivatives are classified as non-current assets or liabilities when the remaining maturities exceed 12 months and as current assets or liabilities when the remaining maturities are less than 12 months.

Cash flow hedge

The Group applies cash flow hedge accounting to commodity derivatives, mainly forwards and options, to manage the cost of green coffee as a part of the USD coffee margin. Hedging is conducted according to Paulig's commodity risk management policy, which covers the main principles of the green coffee price risk management and hedging practices.

The change in fair value of the effective portion of derivative instruments designated as cash flow hedges are recognised in OCI in the cash flow hedge fund. Gains or losses for commodity derivatives used to hedge the commodity price risk exposure are accrued over the period to maturity and are recognized in the materials and services in the consolidated statement of profit and loss adjusting the coffee margin. If a hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is immediately transferred to the profit or loss.

The Group assess hedging effectiveness both at hedge inception and quarterly whether the derivatives used in hedging are effective in offsetting changes in the fair value of the hedged item. The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge fund, from which it is transferred to the income statement when the hedged item is realised. Any ineffective portion is recognised immediately in the statement of profit or loss.

There is an economic relationship between the hedged item coffee margin in USD and the hedging instruments (coffee forwards/options) as the critical terms of the hedging instrument and the hedged item are closely aligned consisting the same element, coffee price. The Group has established a hedge ratio of 1:1 for the hedging relationship as the rolling sales forecast covers the estimated monthly coffee sales volumes 12 months forward which determines the monthly volumes for hedging. According to Treasury Policy only A- or better rated counterparties are used for hedging activities and therefore counterparty rating does not affect nor dominate the hedged item. Credit ratings of counterparties are being monitored on a yearly basis. Credit risk management is described in more detail in note 6.3.

The Group does not apply hedge accounting to foreign exchange derivatives.

THE EFFECT OF THE CASH FLOW HEDGE IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HEDGING GAINS AND LOSSES 2024

EUR 1,000	CHANGE IN FAIR VALUE OF THE HEDGING INSTRUMENT RECOGNISED IN OCI	AMOUNT RECLASSIFIED FROM OCI TO PROFIT OR LOSS	LINE ITEM AFFECTED IN PROFIT OR LOSS BECAUSE OF THE RECLASSIFICATION	HEDGING GAINS AND LOSSES FOR DERIVATIVES NOT HEDGE ACCOUNTED	LINE ITEM AFFECTED IN PROFIT OR LOSS
Derivatives hedge accounted					
Commodity derivatives	-23,325	-12,382	Materials and services		
Derivatives outside hedge accounting					
Commodity derivatives				1,963	Financial income
Currency derivatives				4,676	Financial income
Currency derivatives				-1,071	Financial expenses

HEDGING GAINS AND LOSSES 2023

EUR 1,000	CHANGE IN FAIR VALUE OF THE HEDGING INSTRUMENT RECOGNISED IN OCI	AMOUNT RECLASSIFIED FROM OCI TO PROFIT OR LOSS	LINE ITEM AFFECTED IN PROFIT OR LOSS BECAUSE OF THE RECLASSIFICATION	HEDGING GAINS AND LOSSES FOR DERIVATIVES NOT HEDGE ACCOUNTED	LINE ITEM AFFECTED IN PROFIT OR LOSS
Derivatives hedge accounted					
Commodity derivatives	-15,489	14,586	Materials and services		
Derivatives outside hedge accounting					
Commodity derivatives				-1,693	Financial expenses
Currency derivatives				269	Financial expenses
Currency derivatives				3,425	Financial income

Hedging is verified to be effective, no ineffectiveness have been booked. The amount of cost of hedging is not material and is recognised simultaneously with underlying sales to profit or loss.

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31 DECEMBER 2024			31 DECEMBER 2023		
EUR 1,000	POS.	NEG.	NET	POS.	NEG.	NET
Derivatives in hedge accounting						
Commodity derivatives, cash flow hedges	768	0	768	2,051	0	2,051
Derivatives not in hedge accounting						
Foreign exchange derivatives, not in hedge accounting	2,015	238	1,777	1,618	2,025	-407
Total	**2,783**	**238**	**2,545**	**3,669**	**2,025**	**1,644**

Positive (negative) fair value of hedging instruments on 31 Dec 2024 is presented in the statement of financial position in the item Other current financial assets (derivative liabilities within Trade and other payables).

EUR 1,000	31 DECEMBER 2024 NOMINAL	31 DECEMBER 2023 NOMINAL
Nominal values of derivative financial instruments		
Commodity derivatives and foreign exchange derivatives	**197,229**	138,326

The maturity for all open derivatives is under 12 months as of 31 December 2024.

6.5 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR 1,000	31 DECEMBER 2024	31 DECEMBER 2023
Guarantees		
Other guarantees for own commitments	**63,040**	62,595
Other commitments		
Repurchase commitments of coffee machines	**279**	264
Commitments for purchase of assets	**14,713**	27,565
Leases not yet commenced to which Paulig is committed	**98**	167
Total contingent liabilities and other commitments	**78,130**	**90,592**

Sometimes the group may receive claims that it considers to be unfounded. These claims are not disclosed before they have been carefully evaluated and it has been established that they have some substance in them.

7. OTHER NOTES

7.1 RELATED PARTY TRANSACTIONS

Paulig Group related parties consists of its subsidiaries and associate companies, The Board of Directors, the CEO and the Leadership team, their closely related family members as well as companies or joint ventures owned by them.

PAID EMPLOYEE BENEFITS OF MANAGEMENT

EUR 1,000	31 DECEMBER 2024 NOMINAL	31 DECEMBER 2023 NOMINAL
Salaries and other short-term benefits	4,473	3,574
Post-employment benefits	1,627	1,535
Other long-term benefits	1,756	1,653
Termination benefits	114	0
Total	**7,971**	**6,762**

During the year 2024 Paulig Group paid EUR 0.89 million (2023: EUR 0.59 million) for obtaining key management personnel services provided by a separate management entity.

Paulig Group company has entered into a lease agreement over Vuosaari roastery and office premises with Kahvimo Oy, which is a related party to Paulig Group based on the ownership structure. Amounts owed to Kahvimo Oy represent the lease liability over the roastery rent agreement. See note 4.4 Leases for more information.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have not been any guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2023: EUR 0). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

THE FOLLOWING TABLE PROVIDES THE TOTAL AMOUNT OF TRANSACTIONS THAT HAVE BEEN ENTERED INTO WITH RELATED PARTIES FOR THE RELEVANT FINANCIAL YEAR

EUR 1,000		SALES TO RELATED PARTIES	PURCHASES FROM RELATED PARTIES	AMOUNTS OWED BY RELATED PARTIES	AMOUNTS OWED TO RELATED PARTIES"
Kahvimo Oy	2024				55,794
	2023	-	-	-	56,749
Fuchs Group Companies *	2023	1,290	47	-	-

* Paulig Group sold its shares in Fuchs Group during finance year 2023, sales and purchases were considered until the closing date of the sale.

7.2 EVENTS AFTER THE REPORTING PERIOD

In December 2024, Paulig announced the acquisition of Conimex, a leading brand on the Dutch market known for its range of Asian meal makers, prawn crackers, soups, sauces, and seasonings. The acquisition includes the Conimex brand and its associated business, encompassing all trademarks and related intellectual property. The merger control clearance from the Dutch competition authority has already been received. The closing of the acquisition is subject to customary works council procedures, and takes place earliest on April 1, 2025.

Parent Company's income statement

EUR 1,000	NOTE	2024	2023
Net sales	1	**20,700**	18,603
Other operating income	2	**9,883**	121,560
Personnel expenses	3	**-10,571**	-10,991
Depreciation and value adjustments	4	**-1,940**	-1,538
Other operating expenses	5	**-38,586**	-72,865
		-51,097	-85,394
Operating profit			
Financial income and expenses	6		
Dividend income on long-term financial assets		**54,790**	28,280
Interest income and other financial income		**1,910**	845
Interest expenses and other financial expenses		**-2,837**	-6,103
		53,863	23,022
Profit before appropriations and taxes		**33,350**	77,791
Appropriations	7		
Group contribution		**19,000**	29,000
Income taxes	8	**-30**	-922
Net profit for the financial year		**52,320**	105,869

Parent Company's balance sheet

EUR 1,000	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
Assets			
Fixed assets	9		
Intangible assets			
Other long-term expenses		**4,643**	2,638
Advanced payments		**7,008**	8,665
		11,650	11,302
Tangible assets			
Land and water		**122**	122
Buildings and constructions		**1,304**	1,391
Machinery and equipment		**126**	152
		1,552	1,665
Long-term financial assets	10		
Shares in associated companies		**348,886**	378,886
Other shares		**4,756**	3,743
Other receivables		**1,522**	1,522
		355,165	384,152
Total fixed assets		**368,367**	397,119
Current assets			
Long-term receivables			
Receivables from group companies		**0**	125
Loan receivables		**10,000**	20,000
		10,000	20,125
Short-term receivables	11		
Accounts receivable		**0**	2
Receivables from group companies		**23,355**	29,161
Loan receivables		**10,238**	10,438
Accruals and deferred income		**5,427**	3,083
		39,019	42,684
Total current assets		**49,019**	62,810
Total		**417,387**	459,928

EUR 1,000	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
Shareholders' equity and liabilities			
Shareholders' equity	12		
Share capital		**8,204**	8,204
Premium fund		**3,058**	3,058
Reserve fund		**76**	76
Reserve for invested non-restricted equity		**4,050**	4,050
Retained earnings		**338,355**	254,548
Net profit for the financial year		**52,320**	105,869
Total shareholders' equity		**406,063**	375,804
Liabilities	14		
Long-term liabilities			
Interest bearing liabilities		**0**	70,000
		0	70,000
Current liabilities			
Accounts payable		**4,281**	3,299
Liabilities to group companies		**8**	2,540
Other liabilities		**181**	178
Accruals and deferred expenses		**6,854**	8,107
		11,324	14,124
Total liabilities		**11,324**	84,124
Total		**417,387**	459,928

Parent Company's cash flow statement

EUR 1,000	NOTE	2024	2023
Cash flow from operating activities			
Profit after financial items		**33,350**	77,791
Adjustments, total	15	**-50,982**	-89,905
Operating profit before change in net working capital		**-17,632**	-12,115
Change in net working capital	15	**27,239**	2,070
Cash generated from operations		**9,607**	-10,045
Interest received		**1,286**	232
Interest paid		**-2,837**	-6,089
Income taxes paid		**-49**	4,290
Net cash flow from operating activities		**8,006**	-11,612
Cash flow from investing activities			
Capital expenditures		**-2,176**	-5,457
Purchase of other shares		**-1,232**	-983
Increase (-), decrease (+) in long-term receivables		**10,000**	-140
Dividends received and capital returns from investments		**84,790**	42,015
Net cash flow from investing activities		**91,382**	35,434

EUR 1,000	NOTE	2024	2023
Cash flow from financing activities			
Increase (-), decrease (+) in short-term receivables		**-6,777**	50,416
Increase (+), decrease (-) in long-term liabilities		**-70,550**	-40,000
Dividends paid		**-22,061**	-34,238
Net cash flow from financing activities		**-99,389**	-23,822
Change in liquid funds		**0**	0
Liquid funds on 1 January		**0**	0
Liquid funds on 31 December		**0**	0

The figures above cannot be directly traced from the balance sheet without additional information.

Parent Company's Accounting Principles

The parent company's financial statements have been prepared according to the Finnish Accounting Standards (FAS).

Comparability of data from the previous financial year

Paulig Ltd was the receiving company in cross-border merger. Sauerklee A/S was merged into Paulig Ltd on 30th August 2024.

Foreign currency items

Foreign exchange gains and losses related to operative business are recognised as adjustments to sales, purchases and investments. Foreign exchange gains and losses associated with financing are recognised as financial income and expenses.

Receivables and liabilities in foreign currency are valued at the rate of the closing date.

Net sales

Net sales are calculated as gross sales less indirect taxes, discounts and exchange rate differences.

Pension expenditures

The pension cover of the personnel of the parent company is based on pension insurance.

Income taxes

Taxes calculated based on result for the financial year and tax adjustments for the previous financial years have been entered as direct taxes in the consolidated income statement.

Fixed assets and depreciation

Fixed assets are reported in the balance sheet at their original acquisition cost less planned accumulated depreciation. Planned depreciation is based on the following estimated lifetimes:

Intangible rights	3–10 yrs
Goodwill	5–10 yrs
Other long-term expenses	5–10 yrs
Buildings and constructions	25 yrs
Machinery and equipment	3–10 yrs

No depreciation is made on land.

Securities included in fixed assets and other long term investments are valued at their acquisition cost or, if their current value has been permanently depreciated, at the depreciated value.

Financial assets

Securities included in financial assets are valued at the acquisition cost or, if their market value is lower than that, at the lower value.

Provisions

Provisions comprise items which the company has committed to cover either through agreements or otherwise, but which have not yet materialized. In the income statement, the change in provisions is included in the appropriate expense item.

Appropriations

The appropriations consist of depreciation difference.

Notes to the financial statements

EUR 1,000	31.12.2024	31.12.2023

1. NET SALES

Net sales by market area		
Nordic countries	**10,407**	9,836
Continental Europe	**7,473**	6,233
United Kingdom and Ireland	**1,326**	1,212
Baltic countries	**1,495**	1,322
Total	**20,700**	18,603

2. OTHER OPERATING INCOME

Merger gains		
Saffron Holding A/S merged with Paulig Ab on 2 October 2023	**0**	115,755
Other income	**9,883**	5,805
Total	**9,883**	121,559

3. NOTES CONCERNING THE PERSONNEL AND THE MEMBERS OF ADMINISTRATIVE BODIES

Personnel expenses		
Salaries and remuneration for Managing Directors and the members of the Board of Directors	**1,891**	1,675
Other wages and salaries	**6,986**	7,544
Pension expenses	**1,492**	1,559
Other personnel expenses	**203**	213
Total	**10,571**	10,991

Average number of personnel		
Nordic countries	**58**	57
Total	**58**	57

Number of personnel in associated companies

EUR 1,000	31.12.2024	31.12.2023

4. DEPRECIATION AND VALUE ADJUSTMENTS

Depreciation on tangible assets	**112**	120
Depreciation on intangible assets	**1,828**	1,418
Total	**1,940**	1,538

5. OTHER OPERATING EXPENSES

Merger losses	**523**	46,470
External Services	**22,655**	15,755
Ernst & Young		
Statutory auditing fees	**95**	77
Other fees	**60**	56
Others		
Tax consulting	**50**	25
Other fees	**1,517**	523
Other	**13,686**	9,959
Total	**38,586**	72,865

6. FINANCIAL INCOME AND EXPENSES

Dividend income		
From group companies	**54,592**	28,000
From others	**198**	280
Total	**54,790**	28,280

Interest income and other financial income		
From group companies	**145**	232
From others	**1,766**	613
Total	**1,910**	845

EUR 1,000	31.12.2024	31.12.2023
Interest expenses and other financial expenses		
To group companies	**2,344**	5,182
To others	**493**	921
Total	**2,837**	6,103

7. APPROPRIATIONS

Group contribution	**19,000**	29,000
Total	**19,000**	29,000

8. INCOME TAXES

Income tax on ordinary business	**-3,800**	-4,878
Income tax on group contributions	**3,800**	5,800
Total	**0**	922

9. FIXED ASSETS

Intangible rights		
Acquisition cost on 1 January	**188**	189
Acquisition cost on 31 December	**188**	188
Accumulated depreciation on 1 January	**-188**	-188
Accumulated depreciation on 31 December	**-188**	-188
Book value on 31 December	**0**	0

EUR 1,000	31.12.2024	31.12.2023
Other long term expenses		
Acquisition cost on 1 January	**6,072**	5,368
Increase	**3,833**	806
Decrease	**0**	-160
Acquisition cost on 31 December	**9,905**	6,072
Accumulated depreciation on 1 January	**-3,435**	-2,018
Depreciation of the financial year	**-1,828**	-1,417
Accumulated depreciation on 31 December	**-5,263**	-3,435
Book value on 31 December	**4,643**	2,638
Advanced payments		
Acquisition cost on 1 January	**8,665**	4,062
Increase	**2,176**	5,458
Transfers	**-3,833**	-855
Book value on 31 December	**7,008**	8,665
Land and water		
Acquisition cost on 1 January	**122**	122
Book value on 31 December	**122**	122
Buildings and constructions		
Acquisition cost on 1 January	**2,158**	2,158
Acquisition cost on 31 December	**2,158**	2,158
Accumulated depreciation on 1 January	**-767**	-681
Depreciation of the financial year	**-86**	-86
Accumulated depreciation on 31 December	**-853**	-767
Book value on 31 December	**1,304**	1,391

EUR 1,000	31.12.2024	31.12.2023
Machinery and equipment		
Acquisition cost on 1 January	**410**	360
Increase	**0**	49
Acquisition cost on 31 December	**410**	410
Accumulated depreciation on 1 January	**-257**	-223
Depreciation of the financial year	**-26**	-33
Accumulated depreciation on 31 December	**-283**	-257
Book value on 31 December	**126**	152

10. FINANCIAL ASSETS

Shares in group companies		
Acquisition cost on 1 January	**378,886**	504,191
Decrease	**-30,000**	0
Partial demerger	**0**	-139,048
Merger increase	**0**	325,569
Merger decrease	**0**	-311,827
Book value on 31 December	**348,886**	378,886
Other shares		
Acquisition cost on 1 January	**3,743**	2,910
Increase	**1,432**	983
Decrease	**-419**	-150
Book value on 31 December	**4,756**	3,743
Other receivables		
Pension insurances	**1,522**	1,522
Total	**1,522**	1,522

Pension insurances relate to Mandatum Life pension insurances

Acquisition cost	**1,522**	1,522
Market value	**2,587**	2,371

EUR 1,000	31.12.2024	31.12.2023

11. RECEIVABLES

Long-term receivables		
From group companies		
Other receivables	**0**	125
Total	**0**	125
From others		
Loan receivables	**10,000**	20,000
Total	**10,000**	20,000
Short-term receivables		
From group companies		
Accounts receivables	**6**	0
Other receivables	**23,355**	29,161
Total	**23,361**	29,161
Loan receivables from others		
Loan receivables	**10,238**	10,438
Total	**10,238**	10,438
Main items included in accruals and deferred income		
Income tax receivables	**2,003**	0
Other	**3,424**	3,083
Total	**5,427**	3,038

12. SHAREHOLDERS' EQUITY

EUR 1,000	31.12.2024	31.12.2023
Share capital on 1 January	**8,204**	8,204
Share capital on 31 December	**8,204**	8,204
Premium fund on 1 January	**3,058**	3,058
Premium fund on 31 December	**3,058**	3,058
Reserve fund on 1 January	**76**	76
Reserve fund on 31 December	**76**	76
Reserve for invested non-restricted equity on 1 January	**4,050**	4,050
Reserve for invested non-restricted equity on 31 December	**4,050**	4,050
Retained earnings on 1 January	**360,416**	414,098
Profit distribution	**-22,061**	-34,238
Transfers	**0**	-125,312
Retained earnings on 31 December	**338,355**	254,547
Net profit for the financial year	**52,320**	105,869
Total shareholders' equity	**406,063**	375,804
Distributable equity		
Retained earnings from previous periods 31.12.	**338,355**	254,547
Reserve for invested non-restricted equity	**4,050**	4,050
Net profit for the financial year	**52,320**	105,869
Distributable equity	**394,726**	364,467

Share capital consists of 487,765 A-shares and 15,000 B-shares.

13. LIABILITIES

EUR 1,000	31.12.2024	31.12.2023
Long-term liabilities		
To group companies		
Other liabilities	**0**	70,000
Total	**0**	70,000
Short-term liabilities		
Main items included in accruals and deferred expenses		
Accrued personnel expenses	**5,753**	6,375
Income tax liability	**0**	20
Other	**1,101**	1,712
Total	**6,854**	8,107

14. CONTINGENT LIABILITIES

EUR 1,000	31.12.2024	31.12.2023
Other guarantees on behalf of group companies		
Guarantees given	**65,000**	65,000
Total	**65,000**	65,000
Leasing liabilities		
Leasing liabilities, which mature within one year	**232**	258
Leasing liabilities, which mature after one year	**222**	210
Total	**454**	468

15. CASH FLOW STATEMENT

The items in the consolidated income statement on accrual basis are adjusted to cash based items and the items presented elsewhere in the cash flow statement are cancelled by the following transactions:

EUR 1,000	31.12.2024	31.12.2023
Depreciation	**1,940**	1,538
Value adjustments of fixed assets	**0**	102
Dividends received and capital returns from investments	**-84,790**	-42,015
Interest income	**-1,286**	-232
Other financial items	**2,631**	19,986
Other income and expenses	**523**	-69,284
Total	**-80,982**	-89,905
Change in net working capital		
Increase (-), decrease (+) in short-term receivables	**-1,512**	-469
Increase (+), decrease (-) in non interest bearing short-term liabilities	**28,750**	2,539
Total	**27,239**	2,070

Change in the group cash pool-account in parent company is included in cash flow from financing.

The Board's proposal to the Shareholders' meeting

The distributable equity of the parent company according to the financial statements of 31 December 2024, is EUR 394,725,514.20 including retained earnings for the previous years EUR 338,355,397.93, reserve for invested non restricted equity EUR 4,050,000.00 and result for the financial year EUR 52,320,116.27.

The Board proposes that a dividend of EUR 38.72 per share on 502,765 shares be paid, totalling EUR 19,467,060.80. The parent company will retain distributable equity of EUR 375,320,116.27.

Signature of the financial statements and the review of the Board of Directors

Helsinki, 25 March 2025

Jukka Moisio
Chairman of the Board

Mathias Bergman

Arancha Cordero

Eduard Paulig

Petra Teräsaho

Rob Versloot

Christina Wergens

Rolf Ladau
Managing Director

Auditors' report has been issued today.
Helsinki, 26 March 2025

Ernst & Young Oy

Terhi Mäkinen,
Authorised Public Accountant

Auditor's report to The Annual General Meeting of Paulig Ltd (Translation of the Swedish original)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Paulig Ltd (business identity code 0112563-0) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements or our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 25.3.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Terhi Mäkinen
Authorized Public Accountant

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