Bevco Lux S.à r.l.

Consolidated financial statements for the year ended December 31, 2021

Bevco Lux S.à r.l.
37A, Avenue J.F. Kennedy,
L-1855 Luxembourg
RCS B209913

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Audit report

To the Board of Managers of
Bevco Lux S.à r.l.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Bevco Lux S.à r.l. (the "Company") and its subsidiary (the "Group") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Restriction on Distribution and Use

This report, including the opinion, has been prepared for and only for the Board of Managers, the Shareholder and the Bondholders in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 25 May 2022

Electronically signed by:
Malik Lekehal

Lekehal

Malik Lekehal

Bevco Lux S.à r.l.
Consolidated statement of financial position

	Notes	December 31, 2021	December 31, 2020
		EUR '000	EUR '000
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	7,152,825	6,987,766
Total non-current assets		**7,152,825**	**6,987,766**
Current assets			
Loans granted	6	498,856	316,076
Current tax assets	16.3	3,435	1,289
Other current assets	7	1,520	287
Cash and cash equivalents	8	11,909	129,270
Total current assets		**515,720**	**446,922**
TOTAL ASSETS		**7,668,545**	**7,434,688**
EQUITY			
Share capital	9a	102,091	102,091
Share premium	9b	6,502,815	6,620,389
Legal reserve	9c	10,209	10,209
Special reserve account	9d	2,478,672	2,478,672
Reserve for unrealised FV movements of financial assets at FVOCI		(2,930,274)	(3,320,349)
Other reserves	9e	73,308	66,213
Currency translation adjustment	9f	690,303	690,303
Retained earnings	9g	(625,299)	(544,081)
Total equity		**6,301,825**	**6,103,447**
LIABILITIES			
Non-current liabilities			
Debt securities in issue	11a	1,085,829	1,090,116
Long term borrowings	11b	247,535	171,685
Total non-current liabilities		**1,333,364**	**1,261,801**
Current liabilities			
Current portion of debt securities in issue	11a	5,449	11,586
Short term borrowings	11b	26,962	50,852
Current tax liabilities	16.4	5	6,164
Other current liabilities	12	940	838
Total current liabilities		**33,356**	**69,440**
Total liabilities		**1,366,720**	**1,331,241**
TOTAL EQUITY AND LIABILITIES		**7,668,545**	**7,434,688**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of profit or loss

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
		EUR '000	EUR '000
Income			
Interest income	13	6,664	3,753
Dividend income	5.4	74,080	92,581
Net result on foreign currency operations		(25)	(925)
Other income	19	579	30
Total net income		**81,298**	**95,439**
Expenses			
Administrative expenses	14	(2,075)	(1,992)
Other expenses		(1,328)	(5)
Operating income		**77,895**	**93,442**
Finance costs	15	(52,243)	(38,655)
Net change in loss allowance	3.1b	(48)	(127)
Profit before tax		**25,604**	**54,660**
Income taxes	16.1	13	(684)
Withholding tax on dividend income	16.2	(5,163)	(2,390)
Profit for the year		**20,454**	**51,586**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of comprehensive income

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
		EUR '000	EUR '000
Profit for the year		**20,454**	**51,586**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gain / (loss) on investment securities at fair value through other comprehensive income	5.3	390,075	(1,538,948)
Net realised (loss) / gain on its privately held investment	5.2	(113,803)	139,729
Net realised gain from disposal of equity securities	5.2	19,226	-
Other comprehensive income / (loss) for the year, net of tax		**295,498**	**(1,399,219)**
Total comprehensive income / (loss) for the year		**315,952**	**(1,347,633)**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Consolidated statement of changes in equity

In EUR '000	Notes	Share capital	Share premium	Legal reserve	Special reserve account	Reserve for unrealised FV movements of financial assets at FVOCI	Other reserves	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2020		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(1,781,401)**	**66,213**	**690,303**	**(735,396)**	**7,451,080**
Profit for the year		-	-	-	-	-	-	-	51,586	**51,586**
Other comprehensive (loss)		-	-	-	-	(1,399,219)	-	-	-	**(1,399,219)**
Reclassification of realised items of investment securities at fair value through OCI		-	-	-	-	(139,729)	-	-	139,729	**-**
Balance as at December 31, 2020		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(3,320,349)**	**66,213**	**690,303**	**(544,081)**	**6,103,447**
Balance as at January 1, 2021		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(3,320,349)**	**66,213**	**690,303**	**(544,081)**	**6,103,447**
Profit for the year		-	-	-	-	-	-	-	20,454	**20,454**
Other comprehensive income	5.3	-	-	-	-	295,498	-	-	-	**295,498**
Reclassification of realised items of investment securities at fair value through OCI	5.2	-	-	-	-	94,577	-	-	(94,577)	**-**
Allocation to other reserves	9e	-	-	-	-	-	7,095	-	(7,095)	**-**
Transactions with owners in their capacity as owners:										
Share premium reimbursement	9b	-	(117,574)	-	-	-	-	-	-	**(117,574)**
Balance as at December 31, 2021		**102,091**	**6,502,815**	**10,209**	**2,478,672**	**(2,930,274)**	**73,308**	**690,303**	**(625,299)**	**6,301,825**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of cash flows

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from operating activities		**EUR '000**	**EUR '000**
Profit before tax for the year		25,604	54,660
Adjustments for:			
Interest income	13	(6,664)	(3,753)
Dividend income	5.4	(74,080)	(92,581)
Finance costs	15	52,243	38,655
Net result on foreign currency operations		25	925
Other non-cash transactions		1,833	(758)
Net change in gain/(loss) allowance	3.1b	48	127
		(991)	(2,725)
Changes in:			
Other current assets		(1,233)	(224)
Other current liabilities		105	(93)
Cash (used in) operating activities		(2,119)	(3,042)
Taxes paid		(8,346)	(314)
Net cash (used in) operating activities		**(10,465)**	**(3,356)**
Cash flows from investing activities			
Additional capital contribution to a private investee	5.3	(595)	(655)
Loans granted	6	(182,836)	(400,000)
Reimbursement of loans and other advances	6	-	160,000
Reimbursement of investments held in equity securities	5.2	6,397	-
Interest received	13	6,440	3,343
Dividend received	5.4	68,917	90,191
Proceeds from disposal of equity securities	5.2	123,342	-
Net cash generated from / (used in) investing activities		**21,665**	**(147,121)**
Cash flows from financing activities			
Share premium reimbursement	9b	(117,574)	-
Proceeds from bonds issuance	11a	593,952	495,865
Redemption of bonds	11a	(600,371)	(199,629)
Proceeds from borrowings - credit institutions	11b	50,000	361,000
Repayment of borrowings - credit institutions	11b	-	(361,000)
Finance costs paid		(54,483)	(38,658)
Net cash (used in) / generated from financing activities		**(128,476)**	**257,578**
Net (decrease) / increase in cash and cash equivalents		**(117,276)**	**107,101**
Cash and cash equivalents at the beginning of the year	8	**129,270**	**22,169**
Effects of foreign currency translation differences		(85)	-
Cash and cash equivalents at the end of the year	8	**11,909**	**129,270**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

1. General information

Bevco Lux S.à r.l. (hereinafter the “Company” or “Bevco Lux”), is a Société à Responsabilité Limitée having its registered office at 37A, Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade Register and Companies of Luxembourg (“RCS”) under the number B 209.913 after migration of its activities from Bermuda to Luxembourg on October 14, 2016.

The Company’s immediate 100% shareholder is USD Bevco S.à r.l. (“USD Bevco”) that was incorporated on August 12, 2016 under Luxembourg law. The ultimate controlling party of the Company is Aguila Ltd.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. In particular, the Company may acquire by subscription, purchase, and exchange or in any other manner any securities, shares and other equity securities, bonds, debts, certificates of deposit and other debt instruments and more generally any securities or financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind or origin whatsoever.

The Company may also use its funds to invest in real estate, as well as the reinstatement, management, development and disposal of its assets according to their composition over time. In the course of its business, the Company may borrow in any form whatsoever. It may issue notes, bonds and any other representative security of borrowings and / or claims. However, the Company may not publicly proceed to the raising of equity capital in any form whatsoever.

The consolidated financial statements include the Company and its directly owned subsidiaries (together referred to as the “Group”).

Disclosure of investment securities held by the Group is provided in Note 5.

The financial year of the Group begins on January 1 and ends on December 31.

The Group is also part of the consolidated accounts of USD Bevco (the “parent company”), whose registered office is located at 37A, avenue J.F. Kennedy, L-1855 Luxembourg and the consolidated accounts can be obtained at this registered office.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU), issued and effective as at December 31, 2021.

The consolidated financial statements have been authorised and approved for issuance on May 24, 2022 by the Board of Managers of the Company.

2.2 Basis of accounting and going concern

The consolidated financial statements have been prepared on a historical cost basis, except for the measurement of investment securities that have been measured at fair value.

These consolidated financial statements have been prepared on the going concern basis and the Group is viewed as continuing in business for the foreseeable future.

2.2 Basis of accounting and going concern (continued)

The Board of Managers has considered the impact of "Covid-19" on the global economy and continues to monitor this. Based on the information available the Board of Managers does not believe that there are sufficient facts and data available to conclude that there has been any material lasting impact on the financial performance of the Company. The Board of Managers does not believe that the impact of the virus will have a material adverse effect on the financial condition or liquidity of the Company and therefore continues to adopt a going concern assumption as the basis for preparing its consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its direct subsidiaries as of December 31, 2021.

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains on transactions between the consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction generating the loss provides evidence of an impairment of the transferred asset.

Status of consolidation as at and for the year ended December 31, 2021 and December 31, 2020 are as described below:

Company	Location	Consolidation method	Percentage of interest / control	
			2021	2020
Bevco Lux S.à r.l.	Luxembourg	N/A	Parent company	Parent company
Park S.à r.l.	Luxembourg	Full	100%	100%
Quercus B.V.	Netherlands	Deconsolidated*	N/A	100%

**Fully liquidated on October 14, 2021 (refer to note 2.3.1.)*

- Park S.à r.l. ("Park") which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A. ("Colonial"), a leading Eurozone real estate company with over 1.68 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, was contributed by the direct parent of USD Bevco to Bevco Lux on August 1, 2018;

- Quercus B.V. ("Quercus") which previously held a minority interest in Acorn Holdings B.V. (referred to as a "Private Investee" or "Acorn"), the holding company being the majority investor in Jacobs Douwe Egberts Peet's N.V. ("JDEP") publicly traded on Euronext Amsterdam (ISIN: NL0014332678) and Keurig Dr. Pepper Inc. ("KDP") publicly traded on New York Stock Exchange ("NYSE") (ISIN: US49271V1008), the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by the ultimate parent company down the chain to Bevco Lux on July 18, 2018.

2.3 Basis of consolidation (continued)

2.3.1 Subsidiaries (continued)

In March 2020, Acorn underwent a recapitalisation of its ordinary shares into two types of tracking shares by exchanging the classes of ordinary shares held by Quercus and all other shareholders for new classes of shares tracking the underlying investment portfolio. In addition, it allows tracking the net equity value related to the underlying investment portfolio of the listed companies controlled by Acorn (Refer to Note 5.2). As a result, the Group divested and no longer hold any shares in Acorn nor does it have any representation in the Board of Directors of Acorn.

Following the divestment in Acorn via Quercus, the remaining asset was only cash in bank and it had no material liabilities. On June 10, 2021, Quercus was put into liquidation, with a liquidator appointed to comply with administrative procedures to finalize and close the liquidation process. As a result, the Group no longer had control over its subsidiary and it was deconsolidated as from June 30, 2021. The legal and procedural formalities of its liquidation was completed on October 14, 2021 and Bevco Lux as the parent company has received the remaining net assets held by Quercus in cash in bank as at December 31, 2021.

2.4 Use of judgments, estimates and assumptions

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.5 Adoption of new and revised IFRSs

<u>New and amended standards and interpretations issued, effective and adopted by the Group</u>

The Group has applied the following standards for the first time for annual reporting period commencing January 1, 2021:

- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9 until January 1, 2023. The amendments are effective for annual periods beginning on or after January 1, 2021. The adoption of this standard did not have any material impact on the Group's consolidated financial statements;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued by the IASB to address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. The amendments are effective for annual periods beginning on or after January 1, 2021, with early application permitted. The adoption of this standard did not have any material impact on the Group's consolidated financial statements;
- Amendments to IFRS 16, ‘Leases’ – Covid-19 related rent concessions, the IASB published an amendment to IFRS 16 in relation with the rent concession. The adoption of this standard is effective on April 1, 2021 and it did not have any material impact on the Group's consolidated financial statements.

<u>New standards, amendments and interpretations not yet effective or not yet adopted by the Group</u>

Certain new standards and interpretation are relevant for the Group and effective for annual periods beginning after January 1, 2022 and have not been early adopted by the Group:

- Amendment to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued in May 2020) with effective date on January 1, 2022;

2.5 Adoption of new and revised IFRSs (continued)

New standards, amendments and interpretations not yet effective or not yet adopted by the Group (continued)

- Amendment to IFRS 9 - Fees in the “10 per cent” test for derecognition of financial liabilities (2018-2020 annual improvements) with effective date on January 1, 2022;
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued in May 2020) with effective date on January 1, 2022;
- Amendments to IAS 1, Presentation of financial statements’, on classification of liabilities (issued in January 2020) with effective date on January 1, 2023;
- Amendments to IAS 1, ‘Presentation of financial statements’, IFRS Practice statement 2 and IAS 8, ’Accounting policies, changes in accounting estimates and errors’ (issued in February 2021) with effective date on January 1, 2023;
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (issued in May 2021) with effective date on January 1, 2023; and
- IFRS 17 – Insurance contracts (issued in May 2017) with effective date January 1, 2023.

None of the accounting pronouncements are expected to have a material impact on the Group's financial condition or result of operations.

2.6 Foreign currency translation

Functional and presentation currency:

These consolidated financial statements are presented in Euro (“EUR”), all values are presented in EUR and rounded to the nearest thousand (referred as “EUR ‘000” or “k”), except when otherwise indicated.

Bevco Lux is acting with a high degree of autonomy in regard to its parent company, USD Bevco. The financing and operating activities as well as its revenues and expenses are mainly derived in EUR. In addition, the Group is directly linked to its underlying investments wherein the economic activities are mainly driven in EUR. Thus, the functional currency of the Group is EUR.

The presentation currency of the Group does not differ from its functional currency.

2.6 Foreign currency translation (continued)

Translation of foreign currency transactions and balances:

Transactions in foreign currencies are initially recorded using the Group's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Items included in the consolidated statement of profit or loss are translated using the functional currency average rate throughout the year, details are as follows:

	Average rate - EUR		Spot rate - EUR	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
USD 1	0.8460	0.8768	0.8829	0.8149

2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (i.e. money market funds), and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated of statement of financial position.

2.8 Financial assets

(i) Classification and subsequent measurement

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost (AC): Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss ("FVPL"), are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.8 (iii) and in Note 3.1b. Interest income from these financial assets are included in 'Interest income' using the effective interest rate method.

2.8 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- Fair value through other comprehensive income ("FVOCI"): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Group does not hold such financial assets as of December 31, 2021.
- FVPL: Financial assets that do not meet the conditions to be measured at AC or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised directly in the consolidated statement of profit or loss and is presented net within other gains/(losses) in the period in which it arises. The Group previously invested in money market funds which are measured at FVPL, however, these were redeemed during the year ended December 31, 2021.

Loans granted, including facilities, advances, and cash at bank, are measured at amortized cost. The Group considered that these financial instruments, whose cash flows are consistent with those of a basic lending arrangement, are held within a business model whose objective is achieved by collecting contractual cash flows. Further, the financial instruments qualify as a Solely Payment of Principal and Interest ("SPPI"). The Group has no intention to sell these loans before maturity.

Business model

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model reflects how the Group manages the assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Consequently, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent a SPPI (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with those of a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2.8 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

SPPI (continued)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the current or prior years.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to deliver cash or another financial instrument and that evidence a residual interest in the issuer's net assets. An example of an equity instrument is a basic ordinary share.

The Group subsequently measures all equity instruments at FVPL, except where the Group's Management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI. The Group's policy is to designate equity investments at FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal, but may however be transferred within equity such as to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Dividend income' when the Group's right to receive payments is established.

Gains and losses on equity instruments at FVPL are recognised in profit or loss in the period in which they arise.

Investment securities consist of equity investments and private equity securities and partnerships. The Group has equity investments in Anheuser-Busch InBev SA/NV ("AB InBev" or "AB InBev shares"), Inmobiliaria Colonial SOCIMI, S.A. ("Colonial" or "Colonial shares"), Keurig Dr. Pepper Inc. ("KDP" or "KDP shares") and Jacobs Douwe Egberts Peet's N.V. ("JDEP" or "JDEP shares"). Furthermore, the Group has private equity securities and partnerships in KKR Sigma Co-Invest L.P., 3G KraftHeinz Company Holdings L.P. and 3G Special Situations Fund IV L.P. (collectively, referred to as "Private Investees"). As permitted by IFRS 9, the Group has designated these investments at the date of initial application as financial instruments measured at FVOCI.

(ii) Derecognition

A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from that asset have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.8 Financial assets (continued)

(iii) Impairment

Where credit risk of a financial asset has increased significantly since initial recognition and when estimating Expected Credit Losses (ECLs), the Group considers reasonable and supportable information that is relevant and available without undue cost effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and informed credit assessment including forward-looking information, and based on impairment model requirement of IFRS 9.

For the Group, the financial assets at amortized cost consist of loans granted, advances and cash at bank.

In addition, ECLs are also calculated on loan commitments and financial guarantee contracts.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12-months of the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the exposures where the credit risk has not increased significantly since initial recognition.

A significant increase in credit risk is considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

- Past due criterion: The obligor is past due more than 30 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.
- The Group identifies an exposure as having higher credit risk due to increase in leverage.

Three Stage allocation

For the Group to comply with IFRS 9 expected credit loss estimation, it is required to appropriately allocate financial assets measured at amortized cost or at fair value through other comprehensive income into stages, where:

- Stage 1 – To this stage the Group will allocate all exposures for which the Group concludes that no significant increase in credit risk occurred since inception of the loan;
- Stage 2 – To this stage the Group would classify financial assets which exhibited significant increases in credit risk since initial recognition;
- Stage 3 – To this stage the Group would classify assets which are considered to be credit impaired.

For financial instruments in stage 1, the adoption of a one (1) year maximum maturity would be appropriate, considering that any longer period would still not affect the outcome of the ECL calculation since in stage 1 the Group established ECL based on default events expected to occur in the following 12-months (12-month ECLs). In stages 2 and 3, the Group will base its calculation on the contractual maturity (Lifetime ECLs).

2.8 Financial assets (continued)

(iii) Impairment (continued)

Three Stage allocation (continued)

ECL is determined using estimated default probability rates and loss rates for groups of similar credit risk characteristics. Due to the Group's size and very limited data, groups are defined by product type, counterparty credit and product type. Long run average parameters are then estimated for each group. Those average parameters are then adjusted for each exposure taking into account specific idiosyncratic forward-looking information to determine the probability of default ("PD"). The adjustment is based on an expert assessment of the counterparty's reaction under plausible scenarios in the forecasted economic environment.

ECLs are discounted at the original effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considers a financial instrument to be in default which is fully aligned with the definition of credit-impaired, when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment methodology and considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Symmetry of the transfer criterion

Transfer approach from stage to stage forth and back is symmetrical. Specifically, if in subsequent reporting periods the credit quality of a financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then the asset is reassigned. The symmetry property of the transfer criterion holds also in the case of not significant modifications of financial instruments, which do not lead to derecognition.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to loans granted are presented separately in the consolidated statement of profit or loss.

2.9 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the expected credit loss allowance calculated in accordance with the principles of IFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

IFRS 9.B2.5(a) specifies that the fair value of a financial guarantee contract at inception is likely to be equal to the premium received, unless there is evidence of the contrary. The Standard does not consider however, the case where the premiums are paid over the life of the guarantee. An accounting policy choice is hence required in this regard. The Group considers that, when no upfront premium is received, the fair value of the financial guarantee contract at inception is nil.

The Group considers that the initial recognition of a financial guarantee contract occurs when the guarantee is signed, even if not drawn.

The loss allowance in relation to financial guarantee contracts is presented as a provision within liabilities in the Group's consolidated statement of financial position.

2.10 Loan commitments

Loan commitments provided by the Group are measured as the amount of the expected credit loss allowance determined in accordance with the principles of IFRS 9 for the undrawn part.

The loss allowance in relation to loan commitments is presented as a provision on the liability side, except for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, in which case the expected credit loss on the undrawn commitment are recognised together with loss allowance on the loan. To the extent that the combined expected credit losses exceed the carrying amount of the loan, the expected credit losses are recognised as a provision.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset against each other with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Taxation

a) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

2.12 Taxation (continued)

b) Deferred tax

Deferred tax is derived using the consolidated statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary and associates, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused taxable tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The exemption on the initial recognition of the deferred tax may need to be revised (“eroded”) in the subsequent years.

Income tax relating to items recognised directly in equity is also recognised in equity and not in the consolidated statement of profit or loss.

2.13 Dividend distribution

Dividend distributions to the Group's shareholder are recognised in the Group's consolidated financial statements in the period in which the dividends are declared and approved until such time as they are distributed, either:

- as a reduction of the equity; or
- as a liability.

2.14 Financial liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include debt securities issued, borrowings and other current liabilities.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (except for future losses related to loan granting) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

c) Derecognition

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

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.15 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Transaction costs are accounted net of tax for equity related transaction, in accordance with IAS 12.

2.16 Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This transfer is made following approval of its statutory accounts by the sole shareholder. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholder.

2.17 Interest income and interest expense

Interest income or expense is recognised using the effective interest method.

2.18 Dividend income

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

2.19 Reserve for unrealised FV movements of financial assets at FVOCI

This comprises of the cumulative net change in the fair value of financial assets measured at FVOCI. This reserve may or may not be subsequently reclassified to profit or loss when the assets are derecognised or impaired, depending on whether the financial asset is a debt or an equity instrument, respectively.

3. Financial risk management

3.1 Financial risk factors

The Group's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Group. The financial risk is managed under policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Currency risk

Currency risk management is aimed at managing within acceptable limits both the volatility of cash flows arising from fluctuations in the exchange rate of the functional currency against other currencies, and the adverse effect of movements in exchange rates on the earnings.

The following table summarises the Group’s monetary and non-monetary assets and liabilities which are denominated in currencies other than the current functional currency.

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
ASSETS		
Monetary assets		
Cash and cash equivalents - USD exposure	497	29
Non-monetary assets		
Equity securities	70,381	62,595
Private equity securities and partnerships	13,361	19,231
Foreign currency exposure	**84,239**	**81,855**

Had the exchange rate between the USD to EUR increased or decreased by 10% compared to actual rate with all other variables held constant, the increase or decrease respectively in profit or loss and in equity would amount to EUR 8.42m as at December 31, 2021 (December 31, 2020: EUR 8.19m).

Currency risk of the Group is regularly monitored by the Management. The following instruments may be used to minimize the currency risk relating to the Group's foreign exchange transactions:

- forward foreign exchange contracts (also non-deliverable forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

3.1 Financial risk factors (continued)

a) Market risk (continued)

Currency risk (continued)

As at December 31, 2021, the Group has outstanding loan facilities denominated only in EUR which limits the Group's exposure to foreign currency risk. The foreign currency risk related to outstanding loans facilities in USD, drawn down by USD Bevco, and cross-guaranteed by the Group is deemed to be limited.

The foreign currency risk for investment securities owned by the Group is related to investment securities denominated in USD.

The net result on foreign currency operations is mainly due to transactions with suppliers.

Price risk

The Group's exposure to equity securities price risk arises from investment securities held by the Group. The exposures are presented in the following table:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Fair value through OCI - Equity securities	6,956,342	6,460,606
Fair value through OCI - Private equity securities and partnerships	196,483	527,160
Fair value through P&L - Money market funds	-	99,986
	7,152,825	**7,087,752**

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Equity instruments expose the Group to price risk commensurate to the volatility of the underlying publicly quoted market price. These securities include equity securities of AB InBev, Colonial, KDP, JDEP and private equity securities and partnerships. As shown in the table below, market data suggests that in aggregate this price risk amounts to a potential positive or negative EUR 2.101 billion (in a given twelve-month period) as at December 31, 2021 (EUR 1.892 billion for the twelve months period ended December 31, 2020).

December 31, 2021 Description	Fair value at December 31, 2021 EUR	Average Committed Capital EUR '000	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR '000
- Equity securities					
AB InBev	5,469,211	11,672,753	Quoted market price	32.44%	1,774,480
Inmobiliaria Colonial SOCIMI, S.A.	238,267	218,131	Quoted market price	20.75%	49,437
Keurig Dr Pepper**	1,035,046	800,495	Quoted market price	19.44%	201,193
JDE Peet's**	213,818	245,782	Quoted market price	21.77%	46,556
- Private equity securities and partnerships	196,483	161,616	Market approach and Income approach	13.45% - 20.77%	29,100
Total	**7,152,825**	**13,098,777**			**2,100,766**

December 31, 2020 Description	Fair value at December 31, 2020 EUR '000	Average Committed Capital EUR '000	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR '000
- Equity securities					
AB InBev - common shares	342,060	591,658	Quoted market price	26.40%	90,304
AB InBev - restricted shares	4,978,212	11,081,095	Quoted market price adjusted by DLOM*	26.40%	1,314,248
Inmobiliaria Colonial SOCIMI, S.A.	231,769	218,131	Quoted market price	50.14%	116,209
Keurig Dr Pepper - common shares**	356,561	345,170	Quoted market price	21.67%	77,267
Keurig Dr Pepper - restricted shares**	552,004	572,899	Quoted market price adjusted by DLOM*	21.67%	119,619
- Private equity securities and partnerships	527,160	369,247	Market approach and Income approach	15.89% - 43.44%	174,637
Total	**6,987,766**	**13,178,200**			**1,892,284**

** DLOM (Discount for Lack of Marketability) – Refer to Note 4.2a. However, the restriction on trading these shares have expired in October 2021 following the fifth anniversary of completion from its acquisition.*

*** During the year ended December 31, 2020, a series of transactions occurred resulting to KDP shares transferred and made available in the Group. Subsequently, during the year ended December 31, 2021, JDEP shares were also transferred and made available in the Group – Refer to Note 5.2.*

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Management monitors the price risk of its publicly traded equity holdings on an ongoing basis and continues to take necessary actions and/or decisions in order to mitigate any shift in market prices.

In addition to equity securities held by the Group, the prices of which are determined by publicly quoted market prices, the Group also holds positions in private equity securities and partnerships. These holdings are made up of interests in the Food sector and are held via separate entities associated with the Group's Private Investees. Given the lack of a public market and potential other marketability factors, there is inherent price risk involved in valuing these privately-held investments. The performance of these private investments is reviewed by Management periodically, enabling Management to take necessary actions and/or decisions in order to mitigate any shift in market prices. Refer to Note 4.2 for further details on the valuation methodologies employed.

Material investments within the portfolio such as AB InBev, Colonial, KDP and JDEP are managed on an individual basis and any decisions to be taken are approved by the Board of Managers. The primary goal of the Group’s investment strategy is to maximise investment returns.

Interest rate risk

The Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Loans and borrowings have floating interest rates on top of the agreed margins of the drawn amounts. Except for debt securities in issue which pertain to the Eurobonds and bear a fixed interest rate, loans and borrowings have floating interest rates but these are being closely monitored by the Group to determine and remedy financial impact due to sudden changes in applicable rates. In addition, changes in basis points with all other variables remaining constant are not expected to have a material impact.

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Variable rate		
Financial assets at amortised costs		
Loans granted (Refer to Note 6)	498,856	316,076
Financial liabilities at amortised costs		
Borrowings (Refer to Note 11b)	274,497	222,537
Fixed rate		
Financial liabilities at amortised costs		
Debt securities in issue (Refer to Note 11a)	1,091,278	1,101,702

3.1 Financial risk factors (continued)

a) Market risk (continued)

Interest rate risk (continued)

The table below summarises the Group's exposure to variable interest rate risks, measuring rollover interest rate volatility using the below sensitivity parameters:

	Impact on the profit or loss and equity	
Sensitivity parameter ("+ bps" would result to a decrease and "- bps" would result to an increase in the statement of profit or loss)	**For the year ended December 31, 2021** **EUR '000**	**For the year ended December 31, 2020*** **EUR '000**
+ 15 basis points	(1,300)	(1,512)
- 15 basis points	1,300	1,512
+ 25 basis points	(2,167)	(2,520)
- 25 basis points	2,167	2,520
+ 50 basis points	(4,335)	(5,041)
- 50 basis points	4,335	5,041

** Certain comparative figures were realigned to conform with the current year presentation.*

The above reflects the last movements of the European Central Bank (“ECB”) rates and can be assumed to be the most likely maximum interest change within a twelve-month time period.

b) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Group in relation to lending, hedging, settlement and other financial activities. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored.

The Group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties and working within agreed counterparty limits.

The Group has established minimum counterparty credit ratings and enters into transactions only with financial institutions which are classified as “Investment grade”. The Group monitors counterparty credit exposures closely and performs timely review for any downgrade in credit rating of its counterparties.

Based on these factors, the Group considers the risk of counterparty default as at December 31, 2021 to be limited.

Furthermore, the Group’s consolidated financial assets are placed with a number of quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level. None of the financial institutions engaged by the Group were in default at December 31, 2021.

3.1 Financial risk factors (continued)

b) Credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an allowance is recognised arising from ECLs. ECL is an average, or mathematically expected, credit loss, generally determined through a combination of expected credit risk exposure, probability of default, and anticipated recovery in default. The gross carrying amount of financial instruments below also represents the Group's maximum exposure to credit risk on these instruments.

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Loans granted (Refer to Note 6)	499,052	316,208
Unused credit facilities (Refer to Note 6)	1,164	184,000
Other current assets (Refer to Note 7)	1,520	287
Cash at bank (Refer to Note 8)	11,910	29,285
Total	**513,646**	**529,780**

These instruments are analysed in the table below using Standard & Poor's rating:

	As at December 31, 2021				
	ECL Staging				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Credit rating					
A+	11,713	-	-	-	11,713
A	-	-	-	-	-
A-	197	-	-	-	197
Not rated	501,736	-	-	-	501,736
Gross carrying amout	**513,646**	**-**	**-**	**-**	**513,646**
Accumulated impairment loss allowance	(242)	-	-	-	(242)
Carrying amount	**513,404**	**-**	**-**	**-**	**513,404**

3.1 Financial risk factors (continued)

b) Credit risk (continued)

	As at December 31, 2020				
	ECL Staging				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit impaired**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Credit rating					
A+	28,776	-	-	-	28,776
A	310	-	-	-	310
A-	199	-	-	-	199
Not rated	500,495	-	-	-	500,495
Gross carrying amout	**529,780**	**-**	**-**	**-**	**529,780**
Accumulated impairment loss allowance	(194)	-	-	-	(194)
Carrying amount	**529,586**	**-**	**-**	**-**	**529,586**

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment. If the financial instrument is investment grade, then all the positions shall be allocated in Stage 1, and if the financial instrument is non-investment grade, further analysis shall be performed.

Not rated financial instruments by Standard & Poor's credit agency are represented by credit exposures with related parties which are neither past due nor impaired at year end. As per the Group's internal rating policy, these credit exposures were rated to credit risk ratings that are equivalent to the globally understood definition of "investment grade".

3.1 Financial risk factors (continued)

b) Credit risk (continued)

Variations in ECLs during the year are as disclosed below:

		January 1, 2021	Breakdown of ECL variation EUR '000				December 31, 2021
		EUR '000	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	EUR '000
Loss allowance measured at an amount equal to 12-month ECL	**Stage 1**	**194**	**73**	**(14)**	**(11)**	**-**	**242**
- ECLs in provisions (Note 12)		62	1	(14)	(3)		46
- ECLs on loans granted (Note 6)		132	72	-	(8)	-	196
- ECLs others		-	-	-	-	-	0
Loss allowance measured at an amount equal to lifetime ECL for	**Stage 2-3**	-	-	-	-	-	**-**
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	**-**

		January 1, 2020	Breakdown of ECL variation EUR '000				December 31, 2020
		EUR '000	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	EUR '000
Loss allowance measured at an amount equal to 12-month ECL	**Stage 1**	**67**	**95**	**-**	**49**	**(17)**	**194**
- ECLs in provisions (Note 12)		49	(5)	-	35	(17)	62
- ECLs on loans granted (Note 6)		18	100	-	14	-	132
- ECLs others		-	-	-	-	-	-
Loss allowance measured at an amount equal to lifetime ECL for	**Stage 2-3**	-	-	-	-	-	**-**
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	**-**

As at December 31, 2021 and December 31, 2020, there were no stage 2 or stage 3 exposures therefore no ECL variation. Neither there were financial assets that are purchased or originated as credit impaired.

3.1 Financial risk factors (continued)

c) Liquidity risk

Liquidity risk management primarily consists of maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities with financial institutions. The Group ensures it maintains the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities through a cash management policy.

The following are details of the contractual cash flows of non-derivative financial liabilities:

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2021 (in EUR '000)						
Debt securities in issue	1,091,278	3,516	-	7,500	1,185,500	1,196,516
Borrowings	274,114	359	50,341	394	249,490	300,584
Other current liabilities	940	940	-	-	-	940
	1,366,332	**4,815**	**50,341**	**7,894**	**1,434,990**	**1,498,040**
Fees for unused credit facilities	383	2,592	2,506	4,641	16,487	26,226
Irrevocable commitment**	-	1,164	-	-	-	1,164
Total	**1,366,715**	**8,571**	**52,847**	**12,535**	**1,451,477**	**1,525,430**

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2020 (in EUR '000)***						
Debt securities in issue	1,101,702	10,506	-	7,500	1,166,384	1,184,390
Borrowings	222,130	194	50,093	-	200,425	250,712
Other current liabilities	838	838	-	-	-	838
	1,324,670	**11,538**	**50,093**	**7,500**	**1,366,809**	**1,435,940**
Fees for unused credit facilities	407	2,266	2,518	5,099	24,917	34,800
Irrevocable commitment**	-	184,000	-	-	-	184,000
Total	**1,325,077**	**197,804**	**52,611**	**12,599**	**1,391,726**	**1,654,740**

** Contractual cash flow amounts are gross and undiscounted until maturity.*

The table discloses the drawdowns from USD Bevco, as well as the Group, which is jointly and severally liable co-borrower.

*** As at December 31, 2021 and December 31, 2020, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd., which has no specified maturity date, and is disclosed under 1-3 months maturity time band, it can be drawn down by Aguila Ltd. from the Group at any time subject to its terms and conditions.*

**** Certain comparative figures were realigned to conform with the current year presentation (Refer to Note 20).*

As at December, 2021, the Group and its direct shareholder, USD Bevco S.à r.l., maintain various multi-currency credit lines denominated in USD and EUR (Refer to Note 11b) with financial institutions and related parties, having a total credit capacity of EUR 2,338m of which EUR 2,238m was undrawn (December 31, 2020: EUR 2,303m, of which EUR 2,253m was undrawn).

The facilities can be accessed to meet liquidity needs of both the Group and USD Bevco S.à r.l. in accordance with specific terms outlined in the associated facility agreements. There are no restrictions on the use of the facilities.

In addition, Aguila Ltd. entered into an interest-bearing loan facility agreement for an undetermined period with the Group’s direct shareholder, amounting to USD 500m equivalent to EUR 441m as at December 31, 2021 (December 31, 2020: EUR 407m). From an overall liquidity perspective, the Group can indirectly benefit from this commitment.

3.1 Financial risk factors (continued)

c) Liquidity risk (continued)

The Group does not foresee exposure to liquidity risk in the short-to-medium term given the amount of the collateralised committed credit in place.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders. The Group was not regulated for capital requirement purposes and the Group utilises debt provided by related parties and other financial institutions to fund its activities.

Loan covenants being observed by the Group are:

1) submission of quarterly, semi-annual and/or annual primary financial statements to its lenders; and
2) if any of the loan-to-value ("LTV") ratios for each of the respective bank loan facilities are breached, the respective Lender may give notice (a "Margin Call Notice") to the Group, requiring the margin shortfall to be covered by:
    - depositing additional cash or cash equivalent collateral, to the relevant collateral accounts at the custodian bank;
    - providing additional securities collateral; or
    - prepaying loan principal so the outstanding financing amount no longer exceeds the borrowing base.

There were no covenant breaches as at December 31, 2021 and December 31, 2020 nor as of the date of approval of these consolidated financial statements.

4. Critical accounting judgments and estimates

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

4.1 Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognised in these consolidated financial statements:

Assessment of significant influence over investees

Management considers that the Group has no significant influence over AB InBev, Colonial, KDP, JDEP and its Private Investees (the "Investees") as defined in IAS 28, therefore the investees are not considered as associates.

Lack of significant influence is evidenced by the following:

- the Group owns less than 20% of the voting power of the investees;
- the Group does not participate in policy-making processes, including participation in decisions about dividends or other distributions;
- there are no material transactions between the Group and the investees;
- with the exception of the restricted shareholder's right to appoint a board member in AB InBev, there are no contractual arrangements or management contracts between the Group and the investees which could indicate the presence of significant influence over the investees;
- there is no interchange of managerial personnel or provision of essential technical information; and

4.1 Judgments (continued)

Assessment of significant influence over investees (continued)

- the Group does not own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares of the investees which may give the Group additional voting power.

The Group has no Board representatives in its investees Board of Directors, except in the following investees:

- The Group is represented by one non-executive director in AB InBev Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group has right to appoint only one out of fifteen members of the Board of Directors, subject to certain conditions and requirements;
- The Group is represented by one non-executive director in Colonial Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group appointed only one out of eleven members of the Board of Directors; and
- The Group is represented by one non-executive director in JDEP Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group appointed only one out of fourteen members of the Board of Directors.

4.2 Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

a) Estimate of fair value

If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contractual terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and credit rating of a counterparty. Where market-based valuation parameters are not available, Management makes a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used, including similar observable data, historical data and extrapolation techniques.

The Group considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (a) they are highly susceptible to change from period to period because they require that Management make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterpart, valuation adjustments and specific feature of the transactions and (b) the impact that recognising a change in the valuations would have on the assets reported in the consolidated statement of financial position as well as its income/(expense) could be material. Had Management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer date and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted in a material impact on the Group's net profit and loss reported in the consolidated financial statements.

4.2 Estimates (continued)

a) Estimate of fair value (continued)

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data;
- Level 3 – Use of a model with inputs that are not based on observable market data.

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 3 fair values for financial instruments at fair value in the consolidated statement of financial position as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Private equity securities and partnerships	Market approach and income approach	The net accounting value of investments in Partnership is adjusted by the market price of underlying investments.	The reasonable possible shift ranges from 13.45% to 20.77% (December 31, 2020: from 15.89% to 43.44%) and had the market prices of the underlying investments increased or decreased within this range as at December 31, 2021, with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 29m (December 31, 2020: EUR 175m), refer to note 3.1a.

4.2 Estimates (continued)

b) Accounting classifications and fair values

The following table analyses financial and non-financial assets and liabilities, which are measured at fair value upon initial recognition on a recurring and non-recurring basis. Financial and non-financial assets and liabilities are grouped into categories depending on the level in fair value hierarchy based on the inputs.

	Fair value			
As at December 31, 2021 ***(in EUR '000)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through OCI				
- Equity securities*	1,806,151	5,150,191	-	6,956,342
- Private equity securities and partnerships	-	-	196,483	196,483
Total assets measured at fair value	**1,806,151**	**5,150,191**	**196,483**	**7,152,825**

	Fair value			
As at December 31, 2020 ***(in EUR '000)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through OCI				
- Equity securities*	930,390	-	5,530,216	6,460,606
- Private equity securities and partnerships	-	-	527,160	527,160
Financial assets at fair value through P&L				
- Money market funds**	99,986	-	-	99,986
Total assets measured at fair value	**1,030,376**	**-**	**6,057,376**	**7,087,752**

** Shares in AB InBev which are unrestricted and quoted in an active market are classified under level 1, whereas, shares which are restricted for a period of 5 years from the date of business combination between SABMiller and AB InBev are valued under the Black-Scholes Option Pricing Model and therefore classified under level 3. However, the restriction on trading these shares have expired on October 2021 following the fifth anniversary of completion from its acquisition (Refer to Note 5). As at December 31, 2021, these shares are still unlisted and not admitted to trading on any stock exchange and consequently, have been transferred from level 3 to level 2.*
In addition, the restriction of the KDP shares have ceased which were restricted by virtue of a lock up agreement ranging from six to twelve months from the date the latter were made available to the Group and these shares have been transferred from level 3 to level 1 as at December 31, 2021.
*** Investments in money market funds which are considered as cash equivalents are classified under level 1 (Refer to Note 8).*

<u>Equity securities</u>

The Group received from AB InBev irrevocable consent to pledge their holding of restricted shares and any rights thereto as security in respect of any bona fide loan, credit facility, note, surety bond, letter of credit or other arrangement. This consent allowed the Group to pledge AB InBev shares as collateral for committed facilities against both its drawn down loans and committed borrowing facilities (Refer to Note 11b).

4.2 Estimates (continued)

b) Accounting classifications and fair values (continued)

Equity securities (continued)

The Group engaged an independent consultancy firm in 2016 to determine the fair market value of investment in restricted shares of AB InBev. Based on their valuation report, the discount for lack of marketability ("DLOM") arrived at using the Black-Scholes Option Pricing Model is the most appropriate. Such valuation methodology is no longer applicable as at December 31, 2021 upon lifting of the restriction on trading these shares following the fifth anniversary of completion from its acquisition (December 31, 2020: indicated value of restricted shares was obtained by applying a revised DLOM of 9.85% or EUR 543.93m discount on the trading price of the unrestricted shares at the end of the prior year). The restriction on the KDP shares have ceased for the year ended December 31, 2021 (December 31, 2020: DLOM of 5.42% or EUR 12.88m discount for six-month period restricted shares and 8.24% or EUR 29.38m discount for twelve-month period restricted shares).

The Group used assumptions that are mainly based on market conditions existing at the reporting date.

The restricted shares:

- are unlisted and not admitted to trading on any stock exchange;
- are convertible into ordinary shares of AB InBev on a one-for-one basis;
- rank equally with ordinary and/or common shares of AB InBev with regards to dividends and voting rights; and
- have director nomination rights with respect to AB InBev.

As at December 31, 2021, the Group has not elected to convert these restricted shares into ordinary and/or common shares of AB InBev. In addition, the fair value of the restricted shares are based on the value of ordinary and/or common shares which have directly observable market data. Consequently, all restricted shares are classified under level 2 of the fair value hierarchy.

Private equity securities and partnerships

Level 3 is comprised of Investee Funds held by the Partnerships that are not quoted in active markets. In determining the fair value of its Investee Funds, the Partnerships relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the Investee Fund's general partner, unless a partner is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Partnerships reserves the right to assign a fair value to such investments which differs from the one reported by the Investee Fund's general partner. These differences may arise because a number of reasons including but not limited to:

- The report received from the Investee Fund's general partner may be non-coterminous with the Partnership's reporting date;
- The report received by the Investee Fund's general partner may be based on principles that are not aligned with the fair value principles set out in IFRS 13 or that of the Partnership; and
- The Investment Adviser and General Partner of the Partnership may have other observable or unobservable data that would indicate that amendments are required to particular portfolio company investment fair values presented in the report from Investee Fund's general partner.

4.2 Estimates (continued)

c) Measurement of fair values

Transfers between Level 1 and 3

There were no transfers from Level 1 to Level 3 in the year ended December 31, 2021 or the year ended December 31, 2020. However, restrictions for all equity securities have ceased during the year and these shares amounting to EUR 5,328.33m as at December 31, 2021 have been transferred from Level 3 to Level 2 (December 31, 2020: nil) and shares amounting to nil have been transferred from Level 3 to Level 1 (December 31, 2020: EUR 356.56m), refer to Note 4.2b.

Reconciliation of Level 3 fair value

The movements for Level 3 investments for the financial year are summarised as follows:

in EUR '000	**Restricted equity securities**	**Private equity securities and partnerships**	**Total**
Balance at January 1, 2021	**5,530,216**	**527,160**	**6,057,376**
Result included in OCI			
- Net change in fair value (unrealised)	(201,884)	27,988	(173,896)
Additional capital contribution to a private investee	-	595	595
Redemption of investments in private equity security	-	(359,260)	(359,260)
Transfer to level 2 fair value	(5,328,332)	-	(5,328,332)
Balance at December 31, 2021	**-**	**196,483**	**196,483**

in EUR '000	**Restricted equity securities**	**Private equity securities and partnerships**	**Total**
Balance at January 1, 2020	**6,128,017**	**1,493,966**	**7,621,983**
Result included in OCI			
- Net change in fair value (unrealised)	(1,063,936)	(284,495)	(1,348,431)
- Net gain on the restructuring of its privately held investment to create new classes of shares	-	220,613	220,613
- Net loss on redemption of a privately held investment	(80,883)	-	(80,883)
Additional capital contribution to a private investee	-	655	655
Acquisition of financial assets	903,579	-	903,579
Redemption of investments in private equity security	-	(903,579)	(903,579)
Transfer to level 1 fair value	(356,561)	-	(356,561)
Balance at December 31, 2020	**5,530,216**	**527,160**	**6,057,376**

4.2 Estimates (continued)

c) Measurement of fair values (continued)

Financial instruments not measured at fair value

Except for the information stated in the table below, Management believes that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximated their fair values:

As at December 31, 2021 ***(in EUR '000)***	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial liability				
- Debt securities in issue	1,111,862	-	-	1,091,278

As at December 31, 2020 ***(in EUR '000)***	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial liability				
- Debt securities in issue	1,149,070	-	-	1,101,702

d) Estimation uncertainty

Except for the fair values of equity investments, there are no other key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Investment securities

5.1 Measurement category

Investment securities are summarised by measurement category in the table below:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Financial assets		
Listed securities		
- Equity securities	6,956,342	6,460,606
Unlisted securities		
- Private equity securities and partnerships	196,483	527,160
	7,152,825	**6,987,766**

As at December 31, 2021 and December 31, 2020, financial assets measured at FVOCI are illustrated below:

As at December 31, 2021	Anheuser-Busch InBev	Inmobiliaria Colonial SOCIMI, S.A.	Keurig Dr Pepper	JDE Peet's	Private equity securities and partnerships	Total
Reportable segment (Refer to Note 17)	(Beverage)	(Real Estate)	(Beverage)	(Beverage)	(Other investments)	
No. of warrants	-	-	-	-	-	
No. of restricted	96,862,718	-	-	-	-	
No. of common shares	6,000,000	28,880,815	31,803,939	7,889,968	-	
% of share capital*	5.22%	5.68%	2.24%	1.57%	< 20%	
Fair value in EUR '000 of restricted shares	5,150,191	-	-	-	-	**5,150,191**
Fair value in EUR '000 of common shares	319,020	238,267	1,035,046	213,818	196,483	**2,002,634**
TOTAL	**5,469,211**	**238,267**	**1,035,046**	**213,818**	**196,483**	**7,152,825**

As at December 31, 2020	Anheuser-Busch InBev	Inmobiliaria Colonial SOCIMI, S.A.	Keurig Dr Pepper	Private equity securities and partnerships**	Total
Reportable segment (Refer to Note 17)	(Beverage)	(Real Estate)	(Beverage)	(Other investments)	
No. of warrants***	-	-	-	7,374,537	
No. of restricted	96,862,718	-	22,788,323	-	
No. of common shares	6,000,000	28,880,815	13,672,994	29,086,780	
% of share capital*	5.22%	5.68%	2.59%	< 20%	
Fair value in EUR '000 of restricted shares****	4,978,212	-	552,004	-	**5,530,216**
Fair value in EUR '000 of common shares	342,060	231,769	356,561	527,160	**1,457,550**
TOTAL	**5,320,272**	**231,769**	**908,565**	**527,160**	**6,987,766**

** Percentage (%) of ownerships are less than 20%. Aggregate shares held in AB InBev represent a 5.22% ownership (excluding treasury shares) or 5.09% (including treasury shares).*

*** During the year ended December 31, 2020, one of the Group's privately held investments further simplified its equity composition due to its underlying investment portfolio going public and being listed in stock exchanges resulting to creation of new classes of shares and subsequent redemption of these new shares (Refer to Note 5.2).*

**** Warrants are immediately exercisable and demonstrate similar characteristics than common shares. On March 18, 2021, the Group executed such right in exchange for additional shares in Acorn Holdings B.V. Subsequently, these shares held in Acorn were redeemed in exchange for a total number of 7,889,968 AMS listed shares in JDE Peet's N.V. (Refer to Note 5.2).*

***** Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev and KDP shares which are also restricted as at December 31, 2020. However, all restrictions on trading these shares have been lifted as at December 31, 2021 (Refer to Note 4.2b).*

5.1 Measurement category (continued)

Part of shares held in AB InBev are pledged to secure existing credit facilities with financial institutions (Refer to Note 11b).

Part of shares held in Colonial are pledged as guarantee as part of an agreement with Sierra Nevada (Bermuda) L.P. (Refer Note 18).

5.2 Investment securities transactions

Equity securities

During the financial year ended December 31, 2021, the movement in equity securities can be described as follows:

- In July 2021, the Group received reimbursement of its investments held in Colonial which amounted to EUR 6m;
- During the year ended December 31, 2021, the Group sold 4,657,378 KDP shares at an average price of USD 32.21 per share for a total gross proceeds of USD 150m or for an equivalent of EUR 123m (cash proceeds from disposal amounted to EUR 123m net of the foreign exchange impact) which resulted to a net realised gain on disposal of EUR 19m. In addition, the restriction on the KDP shares have ceased and therefore have a fair value of EUR 1,035m as of December 31, 2021; and
- On March 18, 2021, the Group through its subsidiary - Quercus B.V. (“Quercus”) executed its right under a warrant for ordinary shares in Acorn Holdings B.V., pursuant to which the Quercus received 7,374,537 additional shares in Acorn. Pursuant to this transaction, shares held by Quercus in Acorn were redeemed in exchange for a total number of 7,889,968 AMS listed shares in JDE Peet's N.V. (the “JDEP shares”) for a total value of EUR 245m or having a market price of EUR 31.1512 per share. The redemption of shares in Acorn in exchange for JDEP shares resulted in a loss of EUR 113m. Upon receipt of the shares, Quercus immediately distributed them in kind to Bevco Lux, where they remain with a fair value of EUR 214m as of December 31, 2021.

During the financial year ended December 31, 2020, the movement in equity securities can be described as follows:

- In March 2020, Acorn being one of the Group’s privately held investments, underwent a recapitalisation of its ordinary shares into two types of tracking shares by exchanging the classes of ordinary shares held by Quercus and all other shareholders for new classes of shares tracking the underlying investment portfolio. In addition, it allows tracking the net equity value related to the underlying investment portfolio of the listed companies controlled by Acorn. Such simplification into per class of new shares resulted in a realised gain of EUR 220m on the newly converted K and J tracking shares;
- On June 11, 2020, Quercus redeemed 27,345,988 of its tracking K - shares in exchange for the same number of direct shares of Keurig Dr. Pepper Inc. (NYSE: KDP). The redemption price per share was set at EUR 25.24 (USD 28.54), resulting in a gain of EUR 12m. These KDP shares are restricted, 50% for a period six (6) months and the remaining 50% for a period of twelve (12) months from the redemption date. Therefore, in calculating the fair value on June 11, 2020 of EUR 690m a DLOM was applied, which resulted in a loss of EUR 66m. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 683m as of December 31, 2020; and

5.2 Investment securities transactions (continued)

Equity securities (continued)

- On September 8, 2020, Quercus converted the warrants into 7,374,537 K-shares of Acorn. Subsequently, on September 8, 2020, Quercus redeemed 9,115,329 of its tracking shares in exchange for the same number of direct shares of KDP. The redemption price per share was set at EUR 24.98 (USD 29.54), resulting in a gain of EUR 1m. These KDP shares are restricted for a period of six (6) months from the redemption date. Therefore, in calculating the fair value on September 8, 2020 of EUR 227m a DLOM was applied, which resulted in a loss of EUR 14m. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 224m as of December 31, 2020.

In October 2016 as a result of a business combination between SABMiller and AB InBev, the Group acquired restricted shares in AB InBev which are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. Subject to limited exceptions, the restricted shares will only be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the acquisition. From completion of the acquisition, such restricted shares rank equally with the new ordinary shares with respect to dividends and voting rights. As at December 31, 2021, the restriction on trading these shares have expired following the fifth anniversary of completion from its acquisition.

Private equity securities and partnerships

During the financial year ended December 31, 2021, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 595k.

During the financial year ended December 31, 2020, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 648k.

5.3 Changes in fair value of investment securities

in EUR '000	**Equity securities**	**Private equity securities and partnerships**	**Total**
Balance at January 1, 2021	**6,460,606**	**527,160**	**6,987,766**
Result included in OCI			
- Net change in fair value (unrealised)	362,087	27,988	390,075
- Net loss on redemption of a privately held investment	(113,803)	-	(113,803)
- Net realised gains from disposal of equity securities	19,226	-	19,226
Additional capital contribution to a private investee	-	595	595
Acquisition of financial assets	359,260	-	359,260
Redemption of investments in private equity security	-	(359,260)	(359,260)
Reimbursement of investments held in equity securities	(6,397)	-	(6,397)
Proceeds from disposal of equity securities	(123,342)	-	(123,342)
Foreign currency translation arising from equity securities denominated in USD	(1,295)	-	(1,295)
Balance at December 31, 2021	**6,956,342**	**196,483**	**7,152,825**

5.4 Dividend income

During the financial years ended December 31, 2021 and December 31, 2020, the Group received dividends from its investment securities as follows:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Gross dividend income from:		
- Equity securities	72,545	65,455
- Private equity securities and partnerships	1,535	27,126
Total	**74,080**	**92,581**
Withholding tax on dividend income:		
- Equity securities	(4,758)	(1,979)
- Private equity securities and partnerships	(405)	(411)
Total withholding tax (Refer to Note 16.2)	**(5,163)**	**(2,390)**
Net Dividend income	**68,917**	**90,191**

6. Loans granted

Details of loans granted as at December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Current portion of loans granted	498,856	316,076
	498,856	**316,076**

As at December 31, 2021 and December 31, 2020 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

As at December 31, 2021

Borrower	**Aguila Ltd.**
Facility termination date	*undetermined period*
Interest rate	*EURIBOR + margin*
Currency	**EUR '000**
Total committed facility at January 1, 2021	**500,000**
Facility commitment terminated	-
Total committed facility at December 31, 2021	**500,000**
Principal amount outstanding at January 1, 2021	**316,000**
Drawdowns / Loans granted*	182,836
Repayments*	-
Total principal drawn amount at December 31, 2021	**498,836**
Total unused credit facilities at December 31, 2021	**1,164**
Accrued interest at December 31, 2021	216
Impairment loss allowance (Refer to Note 3.1b)	(196)
Carrying amount at December 31, 2021	**498,856**

As at December 31, 2020

Borrower	**Aguila Ltd.**
Facility termination date	*undetermined period*
Interest rate	*EURIBOR + margin*
Currency	**EUR '000**
Total committed facility at January 1, 2020	**500,000**
Facility commitment terminated	-
Total committed facility at December 31, 2020	**500,000**
Principal amount outstanding at January 1, 2020	**76,000**
Drawdowns / Loans granted*	400,000
Repayments*	(160,000)
Total principal drawn amount at December 31, 2020	**316,000**
Total unused credit facilities at December 31, 2020	**184,000**
Accrued interest at December 31, 2020	208
Impairment loss allowance (Refer to Note 3.1b)	(132)
Carrying amount at December 31, 2020	**316,076**

** Movements have been presented on a net basis to reflect real cash movements.*

7. Other current assets

As at December 31, 2021 and December 31, 2020 other current assets are composed as follows:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Trade receivables* (Refer to Note 19)	566	-
Advances to related parties** (Refer to Note 19)	508	274
VAT receivable	445	12
Other receivables	1	1
	1,520	**287**

** On February 24, 2021 (with effect as from December 1, 2020), a service agreement ("SA") was entered into between the Group, its direct shareholder and other related entities, wherein the Group will now provide services to its affiliated companies such as consultancy and/or advisory services to be procured by the Group through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to the Group by each affiliated company shall be determined in accordance with the terms outlined in the SA.*
*** Advances to related parties are linked to a pledge agreement entered into with Sierra Nevada (Bermuda) L.P. (Refer to Note 18).*

8. Cash and cash equivalents

The cash and cash equivalents are composed of:

- Cash at bank in an amount of EUR 11.91m as at December 31, 2021 (December 31, 2020: EUR 29m). Accumulated impairment loss allowance arising from ECLs amounted to EUR 0.40k as at December 31, 2021 (December 31, 2020: EUR 0.09k). Impairment loss allowance recognised for the financial year ended December 31, 2021 amounted to EUR 0.32k (for the year ended December 31, 2020: EUR 0.06k) (Refer to Note 3.1b); and

- Investments held in money market funds have maturities of less than three months which are considered as cash equivalents amounted to nil as at December 31, 2021 (December 31, 2020: EUR 99.99m).

9. Equity

a) Share capital

Ordinary shares issued and fully paid	**No. of shares**
As at January 1, 2020 and as at December 31, 2020	**102,090,921**
As at December 31, 2021	**102,090,921**

As at December 31, 2021 and December 31, 2020, the share capital of the Company amounted to EUR 102.09m and was composed of 102,090,921 issued shares. All issued shares are fully subscribed and paid as at December 31, 2021 and December 31, 2020.

9. Equity (continued)

b) Share premium

	EUR '000
As at January 1, 2020 and December 31, 2020	**6,620,389**
Share premium reimbursement	(117,574)
As at December 31, 2021	**6,502,815**

In June 2021, the Group's parent company resolved to approve the partial reimbursement of the Group's share premium in an amount of EUR 117.57m.

c) Legal reserve

	EUR '000
As at January 1, 2020	**10,209**
As at December 31, 2020 and December 31, 2021	**10,209**

In accordance with Luxembourg company law, Bevco Lux being the parent company of the Group is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital.

d) Special reserve account

	EUR '000
As at January 1, 2020	**2,478,672**
As at December 31, 2020 and December 31, 2021	**2,478,672**

Special reserve account includes equity contributions made by the shareholder without the issuance of new shares.

e) Other reserves

	EUR '000
As at January 1, 2020 and as at December 31, 2020	**66,213**
Allocation to other reserves	7,095
As at December 31, 2021	**73,308**

As at December 31, 2021, other reserves amounted to EUR 73.31m (December 31, 2020: EUR 66.21m) which pertains to:

- Difference between the consideration given for shares held in Park S.à r.l. and its aggregate book value of the assets less liabilities in application of the "predecessor accounting" method (Refer to Note 2.3.1) which amounted to EUR 63.14m (December 31, 2020: EUR 63.14m); and
- Net Wealth Tax ("NWT") special reserve of EUR 10.17m (December 31, 2020: EUR 3.07m).

9. Equity (continued)

f) Currency translation adjustment

Currency translation adjustment at the date of the Group's change in functional currency, on October 14, 2016, amounted to EUR 690.30m. No such currency translation adjustments arose since October 14, 2016.

g) Retained earnings

	EUR '000
As at January 1, 2020	**(735,396)**
Profit for the year	51,586
Reclassification of realised items of investment securities at fair value through OCI	139,729
As at December 31, 2020	**(544,081)**
Profit for the year	20,454
Reclassification of realised items of investment securities at fair value through OCI	(94,577)
Allocation to other reserves (Refer to Note 9e)*	(7,095)
As at December 31, 2021	**(625,299)**

** During the year ended December 31, 2021, an additional allocation to other reserves was made which pertains to NWT special reserve (Refer to Note 9e).*

10. Cash flow information

The Group reports cash flows using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within financing cash flows. The acquisitions of financial assets are disclosed as cash flows from investing activities which appropriately reflects the Group's business activities.

11. Borrowings

a) Debt securities in issue

Nature	Currency	Interest rate	Maturity date	Principal amount EUR '000	Amortised Discount EUR '000	Amortised Capitalised Cost EUR '000	Carrying amount as at December 31, 2021 EUR '000	Carrying amount as at December 31, 2020 EUR '000
Eurobond 1	EUR	1.75%	09/02/2023	-	-	-	-	606,632
Eurobond 2	EUR	1.50%	16/09/2027	500,000	(3,405)	(2,691)	496,103	495,070
Eurobond 3	EUR	1.00%	16/01/2030	600,000	(5,659)	(2,417)	595,175	-

On February 9, 2018, the Group issued an unsecured Eurobond ("Eurobond 1") with a principal amount of EUR 800m, an interest coupon of 1.75% payable annually in arrears at an issue price of 99.366%, maturing on February 9, 2023. The proceeds of the Eurobond have been used to pay back margin loan facilities. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS1767050351. Eurobond 1 was fully redeemed with details as follows:

- On June 18, 2021 and September 18, 2020, part of the principal of the Eurobond 1 has been repaid for a total amount of EUR 475m and EUR 200m, respectively; and
- On July 6, 2021, the make-whole settlement was executed, and the Group repaid the remaining principal amount of the Eurobond 1, amounting to EUR 125m.

On September 16, 2020, the Group issued an unsecured Eurobond ("Eurobond 2") with a principal amount of EUR 500m, an interest coupon of 1.50% payable annually in arrears at an issue price of 99.17%, maturing on September 16, 2027. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS2231165668.

On June 16, 2021, the Group issued an unsecured Eurobond ("Eurobond 3") with a principal amount of EUR 600m, an interest coupon of 1.00% payable annually in arrears at an issue price of 98.992%, maturing on January 16, 2030. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS2348703864.

The split between current and non-current portion of debt securities in issue is presented below:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Non-current portion of debt securities in issue	1,085,829	1,090,116
Current portion of debt securities in issue	5,449	11,586
	1,091,278	**1,101,702**

11. Borrowings (continued)

b) Borrowings

The balances of borrowings were as follows:

	December 31, 2021		December 31, 2020	
	Principal amount	Carrying amount*	Principal amount	Carrying amount*
	EUR '000	EUR '000	EUR '000	EUR '000
Borrowings with financial institutions	100,000	98,160	50,000	47,076
Borrowings with related parties**	175,044	176,337	175,044	175,461
	275,044	**274,497**	**225,044**	**222,537**

Borrowings further split between current and non-current portion as presented below at carrying amount:

	December 31, 2021		December 31, 2020	
	Current portion	Non-current portion	Current portion	Non-current portion
	EUR '000	EUR '000	EUR '000	EUR '000
Borrowings with financial institutions***	25,669	72,491	50,435	(3,359)
Borrowings with related parties	1,293	175,044	417	175,044
	26,962	**247,535**	**50,852**	**171,685**

** Carrying amount includes prepaid financing costs and bank overdrafts.*
*** Borrowings from related parties are subordinated to external borrowings of the Group. In addition, this borrowings with related parties were issued in a form of PECs agreement entered into by the Group with its parent company maturing on August 1, 2048.*
**** Negative amount pertains to capitalised prepaid financing costs and being amortised over the long term.*

11. Borrowings (continued)

b) Borrowings (continued)

Terms and conditions of borrowings and movements in principal amounts are shown in the tables below:

December 31, 2021 (in EUR '000)	**Currency of drawdown**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2021**	**Drawdowns***	**Repayments***	**Principal amount December 31, 2021**
Borrowings with financial institution									
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	-	-	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	04/01/2022	10/08/2023	10/08/2018	-	25,000	-	25,000
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	-	-	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	04/01/2022	03/04/2022	03/04/2019	-	25,000	-	25,000
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	-	-	-	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	31/01/2022	30/04/2023	22/04/2021	50,000	-	-	50,000
						50,000	50,000	-	100,000
Borrowings with related parties	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,044	-	-	175,044
Total						**225,044**	**50,000**	**-**	**275,044**

December 31, 2020 (in EUR '000)	**Currency of drawdown**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2020**	**Drawdowns***	**Repayments***	**Principal amount December 31, 2020**
Borrowings with financial institution									
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500	(55,500)	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500	(55,500)	-
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	100,000	(100,000)	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	-	03/04/2022	03/04/2019	-	100,000	(100,000)	-
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	-	-	-	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	18/03/2021	30/04/2021	30/04/2019	50,000	50,000	(50,000)	50,000
						50,000	361,000	(361,000)	50,000
Borrowings with related parties	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,044	-	-	175,044
Total						**225,044**	**361,000**	**(361,000)**	**225,044**

** During the financial year ended December 31, 2021, proceeds received from drawdowns and repayments made by the Group amounted to EUR 50m (December 31, 2020: EUR 361m) and nil (December 31, 2020: EUR 361m), respectively.*

11. Borrowings (continued)

b) Borrowings (continued)

During the financial year ended December 31, 2021, the following event has occurred:

- On April 22, 2021, the Group (as "borrower") entered into an amendment agreement with financial institution 4 (as "lender") in order to, amongst others, renew the term of its facility agreement and to extend the maturity date of the credit facility for a period of two (2) years ending on April 30, 2023, with a plus one-year extension option subject to mutual consent. The total commitment credit facility amount was reduced by USD 25m compared to the old commitment credit facility amount.

During the financial year ended December 31, 2020, the following event has occurred:

- On August 6, 2020, the Group entered into an amendment agreement with financial institution 1 to extend the maturity date of the credit facility for both secured and unsecured tranche until August 10, 2023.

The facility agreements with financial institutions are cross-guaranteed by the Group and its direct shareholder, USD Bevco, and from a legal perspective the credit facilities denominated in EUR and USD can be drawn down by both or any of the companies in either functional currency.

Total amount of the commitment and its undrawn amount with financial institutions and related parties are disclosed in the table below:

December 31, 2021	**Total Commitment (EUR '000)**	**Credit facilities drawdown by the Group* (EUR '000)**	**Unused Credit facilities (EUR '000)**
Financial institutions	1,838,393	100,000	1,738,393
Related parties	500,000	-	500,000
Total	**2,338,393**	**100,000**	**2,238,393**

December 31, 2020	**Total Commitment (EUR '000)**	**Credit facilities drawdown by the Group* (EUR '000)**	**Unused Credit facilities (EUR '000)**
Financial institutions	1,802,665	50,000	1,752,665
Related parties	500,000	-	500,000
Total	**2,302,665**	**50,000**	**2,252,665**

** Credit facilities drawn down by Bevco Lux, original currency of this drawdown was in EUR.*

11. Borrowings (continued)

b) Borrowings (continued)

<u>Pledged shares</u>

Bank Loan facilities are secured by the pledge of shares in AB InBev presented in the table below:

December 31, 2021		December 31, 2020	
Number of shares	**Fair value EUR '000**	**Number of shares**	**Fair value EUR '000**
38,720,558	2,058,772	38,720,558	2,207,459

12. Other current liabilities

As at December 31, 2021 and December 31, 2020, other current liabilities are composed as follows:

	December 31, 2021	December 31, 2020
	EUR '000	**EUR '000**
Suppliers	511	668
VAT payable	173	-
Audit fees payable	135	85
Cash advance from Ultimate parent (Refer to Note 19)	62	4
Provisions (Refer to Note 3.1b)	46	62
Social security costs payable	10	8
Withholding tax payable	3	-
Debt to staff	-	11
	940	**838**

13. Interest income

Interest income for the financial years ended December 31, 2021 and December 31, 2020 are presented in the table below:

	2021	2020
	EUR '000	**EUR '000**
Interest income from related party loans (Refer to Note 19)*	6,661	3,753
Other interest income	3	-
	6,664	**3,753**

** Of the interest income, an amount of EUR 6m (December 31, 2020: EUR 3m) was received, and the remainder was accrued.*

14. Administrative expenses

Administrative expenses for the financial years ended December 31, 2021 and December 31, 2020 are presented in the table below:

	2021	**2020**
	EUR '000	**EUR '000**
Legal and other professional fees	900	469
Staff costs	349	19
Custody and bank fees	285	302
Accountant fees	246	345
Audit fees	139	281
Office rental	105	-
Director fees	22	17
Service agreement*	17	547
Other expenses	11	2
Fiscal fees	1	10
	2,075	**1,992**

** In 2016, a service agreement ("SA") was entered into between the Group, its direct shareholder, other related entities and SNI International Holding S.à r.l. ("SNI"), wherein the latter will provide services to its affiliated companies such as consultancy and/or advisory services to be procured by SNI through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to SNI by each affiliated company shall be determined in accordance with the terms outlined in the SA.*
Effective as from December 1, 2020, this SA entered into by the Group with SNI was terminated and replaced by a new SA. The Group will now provide services to its affiliated companies such as consultancy and/or advisory services to be procured by the Group through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to the Group by each affiliated company shall be determined in accordance with the terms outlined in the SA.

15. Finance costs

Finance costs for the financial years ended December 31, 2021 and December 31, 2020 are presented in the table below:

	2021	2020
	EUR '000	EUR '000
Interest expenses on bonds*	36,188	22,926
Fees for unused credit facilities	7,241	6,816
Interest expenses on borrowing from related party (Refer to Note 19)	4,125	3,009
Bond issuance fees**	2,130	1,426
Interest expenses on borrowing from credit institutions	1,102	2,807
Amortisation of financing costs***	850	850
Current account interests expenses	353	458
Net change in fair value of money market funds measured at FVPL	-	14
Other fees	254	349
	52,243	**38,655**

** Interest expenses on bonds includes EUR 21m premium (December 31, 2020: 6m) from the Eurobond 1 partial repayment.*
*** Fees incurred consequently from the issuance of the Eurobond 1 were capitalised amounting to EUR 4m (Refer to Note 11a) and amortised until its maturity date on February 9, 2023. In addition, a significant portion of the remaining fees capitalised were expensed outright for the year ended December 31, 2021 due to the partial repayment of Eurobond 1. Consequently, resulting to a significant increase to this expense item.*
Fees incurred from the issuance of Eurobond 2 were capitalised amounting to EUR 3m (Refer to Note 11a) and amortised until its maturity date on September 16, 2027.
Fees incurred from the issuance of Eurobond 3 were capitalised amounting to EUR 2m (Refer to Note 11a) and amortised until its maturity date on January 16, 2030.
**** This item pertains to the amortisation of prepaid financing costs included in the total carrying amount of borrowings with financial institutions as disclosed in Note 11b).*

16. Taxes

16.1 Income taxes

Income taxes incurred for the financial years ended December 31, 2021 and December 31, 2020 were as follows:

	2021	2020
	EUR '000	EUR '000
Income tax (credit)	(13)	684
Income tax (credit)	**(13)**	**684**

Income taxes are calculated based on the tax rates in the countries where the Group and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

16.1 Income taxes (continued)

Income tax reconciliation is as follows:

	2021	2020
	EUR '000	EUR '000
Profit before income tax	**25,604**	**54,660**
Tax using the Parent company's domestic tax rate*	6,386	13,632
Tax effect of:		
- Non-deductible expenses	13,650	9,593
- Tax-exempt income	(20,034)	(22,541)
- Adjustments in respect to income tax reported in previous year	(15)	-
	(13)	**684**

** In accordance with the jurisdiction under which Bevco Lux (the parent company of the Group) operates, the effective tax rate used for the financial year ended December 31, 2021 is 24.94% (December 31, 2020: 24.94%).*

16.2 Withholding tax and other taxes

Withholding tax and other taxes for the financial years ended December 31, 2021 and December 31, 2020 are as follows:

	2021	2020
	EUR '000	EUR '000
Withholding tax on dividend income*	**5,163**	**2,390**

** The Group earns dividend income from the country where its subsidiaries are principally located and registered. Dividends income is recorded on a gross basis with withholding tax being shown as a separate item in the consolidated statement of profit or loss. For the financial year ended December 31, 2021, withholding taxes were incurred arising on dividends received from the Group's investment in Private equity securities and partnerships which amounted to EUR 5,163k (December 31, 2020: EUR 2,390k).*

16.3 Current tax assets

As at December 31, 2021 and December 31, 2020, current tax assets pertain to tax advances paid and are composed as follows:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Net wealth tax	5	10
Corporate income tax	2,653	843
Municipal business tax	777	436
Current tax assets	**3,435**	**1,289**

16.4 Current tax liabilities

As at December 31, 2021 and December 31, 2020, current tax liabilities are composed as follows:

	December 31, 2021	December 31, 2020
	EUR '000	EUR '000
Net wealth tax - estimated tax	5	10
Corporate income tax - estimated income tax	-	4,490
Municipal business tax - estimated income tax	-	1,664
Current tax liabilities	**5**	**6,164**

17. Segment information

The Group invests in securities and mainly derives its revenues and profits from the dividends received and appreciation of its shares held included in its investment portfolio. The Group's Chief Operating Decision Maker (CODM) consisting of the Board of Managers has identified three (3) reportable segments of its business (December 31, 2020: three (3) reportable segments):

- Beverages;
- Real Estate; and
- Other investments.

Measures of profit or loss, total assets and liabilities for the reportable segments that are regularly provided to the Management are presented in the primary consolidated financial statements.

Management monitors the investment portfolio on an ongoing basis, and periodically, as well as on a case-by-case basis, reports to the Board of Managers, which takes actions and/or decisions calculated to create shareholder value over the long term. In its management of the portfolio, Management bases its investment decisions on optimizing for a set of guiding attributes:

- Industries with defensive attributes;
- Assets with branding and/or franchise value;
- Assets with scarcity value.

Management takes a long-term perspective when assessing its investment portfolio and as of December 31, 2021, hereof it has no plans to materially divest its investment in the near future. In determining its investment decisions Management makes use of a multitude of publicly available data sources, concerning its current and potential investees and of the fundamental value drivers of the relevant industries in which it invests or may invest.

Industries of the Group's underlying investment portfolio are categorised as follows:

- AB InBev, KDP and JDEP: Beverages;
- Colonial: Real Estate; and
- Private investment securities and partnerships that operate and invest in diverse industries such as in Fast-Moving Consumer Goods ("FMCG") - particularly in the food sector, retail industry, manufacturing industry and others: Other investments.

<u>Segment assets and liabilities</u>

There are no reconciling items between the amounts in the statement of financial position for the reportable segments and the amounts in the Group's consolidated statement of financial position.

Fair value of investments for each reportable segment is disclosed in Note 5.1.

17. Segment information (continued)

Other profit and loss disclosures

	Operating segments (in EUR '000)			
December 31, 2021	**Beverages**	**Real Estate**	**Other investments***	**Total**
Interest income	4,969	319	1,376	**6,664**
Dividend income	72,545	-	1,535	**74,080**
Net result on foreign currency operations	(19)	-	(6)	**(25)**
Other income	432	28	119	**579**
Total net income	**77,927**	**347**	**3,024**	**81,298**
Administrative expenses	(1,547)	(99)	(429)	**(2,075)**
Other expenses	-	(1,278)	(50)	**(1,328)**
Operating income	**76,380**	**(1,030)**	**2,545**	**77,895**
Finance costs				**(52,243)**
Net change in loss allowance				**(48)**
Profit before tax				**25,604**
Income Taxes				**13**
Withholding tax on dividend income				**(5,163)**
Profit for the year				**20,454**

	Operating segments (in EUR '000)			
December 31, 2020**	**Beverages**	**Real Estate**	**Other investments***	**Total**
Interest income	2,798	180	775	**3,753**
Dividend income	59,679	5,776	27,126	**92,581**
Net result on foreign currency operations	(690)	(44)	(191)	**(925)**
Other income	22	2	6	**30**
Total net income	**61,809**	**5,914**	**27,716**	**95,439**
Administrative expenses	(1,485)	(95)	(412)	**(1,992)**
Other expenses	-	-	(5)	**(5)**
Operating income	**60,324**	**5,819**	**27,299**	**93,442**
Finance costs				**(38,655)**
Net change in loss allowance				**(127)**
Profit before tax				**54,660**
Income Taxes				**(684)**
Withholding tax on dividend income				**(2,390)**
Profit for the year				**51,586**

** The previously reported segment of "Private equity securities and partnerships" is now defined as "Other investments" to broaden the scope of the reportable segment wherein the Group operates and invests in diverse industries.*
*** Certain comparative figures were realigned to conform with the current year presentation.*

18. Commitments

Pledge

“Pledge 1”

Part of AB InBev shares are pledged in favour of international financial institutions (Refer to Note 11b). The pledges secure each lender’s amount of committed credit facility in favour of the Group and require lender consent prior to encumbering or selling any of the pledged shares. The Group may request a release of pledged securities to the lender with a Margin Return Notice, subject to meeting required loan to values and lender consent.

The Group opened several margin security accounts with the respective financial institutions. Some of these accounts are subject to pledge agreements granted in favour of financial institutions with which the Group has entered into borrowing facility agreements. The purpose of such security accounts places an obligation on the Group to lodge securities or cash whenever margin-calls are issued by financial institutions in order to secure the obligations of the Group. To date, no margin-call notices have been received by the Group.

“Pledge 2”

On September 6, 2019, the Group and its parent (USD Bevco) (together referred as "Pledgor") entered into a pledge agreement with a financial institution 2 over a newly opened pledged security and cash account held with financial institution 1. The pledged security and cash account will secure the present and future obligations and liabilities of Sierra Nevada (Bermuda) L.P. as part of an agreement entered into with a financial institution. The Group will receive an arm's length remuneration for providing the pledge, as outlined in the Remuneration Agreement, signed by the Group and Sierra Nevada (Bermuda) L.P. on the same date. As at December 31, 2021, 14,000,000 Colonial shares were pledged (December 31, 2020: 14,000,000) having a total fair value amounting to EUR 116m (December 31, 2020: EUR 112m). The pledge expires on September 6, 2022.

Guarantees

“Guarantee over facility agreement”

An amendment to the facility agreement in place with financial institution 1 was signed on February 16, 2017, in which, its direct shareholder, USD Bevco was added as guarantor of the Group.

Irrevocable commitment

As at December 31, 2021, the outstanding commitments with Aguila Ltd. amounted to EUR 1m (December 31, 2020: EUR 184m) as outlined in Note 6.

19. Related party transactions

Major transactions and balances with related parties for the financial years ended December 31, 2021 and December 31, 2020 are summarised in the tables below:

(in EUR '000)	**TOTAL**	**Aguila Ltd** *Ultimate parent*	**SNI International Holdings S.à r.l.** *Direct parent of USD Bevco*	**USD Bevco S.à r.l.** *Direct parent*	**Blue Clay S.à r.l.** *Subsidiary of SNI International Holdings S.à r.l.*	**Meristem S.à r.l.** *Shareholder of USD Bevco*	**SNI Harvest S.à r.l.** *Shareholder of USD Bevco*	**Sierra Nevada (Bermuda) LP** *Shareholder of SNI International Holdings S.à r.l.*	**Notes**
As at December 31, 2021									
Financial position items									
Loans to related parties	**498,856**	498,856	-	-	-	-	-	-	*6*
Other current assets	**1,074**	-	225	142	66	67	66	508	*7*
Loans from related parties	**176,337**	-	-	176,337	-	-	-	-	*11b*
Other current liabilities	**62**	-	62	-	-	-	-	-	*12*
Off balance sheet items									
Irrevocable unused commitment issued	**1,164**	1,164	-	-	-	-	-	-	*6*
Irrevocable unused commitment received	**500,000**	500,000	-	-	-	-	-	-	*11b*
Year ended December 31, 2021									
Profit or loss statement items									
Interest income	**6,661**	6,428	-	-	-	-	-	233	*13*
Other income*	**579**	-	227	147	68	69	68	-	
Interest expense	**4,125**	-	-	4,125	-	-	-	-	*15*
Administrative expenses	**17**	-	17	-	-	-	-	-	*14*

** This pertains to the total recharged amount for the year ended December 31, 2021, to be paid to the Group by each affiliated company as determined in accordance with the terms outlined in the SA (Refer to Note 7).*
Transactions with related parties are based on normal commercial terms and conditions.

19. Related party transactions (continued)

(in EUR '000)	**TOTAL**	**Aguila Ltd** *Ultimate parent*	**SNI International Holdings S.à r.l.** *Direct parent of USD Bevco*	**USD Bevco S.à r.l.** *Direct parent*	**Sierra Nevada (Bermuda) LP** *Shareholder of SNI International Holdings S.à r.l.*	**Notes**
As at December 31, 2020						
Financial position items						
Loans to related parties	**316,076**	316,076	-	-	-	*6*
Other current assets	**274**	-	-	-	274	*7*
Loans from related parties	**175,461**	-	-	175,461	-	*11b*
Other current liabilities	**4**	-	4	-	-	*12*
Off balance sheet items						
Irrevocable unused commitment issued	**184,000**	184,000	-	-	-	*6*
Irrevocable unused commitment received	**500,000**	500,000	-	-	-	*11b*
Year ended December 31, 2020						
Profit or loss statement items						
Interest income	**3,753**	3,542	-	-	211	*13*
Other income*	**-**	-	-	-	-	
Interest expense	**3,009**	-	-	3,009	-	*15*
Administrative expenses	**547**	-	547	-	-	*14*

** Other income earned from related parties amounted to nil as at and for the year ended December 31, 2020.*
Transactions with related parties are based on normal commercial terms and conditions.

19. Related party transactions (continued)

Dividend distribution

During the financial years ended December 31, 2021 and December 31, 2020, no dividends were distributed.

Number of employees

As at December 31, 2021, the average number of employees directly employed by the Group is 3.4 (or 3.5 annualised) (December 31, 2020: 0.3 or 3.3 annualised).

Key management personnel

EUR 81k have been paid or is payable to key management personnel for the financial year ended December 31, 2021 (December 31, 2020: EUR 11k).

20. Subsequent events

a) *Financing activity*

Credit institutions

Transactions with credit institutions reported after December 31, 2021 and on or before the issuance date of the consolidated financial statements are as follows:

- The Group (the "Borrower") made a repayment to its unsecured tranches with financial institutions 1 and 3 (the "Lenders") for a total amount of EUR 50m;
- The Group rolled over its outstanding loan drawn from its unsecured tranches with financial institution 4 amounting to EUR 50m for an additional three (3) months, which are maturing on July 29, 2022; and
- On March 29, 2022, the Group (as "borrower") entered into a renewal and amendment agreement with financial institution 3 (as "lender") in order to, amongst others, renew the term of its facility agreement and to extend the maturity date of the credit facility for a period of three (3) years ending on April 1, 2025. The commitment of the unsecured credit facility amount was increased by EUR 44.15m (USD 50m) compared to the previous commitment credit facility amount.

Net cash movements from these transactions will be reflected in the following year and to be included in the financial caption for "borrowings".

Parent company

Transactions with its Parent company reported after December 31, 2021 and on or before the issuance date of the consolidated financial statements are as follows:

- An additional contribution in cash was made from its Parent company to the Group in an aggregate amount of EUR 22.1m (or USD 25m) without issuance of new shares. This is mainly to fund the Group's acquisition of a new Private Investee, 3G Special Situations Fund V Partners.

Net cash movements from these transactions will be reflected in the following year and to be included in the financial caption for "special reserve account" under equity.

20. Subsequent events (continued)

b) ***Investing activity***

Related parties

Transactions with related parties reported after December 31, 2021 and on or before the issuance date of the consolidated financial statements are as follows:

- Aguila Ltd. (the "Borrower") rolled over its outstanding loan facility with the Group (the "Lender") for a total amount of EUR 451m;
- The Borrower made a repayment to the Group for a total amount of EUR 47.84m; and
- The Borrower made an additional drawdown from its loan facility with the Group amounting to EUR 49m.

Net cash movements from these transactions will be reflected in the following year and to be included in the financial caption for "loans granted".

Investment securities

Transactions with investments held in listed equity securities reported after December 31, 2021 and on or before the issuance date of the consolidated financial statements are as follows:

- The Group received net dividends for a total amount of EUR 62.59m;
- In January 2022, the Group acquired a new Private Investee, 3G Special Situations Fund V Partners, to be classified and included in its portfolio of private equity securities and partnerships. The initial funding commitment amounted to EUR 22.1m (or USD 25m) and funded by way of additional contribution from its direct parent company. In addition, the Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 623.97k (or USD 706.73k).

Net cash movements from these transactions will be reflected in the following year and to be included in the financial caption for "investment securities".

Other events after the reporting period

In February 2022, Russia militarily invaded Ukraine and a war crisis is ongoing in the latter's jurisdiction. As a result, heavy economic sanctions have been taken against Russia by various countries.

Management continues to closely monitor developments of the ongoing war between the two countries and its impact on the Group's financial performance linked to its investment portfolio.

In addition, as per Management' assessment, the Group is not affected by the ongoing war and is deemed to continue its business activities and operations as usual on a going concern basis in the next twelve (12) months.