FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Cremonini S.p.A.
Via Modena, 53
41014 Castelvetro di Modena (MO) Italy
Share Cap. Euro 67,073,931.60 fully paid-up
Modena Register of Companies no. 00162810360
Modena Economic Admin. Reg. no. 126967
Tax Code and VAT no.00162810360

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CREMONINI GROUP ORGANIZATION

SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2022

CREMONINI S.p.A.

PRODUCTION

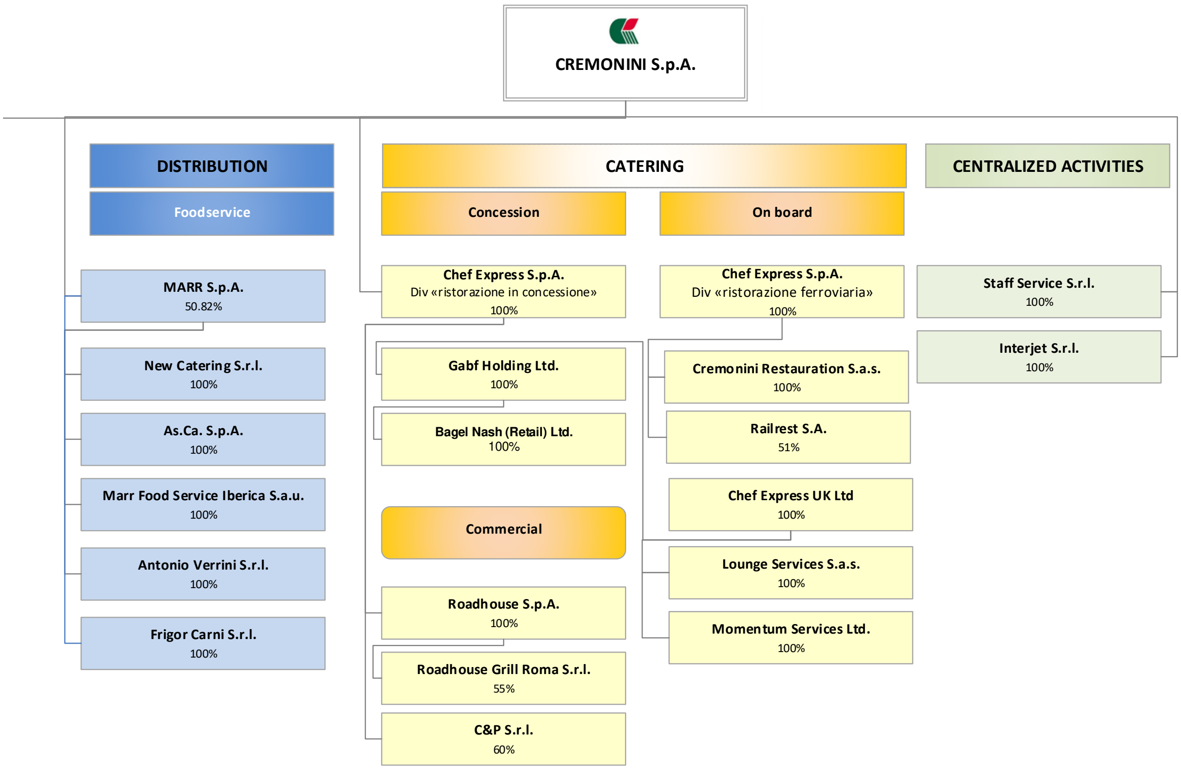
Beef | **Food & Beverage** | **Cured meats & Snacks**

- INALCA S.p.A. 100%
  - Società Agricola Corticella S.r.l. 100%
    - La Torre Soc.Agr.Cons. a r.l. 55%
    - Cremovit S.r.l. 51%
  - Ges.Car. S.r.l. 100%
  - Guardamiglio S.r.l. 90%
    - Treerre Food S.r.l. 90%
  - Dolfen S.r.l. 51%
    - Macello di Parma S.r.l. 97.29%
  - Realbeef S.r.l. 51%
  - Fiorani & C. S.p.A. 51%
  - Tecno-star Due S.r.l. 100%
  - Ina Ten S.r.l. 51%
  - Tecnovit S.r.l. 60%
  - Parma Serv S.r.l. 51%
  - Parma France S.a.s. 51%
    - Parma Capel S.a.s. 66.67%
  - Zaklady Miesne Sochocin S.p.zo.o. 100%
  - Kaskad Llc. 60%
    - Orenbeef Llc. 100%
    - Agrosakmara Llc. 100%
      - Agrosakmara Bashkiriya Llc. 100%
    - Marr Russia Llc. 75%
    - Inalca Food Service Kaz Llp. 100%
  - Inalca Algeria S.a.r.l. 98.48%
  - Inalca Angola Ltda 98%
  - Inter Inalca Angola Ltda. 100%
  - Inalca Kinshasa S.a.r.l. 85%
  - Inalca Brazzaville S.a.r.l.u. 100%
  - Inalca Mocambique Lda. 99%
  - Inalca CI S.a.r.l. 99,9%
  - Inalca Food & Beverage S.r.l. 100%
    - Comit S.L. 75%
      - Hosteria Buttarelli S.L. 100%
      - Tecali S.L. 68.32%
    - Mille Sapori Plus S.p.zo.o. 80%
      - MSP Transport Sp.zo.o. 100%
    - Fresco Gourmet Pty Ltd. 100%
    - Inalca Food & Beverage Cabo Verde Lda. 80%
    - Bright View Trading HK Ltd. 100%
    - Inalca Food & Beverage China Hld Ltd. 55%
      - Top Best International Hld Ltd 100%
      - Zhongshan Inalca Food & Beverage Co Ltd 100%
      - Inalca Food & Beverage (Shanghai) Co. Ltd. 100%
      - Royi Wine & Spirit (China) LTD 80%
        - Royi Wine (Shanghai) LTD 100%
      - Inalca F&B Beijing Holding Ltd 60%
        - Inalca F&B Beijing Co. 100%
    - Inalca Food & Beverage Sdn Bhd 100%
- Italia Alimentari S.p.A. 100%
  - Castelfrigo LV S.r.l. 100%
  - Italia Alimentari Canada Ltd. 60%
  - Montana Alimentari GMBH in liq. 100%

continued

CREMONINI GROUP ORGANIZATION
SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2022

Continued



CORPORATE BODIES OF CREMONINI S.p.A.

Board of Directors

Chairman	Claudia	Cremonini
Chief Executive Officer	Paolo	Boni
Director	Serafino	Cremonini

Board of Statutory Auditors

Chairman	Eugenio	Orienti
Statutory Auditors	Giulio	Palazzo
	Paola	Simonelli
Alternate Auditors	Patrizia	Iotti
	Daniele	Serra

Independent Auditors	PricewaterhouseCoopers S.p.A.

DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2022, pursuant to Legislative Decree no. 38 of 28 February 2005, have been prepared in accordance with the accounting and measurement policies laid down in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Group performance and results for the 2022 financial year

After the pandemic resurgence that occurred in the first quarter of 2022, accompanied by a gradual easing of health restrictions, business activities in the Distribution and Catering sectors gradually resumed revenue growth during the year.

On the other hand, the Production Sector, which had already been less affected by the pandemic during 2020 and 2021 and which also benefited from the resumption of supplies to the foodservice market during 2022, continued to record excellent performances.

However, the financial year was affected by higher prices of energy products and difficulties in the procurement of specific products and raw materials, which adversely affected large segments of the industry, in addition to having led to a general increase in the level of inflation. To these elements must then be added the effect of the armed conflict between Russia and Ukraine from February, with implications on both the humanitarian and economic fronts. In fact, this conflict has led to a further increase in the price of energy products, the difficulty in procuring certain raw materials, as well as the consequential effects of the economic sanctions put in place against Russia.

Having stated this, in 2022 the Cremonini Group recorded revenues of Euro 5,132.4 million compared to Euro 4,077.1 million in 2021, showing an increase of Euro 1,055.3 million (+25.9%). This figure is the best ever for the Group, confirming the Group's full recovery after the two years of pandemic.

The gross operating margin came to Euro 391.7 million compared to Euro 315.4 million in 2021, showing an increase of Euro 76.3 million (+24.2%) while operating income amounted to Euro 187.4 million compared to Euro 131.3 million in 2021, up by Euro 56.0 million (+42.7%). The gross operating margin in 2022 was the highest in the Group's history, having exceeded the amount of Euro 377.2 million recorded in 2019.

The result from ordinary activities, amounting to Euro 137.4 million compared to Euro 100.6 million in 2021, was adversely affected by the currency trend, which entailed the recognition of lower foreign exchange gains for Euro 5.8 million (Euro 2.3 million in 2022 compared to Euro 8.1 million in the previous year).

Net profit came to Euro 75.4 million, up by Euro 52.0 million compared to Euro 23.4 million in 2021.

Below are summarized the schedules of the income statement, balance sheet and cash flows for 2022, compared with the consolidated financial statements for the period ended 31 December 2021.

For a more complete analysis of the Group's results, the related details are reported below, broken down by business sector.

Consolidated Income Statement

(Euro/000)	**Year 2022**	Year 2021	Change %
Total revenues	**5,132,396**	**4,077,057**	**25.88**
Changes in inventories of work in progress, semi-finished and finished goods	33,759	(18,693)	
Value of production	**5,166,155**	**4,058,364**	**27.30**
Cost of production	(4,275,266)	(3,343,556)	
Value added	**890,889**	**714,808**	**24.63**
Personnel costs	(499,160)	(399,363)	
Gross operating margin [(a)]	**391,729**	**315,445**	**24.18**
Amortization, depreciation and write-downs	(204,376)	(184,118)	
Operating income [(b)]	**187,353**	**131,327**	**42.66**
Net financial income (charges)	(49,996)	(30,695)	
Profit from ordinary activities	**137,357**	**100,632**	**n/a**
Net income (charges) from investments	(385)	556	
Net extraordinary financial income (charges)	(399)	(2,880)	
Result before taxes	**136,573**	**98,308**	**n/a**
Income taxes for the financial year	(41,438)	(32,750)	
Result before minority interests	**95,135**	**65,558**	**n/a**
(Profit) Loss attributable to minority interests	(19,715)	(42,146)	
Net profit attributable to the Group	**75,420**	**23,412**	**n/a**

Consolidated Balance Sheet

(Euro/000)	**31.12.2022**	31.12.2021	Change %
Intangible assets	246,195	240,997	
Tangible assets	1,659,491	1,546,871	
Equity investments and other financial assets	46,937	41,970	
Total fixed assets	**1,952,623**	**1,829,838**	**6.71**
Trade net working capital			
- Trade receivables	611,126	595,213	
- Inventories	647,312	552,287	
- Trade payables	(720,282)	(664,073)	
Total trade net working capital	538,156	483,427	
Other current assets	156,009	126,735	
Other current liabilities	(152,464)	(131,246)	
Net working capital	**541,701**	**478,916**	**13.11**
Staff Severance Indemnity Provision and other m/l term provisions	**(82,663)**	**(76,173)**	
Net invested capital	**2,411,661**	**2,232,581**	**8.02**
Shareholders' Equity attributable to the Group	681,910	621,766	
Shareholders' Equity attributable to minority interests	242,623	382,688	
Total Shareholders' Equity	**924,533**	**1,004,454**	**(7.96)**
Net medium/long-term debt	1,248,026	1,009,619	
Net short-term debt	239,102	218,508	
Net debt	**1,487,128**	**1,228,127**	**21.09**
Net equity and net debt	**2,411,661**	**2,232,581**	**8.02**

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Standards and the IFRS. EBITDA is the measurement used by the Company's Management to monitor and assess its operations. The Management believes that EBITDA is a key indicator for measuring the Group's performance as it is not affected by the volatility due to the effects of the various criteria of calculating taxable income and by the amount and characteristics of the invested capital, as well as by the related amortisation and depreciation criteria. At present, subject to a subsequent in-depth study regarding the developments in the definitions of corporate performance indicators, EBITDA is defined by the Cremonini Group as the Profit/Loss before depreciation and amortization of tangible and intangible assets, allocations and write-downs, financial charges and income and income taxes.

b – The operating profit (EBIT) is defined by the Cremonini Group as the Profit/Loss for the year before financial charges and income, non-recurring items and income taxes.

Consolidated Net Debt [c]

(Euro/000)	**31.12.2022**	30.09.2022	30.06.2022	31.12.2021
Payables to banks, bonds and other financial institutions				
- due within 12 months	(450,245)	(604,719)	(616,963)	(508,164)
- due between 1 and 5 years	(746,350)	(690,642)	(631,383)	(530,568)
- due beyond 5 years	(175,036)	(138,033)	(147,873)	(170,997)
Total payables to banks, bonds and other financial institutions	**(1,371,631)**	**(1,433,394)**	**(1,396,219)**	**(1,209,729)**
Liquidity				
- cash and cash equivalents	287,265	392,233	292,125	343,491
- other financial assets	21,144	22,153	17,401	13,604
Total liquidity	**308,409**	**414,386**	**309,526**	**357,095**
Total net debt before operating lease	**(1,063,222)**	**(1,019,008)**	**(1,086,693)**	**(852,634)**
Financial liabilities for operating lease				
- within 12 months	(97,267)	(74,665)	(63,813)	(67,439)
- between 1 and 5 years	(242,777)	(248,471)	(231,324)	(223,543)
- beyond 5 years	(83,862)	(85,274)	(86,499)	(84,511)
Effects on net debt of operating lease	**(423,906)**	**(408,410)**	**(381,636)**	**(375,493)**
Total net debt	**(1,487,128)**	**(1,427,418)**	**(1,468,329)**	**(1,228,127)**

The Group's net financial debt as at 31 December 2022 amounted to Euro 1,487.1 million, up by Euro 259.0 million compared to Euro 1,228.1 million as at 31 December 2021. Net of the effects of accounting for operating leases (application of IFRS 16), the Group's net financial debt as at 31 December 2022 amounted instead to Euro 1,063.2 million, up by Euro 210.6 million compared to Euro 852.6 million as at 31 December 2021.

It should be noted that the Group's net financial debt as at 31 December 2022 was affected by the buy-back of shares representing 28.4% of share capital of INALCA S.p.A. by IQ Made in Italy Investment Company S.p.A. ("IQMIIC") in October 2022, for an amount equal to Euro 168 million.

During the year, cash outflows for ordinary investments amounted to Euro 175.4 million, while those for company acquisitions, without considering the transaction with IQMIIC referred to above, amounted to Euro 21.6 million. Among the latter items are:

- the acquisition by INALCA S.p.A. of 50% of quotas of Agro-Invest Sp. zo.o. that will provide the beef slaughterhouse in Poland, which entailed an increase of Euro 3,727 thousand in the debt;
- the acquisition by Società Agricola Corticella (a subsidiary of INALCA S.p.A.) of additional quotas of La Torre Soc. Agr. Cons. a r.l., now 55% owned, which entailed an increase of Euro 5,849 thousand in the debt;
- the acquisition by INALCA Food & Beverage S.r.l. of the remaining minority interests of subsidiary Bright View Trading Hong Kong Ltd., which entailed an increase of Euro 1,462 thousand in the debt;
- the acquisition by Fresco Gourmet Pty Ltd. of 100% of Host Inns Pty Limited, which entailed an increase of Euro 740 thousand in the debt;
- INALCA S.p.A.'s entry into the corporate structure of Biorg S.r.l., which is now 30% owned with the Hera Group holding 70%, through the contribution of composting operations located in the municipal district of Nonantola owned by subsidiary Sara S.r.l. for a value of Euro 3 million;
- the acquisition by MARR S.p.A. of all the quotas of Frigor Carni S.r.l., operating in the sale and distribution of food products to foodservice, which entailed an increase of Euro 6,628 thousand in the debt;
- the acquisition by Chef Express S.p.A. of a minority interest in Wearena Entertainment S.p.A. for Euro 200 thousand.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a sum of the following positive and negative components of the Balance Sheet. Positive components: cash and cash equivalents; current securities held for sale; short-term financial receivables; derivative instruments. Negative components: payables to banks; payables to other lenders, leasing and factoring companies; derivative instruments and bonds.

Financial results by business sector

The Group, which operates in the food sector, conducts its business with the position of market leader in three macro business areas:

- Production;
- Distribution;
- Catering.

The Parent Company, both directly and indirectly through its subsidiaries, provides support to the operating sectors, mainly services in the financial, corporate and tax, human resources and insurance, IT system sectors.

Breakdown of revenues by sector

(Euro/000)	**Year 2022**	Year 2021	Change total value	Change %
Production				
Net revenues	2,650,372	2,256,428	393,944	17.46
Intercompany revenues	199,472	131,403		
Total revenues	2,849,844	2,387,831	462,013	19.35
Gross operating margin	223,614	175,288	48,326	27.57
Amortization, depreciation and write-downs	(81,978)	(71,210)	(10,768)	15.12
Operating profit (loss)	141,636	104,078	37,558	36.09
Distribution				
Net revenues	1,843,668	1,415,413	428,255	30.26
Intercompany revenues	86,842	40,863		
Total revenues	1,930,510	1,456,276	474,234	32.56
Gross operating margin	81,760	90,491	(8,731)	(9.65)
Amortization, depreciation and write-downs	(35,693)	(32,749)	(2,944)	8.99
Operating profit (loss)	46,067	57,742	(11,675)	(20.22)
Catering				
Net revenues	636,135	403,193	232,942	57.77
Intercompany revenues	(313)	205		
Total revenues	635,822	403,398	232,424	57.62
Gross operating margin	88,364	51,076	37,288	73.00
Amortization, depreciation and write-downs	(82,700)	(76,965)	(5,735)	7.45
Operating profit (loss)	5,664	(25,889)	31,553	n/a
Centralized activities				
Net revenues	2,221	2,023	198	9.79
Intercompany revenues	11,739	11,077		
Total revenues	13,960	13,100	860	6.56
Gross operating margin	(2,009)	(1,410)	(599)	n/a
Amortization, depreciation and write-downs	(4,005)	(3,194)	(811)	n/a
Operating profit (loss)	(6,014)	(4,604)	(1,410)	n/a
Consolidation adjustment				
Total revenues	*(297,740)*	*(183,548)*		
Gross operating margin	*0*	*0*		
Amortization, depreciation and write-downs	*0*	*0*		
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	5,132,396	4,077,057	1,055,339	25.88
Gross operating margin	391,729	315,445	76,284	24.18
Amortization, depreciation and write-downs	(204,376)	(184,118)	(20,258)	11.00
Operating profit (loss)	187,353	131,327	56,026	42.66

The Group's total revenues, if compared with those recorded in the previous year, showed an increase of Euro 1,055.3 million. In detail, revenues from Distribution showed growth of Euro 474.2 million, while Production recorded an increase of Euro 462.0 million and revenues from Catering rose by Euro 232.4 million.

The consolidated gross operating margin was up by Euro 76.3 million, with the Production and Catering up by Euro 48.3 million and Euro 37.3 million, respectively, and the Distribution down by Euro 8.7 million compared to the previous year.

Finally, the consolidated operating income was up by Euro 56.0 million with the Production and Catering up by Euro 37.6 million and Euro 31.6 million, respectively, and the Distribution down by Euro 11.7 million compared to the previous year.

Breakdown of revenues from sales and services by geographical area

Comparison between values at 31 December 2022 and at 31 December 2021 (12 months)

As at 31 December 2022 - (Euro/000)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,566,624	59.9	1,705,647	95.1	537,959	85.9	1,924	100.0	3,812,154	75.6
European Union	396,597	15.1	56,865	3.2	81,276	13.0	-	-	534,738	10.6
Extra-EU countries	655,879	25.0	30,701	1.7	7,031	1.1	-	-	693,611	13.8
Total	2,619,100	100.0	1,793,213	100.0	626,266	100.0	1,924	100.0	5,040,503	100.0

As at 31 December 2021 - (Euro/000)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,414,899	63.2	1,292,440	93.6	323,971	89.6	1,515	86.7	3,032,825	76.2
European Union	274,373	12.3	55,333	4.0	9,321	2.6	214	12.2	339,241	8.5
Extra-EU countries	547,872	24.5	33,105	2.4	28,229	7.8	19	1.1	609,225	15.3
Total	2,237,144	100.0	1,380,878	100.0	361,521	100.0	1,748	100.0	3,981,291	100.0

Consolidated Balance Sheet by business sector

As at 31 December 2022 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	34,093	162,362	49,725	15	0	246,195
Tangible assets	836,893	153,260	589,999	79,339	0	1,659,491
Equity investments and other financial assets	38,490	2,617	4,672	1,158	0	46,937
Total fixed assets	**909,476**	**318,239**	**644,396**	**80,512**	**0**	**1,952,623**
Trade net working capital						
- Trade receivables	277,940	351,767	27,762	16,754	(63,097)	611,126
- Inventories	421,271	209,527	16,117	27	370	647,312
- Trade payables	(346,865)	(331,457)	(94,035)	(11,960)	64,035	(720,282)
Total trade net working capital	**352,346**	**229,837**	**(50,156)**	**4,821**	**1,308**	**538,156**
Other current assets	62,344	31,108	53,920	30,349	(21,712)	156,009
Other current liabilities	(76,023)	(18,791)	(58,162)	(19,892)	20,404	(152,464)
Net working capital	**338,667**	**242,154**	**(54,398)**	**15,278**	**0**	**541,701**
Staff Severance Indemnity Provision and other m/l-term provisions	**(57,390)**	**(13,368)**	**(7,537)**	**(4,368)**	**0**	**(82,663)**
Net invested capital	**1,190,753**	**547,025**	**582,461**	**91,422**	**0**	**2,411,661**

As at 31 December 2021 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	35,332	155,064	50,574	27	0	240,997
Tangible assets	748,837	145,464	571,966	80,604	0	1,546,871
Equity investments and other financial assets	34,188	2,622	4,022	1,138	0	41,970
Total fixed assets	**818,357**	**303,150**	**626,562**	**81,769**	**0**	**1,829,838**
Trade net working capital						
- Trade receivables	315,283	319,510	12,227	6,018	(57,825)	595,213
- Inventories	338,533	199,771	13,378	44	561	552,287
- Trade payables	(288,379)	(332,561)	(90,372)	(11,713)	58,952	(664,073)
Total trade net working capital	**365,437**	**186,720**	**(64,767)**	**(5,651)**	**1,688**	**483,427**
Other current assets	39,509	31,623	62,253	27,133	(33,783)	126,735
Other current liabilities	(66,748)	(28,592)	(41,023)	(26,978)	32,095	(131,246)
Net working capital	**338,198**	**189,751**	**(43,537)**	**(5,496)**	**0**	**478,916**
Staff Severance Indemnity Provision and other m/l-term provisions	**(51,428)**	**(14,136)**	**(6,277)**	**(4,332)**	**-**	**(76,173)**
Net invested capital	**1,105,127**	**478,765**	**576,748**	**71,941**	**0**	**2,232,581**

Consolidated Net Debt by business sector

As at 31 December 2022 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(209,610)	(120,248)	(92,775)	(27,612)	(450,245)
- due between 1 and 5 years	(431,851)	(131,151)	(154,668)	(28,680)	(746,350)
- due beyond 5 years	(50,464)	(87,977)	(36,595)		(175,036)
Total payables to banks, bonds and other financial institutions	**(691,925)**	**(339,376)**	**(284,038)**	**(56,292)**	**(1,371,631)**
Liquidity					
- cash and cash equivalents	55,094	191,664	29,811	10,696	287,265
- other financial assets	20,895	7	242	-	21,144
Total liquidity	**75,989**	**191,671**	**30,053**	**10,696**	**308,409**
Securitization and internal treasury current accounts	**(11,973)**	**9,404**	**3,767**	**(1,198)**	**0**
Total net debt before operating lease	**(627,909)**	**(138,301)**	**(250,218)**	**(46,794)**	**(1,063,222)**
Financial liabilities - operating lease					
- within 12 months	(7,975)	(10,813)	(78,479)		(97,267)
- between 1 and 5 years	(15,796)	(38,359)	(188,622)		(242,777)
- beyond 5 years	0	(30,077)	(53,785)		(83,862)
Effects on net debt - operating lease	**(23,771)**	**(79,249)**	**(320,886)**	**0**	**(423,906)**
Total net debt	**(651,680)**	**(217,550)**	**(571,104)**	**(46,794)**	**(1,487,128)**

As at 31 December 2021 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(243,573)	(103,088)	(154,697)	(6,806)	(508,164)
- due between 1 and 5 years	(308,294)	(119,395)	(70,142)	(32,737)	(530,568)
- due beyond 5 years	(24,476)	(99,936)	(42,477)	(4,108)	(170,997)
Total payables to banks, bonds and other financial institutions	**(576,343)**	**(322,419)**	**(267,316)**	**(43,651)**	**(1,209,729)**
Liquidity					
- cash and cash equivalents	45,951	249,994	24,387	23,159	343,491
- other financial assets	13,064	-	540	-	13,604
Total liquidity	**59,015**	**249,994**	**24,927**	**23,159**	**357,095**
Securitization and internal treasury current accounts	**2,878**	**5,787**	**(20,785)**	**12,120**	**0**
Total net debt before operating lease	**(514,450)**	**(66,638)**	**(263,174)**	**(8,372)**	**(852,634)**
Financial liabilities - operating lease					
- within 12 months	(6,422)	(10,074)	(50,943)	-	(67,439)
- between 1 and 5 years	(7,322)	(33,394)	(182,827)	-	(223,543)
- beyond 5 years	-	(31,324)	(53,187)	-	(84,511)
Effects on net debt - operating lease	**(13,744)**	**(74,792)**	**(286,957)**	**-**	**(375,493)**
Total net debt	**(528,194)**	**(141,430)**	**(550,131)**	**(8,372)**	**(1,228,127)**

The operating sectors of the Group

Production

The list of the Companies that operate in the Production sector, included in the consolidation area, are shown in the annex attached to this Report.

Breakdown of revenues by activity (Euro/000)	**Year 2022**	**Year 2021**	*Chg. %*
Beef and meat-based products	2,562,921	2,143,290	*19.58*
- intercompany revenues	(26,765)	(24,855)	
Beef and meat-based products - Net total	**2,536,156**	**2,118,435**	
Cured meats and gastronomy/snack food	322,963	279,570	*15.52*
- intercompany revenues	(9,275)	(10,174)	
Net total - Cured meats and gastronomy/snack food	**313,688**	**269,396**	
Total Production	**2,849,844**	**2,387,831**	***19.35***

The Production sector revenues were Euro 2,849.8 million, up by Euro 462.0 million compared to Euro 2,387.8 million in 2021. The gross operating margin increased from Euro 175.3 million to Euro 223.6 million, up by Euro 48.3 million, while operating income increased from Euro 104.1 million to Euro 141.6 million, up by Euro 37.6 million.

The beef business

During 2022, both in Italy and abroad, the segment showed a significant increase in the level of revenues compared to the previous year due to the combined effect of higher volumes and higher selling prices required to offset the substantial increase in the cost of all factors of production, especially raw materials and energy products.

Worthy of note is the considerable growth recorded in hamburger supplies to the foodservice market in Europe, driven by the full resumption of operations following the lifting of restrictions related to the Covid-19 pandemic.

Revenues and profit margins also showed an increase in operations involving the distribution of food products to foodservice abroad, on the part of Inalca Food & Beverage S.r.l. and its subsidiaries. These Companies, the operations of which are closely connected with trends in tourist flows, benefited from the resumption of business operations, which had been hit by the impact of the pandemic in a more significant manner. Positive effects were also beginning to be felt from the actions taken in terms of business restructuring in some areas, as well as of general cost squeeze and efficiency.

Cured meats and snacks sector

The pork raw materials market showed substantial price stability until the outbreak of the Russian-Ukrainian conflict, following which severe tensions and rising prices were noted. On the other hand, the gradual growth in the prices of beef raw materials continued in line with the trend reported during the previous year.

At the beginning of the year, the discovery of cases of swine fever in some areas, first in Northern and then in Central Italy, had the immediate and automatic effect of having access to some major international markets (Japan and others) prevented.

However, the extremely difficult negotiations with all customers and in particular with the big players in the large-scale retail sector made it possible to gradually recover the erosion of profit margins reported since October of last year.

A direct comparison with the previous year shows an increase in terms of sales (+19.6%) as the combined effect of the increase in volumes (+10.3%) driven by the strong recovery of what was lost in the Ho.Re.Ca. and foodservice channels, as well as of the increase in prices necessary to offset cost trends. The impact of higher gas and electricity prices on the summer months was significant and exceptional, despite the aid granted by the Government.

The trends that have been in place for years on the distribution concentration front to the detriment of small independent operators remain unchanged, as does the increasingly widespread trend towards the implementation of private label projects on the part of large distribution groups with the aim of containing the prices offered to the public.

The Snacks division strengthened the good performance recorded in 2021, maintaining significantly higher volumes than before the pandemic. A direct comparison with the previous year shows in fact a strong increase in sales (+27.7%) supported by higher volumes (+12.1%), with a significant surge in gluten-free and alternative protein products.

Among the significant events that occurred during the year we must note that:

- in February, Società Agricola Corticella acquired control over La Torre Società Agricola Consortile a r.l., formerly an investee, which is a major agro-livestock center near Isola della Scala (Verona), which had been formerly an exclusive supplier of cattle and managed about 1,000 hectares of agricultural land, including about 460 hectares located in the neighboring municipalities of Vigasio and Trevenzuolo, in the province of Verona, whose ownership was subsequently acquired on 5 August 2022 by entering into an arrangement with creditors;

- in February, following an agreement with Polish entrepreneurs of AGRO-INVEST Sp. zo.o., INALCA S.p.A. acquired 50% of its quotas following the subscription of a dedicated share capital increase. The company operating in cattle breeding and sale is intended to feed the new slaughterhouse in Poland, the start-up of which took place in early 2023;

- again in February, the Spanish company COMIT S.L. acquired treasury shares, which had been previously held by two minority shareholders who left the company structure. The controlling interest in the company thus increased from 60 to 75%. In January COMIT S.L. itself also acquired a quota held by a minority shareholder in subsidiary Tecali, thus increasing its investment at a total of 68.32%;

- in April the appeal brought by Gescar S.r.l. in relation to notices of assessment regarding the recognition of VAT credit on the provision of services for the years 2010 to 2015 was granted by the Provincial Tax Board of Modena. Against the proceedings, the Revenue Agency filed an appeal with the second-instance Court of Tax Justice following which a date is expected to be scheduled for the hearing;

- in June Banco BPM S.p.A. disbursed a new medium/long-term unsecured loan of Euro 40 million to INALCA S.p.A. to support its plan of investments. This financing has also given INALCA S.p.A. the possibility of obtaining a reduction in the margin applied against the achievement of specific targets on ESG parameters;

- on 12 July Sara S.r.l. contributed, with effect from 1 August 2022, the composting business of Nonantola to Biorg S.r.l., a company that is now 30% owned with the Hera Group holding 70%, which will produce biomethane by the end of 2023. On the same date the subsidiary Società Agricola Corticella S.r.l. transferred ownership of the land and building at which Sara S.r.l. carried out is operations to the aforesaid Biorg S.r.l.;

- on 14 July La Torre Società Agricola Consortile a r.l. entered into an agreement for a 10-year mortgage loan with Banco BPM S.p.A., which was disbursed in full for Euro 13 million;

- on 5 September INALCA S.p.A. entered into an agreement for a medium/long-term unsecured loan with a pool of Cooperative Credit Banks (BCCs), with ICCREA Banca S.p.A. acting as lead manager, which was disbursed in full for Euro 15 million;

- on 21 October (at the same time as Cremonini S.p.A.'s buy-back of the total shares held by IQMIIC), the extraordinary shareholders' meeting of INALCA S.p.A. approved the acquisition of 43,617,167 Treasury shares from the parent company Cremonini S.p.A. for an amount of Euro 137,967,707.84. In relation to the transaction, the Company obtained appropriate waivers from the Lending Banks, where such a requirement was laid down in the specific loan agreements that had been signed, while also renegotiating new levels of financial covenants on existing medium-long term loans.
  The Shares referred to above were repurchased by INALCA S.p.A. on 18 November 2022 and immediately cancelled, maintaining the current share capital and reducing available reserves by the same amount;

- in October the option was exercised for the acquisition from third-party shareholders of minority interests, equal to 30.19%, in subsidiary Bright View Trading Hong Kong Ltd.;

- on 21 November INALCA S.p.A. received notice of the unsuccessful outcome of the appeals filed with the first-instance Court of Tax Justice in Bologna in relation to the same case that involved the subsidiary Gescar S.r.l., already mentioned above. On 20 January 2023 INALCA S.p.A. filed appeals against these judgments with the second-instance Court of Tax Justice of Bologna;

- on 28 November INALCA S.p.A. entered into an agreement, with a pool of Lending Banks, for a new medium-long term mortgage loan of Euro 136 million, aimed at supporting the Company's cash requirements as envisaged in the new business plan of the INALCA Group, which had been approved by the Board of Directors of INALCA S.p.A. on 14 November 2022. The Lending Banks, which subscribed to the financing with equal shares, were: Banco BPM S.p.A., Banca Nazionale del Lavoro S.p.A., BPER Banca S.p.A., Cooperatieve Rabobank U.A., ING Bank N.V, Milan Branch, and Intesa Sanpaolo S.p.A., which also acts as the agent bank.

The major industrial investments made during 2022 concerned the following projects:

- the construction and upgrading of production systems at the plants of INALCA S.p.A.. In particular, we must note the rendering project intended for the food processing of bovine bones and fat and the acquisition of silos for storage of food flours at Castelvetro plant; the construction of a trigeneration plant and a new PV plant, the expansion of the refrigeration plant, the replacement of natural gas cogeneration plant and the completion of a new warehouse at Ospedaletto Plant; the upgrade of the digested sludge drying and leather storage and processing systems at Pegognaga plant; the construction of a new cogeneration and absorber plant, as well as a new filling-seaming unit for canned meat lines at Rieti plant;

- the completion of the new slaughtering and deboning plant in Sochocin in Poland, the operations at which were started at the beginning of 2023;

- the improvement of efficiency of production lines and of productivity in the areas of production and slicing of cold cuts at all manufacturing sites of subsidiary Italia Alimentari S.p.A.;

- The installation, which is in the process of being completed, involving systems intended for exploiting residues from processing through the manufacturing of high value-added products of subsidiary Castelfrigo LV S.r.l.;

- the acquisition of new sheds and plots of lands on the part of subsidiary Società Agricola Corticella S.r.l.;

- work continued on the modernisation of production lines and industrial equipment, as well as on non-routine maintenance at the main production plants at Piacenza and Castelnuovo Rangone factories on the part of subsidiary Fiorani e C. S.p.A.;

- the technological and digital transformation of the production plant and machinery of subsidiary Realbeef S.r.l. in accordance with the National Industry 4.0 Plan;

- the construction of a new and wider platform for storage of marketed products and the purchase of new plant and machinery carried out by subsidiary Bright View Trading Hong Kong Ltd.

Distribution

The list of the Companies that operate in the Distribution sector, included in the consolidation area, are shown in the annex attached to this Report.

Total revenues in the Distribution sector amounted to Euro 1,930.5 million in 2022, showing an increase both compared to Euro 1,456.3 million in 2021 (+32.6%) and Euro 1,659.8 million in 2019 (before the pandemic).

Specifically, in terms of revenues, sales in the "Street Market" category (restaurants and hotels not belonging to Groups or Chains) and those in the "National Account" category (operators of Chains and Groups and Canteens) amounted to Euro 1,679.2 million (Euro 1,171.3 million in 2021) benefitted from the contribution of about Euro 11 million given by the Verrini Group, which had been consolidated as from 1 April 2021, and the contribution of about Euro 14 million given by Frigor Carni S.r.l., which had been consolidated as from 1 April 2022. The sales to the customers of Street Market and National Account had been equal to Euro 1,422.7 million in 2019.

The increase in sales to the foodservice sector compared to 2021 is an additional over-performance compared to the performance of the target Market. According to the findings of the Confcommercio Studies Office ("Congiuntura" issue no. 2, February 2023), the consumption (in terms of quantity) concerning the item "Hotels, meals and out-of-home consumption" in Italy increased by +22.1% in 2022 compared to 2021.

The sales in the "Wholesale" category (almost entirely concerning frozen seafood products to wholesalers) amounted to Euro 217.4 million in 2022 (Euro 261.3 million in 2021 and Euro 244.0 million in 2019), and, even in the fourth quarter, they were affected by a lower temporary availability of products after the cancellation of some summer fishing campaigns.

Sales performance during the year was affected by the inflationary trends in progress in the foodservice sector, affecting most of the products sold by MARR and with effects on the timing of transfer of price increases differing for each customer category. In particular, the process of adjusting sales prices to higher purchase costs of products showed better progress in the Street Market category than in the National Account category, with the latter being adversely affected by the component of Mass Catering and Direct Supplies to Public Authorities. In this regard, it should be noted that the higher seasonal incidence of the National Account in the mix of total sales in the fourth quarter compared to that of the entire financial year, coupled with the performance of Wholesale, had a consequent adverse impact on the gross margin during the last three months of the 2022 financial year, even though there was a gradual recovery of profit margins in Street Market.

Moreover, the fourth quarter, as already observed for the first nine months of 2022, continued to be affected in the comparison with the same period of 2021 by inflationary trends related to higher energy costs, with a consequent impact on costs from product storage and distribution, as well as by a general increase in logistics fees with effects on costs for handling operations.

In this context, MARR continued, during the entire 2022 financial year, to preserve the level of service offered, in the face of recovering non-domestic consumption, combining it with the management of the adjustment of sales prices to rising food costs and that of operating costs (particularly those related to rising energy costs) through efficiency policies aimed at process optimisation.

The gross operating margin in 2022, which was affected by the abovementioned trends in gross profit and operating costs, came to Euro 82.1 million (Euro 90.5 million in 2021), while operating income came to Euro 46.2 million (Euro 57.6 million in 2021).

Among the significant events that occurred during the year, it should be noted that:

- on 1 April 2022 work was completed on the closing for the acquisition of the total quotas of the newly-established company Frigor Carni S.r.l., which received the contribution of operations of Frigor Carni S.a.s., a company based in Montepaone Lido (Catanzaro), operating in the sale and distribution of food products to the foodservice sector, with significant specialisation in the offering of seafood products, mainly targeted at customers in the independent catering sector.

The acquisition of Frigor Carni confirms MARR's role as market aggregator, since it continues to strengthen its leadership through both organic growth and targeted acquisitions aimed at increasing service specialization;

- on 28 April 2022 the Shareholders' Meeting approved the financial statements as at 31 December 2021 and unanimously resolved to distribute a gross dividend of Euro 0.47 per share (against consolidated EPS of Euro 0.53 Euro) with "ex-dividend date" (no. 17) on 23 May, record date on 24 May and payment on 25 May. Undistributed profits were allocated to Extraordinary Reserve;

- on 28 April 2022 the Ordinary Shareholders' Meeting authorized the acquisition, sale and disposal of treasury shares, pursuant to and for the purposes of Article 2357 and ff. of the Italian Civil Code and of Article 132 of Legislative Decree no. 58 of 24 February 1998, while vesting powers in the Board of Directors for this purpose with the authority to grant specific proxies. The Board of Directors' meeting of 13 May 2022 resolved to start the programme for the acquisition of treasury shares ("Buy-back Programme"), while granting powers to the Chief Executive Officer Francesco Ospitali and the Director Claudia Cremonini, to jointly carry out any related transaction. The Buy-back Programme was put in place on 27 May; as at 31 December 2022 the Company held 387,460 treasury shares at an average price of Euro 12.06.
  The Buy-back Programme is aimed at promoting liquidity on securities, as well as establishing a stock of securities for any possible subsequent use;

- on 12 December 2022 the deed was executed for the merger of the wholly-owned subsidiary Chef S.r.l. (Unipersonale) by incorporation into MARR S.p.A., with legal effect from 30 December 2022 and accounting and tax effects running from 1 January 2022;

- as from January 2022 the new distribution Platform was made operational in Piacenza, while works commenced on the new distribution platform in Bottanuco (Bergamo) as from the second half of the year.

The major industrial investments made during 2022 concerned the following projects:

- the completion of the distribution platform in Piacenza for Euro 1,387 thousand;

- the construction of the fish market department of Marr Adriatico for Euro 1,579 thousand;

- the purchase of new software, some of which is still being implemented, for about Euro 412 thousand;

- the revamping of the branch of Marr Dolomiti and improvements at other branches for about Euro 1,500 thousand.

Catering

The list of the Companies that operate in the Catering sector, included in the consolidation area, are shown in the annex attached to this Report.

Breakdown of revenues by activity (Euro/000)	**Year 2022**	**Year 2021**	*Chg. %*
On-board catering	82,155	43,431	*89.16*
- intercompany revenues	-	-	
On-board catering - Net total	**82,155**	**43,431**	***89.16***
Motorway catering	360,719	245,168	*47.13*
- intercompany revenues	-	-	
Motorway catering - Net total	**360,719**	**245,168**	***47.13***
Commercial catering	192,947	114,799	*68.07*
- intercompany revenues	-	-	
Commercial catering - Net total	**192,947**	**114,799**	***68.07***
Total Catering	**635,822**	**403,398**	***57.62***

Although still slightly below the levels reported in 2019, the Catering sector showed significantly higher revenues in 2022 compared to the same period in 2021, in which the restrictions imposed following the second pandemic wave had severely hit revenues and profit margins throughout the entire sector, despite the pandemic resurgence that occurred during the first months of 2022.

Despite the improvement in operating revenues recorded in the year under review, the reduction in State Aid disbursed in support of the catering business, including the Derogatory Wage Guarantee Fund for Covid-19 Emergency, the recognition of lower discounts on lease payments, together with the increase in energy costs, limited the improvement in profit margins in the sector.

Having stated this, the Catering sector showed an increase in revenues from Euro 403.4 million in 2021 to Euro 635.8 million in 2022, up by Euro 232.4 million (+57.6%). The gross operating margin came to Euro 88.4 million, up by Euro 37.3 million compared to Euro 51.1 million in 2021 (+73.0%), while operating income came to Euro 5.7 million, showing an improvement of Euro 31.6 million compared to Euro -25.9 million in the previous year.

Among the significant events that occurred during the year, it should be noted that on 16 May 2022 Chef Express S.p.A. entered into a new medium-long term unsecured loan, amounting to Euro 100 million and maturing on 30 June 2027, with a Pool of Lending Banks. The amount of the new loan, which was disbursed in full on the date of execution of the related agreement, was partially used to prepay the outstanding debt of the SACE Guarantee-backed loan of 6 August 2020.

Furthermore, the following openings of new stores and outlets and renewals of contracts during the year must be noted in relation to Chef Express S.p.A.:

- renovated catering spaces and formats were opened to the public inside the following railway stations: Rome Termini, with McDonald's and Roadhouse Restaurant-branded stores, Turin Porta Susa with McDonald's-branded stores, Genoa Piazza Principe with McDonald's and Mokà-branded stores, and Milan Porta Garibaldi with McDonald's, Billy Tacos and Panella-branded stores, and catering outlets were closed inside the Milan Bovisa and Bologna Central railway stations;

- operations were started for running catering services in the Muggiano Est (Milan) and Rozzano Est (Milan) Service Stations;

- new catering outlets were opened to the public inside the Humanitas San Pio X complex in Milan with Mokà format, at Fiumicino Airport with CioccolatItaliani and Panella formats, at Ciampino Airport with McDonald's, Panella, La Piadina, Pokè and Caio Antica Pizza Romana formats, and at Foggia Airport with Mokà format;

- 7-year agreements were renewed with SOGAER S.p.A. in relation to the following catering formats at Cagliari-Elmas Airport:
  - Bar Mokà and Caio Antica Pizza Romana, in the Airside departure hall;

- Bakery, bar, pastry shop Panella, in the Landside arrival hall;
- Lavazza, Gourmè and Lowengrube, at Molo bar in the Airside hall;
- Bakery, bar, pastry shop Panella, at the kiosk in the Airside departure hall;
- a wine bar in the Airside hall in collaboration with Cagliari Calcio football club;

- new agreements were signed for operating new catering stores inside the Milan Porta Garibaldi, Turin Porta Susa and Naples Afragola railway stations;

- the Company was successfully awarded some tenders launched by S.E.A. S.p.A. for the operation of catering outlets in Terminal T1 at Malpensa Airport (Varese), as well as a tender in the renovated A 31/59 boarding area at Fiumicino Airport, the tender for all the outlets in the Landside hall at Palermo Airport (in which Chef Express participated as part of a Temporary Business Grouping [RTI]) and a tender launched by S.A.C. S.p.A. for the operation of a catering outlet at Catania Airport;

- a national radio and digital campaign was launched by Chex Express S.p.A. to support the digitalisation programme that the Company has put in place with the aim of making travellers' stopovers increasingly safe and convenient, in addition to improving the quality of staff work. The centerpiece of the project is the new Chef Express APP, which integrates the loyalty programme, discounts on certain products and services dedicated to customers, such as discounts for truck drivers, tour guides or other discounts for all customers, in addition to the possibility of easy access to electronic invoicing for business customers. Other new features include the installation of Kiosks, digital checkouts for ordering and direct payment, and the Webcam Park system that allows customers to monitor their cars parked inside the service stations in real time;

- in the area of corporate social responsibility, Chex Express S.p.A. has decided to operate alongside Save the Children by supporting the Hunger Emergency campaign which, with the funds they have raised, will carry out aid programmes in various countries.

With regard to subsidiary Roadhouse S.p.A. we must note:

- new “Roadhouse Restaurant” branded restaurants were opened in Vicenza, Agrate Brianza (Monza and Brianza), Viterbo, Arezzo and Rivoli (Turin) and there was the rebranding of “Calavera Restaurant” at the store located in Grandate (Como), thus bringing to 170 the number of outlets opened by the chain in Italy;

- there was the opening of a new “Smokery” brand restaurant, dedicated to Low&Slow smoked meat specialties with innovative ''all day'' formula in Milan, the 3rd one for the format;

- there was the opening of new “Calavera Restaurant” brand restaurants, which is a format inspired by Mexican cuisine, in Agrate Brianza (Monza and Brianza), Campi Bisenzio (Florence), Rozzano (Milan), Arezzo and Marghera (Venice), the 20th one in the chain;

- new outlets were inaugurated under the “Billy Tacos” brand, a fast format offering Mexican-inspired street food recipes in Milan, Capriate (Bergamo), Vicenza “Palladio”, Piacenza, Milan, Sona (Verona), Orio al Serio (Bergamo), Busnago (Monza and Brianza) Treviso, Serravalle Scrivia (Alessandria), Vicenza, Genoa, Ravenna, Lecco, Rozzano (Milan), Agrate Brianza (Monza and Brianza), Erbusco (Brescia), Ostia (Rome), Milan, Corridonia (Macerata), Milan, Fidenza (Prato), Bellinzago Novarese (Novara), Genoa, Rome, Novara, Corbetta (Milan), San Giuliano Milanese (Milan), Rome, Peschiera Borromeo (Milan), Rivoli (Turin), Paderno Dugnano (Milan), Rome, Lodi, Aprilia (Latina), Portogruaro (Venice), Grosseto, Settimo Torinese (Turin), Rome and Milan;

- Roadhouse received the prestigious award of ''Italy's Sign of the Year 2022-23.” “Roadhouse Restaurant” was in fact the winner in the ''Served Catering'' category for the second year in a row, based on preferences expressed directly by more than 130,000 consumers, thus strengthening consumers' strong ties to the brand;

- furthermore, “Roadhouse Restaurant” also won the award of ''Best Sign 2023'' in the ''Served Catering'' category, which was given following a survey promoted by Largo Consumo and carried out by Ipsos, with over 7,000 interviews conducted, achieving a great result especially in the parameters “'Personnel”, “'Service” and “Point of Sale”;

- a radio and social campaign was put in place to recruit new resources in an innovative way. Specifically, an on-air spot was launched for “Roadhouse Restaurant” on several national radio stations, while “Billy Tacos” and “Calavera Restaurant” favored digital media.

With regard to subsidiary C&P S.r.l., it should be noted that new restaurants were opened to the public under the “Wagamama” brand, a well-known Asian food restaurant chain founded in London in 1992 and specializedin casual dining, in Milan, inside the Bicocca Village, in Rozzano (Milan), at the Fiordaliso Shopping Mall, and at the Valmontone Outlet (Rome); furthermore, a new contract was signed for the opening of another store, again under the “Wagamama brand”, in Casalecchio di Reno (Bologna).

With regard to the British subsidiaries Bagel Nash Limited and Bagel Factory Limited, both operating bagel-themed catering outlets in U.K. and Ireland, it must be noted that new catering outlets were opened to the public inside the Oxford Circus (London), Tooley Street (London) and Birmingham Grand Central (Birmingham) railway stations, as were inside the Eldon Square Shopping Centre (Newcastle) and at the Exhibition Centre in London; furthermore, there was the five-year renewal of the contract for catering spaces at the Paddington Praed Street Station (London), and contracts were signed for the opening of new catering outlets at the West Quay Shopping Centre (Southampton); the Company was then awarded a tender for the operation of a catering outlet in the arrival area of the Driverless Train (DARTS) at Luton Airport.

Parent Company

Among the significant events that occurred during the year, it should be noted that:

- on 1 August, at the end of the evaluation process entrusted to an Advisor appointed jointly by Cremonini S.p.A. and IQMIIC, which set the fair market value of INALCA S.p.A. at Euro 590 million and, consequently, the value of the investment (28.4%) held by IQMIIC in INALCA S.p.A. at Euro 168 million, IQMIIC notified the Parent Company Cremonini S.p.A. of its intention to exercise the Put Option provided for in the investment agreement signed on 13 November 2014 in relation to the sale of its entire shareholding, for which the right of exercise had accrued in the immediately preceding months, according to the above contractual provisions;

- on 21 October – after obtaining the necessary waivers from the Lending Banks, while also renegotiating new levels of financial covenants on existing medium-long term loans –, the consideration for the buy-back of INALCA S.p.A. shares held by IQMIIC was paid out in full by Cremonini S.p.A. to IQMIIC, by using both its own funds and a short-term bridge loan made available by some Lending Banks at the same time as the endorsement of the shares, thus resulting in the Parent Company regaining full control over subsidiary INALCA S.p.A.;

- on 18 November INALCA S.p.A. proceeded with the cash purchase of 43,617,167 treasury shares from Cremonini S.p.A. for an amount of Euro 137,967,707.84 in the implementation of the resolution passed by the Extraordinary Shareholders' Meeting of 21 October 2022;

- on 21 November Cremonini S.p.A. proceeded with the full early repayment of the short-term bridge loan used to repurchase the shares of INALCA S.p.A., previously held by IQMIIC.

Relationships with unconsolidated subsidiaries, associated, controlling and related Companies

With reference to the Group's relationships, in the 2022 financial year, with unconsolidated subsidiaries, associated, controlling and related Companies on market conditions, it should be noted that these transactions affected the types of costs and revenues summarized in the following table. Statement of assets and liabilities and income statement data are shown in specific annexes to the notes to the consolidated financial statements relating to each Company, broken down by type of relationship.

(Euro/000)	Controlling companies	Subsidiaries	Associated companies	Related companies
Revenues				
Trade income	-	548	24,489	304
Other income	4	-	479	431
Total revenues	**4**	**548**	**24,968**	**735**
Costs				
Trade expense	-	63	24,599	7,627
Other expense	4	13	3	223
Total costs	**4**	**76**	**24,602**	**7,850**
Loans and receivables				
Trade receivables	5	3,737	4,447	442
Other receivables	-	2,518	8,864	16,888
Total loans and receivables	**5**	**6,255**	**13,311**	**17,330**
Loans and payables				
Trade payables	-	47	2,100	416
Other payables	6	-	650	7,871
Total loans and payables	**6**	**47**	**2,750**	**8,287**

As far as relationships with both related and controlling Companies are concerned, the breakdown is as follows:

(Euro/000)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Related and controlling companies:						
Cremofin S.r.l. (parent company)	5	-	-	6	5	**6**
Frigor Carni di Viscomi Armando & C. S.a.s.	7	39	-	-	7	**39**
Frigor Fish S.a.s. di Viscomi Pietro e Domenico & C.	-	55	-	1,729	-	**1,784**
Importadora Italiana del Sureste s.a. de c.v.	362	-	1	-	**363**	**-**
Le Cupole S.r.l.	5	1	-	2,964	**5**	**2,965**
Montagna S.p.A.	-	286	16,870	-	**16,870**	**286**
Scalo - Servizi calabresi di logistica - S.n.c. dei F.lli Viscon	-	31	-	961	**-**	**992**
St Corus Ltd	64	-	-	-	**64**	**-**
Verrini Holding S.r.l.	4	4	17	2,217	21	**2,221**
Total related and controlling	**447**	**416**	**16,888**	**7,877**	**17,335**	**8,293**

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
Cremofin S.r.l. (parent company)	-	-	4	4	**4**	**4**
Frigor Carni di Viscomi Armando & C. S.a.s.	-	2,138	20	1	**20**	**2,139**
Frigor Fish S.a.s. di Viscomi Pietro e Domenico & C.	-	-	-	40	**-**	**40**
Le Cupole S.r.l.	-	2	4	95	**4**	**97**
LLC Soyuz	263	-	-	-	**263**	**-**
Montagna S.p.A.	41	3,709	407	-	**448**	**3,709**
Scalo - Servizi calabresi di logistica - S.n.c. dei F.lli Viscon	-	-	-	23	**-**	**23**
St Corus Ltd	-	1,775	-	-	**-**	**1,775**
Verrini Holding S.r.l.	-	(3)	-	70	**-**	**67**
Total related and controlling	**304**	**7,621**	**435**	**233**	**739**	**7,854**

Investments

During the 2022 financial year the total of the net investments made was Euro 175.4 million, in addition to acquisitions for Euro 22.0 million.

Shown below is the schedule of the net change in non-current tangible and intangible assets for the entire 2022 financial year.

Net investments broken down by sector

(Euro/000)	Production	Distribution	Catering	Others	Total
Intangibles					
Patents and intellectual property rights	427	535	442	-	**1,404**
Development costs	1	-	448	-	**449**
Concessions, licenses, trademarks and similar rights	119	1	980	-	**1,100**
Intangible assets under development and advances	150	412	-	-	**562**
Other intangible assets	157	-	-	-	**157**
Total intangible assets	**854**	**948**	**1,870**	**0**	**3,672**
Tangibles					
Land and buildings	28,568	204	17,868	1,192	**47,832**
Plant and machinery	15,894	2,807	7,829	464	**26,994**
Industrial and business equipment	2,393	518	1,396	-	**4,307**
Other tangible assets	4,738	1,221	11,792	322	**18,073**
Tangible assets under development and advances	52,016	6,836	15,714	-	**74,566**
Total tangible assets	**103,609**	**11,586**	**54,599**	**1,978**	**171,772**
Total	**104,463**	**12,534**	**56,469**	**1,978**	**175,444**

More detailed information on the investments made during the year can be found in the notes to the consolidated financial statements.

Research and development

The main research and development activities, broken-down by sector, were as follows:

Production

Beef Segment

In 2022 INALCA developed the following research areas:

- analysis of possible technologies for the reduction of the microbial load within its semi-processed and finished products based on microbiologicals able to improve shelf life of portioned and packaged for end consumers;
- development of industrial meat hanging systems;
- training and technological transfer on sustainable breeding techniques. On this matter, INALCA has encouraged the preparation of a national plan for the assessment of sustainability in Italian cattle farms;
- identification of innovative industrial processes for the recovery of certain types of food waste;
- use of organic products for the replacement of chemical preservatives;
- evaluation of possible innovative technological solutions aimed at improving water drain recovery management and performance;
- study of innovative canned meat products;
- development of circular economy processes, with specific regard to the production of fertilisers obtained from anaerobic digestion processes of animal waste and by-products deriving from its plants at Ospedaletto Lodigiano (Lodi) and Pegognaga (Mantua).

Cured meats and snack segment

In 2022 the Research and Development activities were carried out in the cured meats segment through the use of internal resources and were mostly focused on different areas of development:

Bacon segment

Well-established recipes were used and research was expanded to reduce or replace additives and artificial flavours in products intended for catering, foodservice and home consumption channels.
In 2022 Italia Alimentari S.p.A. also implemented additional high-tech production lines capable of increasing production capacity, efficiency, standardisation and food safety.

Italian specialties and traditional products segment

New ranges have been developed, while traditional ranges were enhanced through the use of meat raw materials from native pig breeds. A commitment was also strengthened and expanded towards the enhancement of raw meat materials from the Italian supply chain with high added value thanks through supply chains certified in terms of animal welfare, biosecurity and conscious use of drugs.
Finally, in 2022 Italia Alimentari S.p.A. commenced work, at its subsidiary Castelfrigo LV S.r.l., for the construction of a new area intended for the rendering of pork fats for the production of lard and traditional cracklings for food service, home consumption and craft and industrial processing.

New Markets segment

During 2022 work continued, which had been commenced in previous years and was aimed at strengthening the positions achieved in markets in third countries, above all thanks to the creation and validation of new types of products.
Moreover, the commitment to the aforesaid markets has resulted in the development and validation of new products intended for the U.S. market, the latter not being only intended for direct export but also validated for industrial use in gourmet preparations for subsequent export.
In 2022 Italia Alimentari S.p.A. also started a partnership with an industrial slicing company in the New Zealand market, mainly aimed at spreading typical Italian cured meats in these geographical areas.

Snack segment

Italia Alimentari S.p.A. confirmed its commitment and strengthened its footprint in the formulation of products with high added value in the field of the processing of delicatessen products and the production of references with a high service content, such as buns and sandwiches.
The year 2022 was also a year of plant engineering and technology innovation through the introduction of new highly automated equipment.

Tools adopted in the Production Sector to support and fund research

- the subsidiary INALCA S.p.A. participates in the EIT Food platform through the University of Bologna, which is an aggregation point for food excellence within the EU and constitutes an important community instrument for access to EU funds for research in the food sector, granted by EIT - European Institute of Innovation and Technology (https://www.eitfood.eu/);
- as to research in the area of sustainability, INALCA S.p.A. is the beneficiary of the So.Fi.A. (Sustainability in the Food Farming Chain) project within the scope of the national strategic development plan named "National Technology Cluster" for sustainability (*MIUR* – Ministry of Education, University and Research - Decree no. 257/RIC dated 30 May 2012). This is an instrument for the promotion of industrial projects focused on sustainability in Italy. This project aims to create production plants in the sector for waste recovery and production of energy from renewable sources;
- through the financing programme under Ministerial Decree of 8 February 2016 for contracts in a project for the promotion of chains of supply for 100% Italian cattle in Southern Italy, INALCA is in the process of creating livestock raising facilities in Sicily for the management of a 100% Italian beef cattle chain;
- furthermore, INALCA has started activities in order to benefit from the new tax credit for Industry 4.0.

through subsidiary "Fiorani e C. S.p.A." and the financing granted by the Emilia-Romagna Regional Government according to the "Measure 16.2.0.1 – PSR 2014-2020, Call for tender 2286 of 27/12/2021" under the Rural Development Plan. Under the Measure INALCA S.p.A. supports the development of its pig supply chain based on a system of good practices and proper livestock management developed by the Emilia-Romagna Regional Government.

Distribution

The activity to develop and expand the product lines of its own brand continues.

Catering

In 2022 Chef Express S.p.A. carried out R&D activities aimed at improving the methods of purchasing and delivering products and services to customers.
Specifically, the Company has developed and is gradually implementing a system of kiosks and pick-up points at its Points of sale. This system allows the process of ordering and delivering products and services to be monitored in a precise manner, as well as the measurement of the time needed for both ordering and delivering and the simultaneous feedback of the level of customer satisfaction.
The Company has also embarked on a project path in order to reduce business complexity, eliminate low value-added activities (duplication, organisational redundancy, etc.), optimise the organisational model, simplify and streamline information flows and data management, support future business growth and strengthen its market position.
This project involves the study and analysis of the current organisational processes in order to define criticality and arrange appropriate solutions to improve the efficiency of the Company.

Events occurring after the end of the 2022 financial year

The following events occurred after the financial year-end:

Production

Work was completed on the NP Sustainable Fertilizer European research project aimed at transforming final waste from beef processing into new organic fertilizers, in a virtuous circle of circular economy.
The project, which involved companies and universities with the support of the EU body Eit Food, concerned the INALCA S.p.A. factories in Ospedaletto Lodigiano (Lodi) and Pegognaga (Mantua) and made it possible to scientifically verify the processes of making and transforming digestate into new fertilizers, containing nitrogen (N) and phosphorus (P) in organic form, and studying the effects on the soil and the agronomic performance on plants of agricultural interest.
In fact, the project led to the creation of three fertilizer prototypes – two of which are fully organic and one of which is organic-mineral - both in powder and pellet formulation, with interesting results at the soil and plant level, thus confirming the potential of this new raw material.

Distribution

In the Distribution sector we must note:

- on 14 March 2023 the Board of Directors of MARR S.p.A. approved the consolidated financial statements, the sustainability report and the draft separate financial statements for 2022, which will be submitted to the Shareholders' Meeting convened on 28 April;
- on the same date the Board of Directors also set out the proposal for the distribution of a gross dividend of Euro 0.38 per share with "ex-dividend date" (no. 18) on 22 May 2023, record date on 23 May and payment on 24 May.

Catering

In the Catering sector we must note:

- Chef Express S.p.A.'s publication of the new edition of the Sustainability Report, updated to financial year 2021 and with a perimeter extended to any and all Subsidiaries with registered offices in Italy, which was prepared in accordance with the most recognised international standards such as GRI-Global Reporting Initiative and SASB-Sustainability Accounting Standards Board;
- two new Roadhouse and Wagamama-branded restaurants were opened at the Milan Porta Garibaldi station, the latter of which will be the 10th one opened by the chain in Italy;
- a tender was awarded at Malpensa Airport for the landside T1 arrival;
- the subsidiary Roadhouse inaugurated new outlets in Appiano Gentile (Como), Asti, Belluno, San Giovanni Lupatoto (Verona), while it opened outlets under the new "Billy Tacos" brand, a fast format offering Mexican-inspired street food recipes, in Milan, Sesto Fiorentino (Florence), Terni, Trieste and in Rome Trastevere (the 66th one of the chain), and a new Smokery-branded store was opened in Milan, the 4th one for the format;
- with regard to the British subsidiaries Bagel Nash Limited and Bagel Factory Limited, new catering outlets were opened to the public inside the Ealing Broadway station (London) and a preliminary agreement was signed for the opening of a new outlet at the Baker Street station (London).

Business Outlook

Production

The performance of sales in the first months of 2023 continued to show significant increases compared to the corresponding period of the previous year. However, this was mainly linked to a rise in selling prices needed to cope with the increases in the production costs of meat, while volumes showed signs of reduction, in particular in the retail channel.
Therefore, the effects of the gradual decline in the purchasing power of consumers are beginning to be seen, which have begun to direct their demand toward cheaper substitute products against higher prices of beef meat.

With specific regard to operations in Russia, although economy looks better than the forecasts that had been made, a deterioration is expected as a consequence of the planned depreciation of the Rouble and of the impact on the domestic economy arising from the economic retaliation measures adopted by third countries following the outbreak of the conflict with Ukraine, which have led Russia to reduce its exports of energy products and to a gradual trade isolation from Western countries.

Distribution

The performance of sales to customers in Catering (Street Market and National Account) in the first two months of 2023 was consistent with the growth targets expected for the year, also confirming the progressive and gradual recovery of profit margins.
These results have accrued in a context of out-of-home food consumption that is expected to grow (TradeLab, February 2023), including thanks to a positive performance of tourism and in particular that related to the presence of foreigners in Italy (+39.9% in the first nine months of 2022 compared to 2021, ISTAT [Italian Statistics Institute] data, December 2022), which contributed to the return of tourists in the Big Cities and, in particular, in the Cities of Art, during the last months of 2022, too, and in early 2023.

With regard to sales of frozen seafood products to Wholesale customers, which were affected by the unavailability of seafood products in the second part of 2022, as well as in the first quarter of 2023, the current and currently foreseeable fishing campaigns are expected to lead to a recovery in the coming months.

With regard to inflation, food prices are expected to enter a stabilization phase, while the reduction in energy costs in progress in recent months is mitigating the distorting effects seen on operating costs related to energy prices.

In this context MARR continued to strengthen its competitive positioning, with a strong focus on seizing the opportunities of a growing foodservice market, which rewards an innovative product and service proposition in which the Company continues to invest its energies.
In addition, work continued on the process of adjusting sales prices of food products that are sold, which continues to be most effective in the Street Market category and, within the National Account, in the Chains&Groups subcategory (Groups and Chains of Hotels and Restaurants), while increasingly selective action is taken on the management of price lists, where required by contract, with a view to the sustainability of supply relationships in the Canteens category (Mass Catering and direct supplies to Public Authorities).

The entire organization is also involved on policies aimed at recovering operating profitability, under a plan which, according to the opinion of the Management, is expected to allow re-approaching pre-pandemic operating profitability levels as early as this year, in terms of market conditions, gross profit management and cost control.
In addition to this, there is a strong focus of the organization on controlling the levels of working capital absorption in order to mitigate the cost of related financing.

Catering

The full resumption of operations, which took place as from the beginning of the second quarter of 2022, combined with the ability of Group Companies operating in the Catering Sector to seize all the opportunities offered by the market, which was already demonstrated at the time of the reopening that took place during the second half of 2021, has confirmed the expectations in terms of gaining new customers and increasing shares in the target markets, both in Commercial Catering and in Concession Catering.

In fact, the trend in operating revenues recorded in the second half of 2022, returning to levels even higher than those of the period before the pandemic, has confirmed the ability of the Companies in the Sector to seize all the opportunities offered by overcoming the pandemic crisis.

However, we will have to take into consideration the effects that may be caused to household consumption due to inflation, which has led, among other things, to a considerable increase in the cost of energy and fuel in particular.

In the complex scenario that has been already described above, the Companies in the Catering Sector are continuing to focus their efforts on adapting organisational measures and service operation to the changed market conditions and finding any possible solution to try to limit the adverse impact on present and future profitability. The Companies in the Sector have also been very attentive to the management of operating costs, while continuing the cost saving policy which was put in place immediately from the beginning of the pandemic.

Atypical and/or unusual transactions

During 2022 no atypical and/or unusual transactions were carried out and/or occurred, which, for materiality, nature of the counterparties, object of the transaction, method of determination of the transfer price and their occurrence in proximity to the year-end can raise doubts as to the correctness and completeness of these financial statements, conflict of interest, safeguarding of corporate assets and protection of the shareholders.

Reconciliation between the Parent Company's shareholders' equity values and the profit for the year with the corresponding consolidated values

A reconciliation schedule between the shareholders' equity values of the Parent Company and the profit for the year with the Group's share of the corresponding consolidated values as at 31 December 2022 is given in the explanatory notes to the annual report.

Main risks and uncertainties

The Group Companies are exposed to financial risks in the conduct of their business, such as those described in more detail in the explanatory notes and where these mean: market risk (being the combination of the currency risk for foreign purchases of goods, interest rate and price risks), credit and liquidity risks.

Furthermore, consider that the Group Companies, though operating in the food sector that is characterised by a substantial stability, suffers from the general conditions of the economy and is therefore exposed, even though to a lower extent compared to other sectors, to the uncertainties of the current macroeconomic climate.
As already described in the reports for previous financial years, 2020 was again characterised by volatility in the financial markets and difficulty in access to credit, other than a consumption contraction; this has led the Management to maintain high attention to the dynamics of credit management and cost curbing policies to preserve the commercial margin.

As far as concerns the evolution of the Group's financial position, this depends on numerous conditions amongst which are, other than achievement of set targets in terms of commercial working capital management, the trend of the banking and monetary markets that are also influenced by the current economic situation.

As far as concerns the specific risks and uncertainties of the Cremonini and Group business, please refer to the paragraph "Provisions for non-current risks and charges" in the Explanatory Notes.

Anti-corruption policy

The main Group companies have adopted their own Codes of Ethics in the framework of their anti-corruption policy. The professional practices and conduct by which all employees and other persons working with the Group must abide are laid down in this document.
Furthermore, the types of risk to which the Group is exposed (predicate offences) are detailed in the specific Organisational Models 231/2001 of each Group company.
The Group Companies have put in place a series of preventive procedures against corruption risks associated with the approval and qualification of suppliers and the management of product nonconformity.
In view of the various types of business the companies conduct, one of the main areas in which the risk of corruption could materialise is participation in public tenders.
Here, if a criminal offence is committed by a director and/or representative of a company, the result may be that the company is banned, under Article 80 of Legislative Decree no. 50/2016 (Public Contracts Code), from taking part in any public tender.
Corruption risk is considered to be recurrent because it arises in the ordinary course of business. Impacts may be reputational or financial (disqualification from the public tender sector with the loss of the revenues from this sales channel).

The aim of the Code of Ethics is to assure an increasingly high degree of corporate governance transparency and efficiency: it contains the rules of conduct and principles of legality, transparency and honesty to apply to the Group Companies' internal and external relations. The Companies themselves see that the Code of Ethics is made known to their stakeholders and to new employees at the time of their engagement. The control bodies audit the compliance with and the adequacy of the Code annually.
A whistleblowing system is in place with a special email address which can be consulted exclusively by the Supervisory Board.

Human resources

The Cremonini Group is aware that its collaborators make up an important resource for the company in order to achieve the success and future of the same company. This is why it pays a large amount of attention to the well-being of all collaborators, to the development of training programmes attentive to individual needs and to fostering a positive corporate climate able to arouse a sense of belonging and commitment to meeting common business objectives.
A total of 15,155 people work in the countries where the Group operates. The majority are in the European Union (84.9%) followed by Russia (8.2%) and Africa (2.3%). The headcount in 2021 was instead 13,591 collaborators.
The breakdown of the organizational structure based on professional designation was 147 executives, 250 middle managers, 2,624 office staff and 12,134 workers or seasonal workers.
In addition to its employees, the Group also uses a large number of salespeople and a network of haulage contractors that collaborate with agency and service agreements.
During the year, Sector-based refresher and training courses were held and they also regarded the fields of environmental safety, languages, computers and occupational safety. Despite the uncertainty arising from the macroeconomic scenario, the Group in no case whatsoever reduced its headcount and actually increased it. Please note the agreements with the university or secondary schools as well, which offered students traineeships that in some cases turn into employment.

Furthermore, among the Group's policies for respecting and appreciating its human resources are:

Production

During the year work continued, albeit with the restrictions and according to the methods allowed by the pandemic emergency, on projects for refresher and ongoing training courses reserved for employees, as diversified according to the needs and the sector they belong to.
Please note, in addition to agreements with the university and secondary schools, the close collaboration with local employment centres, i.e. the set of sources required to procure resources to be intended for traineeships that in some cases turn into employment.

Distribution

MARR is convinced of the importance of Human Resources for the development of the Company: adequately trained, valued, motivated employees involved in the spirit of the Company are the prerequisite for the achievement of the business objectives.
Human resource management is focused on the well-being of the individual and on a path of professional growth guided by the criterion of merit and aimed at developing aptitudes while taking into account the professional aspirations of each collaborator. Decisions about the assignment of positions or roles of greater responsibility are made on the basis of each employee's professional profile and actual competence and ability to contribute to the achievement of individual and company objectives.
In October 2019, MARR adopted a Human Resource Management Policy, in which it pursues the goal of valuing its Employees and Collaborators according to these principles:

- impartiality;
- absence of discrimination;
- merit (principle of fairness).

The Company promotes personnel management aimed at preventing any discrimination that may originate from the gender, ethnic group, religious faith, marital status, sexual orientation, age, disability, and political beliefs of its employees.
The basis on which MARR has built this Policy is respect for human rights provided for in the Code of Ethics, which is included in the Organisational Model among some of the offences it covers (e.g., exploitation of labour or the crime of racism and xenophobia).
There have been no cases of discriminatory incidents within MARR and the MARR Group.

Recruitment and selection

In 2022, 18 graduates (people who did not have any professional experience unless gained during their studies) were recruited from the Universities of Bologna (Bologna campus, Rimini, Forlì, Cesena), Salerno and San Marino-Parma and 2 curricular internships were activated with students from the University of Bologna and Bocconi University of Milan, in addition to 4 extra-curricular internships with students from the University of Bologna. An agreement has been signed with the University of Bologna, which allows MARR to post announcements of open positions in the company and consult resumes on the dedicated portal (Job Placement - Alma Mater Studiorum - University of Bologna).

Training of staff and collaborators

Training in MARR constitutes a fundamental value and a continuous and constant path. The Company ensures access to adequate refresher and professional development courses for its Employees and Collaborators, which include: training in occupational safety; training for specific tasks (safety, prevention, emergency management, etc.); training in food safety; professional/commercial training.

MARR Academy

In 2022 too, MARR made considerable investments in Personnel training through the MARR Academy, a “company laboratory" created to support the professional development of the Group Employees and Collaborators, enhancing their technical and soft skills through both traditional in-person and online training sessions.
Specifically, the main training focuses implemented involved various profiles in the Sales Organisation, embracing numerous thematic areas.

In particular, training meetings were held, which were dedicated to Sales Management, with the aim of enhancing their role, activities and skills and transferring the proper approach to managing the area and using the work plan.

Furthermore, work continued on the training programme put in place in 2021, which was focused on Local Specialists, who are key staff operating at the Branches in local areas in support of the Sales Organisation in the sales management of the various product classes. During the meetings insights were shared, which were aimed at increasing their skills in supporting sales analysis and commercial planning, while encouraging active participation in the development of the Branch Commercial Proposal.
During the last quarter of 2022, product training sessions were held across local areas, which were targeted at the Sales Network and focused on the meat segment, with the purpose of presenting and arguing the MARR range in commercial terms, in the different categories of proposal/positioning, giving priority to branded products and, more generally, to the most commercially relevant families of products. At the end of each training session, a tasting event was held, focused on a basket of products of priority commercial interest for the Branch, in order to effectively define the contents shown and create a useful moment of aggregation and discussion. Product training in the classroom (both physical and virtual) was complemented by more experiential educational sessions with guided tastings, in which the MARR Academy’s Team Chef presented recent developments, explaining their characteristics, origins, traceability, yields, cooking and methods of use.
Local Credit Managers and Branch Operations Managers also participated in specific training activities to address and learn more about topics of interest: from 2023 budget guidelines for credit management to the new credit policy of MARR, in the former case; from handling the packaging to prevention and safety issues, in the latter case.

Professional growth

The Company is aware that there is a need for the recruitment of new Resources who have gained professional experience in different business entities, in order to further enrich the organisation and bring contributions of ideas and innovation. Nevertheless, MARR considers it very important to offer the Resources already working in the Company the opportunity to express their potential and materialise a professional growth that leads to increase the satisfaction and motivation of the person on the one hand, and, on the other, the contribution that the person can provide to the Company.
For this reason, it activated the “Let’s take care of our future” programme in 2019, as a concrete opportunity to value Employees and Collaborators, in order to strengthen motivation and sense of belonging and identify Resources with the potential and background (scholastic and professional) that would enable them to take on

greater and greater responsibilities, also with the help of personal growth paths.

The programme consists of two steps, the first being more purely cognitive, and the second aimed at investigating the participants' potential and aspirations more thoroughly, including with the advice of a specialist third-party firm. It is planned to hold new sessions of the programme during the first half of 2023.

Internal communication

Persons are also involved in the achievement of business objectives through internal communications, which are sent to all heads of functions and Branch managers so that they can share them with their collaborators, including by displaying them on the company boards that are to be found in all MARR offices.
In addition, MARR edits and circulates a house organ (InforMARR) available to all Employees and Collaborators, as an opportunity to be involved in the Company's objectives, actions, activities, projects and results.
With the aim of stimulating participation, developing an increasingly strong sense of belonging, and strengthening motivation and sharing, periodic meetings are also held, such as for example:
- meetings with Commercial Management (Commercial Meetings), which involve Branch managers, Sales managers and some heads of the Headquarters Function;
- "MARR Vision 5.0" meetings, which are intended to be a path to involvement, discussion, direction and managerial growth and involve the relevant Branch Managers and the heads of Headquarters functions;
- Commercial convention involves all members of the Sales Organisation and some Heads of Headquarters Functions.
- special theme-based meetings attended by the Human Resources concerned according to subject.

Corporate welfare

MARR has taken steps to implement the provisions laid down in the relevant collective bargaining on corporate welfare.

Parental leave

During 2022, 2 women took advantage of the right to maternity leave, which was still applicable as at the date of these Financial Statements. Furthermore, 3 women returned to work out the 6 who had taken leave during 2021, 2 women have not yet returned to work, and one woman has terminated her collaboration relationship. During 2020, the right was used by 2 women, who then returned to service in the following 12 months.
In general, when faced with requests from employees in the period after maternity leave to reschedule their working hours, organisational solutions are carefully checked in order to accommodate them.
In the period from 2016 to 2022, the Company received thirty-two requests for part-time working from male and female employees and managed to create the necessary organisational conditions to accommodate the request in 87% of cases.

Benefits

The Company does not provide specific benefits in addition to what is provided for in the Contract Welfare set out in the applicable National Collective Labour Agreement. The supplementary healthcare fund (*Fondo Est*) is reserved for employees under permanent employment contracts. MARR grants its employees the opportunity to purchase products in the assortment at a discount for personal and family use.

Industrial relations

MARR gives the right to elect their representatives in the manner prescribed by law and the National Collective Labour Agreement, with the assurance that these representatives are not subject to any type of discrimination and that they are free to communicate with workers in their workplaces.
MARR meets the Trade Unions on a periodical basis during each year in order to exchange relevant information concerning the Company's business.
Trade Unions are allowed to put up messages in the appropriate company spaces. MARR puts meeting places at the disposal of workers and their representatives for the conduct of union activities and grants time off for these activities. Union representatives are free to perform their functions as laid down in the National Collective Labour

Agreement
MARR maintains relations with local Trade Unions in order to also share attention to occupational safety issues. On an annual basis, a safety meeting is held in which the company doctor, the Prevention and Protection Service Manager and the Workers' Safety Representatives participate in addition to the Company managers.
With the Trade Unions of the province of Rimini, MARR has undertaken to provide information to the workers concerned and their representatives with a prior notice of 30 days in the event of outsourcing of departments or services.
No local supplementary contracts were entered into during the past three years.

Protection of diversity and equal opportunities

Since the beginning of the recruitment and selection process, as well as during the relationship with its Collaborators, personnel management is conducted in such a way as to ensure gender equality and is based on equal opportunities.

Remuneration system

MARR pursues the right of equal pay for equal work and results and pays remuneration observing the minimum wage prescribed in collective labour agreements.
Compensation policy is based on the responsibility assigned, professional skills and competencies, and performance appraisal so as to recognise the results that are achieved.
For Resources with managerial responsibilities or who hold roles of direct and specific support for the achievement of the main company objectives, MARR has adopted a variable incentive system linked to MBO (Management By Objectives), through which it assigns objectives, both individual and corporate, on an annual basis and mainly quantitative in nature.
The incentive payment is determined in correspondence with the level of achievement of the objectives, after periodic checks and final accounting.

Catering

In 2022, online training sessions were delivered, including by using specific IT platforms, while on-the-job training work was suspended in accordance with the law as a result of the restrictions imposed in order to contain and fight the spread of the Covid-19 pandemic in the workplace.
Chef Express S.p.A., which has always been active in training and human resource management, made arrangements for two training projects:

- the first one, which was targeted at all outlet management staff, provides for a training course with the aim of putting corporate values into practice through acquired managerial behaviour and skills, and consists of several training workshops alternated with e-learning training clips. It starts with a snapshot of one's strengths and weaknesses in management operations and involves the use of the sports metaphor, in particular through the parallelism between Manager and Captain, both of whom are considered to be key positions in guiding the strategy of their teams. The project, which was started in January 2022, will continue until March 2023;
- the second one involves 300 outlet operators in e-learning training to deepen their knowledge of certain issues and soft skills that are valid for everyday life. It will be complemented by a counselling desk (an active listening space that places the operator at the centre of a programme to support and develop potential talent).

The Company maintains labour relations both nationally and locally with the most representative unions at national level and have entered into some second-level contracts prepared in compliance with the current Inter-confederal agreements.

Health and Occupational Safety

The Group considers the safeguarding of its employees' psycho-physical integrity to be a primary objective and therefore undertakes to provide workplaces that are as healthy and safe as possible and comply with current health and safety regulations, at the same time encouraging all those who work with the Group to take a responsible approach to safety.
The risks to which the workers of the Group Companies are exposed in going about their duties are identifiable as: i) work-related stress; ii) risks from noise, vibrations, chemicals, explosive atmospheres and microclimate; (iii) risks from handling loads manually and repetitive movements; and iv) risk of working with display screen equipment.

After careful consideration, the Management of the various Group Companies have drawn up their own specific assessments of worker safety risks and given the heads of the areas concerned authority to act on their behalf, with the aim of making them aware of their responsibilities in the field of safety.

Given the complexity of the Group, reference should be made to the specific detailed policies provided in the financial statements of the Subsidiaries.

Environment, Quality and Sustainable Development

In the perspective of safeguarding and respecting the environment, the Group has always been careful about the activities its Companies carry out with reference to both its production processes and the optimization of the resources available, with a constant commitment to reduce water and energy consumption and the production of solid and liquid waste.

Production

During 2022 there was the publication of the 2021 edition of the INALCA S.p.A. Sustainability Report, which was prepared in accordance with the GRI-STANDARDS with the "*In accordance core*" option and is available at the following link: https://www.inalca.it/en/our-sustainability-report/.
In this context, INALCA S.p.A. continued, within the report, its work on technical compliance with the current reporting standards constituted by the GRI system and started a review of the new regulatory framework of future application, consisting essentially of Directive (EU) 2022/2464 as regards corporate sustainability reporting and the related ESRS - European Sustainability Reporting Standards.
In 2022 INALCA S.p.A. definitively brought the system for collecting indicators and data into line with the scope of the economic budget.
INALCA S.p.A. has continued its path to sustainable development based on the following four guidelines:

- Sharing of sustainability values and principles with the world of agriculture;
- Creation of an integrated production chain in line with the practices of sustainable production;
- Systematic monitoring of environmental impacts and consumption;
- Creation of internal sustainability governance instruments.

As in the previous year, the 2021 edition of the Sustainability Report was also certified by Deloitte & Touche S.p.A..

Economic sustainability – the value generated and distributed by the company

Economic value generated and distributed (EVG&D) is for INALCA S.p.A. the main indicator of the value that the company has created for its stakeholders. In the food industry, because of the low value added in production processes and the high incidence of raw materials and personnel in the company's income statement, the value transferred outside the company is particularly considerable. On the basis of this indicator, recognized in the GRI Standards, INALCA's business can be considered to be highly economically sustainable, as the value distributed outside is particularly high. Based on current data, the distributed economic value is stable compared to the previous year, corresponding to 94.6% of the total value generated by INALCA.

Social sustainability – Transparency and clarity towards consumers – Safety, quality and health management tools.

In the area of social sustainability, the pillars on which INALCA's actions are developed consist of the pursuit of the utmost transparency in consumer communication and food safety of its food production. For this purpose, INALCA S.p.A. adopts extensively on its production facilities voluntary technical standards applicable to food safety, environmental protection, workplace safety and health, disclosures to customers and consumers, which are activities that are carried out in a single integrated management system. INALCA S.p.A. adopts the following voluntary technical standards: standard ISO 45001:2018 on occupational health and safety, IFS Food 7 (International Food Standard) on food safety (Food Safety and Food Security), standard ISO 9001:2015 on quality management and standard ISO 14001:2015 on environmental management system; voluntary product certifications; standard ISO 22005 on traceability in agrifood supply chains; specifications for voluntary beef labeling under Regulation (EC) No 1760/2000; standard ISO 17025:2017 on general requirements for the competence of testing and calibration laboratories. The adoption of voluntary technical standards constitutes a key management tool which the company has built in a number of years of experience, is implemented with dedicated IT tools and is applied, in an integrated manner, at all production plants.
To these must be added the Company Organisational Model prepared pursuant to Legislative Decree no. 231/2001 in the field of administrative liability of businesses and the abovementioned Sustainability Report compliant with the GRI standard.
INALCA has developed a comprehensive system of internal procedures for managing the information provided for consumers both in the forms of food product labelling and marketing activities and corporate communications. The system seeks to ensure that messages are clear, transparent and truthful and to substantiate some voluntary certifications in support of specific product claims. In this case too, the combination of internal procedures and voluntary certifications confirmed by third parties ensures a systematic statutory technical check of labels, in addition to high reliability towards customers and consumers about the truthfulness of the contents of corporate information. The main instrument for the management and control of the optional information provided to consumers is the voluntary specifications for voluntary meat labelling under Regulation (EU) No. 1760/2000 and related domestic regulations. In 2021 the rules were further strengthened and applied to a number of sales outlets of the Large-scale Retail Trade network belonging to brands that are customers of INALCA. Through the adoption of the Specifications for voluntary meat labeling, INALCA S.p.A. has developed well-established partnership relationships with its main customers to support related brand policies, in addition to supporting the development of a fully Italian beef supply chain. The contents of the voluntary information conveyed by the technical specifications on the label include the qualitative features of meat in terms of breed and breeding method, animal welfare and the prudent use of antibiotics, are matters of increasing importance for stakeholders and consumers. The specifications for the voluntary labelling of meat then constitutes an undoubted competitive advantage and allows INALCA S.p.A. to adopt, and have its customers adopt, important commercial claims. During 2022, in building on its experience in cattle, the company further developed a certified supply chain in the pork meat sector, focusing on good breeding practices, a prudent use of drugs and improved animal welfare. The fact of relying on parallel and equivalent certification systems for beef and pork livestock supply chains increase INALCA S.p.A.'s competitiveness against industrial customers and the Large-scale Retail Trade since it allows the development of integrated communication and marketing projects. During 2022, work continued on the development of an "Open Source" IT platform based on blockchain criteria in order to strengthen B2B and B2C communication activities and data integration along the supply chain.

Production and energy efficiency

During 2022 INALCA S.p.A. maintained a high level of energy production from renewable sources. The production of green energy on the part of INALCA S.p.A. is structured into various technologies, such as biogas production plants from anaerobic digestion of waste and refuse, endothermic combustion of biomass and PV systems, for a total capacity of more than 15 MW. In the sector of biogas production from anaerobic digestion, agricultural installations are operated by subsidiary Soc. Agr. Corticella S.r.l. in Spilamberto (Modena), by Azienda agricola La Marchesina S.r.l. in Rosate Milanese and by Azienda Agricola La Torre Soc. Coop A R.L. in Isola della Scala (Verona), as are agro-industrial plants of INALCA S.p.A. located in Ospedaletto Lodigiano (Lodi) and Pegognaga (Mantua).
INALCA S.p.A. also has a biomass plant which produces energy from fat at Pegognaga (Mantua) through the investee UNITEA S.r.l.. The plant reduced its production of electricity during 2021 due to the changed macroeconomic scenarios, essentially due to the Russian-Ukrainian conflict, which resulted in a sharp reduction

in the incentive system accompanied by a substantial increase in the beef tallow raw material used.
In addition to the PV plants that concern the production sites of INALCA S.p.A. at Capo d'Orlando (Messina), Fiorani & C. S.p.A. in Piacenza and Azienda Agricola Marchesina mentioned above, additional installations are in operation at INALCA S.p.A.'s plants in Ospedaletto Lodigiano (Lodi), Rieti, Stienta (Rovigo), as well as at the headquarters of subsidiary Tecnostar Due S.r.l. in Spilamberto (Modena), Realbeef S.r.l. plant in Flumeri (Avellino), Fiorani & C S.p.A. plant in Castelnuovo Rangone (Modena), Italia Alimentari S.p.A. plant in Gazoldo degli Ippoliti (Mantua) and, until July 2022, at the headquarters of SARA S.r.l. in Nonantola (Modena).
In addition to the production of energy from renewable sources, the group operates in the energy efficiency sector through industrial cogeneration adopted at 4 of the group's factories.

Energy and climate

INALCA's energy infrastructures are an absolute "Smart grid", an integrated combination of natural gas and biomass cogeneration and biomass and PV plants. It is a network of infrastructures which allows INALCA to self-generate more than 77% of the energy it requires, about 30% of which from renewable sources. In terms of its contribution to the fight against climate change INALCA's energy system allowed savings of about 60,000 tons in emissions of Carbon Dioxide during the reporting year.
Thanks to approval of the framework agreement by the Ministry of Agricultural Food Production and Forestry Policies pursuant to arts. 10 and 11 of Legislative Decree no. 102 of 27 May 2005 regarding the construction of agro-energy chains, INALCA is able to obtain the maximum value out of the present incentive systems in the field of production of energy from renewable sources.
During 2022, the production of biomethane obtained from waste was started at the plant located in Spilamberto (Modena) on the part of investee Biorg S.r.l., under the Joint Venture agreement with Herambiente S.p.A..
Preliminary feasibility assessments and scenario assumptions on incentives were carried out during 2022; INALCA has also extended the reporting scope of its carbon footprint and has planned for 2022 full group reporting at the "Scope 3" level. The result of this analysis will form the baseline for setting its own climate-altering emissions reduction objectives on its supply chain.

Water resources

Another intervention area where INALCA S.p.A. concentrated its resources is water consumption. INALCA S.p.A. has optimized the integrated cycle of purification and recovery of wastewater in its production plants. The efficiency indicators of the water cycle are carefully monitored in the environmental management system.
INALCA S.p.A. has for some time pursued objectives of improvement of the water resource management, both on the consumption reduction front and an increase in the recovery and reutilisation index.
INALCA S.p.A. does not use surface water in its factories, but groundwater, whose quality is more reliable. Over 90% of the water supply is furthermore directly managed by INALCA S.p.A., for the phase of drawdown from the aquifer and the distribution, treatment, usage, depuration and recovery phases. It is an integrated cycle that can be overseen and monitored constantly, ensuring efficient water resource management.
INALCA S.p.A.'s main factories are equipped with modern high-performance purification plants.
Furthermore, for the plants at Castelvetro di Modena and Ospedaletto Lodigiano, some time ago INALCA S.p.A. started to set itself more restrictive water discharge limits than those laid down in the environmental permits.

Waste production

As regards waste management, INALCA S.p.A. has now been sending more than 91% of its waste to recovery and recycling systems for a long time, instead of disposing of it normally. Under the Joint Venture agreement with the Herambiente S.p.A. Group, INALCA has carried out a complete upgrading of its composting plant in order to increase the use of organic fertilizers obtained through circular economy processes while reducing the use of chemical fertilizers.
In addition to composting, the objective of waste reduction is pursued through use of the anaerobic digestion systems that allow substantial reductions of production of organic waste, while providing energy and raw materials for the production of organic fertilisers.
The anaerobic digestion plant network, which is located in a central position with respect to other production plants in Central Northern Italy, allows a high efficiency of the internal system of transportation of waste and by-products, the limitation of the number of transports and the simultaneous improvement in the transport saturation index.

INALCA has also developed a plan to improve the sustainability of the packaging, and in particular:

- to reduce the grammage of packaging;
- to use recycled raw materials in the composition of packing used;
- end users recycle them better.

On the basis of these activities, INALCA used packaging consisting of recycled raw materials in 2022: over 91% for paper packaging, 40% plastic and 63% aluminium, with about 6,400 tons of raw materials totally saved.

Distribution

The activities of the companies operating in the Distribution Sector are fundamentally based on the distribution and handling of goods: for this reason, packaging is a material topic for MARR, which aims to reduce it by optimising processes for its management, moving towards packaging materials with a lower environmental impact, facilitating their disposal and encouraging certified materials, from responsibly managed sources, or with increasing percentages of raw materials from recycling.

Purchasing process

When purchasing third-party branded packaging, its characteristics are also defined with regard to increasing sustainability by promoting the use of recycled and recyclable materials.
Secondary packaging, including MARR-branded cartons, and packaging of the products sold are selected so that separation, sorting and disposal of components are facilitated. Secondary packaging used by MARR meets the requirements prescribed by the relevant technical standards for environmental compliance. Those for transportation use marked with the "MARR FOR THE ENVIRONMENT" logo are made of 100% by weight recycled material.
Cardboard packaging which, due to type of performance and strength, cannot be made of 100% recycled fiber is FSC MIX certified and is marked with the relevant logo. Packaging marked with the FSC logo is made from raw materials from responsibly managed forests under strict environmental, social and economic standards.
MARR has made additions to the information on disposal reported on cartons for transport in line with the information required by Legislative Decree no. 116/2020 on packaging and related waste.

Delivery process

MARR's attention to the issue of packaging also manifests itself towards the Customer and for years one of the Group's objectives has been precisely to implement solutions to reduce the clutter caused by packaging and, as a result, encourage the reduction of waste on the part of the Customer.
As a company that mainly distributes foodstuffs, MARR has a key role in fighting against food waste and encourages supply chain synergies by trying to prevent waste both upstream, by rationalising orders to suppliers, and downstream, by adopting specific solutions for Customers.
In particular, MARR's efforts are expressed through offering products with innovative packaging that offer a high service content and meet the Customer's needs and guaranteeing frequent deliveries to the Customer thanks to an efficient logistics network. In addition, the assembly of Customer orders is carried out by minimising the use of secondary packaging to the bare minimum necessary to ensure product protection and preservation requirements. Different sizes of packaging are used in repackaging, which are appropriate to the quantities and sizes/weights of the products they are to contain.
Since early 2022, expanded polystyrene boxes for the delivery of fresh seafood have been added to alternative materials to polystyrene in some distribution units: these innovative packages are composed of cardboard and coated with a plastic film that makes them waterproof.
The characteristics of polystyrene alternative packaging are:

- 100% recyclable with PAPER;
- made from renewable and FSC-certified raw material;
- waterproof;
- easier to dispose of than Styrofoam (smaller footprint and paper/cardboard waste sorting).

Environmental labelling on proprietary branded products

As from 2019, MARR has chosen to include the environmental labelling to facilitate packaging disposal and

recovery operations on a voluntary basis in all branded products and has requested compliance from all relevant suppliers, prior to the entry into force of Legislative Decree no. 116 of 3 September 2020.
MARR's graphics for the environment report the minimum mandatory wording suggested by CONAI (National Packaging Consortium) and some additional optional information to encourage users to carry out waste sorting and recycling.

MARR for the environment consists of:
- a table summary graphic guiding Customers on packaging disposal;
- the words "Follow your Municipality's guidelines for waste sorting management";
- the Mobius cycle logo for recyclability, where applicable;
- the "do not dispose of in the environment" logo;
- the FSC mark (where possible, if paper/cardboard is present in the packaging);
- the "100% RECYCLED CARDBOARD" logo (where possible);
- any other logos that identify the type of material used (e.g., "ok compost" for compostable packaging).

Environmental labelling on digital media

With the aim of contributing to the protection of the environment and in compliance with Legislative Decree 116/2020, MARR has created a web page where it has made available information on the materials used in the packaging and packing of products prepared at its own distribution centers and those imported from third countries, accompanied by an indication of the composition and methods of disposal.
This is in order to facilitate the disposal and recovery on the part of operators even for those packages where it is not possible to affix the recycling seals and the information required by the Decree directly on the packaging material, such as plastic films for sealing trays, vacuum bags or shellfish nets.

Waste

Proper waste management must consider some issues such as its persistence in the environment according to its type, the increase in quantities as the volume of goods bought and sold increases, the heterogeneity of materials and the possible presence of hazardous substances. For this reason, prevention in waste production must be accompanied by waste sorting and recovery of materials that can be exploited.
MARR intends to improve waste management on an ongoing basis by increasing the percentage of waste recovery, recycling or reuse. Work continued on the projects and partnerships with service companies that promote better management by assessing the needs and criticalities of each Group facility and implement innovative initiatives with a view to creating "secondary raw materials" from waste.
In 2022, the pilot project, which had been started in a test area in 2021, was also extended to other operating units throughout the country.
This project provides for the waste management system to be coordinated through a certified software with blockchain system, which allows waste subject to disposal to be monitored in real time, pickups to be scheduled, and invoices and other useful documentation to be archived, as well as reports on kilograms of disposed waste to be extracted.
Calculation tools are developed by using the LCA - Life Cycle Assessment method and in accordance with standard ISO 14040-44.
Continuous efficiency improvement in waste management enables:
- real-time monitoring of waste so that its reporting and disposal can be carried out effectively and quickly;
- a strengthening of company strategy of gradual transition to circular economy in the areas where it is applicable;
- the selection of cutting-edge suppliers who can meet MARR's articulated needs with innovative, high-performance technologies and highly customised operational management.

The circular economy project linked to the exploitation of expanded polystyrene (ESP), which was also started in 2021, continued during 2022.
Expanded polystyrene, which is the material for the boxes used for the distribution and handling of fresh seafood, is regarded as one of the most impactful waste since it is classified as non-recoverable waste and mainly destined for disposal.

After considering the volumes that are handled on an annual basis and used mainly in the fish industry, MARR has put in place a management system that allows expanded polystyrene to be regenerated and put it back into the production cycle. Expanded polystyrene is processed by means of a pressing and compacting machine that makes it possible to obtain a 100% recycled, recyclable and reusable semi-finished product for the production of new manufactured goods (e.g., in the construction, installation and packaging sectors), thus assuming the status of a second raw material.

Data on polystyrene recovery in 2022:

- 20,618 kg transported;
- number of trips: 4;
- 1,874 km travelled;
- about 70 m^3 of compacted polystyrene;
- CO_2 emissions: 3,514 kg C02-eq (calculated by LCA methodology*).

*The LCA methodology considers the entire life cycle of a product or service, evaluating the energy and raw material required to implement each stage of the life cycle of that product or service.

Logistics impact and efficiency improvement

The optimisation of transport logistics is an activity that the Group pays constant attention to; logistics management, to be understood as the process of planning, implementing and controlling an efficient and effective flow and storage of products, including related services and information, from the point of origin to the point of consumption, is a key issue to the MARR Group's business.
In its business of transporting goods to Customers, MARR relies on an average of about 170 third-party trucking companies, employing about 800 vehicles, and thus the majority of emissions linked to the freight service fall within the "Scope 3" emissions. This category includes emission sources that are not under direct control of the Company, but whose emissions are indirectly due to its business activities.

The flow of sales-related freight transport can be structured into 3 main subcategories:

1) goods transport between distribution Platforms;
2) goods transport from distribution Platforms to operating Branches;
3) goods transport from Branches and operating Platforms to End Customers.

For MARR, the improvement of the efficiency of logistics means contributing to the economic sustainability of the business and concretely reducing its environmental impact. Attention to this issue assumes strategic value for the Group and to this end the best solutions have been implemented and are evaluated on an ongoing basis.
In order to pursue this objective, MARR has already for some years adopted two systems integrated into the Company's operational process, which constitute two support tools in the logistics area:

Growth in "logistics service" in several aspects:

- availability (coverage);
- punctuality;
- timeliness (widespread distribution);
- flexibility (splitting);
- digital (delivery tracking from Roots platform, dematerialization of documents).

Advantages of the integrated MARR network

- greater breadth and depth of the range under management;
- increased speed of order delivery;
- increased complementary services: customer communication, repackaging, tracking, etc..

Integrated systems

MARR has some integrated systems to support logistics:

1. ROOTS TRACKING
It is a system for monitoring vehicles from the moment of departure from the Distribution Units until delivery, which makes it possible to know in real time the position of the vehicle and to notify the Customer in case of any delays.
It is also possible to monitor the temperature in the cargo compartments so as to ensure the control of the cold chain through a detection and recording system.

2. TRANSPORT MANAGEMENT SYSTEM (TMS)
It is a system for trip planning, i.e., routing software structured in such a way as to define the optimal "delivery route" for each vehicle. Specifically, TMS allows a large number of orders to be processed quickly, thus making it possible to lengthen the order-taking cut-off time and thus improving service to end Customers.

3. XDRIVE APP
It is an application that is installed on special Devices provided to drivers that allows for two main advantages:
1. the certainty of delivery;
2. the dematerialization of transport documents (DDT).

It is integrated with the Roots Tracking system and supports the driver in the delivery process, which, thanks to the digital signature, becomes fully computerized without the need to print any document.

4. WAREHOUSE MANAGEMENT SYSTEM (WMS)
The Warehouse Management System is used to optimize the activities of all resources in the warehouse: goods, people and vehicles, from product tracking, which identifies the best location for storage, to picking functions, moving from inventory control and the automation of goods receipt to shipment management and courier tracking. The use of the WMS brings benefits to the company, which, already in the short term, affect the efficiency of warehouse flows and processes in a significant manner.

To summarize, we can identify 7 related benefits:
1. increase productivity;
2. reduce order fulfillment time;
3. reduce errors;
4. reduce environmental impact;
5. optimize goods handling costs;
6. optimize space management;
7. automate reporting.

5. CENTRAL DEMAND PLANNING (CDP)
Since 2021 there has been a new Central Demand Planning (CDP) department within the Logistics Function, which aims to gradually improve the specialisation of its organisation in order to maximise the level of service to Customers. CDP is responsible for the procurement and reordering activities of all commodities (excluding fresh meat and fresh seafood).
The service is active on some Platforms and Operating Units with the aim of extending it to all Branches.
The new office is operated by a dedicated team comprising several specialist professionals, who, through the use of new management software, analyze demand forecasts and develop the most effective commodity procurement proposals based on company objectives. CDP performance is monitored and evaluated based on two specific KPIs (Key Performance Indicators):

- inventory value and rotation;
- Service level: calculated on the basis of stock-outs.

Electricity and fuel consumption and emissions

Over the years, MARR has planned energy upgrading activities at the various Group facilities and has put in place several energy consumption efficiency improvement measures, mainly in the processes of goods storage, warehousing and handling that represent the MARR Group's core logistics business.
In addition, it has implemented awareness-raising activities targeted at employees and operators in order to reduce electricity waste in offices and warehouses to zero.

Investments and upgrades to facilities are aimed at reducing energy consumption, through:
- PV panels;
- thermal insulation systems and technological devices to limit dispersions and thus electricity consumption;
- F-gas-free refrigeration systems[1], powered by propane gas and CO_2;
- rainwater harvesting systems to supply sanitation services.

Direct energy consumption

The consumption of natural gas and diesel fuel used for heating decreased by 15%, partly due to the implementation of energy-saving practices and partly because the mild winter weather helped reduce consumption. Diesel fuel used for generator sets is shown to be almost stable over the three-year period, accounting for about 5% of the consumption mix.

For the MARR group, electricity consumption is mainly associated with the operation of refrigeration and cooling systems. The increases in electricity consumption compared to the previous Financial Year are related to the increase in the areas dedicated to cold and refrigerated rooms, which accounted for about 38% of total area as at 31 December 2022 (99,555 sq. m out of 265,765 sq. m).

Specifically, the new Piacenza platform that became operational during 2022 has 9,073 sq. m of area covering cold and refrigerated rooms, including 6,474 sq. m with temperatures at -18 degrees, while Antonio Verrini S.r.l. has 4,156 sq. m of areas covering cold and refrigerated rooms, including 1,373 sq. m with temperatures at -18 degrees. In addition, it should be noted that electricity consumption related to Antonio Verrini S.r.l. for 2022 is reported for all 12 months of the year, while in 2021 it was reported only for the last 9 months of the year, since the Company was acquired in April 2021. It should also be noted that the electricity consumption of the cold rooms was affected by the particularly hot summer weather, which contributed to higher consumption of electricity.

Electricity consumption

MARR commits to using electricity from 100% renewable sources by 2025, utilizing a mix of energy from PV plants balanced by green energy purchased from the grid.

Water consumption

Regulation (EU) No 1169/2011 on the provision of food information to consumers became applicable in December 2014. This regulation stipulated that for seafood products with glaze only the net weight should be indicated on the label and that glazing should be considered tare, in the same way as cardboard or packaging bags.

Glazing of frozen or quick-frozen seafood products is a preservation technology used to protect these foods with a surface layer of ice obtained from drinking water and has the following functions:
- prevents oxidative and rancidity phenomena that may occur during storage;
- protects the food from "cold burns" that would manifest as actual burns, thus making the food no longer marketable;
- prevents dehydration and, therefore, weight loss due to moisture loss.

The sale of seafood products with minimal glazing allows for greater environmental sustainability:
- reduction in water use;
- reduction in energy use;
- reduction of emissions due to transport;
- reduction of storage space;
- reduction in the use of packaging material.

Since 2015, MARR has started a process of procuring seafood products, which, if they have a glazing percentage, this is only that which is technically necessary to protect the product.

This choice has made it possible to increase the average percentage of product for each individual reference, while reducing the average percentage of ice used as a covering and protection layer for each product that

[1] Fluorinated gases responsible for the greenhouse effect

involves glazing.

Water management

With reference to water management, it should be noted that its use can be divided into four different types of consumption: toilets, washing in working environments, processing departments and cooling systems where condensation is obtained through evaporative condensers.
While in the first three cases, water from municipal aqueducts is required to be used, due to the need to guarantee the supply of drinkable water for the purposes of health certifications, artesian wells are also used, where present, in the case of cooling by means of evaporative condensers.

In order to limit the consumption of water resources with a view to essential consumption, a monitoring system has been set up with objective checks, which is aimed at containing consumption, optimising resources and reducing waste, even in the event of breakdowns of both pipelines and systems.
The frequency of the survey has been determined on the basis of the level of criticality of each individual user.
According to its plan to improve water management, MARR has invested in monitoring and controlling the quality of discharge water by laboratory tests to verify their compliance with the provisions of Legislative Decree 152/2006 and has rationalised the consumption of detergents and disinfectants that have a direct impact on the drains, scrupulously observing the methods of use and concentrations indicated in sanitisation procedures. In addition, it has started awareness-raising activities targeting employees and operators in order to reduce drinking water waste to zero.

Wastewater

Wastewater, with the exception of toilet water, is monitored both through self-monitoring procedures and by the agencies in charge with reference to discharge permits or AUA (Single Environmental Authorization). MARR does not procure water from reservoirs located in water-stressed areas.
Groundwater withdrawal is represented by the use of only fresh water for industrial use only, taken from artesian wells, where present. On the other hand, third-party water resources are represented by the use (for both civilian and industrial use) of only fresh water withdrawn from aqueducts and/or authorized third-party suppliers through the use of tanks. The reduction in withdrawals from wells is due to the reduced availability of water caused by the prolonged summer drought, so this has been compensated for by increased withdrawals from the aqueduct. The increase in water consumption is partly related to changes in the scope of reporting between 2022 and 2021. In 2021, there was no water consumption of Frigor Carni, as it was acquired in April 2022; Verrini's consumption is reported for 12 months of 2022, while it was recognized only for 9 months during the previous year, since the Company was acquired from 1 April 2021. In addition, the new MARR Platform became operational in Piacenza during 2022.

Catering

Chef Express S.p.A. and other Group Companies operating in the Catering Sector follow a constant policy of maintaining its workers' awareness of energy saving in order to foster the values of respect for the environment and the safeguarding of water and energy resources.
The aforesaid Companies abide by the provisions of law governing the disposal of special waste as regards environmental issues.

During the year Chef Express S.p.A. and subsidiary Roadhouse S.p.A. continued to install PV plants on most of their premises, which will meet a part of the energy requirements.

The Group companies operating in the Catering Sector also endeavour to use recyclable or biodegradable materials, to recycle waste and to use organic foodstuffs and/or foodstuffs coming from fair trade markets, compatibly with the products contained in the recipes used in the catering industry.
Some Outlets are equipped with special recycling banks dedicated to waste sorting thanks to the support provided by specialist partners in order to improve their performance in this field. Therefore, customers also play an active part in improving waste sorting by means of these installations.
This project is also accompanied by the installation of special waste-compactors, which are designed to promote the proper collection of PET bottles for food use so that they can be sent for recycling, through a virtuous circle,

for the production of recycled PET (rPET) suitable for food contact.
The next steps in this course provide for the exploitation of organic waste (ECW 200108) from the point of view of circular economy, such as the recovery of coffee grounds to generate new materials or the recovery of orange peels for the production of yarn to be used in the textile industry, through the collaboration with a specialist partner. As from the last months of 2021, analyses of the waste management process were also started with some Italian universities.

Work also continued on the campaign to reduce and eliminate food waste by adopting practices focused on upstream reduction of any possible waste generated from catering services.
This action is intended to contribute to the principles of reducing and preventing waste production, as well as avoiding the generation of food waste. Below are some examples of improvement actions already applied:
- avoiding orders for high amounts where they are not necessary;
- applying operational management (first-in first-out) in the preservation of food products and checking expiry dates periodically;
- carrying out a precise long-term analysis of references sold;
- preventing losses in preparing food by delivering ongoing training to employees;
- carrying out appraisals of supplies, including on the basis of the protection characteristics of the packaging in order to minimise the generation of food waste;
- raising Customers' awareness about food waste and its causes through the implementation of dedicated communication campaigns.

In the agrifood sector, and more precisely in the catering sector, the reduction of waste is imperative both with regard to environmental issues and merely for operational requirements. For some time now, Chef Express S.p.A. has established and continues work on special partnerships with entities operating throughout the country (first of all Banco Alimentare, the Italian Food Bank Network) through which specific projects have been put in place in order to support needy families. In this case too, new partnerships with dedicated platforms are being considered for the implementation of specific projects with a view to continuous improvement.

Chef Express S.p.A. has adopted a HACCP (Hazard Analysis and Critical Control Points) system and a Quality Management System complying with the regulations in force and also operates in compliance with the following International Voluntary Certification Schemes:

- UNI EN ISO 9001:2015 for the design and implementation of a Quality Management System;
- UNI EN ISO 22000:2005 for the design and implementation of a Food Safety Management System;
- UNI EN ISO 14001:2015 for the implementation of an Environmental Management System;
- ISO 50001:2018 for the implementation of an Energy Management System;
- UNI EN ISO 22005:2008 for the implementation of a Traceability System in agri-food supply chains;
- UNI EN ISO 45001:2018 aimed at improving working conditions and allowing the definition of a standard that can be audited by Certifying Bodies;
- SA8000:2014 Corporate Social Responsibility aimed at creating a mechanism to protect and improve working conditions;
- Technical Document (Service Charter) for Compliance with Standards at airports.

In adopting its own dedicated strategy, Chef Express S.p.A. aims in fact to use sustainability as a key factor necessary to face the change that is already in progress, as well as to meet the expectations and needs of all stakeholders and, finally, to increase competitiveness and profitability in the long term.

The sustainability path which Chef Express S.p.A. has embarked on aims at systematising the projects put in place and reporting the results achieved by preparing and publishing its own Sustainability Report. This document also allows the reporting of the results in terms of operations, social and environmental issues generated by the Company in conducting its business, as well as their dissemination to a wide audience consisting of all stakeholders. The Sustainability Report then constitutes for Chef Express an appropriate tool in order to acknowledge the Company's ability to design and implement strategies capable of responding to stakeholder expectations and, finally, it may be used as a moment of strategic planning and reporting for the near future.

Health and Safety

During 2022 INALCA increased its checks regarding food quality and safety, since it conducted over 229,000 analyses through its laboratory accredited under ISO 17025:2017, to which must be added over 8,000 external analyses involving the control of its supply chain, with specific regard to farms and suppliers of meat and other food products.
In addition to Italian and European regulations, the INALCA S.p.A. food safety management system also adopts the methods and controls referred to in other regulatory frameworks, such as the global FAO food safety standard (Codex Alimentarius), or regional standards, such as those applied in the USA, Canada and Japan. This allows INALCA S.p.A. to bring, on an ongoing basis, its food safety management system into line with specific regulations applicable in the numerous countries in which it operates.
An innovative device for a heat-based meat hygiene control, which is capable of further increasing the level of safety of production of particularly sensitive products such as minced meat or products to be eaten raw, i.e. "ready to eat", is also in full operation at the Ospedaletto Lodigiano (Lodi) plant. During 2022 INALCA S.p.A. also developed collaboration with Universities and specialist research centers to improve the effectiveness of these tools, in addition to new innovative solutions concerning the control over production hygiene.

Life Cycle of Products and Environmental Disclosure

In order to disclose actual impacts and consumption of its production chain to consumers, INALCA S.p.A. has maintained its present EPD (Environmental Product Declaration) regarding the Montana-hamburgers and canned meat (S-P-00711 - Montana Frozen Hamburger (environdec.com) - S-P-01293 - Montana Canned beef meat (environdec.com). The EPD© system is one of the most qualified objective technical references verified by third parties for providing clear and truthful information on the actual impacts and consumption of the food products. This tool enables INALCA S.p.A. to work out a method of communication on environment and sustainability issues that differentiates its certified products in a more effective manner.

Quality, food safety and responsible communication

The many dietary emergencies and growing concern with personal health and wellbeing have drawn attention to the fact that the safety and quality of the products sold by the Group are fundamentally important aspects. The Group's activity cannot be limited to making and distributing foodstuffs, nor can it be considered in purely economic terms of profit and earnings: it is also a question of ethics and duties which guide Group Companies in performing their work taking up clear-cut safety and quality policies. Food safety must not be seen purely as the observance of a prerequisite for a product which confirms that it is fit for consumption, but as part of a broader, more modern vision involving many additional factors, such as origin, traceability, the exclusion of organisms or substances deemed to be suspect and proper information for the consumer through labelling or other means of communication.
The risk factors with a potential effect on the community and the consumer are mainly product hygiene and safety. These vary according to commodity category but, in substance, are represented by contaminants that may be found in a food accidentally as a result of manufacturing processes or contamination of the environment. Contaminating substances may be divided into two types: those from natural and those from man-made sources. The manifestation of one of the above risk factors may lead to reputational damage for the companies and a loss of trust on the part of consumers with an adverse impact on the Group's profits.

The Group Companies have included the analysis of the dangers and risks attached to various commodity categories in the steps in their production and distribution processes in order to ensure food safety as well as in the manufacturing processes that take place in their own operating units. Analysis of dangers and risk assessment are conducted on the basis of the experience of the HACCP (Hazard Analysis and Critical Control Points) Team, a multidisciplinary group of people with specific know-how and competences and the authority necessary to intervene in corporate processes. Risk assessment is conducted according to HACCP criteria, setting down particular procedures for the control of critical points.

Risk factor analysis has always been conducted on the basis of the information gathered regarding the products processed and distributed; product characteristics and origin are considered in particular, as are the relevant domestic and EU regulations.

Supply chain

The Group buys products from a large number of suppliers all over the world in order to provide its customers with a complete range of food products and equipment.
The Group Companies have decided to take measures to ensure increasingly careful and purposeful oversight of compliance not only with the law but with MARR's principles on the part of the entire supply chain.
Hence suppliers are subjected to painstaking scrutiny to ensure that they observe the safety and quality requirements that products must satisfy, both those under their exclusive brand names and those under third party brand names.

Production

INALCA's supply chain is wide and well structured, varying according to the type of product and geographical area of production. The acceptance of the code of ethics and the code of business conduct on the part of INALCA's suppliers is a prerequisite to establish the relationship. They constitute the guidelines for the control of suppliers with regard to respect for human rights, the environment and compliance with labour laws. In compliance with global management system standards, a risk assessment is carried out for each supplier to qualify it according to its ability to meet the company's needs; the appraisal criteria are identified by Inalca for each class to which the supplier belongs and shared with the relevant purchasing department.

Suppliers of cattle in Italy - Breeding farms and agricultural practices

Italy has always been characterised by cattle breeding, which is carried out mainly in barns. In fact, our country does not have large pastures, but the Po Valley land is among the most fertile in the world, capable of producing food of high nutritional value. More of 60% of the national cattle population is concentrated in this region, which is the area where the main production plants of INALCA are located.
The cattle breeding farms that are part of INALCA's Supply Chain mainly come from this fertile land, and they are basically of two types: dairy cattle breeding (cows) and beef cattle breeding (bullocks, heifers, calves). Dairy cattle is bred entirely in barns and INALCA can rely on more than 18,000 Italian farms in this chain. In order to pursue its relevant policies, INALCA avails itself of the contribution given by the agricultural organisations that operate directly in this wide and fragmented channel.
These agreements have taken the form of the "Sustainable breeding" project, which has been developed in partnership with Coldiretti, the Italian Farmers' Association, and constitutes the main tool for the integration in terms of production between the milk supply chain (to which these farms directly refer) and the meat supply chain.
In beef cattle breeding farms, the animal is raised on pasture until weaning and then in barns. INALCA can rely on about 500 controlled farms in this chain, including farms owned by the Company under agistment agreements and by third parties, all of which are subject to direct control on the part of INALCA for issues concerning safety, quality and sustainability, with company technical staff on site to supervise every aspect and phase. For INALCA this channel constitutes a direct supply chain without intermediaries, covering, on average, more than 30% of its requirements.

Suppliers of cattle in the Russian Federation

Major breeding operations have been started as part of an integrated and sustainable local supply chain in the Russian Federation. Cattle are supplied exclusively through local suppliers; the Orenbeef plant relies on 20 farms under agistment agreements, which contributed more than 6,000 heads during the year.

Meat suppliers

INALCA is a global operator in the food sector and its meat suppliers are selected from every continent and country that are suitable for the export of this product. Our meat suppliers have various geographical origins and provide products with different quality characteristics depending on the type of animals and the farming systems that are used. Various categories of producers can be identified:

- for the production of meat intended for industrial processing, such as, for example, canned meat produced in Italy, INALCA makes use of its own slaughtering facilities, as well as of other local small-sized plants in order to exploit the national beef supply chain used in a typical Italian product, such as jellied meat;
- for the production of frozen hamburgers and cuts of meat intended for domestic and foreign markets, INALCA uses raw materials from Italian farms, which are produced directly at its own domestic plants, as well as meat obtained from other Italian and EU suppliers. Solid and well-established relationships have been maintained with these suppliers over time, which have allowed for a gradual integration and alignment of voluntary certification systems in terms of quality and food safety in line with INALCA's evaluation and approval systems;
- for fine cuts of meat intended for the Ho.Re.Ca. channel, INALCA imports the material from various non-EU countries; these are products obtained from animals of Anglo-Saxon origin in terms of genetics, such as the well-known Angus and Hereford breeds, which are imported fresh. These are high quality cuts that are mainly targeted at specialist catering, the typical example of which is the US T-Bone steak, which is produced in the major US plants concentrated in the state of Nebraska. To these are added the famous Argentine, Australian and Uruguayan meats with both Grass-Fed (literally "grass-fed" is the breeding system that allows cattle to remain on the pasture for their entire life cycle) and Grain-Fed lines. In this case INALCA carries out distribution activities on an exclusive basis. The control of this type of supplier focuses not only on food safety, but also on a wider procurement system aimed at setting quality parameters and ethical and social commitments, from breeding in feedlots, to processing and labelling procedures at suppliers' plants, up to checks during the phase of final sale. In addition to control, INALCA's operations support overseas suppliers in bringing quality standards into line with the specific regulatory requirements of the countries to which the products are destined;
- as far as the pork meat sector is concerned, in Italy the Group gives preference to national suppliers of fresh meat that meet the PGI (Protected Geographical Indication) and PDO (Protected Designation of Origin) requirements for the production of high quality charcuterie, mainly intended for the domestic market. On the other hand, Italian and EU origin meats are used in the case of other pork products intended for EU or non-EU commercial circuits, such as bacon. In the pork meat sector too, INALCA has planned investments in dedicated plants for greater industrial efficiency and production integration into the supply chain.

Packaging suppliers

INALCA uses various types of packaging, among which the most important are plastic, paper, cardboard intended for the packaging of fresh and frozen meats; tinplate and aluminium are instead used for canned meats. In this field the INALCA Group makes use of more than 80 suppliers in Italy. The criterion applied to select packaging suppliers is based on 3 principles:

- technical expertise;
- ability to provide assistance and technological innovation;
- long-established experience with large industrial groups.

In order to deliver their services, packaging suppliers must register their details on the new INALCA portal to enter the technical data and information required for the validation process, concerning the supplier itself and each individual category of material it delivers to each Group plant.

Packaging is an integral part of the product and is responsible for its protection. Small defects in plastic or metal materials can in fact reduce this level of protection and compromise the safety of the product: for this reason, it is essential for the packaging to be checked systematically, both upon receipt and during use. The correct packaging process always entails a combination with a dedicated technology; checking the suitability and integrity of the materials is therefore not sufficient and the control must be extended to the packaging technologies and systems that must be perfectly adapted to the materials that have been purchased for this purpose.

Suppliers of food ingredients

INALCA uses various types of ingredients in addition to meat. For this purpose, in Italy it makes use of more than 100 suppliers of food ingredients, such as flavourings, vegetables, cereal flours. In this case, in addition to selecting ingredients from local suppliers, which can be easily recognised by the consumer, the selection criterion is based on the expertise of the firm concerned, the food safety management system, the absence of allergens, the presence of certified standards, the technical characteristics of the substances that are used. All suppliers of ingredients are systematically subjected to preliminary approval, while those of particular importance are also involved in periodic inspections on the part of INALCA's technicians; furthermore, all suppliers are subject to continuous monitoring of products carried out on each delivery. In order to improve the collection of information, suppliers of food ingredients must also use the dedicated portal of INALCA, which is shared between the purchasing department and the quality department, where all the information required for supplier approval and evaluation must be uploaded.
The company policy on the selection of providers of supplies has a clear focus on domestic procurement. INALCA, in fact, prefers local suppliers, which are located in the areas surrounding its production plants.
This has allowed the Company to have an increasingly integrated supply chain over the years, as well as a well-established relationship of loyalty with its historical suppliers. About 60% of providers of supplies are located between Emilia Romagna and Lombardy regions where the two main and historical plants of the group are located. The proximity between INALCA and its suppliers at a local level allows the sharing of best practices and technological innovation for manufacturing and supply chain improvement on an ongoing basis.

Distribution

Product suppliers belonging to the MARR Group's procurement chain and service providers are selected, evaluated and approved in the manner and in accordance with criteria laid down in the relative Quality System procedures, in accordance with ISO 9001 and are directly involved in controlling the quality and sustainability of their products.
MARR promotes the creation of stable and long-term relationships with suppliers and takes actions aimed at an ever-improving control of compliance with its principles on the part of the entire supply chain.
Under the supply agreement, suppliers are required to comply with the provisions of MARR's Code of Ethics and the principles laid down therein, so as to fully share its values.

In addition, suppliers are subjected to audit procedures to ensure compliance with the safety and quality requirements set forth in the "Supplier Evaluation and Approval" procedure, which requires, among others, an audit concerning the suppliers' system and product certifications, which also include certification SA 8000 regarding Social Responsibility.

The products that have been bought are inspected at reception and when processed and/or stored at MARR Distribution Units and Platforms. Inspections at reception are conducted by personnel who have been specifically trained to conduct audits according to instructions and special control plans. The main checks include: visual control to verify the state of preservation, packaging of the product and the hygienic conditions of the vehicle, or labelling checks on packaged products to verify the information required by Regulation (EU) No 1169/2011, or temperature control on perishable, frozen and deep-frozen products (the reference temperatures and the limits of acceptability are set out in special self-control instructions), or control of conformity to order requirements and compliance of accompanying documents, or analytical, microbiological and chemical controls on the basis of specific sampling plans for each type of product.
Furthermore, analyses and audits are carried out following any possible reports, complaints and/or goods returned by Customers, to comprehend the reasons for non-conformity and take corrective actions. The list of MARR Qualified Suppliers and their rating are updated periodically based on performance and any possible supply non-conformities and complaints submitted by Customers. If suppliers are not given an entirely favourable rating, MARR asks them to take steps and corrective action in order to remedy the shortcomings that have been found. If a serious issue arises, immediate action is taken with respect to the supplier (letters of complaint, audits at production facilities, sampling and analytic tests of products and even the suspension of purchases) in order to remove the problems that have arisen and ensure compliance with the stated requirements.

Catering

Similarly to other Sectors, the issue of guidelines to assess supplies, including on the basis of sustainability indicators and criteria, is expected in the Group's Catering Sector too.
The main objective is to reduce the environmental impact of the products, as well as the use of disposable items mainly made of plastic and to replace them with corresponding items but with non-plastic or more sustainable packaging.
The Companies operating in the Catering Sector will continue their work to strengthen partnerships in innovative and wide-ranging projects as it already occurs with the major partners with which the Group has been working for years in order to strengthen the virtuous circle it has established.

Data protection and Cyber Risk

In compliance with Regulation (EU) 679/2016 (General Data Protection Regulation - "GDPR") as transposed into the Italian legal system under Legislative Decree 101 of 10 August 2018, the Group Companies have adopted a policy for the management of sensitive information and data, following the appropriate procedures for minimising the risk of breaching privacy and data protection as required by the current regulations, while also appointing a Data Protection Officer (DPO), if required.

Ethical procurement and respect for human rights

Distribution

MARR declares its opposition to any form of child labor, forced or compulsory labor, and takes measures to ensure respect for human rights throughout the supply chain, especially by requiring a specific Declaration of Commitment to Social Responsibility under supply agreements, by signing which the supplier ensures compliance with any and all principles laid down in standard SA8000.

Exploitation of "green" products and local areas

Distribution

As part of its activity in the distribution of food and non-food products intended for out-of-home catering, MARR has implemented various solutions in order to guarantee its Customers a wide range of products that comply with the minimum environmental criteria (MECs), as provided for in Ministerial Decree no. 65 of 10 March 2020 (NAP GPP - "Minimum environmental criteria for mass catering services and the supply of foodstuffs"). These include organic products, PGI and PDO products, traditional agri-food products, as well as products from organic farming, fair trade and products of animal origin from supply chains that limit the use of antibiotics and promote criteria of greater animal welfare in farming. In order to promote environmental and social sustainability, MARR is able to provide not only a complete line of products from entirely national supply chains (Made in Italy Line), but also products with distinctive production features, such as short and Km 0 supply chains. Fruit and vegetables from social farming can also be supplied through appropriate planning. These products, among other things, enable operators of mass catering (canteens, schools, hospitals) to implement a Green Public Procurement (GPP) policy consistent with the National Action Plan on GPP (NAP GPP) and allow commercial catering professionals (restaurants, hotels, resorts) to promote eco-friendly catering and sustainable tourism measures.

Sustainable fishing and aquaculture

Distribution

The Companies in the Distribution Sector are successfully active in the sale of fresh and frozen seafood, with procurement channels that involve suppliers operating in various countries around the world and are aware of the risks associated with the depletion of marine resources as a result of illegal or unregulated fishing; they are also aware that the seafood sector is subject to the risk of violation of human rights and the failure to respect decent working conditions for people in some countries. This is why MARR has implemented its own specifications for a sustainable fishing supply chain on a voluntary basis, which are certified by a major international body with a programme of controls in the countries at greatest risk, while promoting the protection of fish stocks together with respect for human rights and decent working conditions for people. In order to establish whether their suppliers actually comply with the requirements laid down in supply agreements, MARR schedules inspection visits to production plants located in third countries. These audits are carried out by MARR internal auditors and third-party assessors working for private certification bodies and are defined in specific control plans. The Company expressly requires its suppliers to observe the laws of each country and to comply with international guidelines designed to ensure respect for human and labour rights (Universal Declaration of Human Rights and the ILO "International Labour Organization" Convention). These requirements are included in the control checklists used by auditors in the sustainable fishing supply chain. In March 2021, MARR extended its audit work to suppliers operating in the aquaculture sector, in accordance with the control programme of the "Sustainable Fishing Supply Chain" to ensure that the animal welfare criteria set out for the fishing sector were complied with, namely:

- stocking density;
- water quality;
- transport conditions and hours;
- slaughtering practices.

Animal welfare

Production

The control and improvement of animal welfare conditions on farms is an element of growing awareness and attention on the part of consumers and stakeholders.
INALCA S.p.A. has developed a set of principles, values and operational rules aimed at controlling and measuring animal welfare conditions on its farms where the guiding principle and basic criterion of inspiration is the 5 Freedoms. The main criteria established to date to ascertain the welfare of animals are:

- freedom from hunger;
- freedom from thirst;
- freedom from discomfort, including the possibility of access to a resting area;
- appropriate environment, with suitable room temperature and possibility of movement;
- freedom from pain, injury or disease resulting from poor handling practices;
- freedom to express normal behaviour of the species; good relationship with humans; freedom from fear and distress.

Based on these general principles of inspiration, INALCA S.p.A. has developed its animal welfare techniques by using a team of veterinarians committed to their updating, development and control along the entire supply chain: breeding, transport and slaughtering.

It is a set of procedures and indicators that constitutes a comprehensive, documented and accessible animal welfare management and evaluation system, which is shared with farmers through its website and on-site training and auditing work, in coordination with farming associations.

To these must be added additional indicators defined as "objective", which are used to establish how suitable the farming environment is to ensure full respect for animal welfare conditions: for this purpose the main structural, technological and managerial parameters that characterise the farm are taken into consideration. The study of animal welfare is, in fact, not only aimed at evaluating behaviour in relation to a more or less comfortable environment, but above all at understanding the way in which animals interpret and experience the environment in which they are reared, using objective criteria and evaluating all the various factors that may positively or negatively affect animal welfare (benefits and dangers). The concept of welfare is the result of a good interaction between animals and environment and of respect for the 5 freedoms; it is therefore the result of beneficial, satisfactory experiences capable of producing positive and effective adaptation responses in the animal.

Animal welfare is also communicated to the consumer through the voluntary system provided for in Regulation (EC) No 1760/2000 regarding the labelling of beef and beef products, which ensures transparency, technical consistency and independent control. For the assessment of animal welfare on the farm, INALCA S.p.A. adopts the official standard promoted by the Ministry of Health and developed by the National Reference Centre for Animal Welfare (CReNBA, *Centro di Referenza Nazionale per il Benessere Animale*) based at the Brescia department of the Experimental Zooprophylactic Institute of Lombardy and Emilia Romagna. Accordingly, INALCA S.p.A. published, in 2020, its own "Livestock Breeder's Manual of Good Practices" for the assessment of animal welfare in the meat sector, which has been adopted by its entire supply chain and is now also translated into English.

Distribution

With regard to animal welfare, MARR:

- incorporates animal welfare criteria into supply requirements and contracts with suppliers;
- implements a plan of inspections to assess compliance with the animal welfare standards signed by suppliers;
- encourages the gradual implementation of specific animal welfare criteria in addition to the minimum standards required by law in the control checklists;
- liaises with representatives of international associations that deal with animal welfare in livestock farming;
- collaborates with accredited control and certification Bodies operating at international level to carry out inspections with the common objective of improving the living conditions of animals on farms.

The Parent Company Cremonini S.p.A.

Shown below are the summarised results of the Parent Company prepared in conformity with the IAS/IFRS International Accounting Standards.

Income statement of the Parent Company Cremonini S.p.A.

(Euro/000)	Year 2022	Year 2021	Chg. %
Total revenues	**8,906**	**8,148**	*9.30*
Changes in inventories of work in progress, semi-finished and finished goods	-	-	
Value of production	**8,906**	**8,148**	*9.30*
Cost of production	(5,385)	(4,401)	
Value added	**3,521**	**3,747**	**(6.03)**
Personnel costs	(4,444)	(4,033)	
Gross operating margin [(a)]	**(923)**	**(286)**	*n.a.*
Amortization, depreciation and write-downs	(3,896)	(3,085)	
Operating profit (loss) [(b)]	**(4,819)**	**(3,371)**	*42.95*
Net financial income (charges)	(960)	(369)	
Profit (loss) from ordinary activities	**(5,779)**	**(3,740)**	**54.52**
Net income (charges) from investments	15,881	31,363	
Net extraordinary financial income (charges)	-	-	
Result before taxes	**10,102**	**27,623**	**n.a.**
Income taxes for the financial year	867	455	
Net profit	**10,969**	**28,078**	**n.a.**

Balance Sheet of the Parent Company Cremonini S.p.A.

(Euro/000)	Year 2022	Year 2021	Chg. %
Intangible assets	6	11	
Tangible assets	80,229	81,395	
Equity investments and other financial assets	293,439	263,329	
Total fixed assets	**373,674**	**344,735**	*8.39*
Trade net working capital			
- Trade receivables	2,942	4,502	
- Inventories	-	-	
- Trade payables	(9,805)	(9,736)	
Total trade net working capital	**(6,863)**	**(5,234)**	
Other current assets	30,351	18,746	
Other current liabilities	(19,778)	(18,298)	
Net working capital	**3,710**	**(4,786)**	*n.a.*
Staff Severance Indemnity Provision and other m/l term provisions	**(4,338)**	**(4,359)**	
Net invested capital	**373,046**	**335,590**	*11.16*
Total Shareholders' Equity	**332,642**	**321,587**	*3.44*
Net medium/long-term debt	28,680	36,844	
Net short-term debt	11,724	(22,841)	
Net debt	**40,404**	**14,003**	*188.54*
Net equity and net debt	**373,046**	**335,590**	*11.16*

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. EBITDA is the measurement used by the Company's Management to monitor and evaluate its operations. The Management retains that EBITDA is an important indicator for measuring the Group performance as it is not affected by the volatile nature of the effects of the various criteria of calculating taxable income, the amount and characteristics of the invested capital as well as the relative depreciation criteria. At present, subject to a later in-depth study regarding the evolution of the IFRS accounting practices, EBITDA is defined by the Cremonini Group as the Profit/Loss gross of the depreciation or amortization of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.
b – The operating profit (loss) (EBIT) is defined by the Cremonini Group as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Net debt of the Parent Company Cremonini S.p.A. [c]

(Euro/000)	**Year 2022**	Year 2021
Payables to banks, bonds and other financial institutions		
- due within 12 months	(15,428)	(4,487)
- due between 1 and 5 years	(28,680)	(32,737)
- due beyond 5 years	-	(4,107)
Total payables to banks, bonds and other financial institutions	**(44,108)**	**(41,331)**
Liquidity		
- cash and cash equivalents	10,696	23,157
- other financial assets	-	-
Total liquidity	**10,696**	**23,157**
Internal treasury current accounts	**(6,992)**	**4,171**
Total net debt	**(40,404)**	**(14,003)**

Property services

Cremonini S.p.A. directly manages both property units that are destined for civil use and property destined for specific activities in the Catering Sector.

Direct services

The transactions and services rendered, carried out mainly in relation to Group Companies, generally concern the following operational areas:

Finance: management of the centralized treasury and planning of structured and medium-long term financings;

Guarantees and advisory services: issuing of guarantees (bank and insurance) and general assistance concerning accounting, corporate law, taxes, legal and contractual services;

Fiscal consolidation: as the consolidator, Cremonini S.p.A. has adhered to Article 117 of the T.U.I.R. (Consolidated Tax Code), the preparation of the "national tax consolidation". All the Group's sub-holding Companies and all the other entities controlled by them have adhered to this rule.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities. Positive components: cash and cash equivalents; current securities due for sale; short-term financial receivables; derivative instruments. Negative components: due to banks; due to other financiers, leasing and factoring companies; derivative instruments and bonds.

Relationships with Group and related Companies

With particular reference to its own activities and the specific financial and service relationships with the subsidiaries and related Companies it should be noted that Cremonini S.p.A.'s relationships involved the type of costs and revenues summarized in the following table. The economic and financial data by type of relationship for each Company is indicated in the specific annexes to the explanatory notes. It should further be noted that the relationships with related companies are of a minor entity.

(Euro/000)	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	-	348	-	-
Services	-	7,045	2	-
Sales of goods	-	582	-	-
Other income [(a)]	-	16,398	29	-
Total revenues	**-**	**24,373**	**31**	**-**
Costs				
Financial charges	4	73	-	-
Services	-	372	-	-
Purchase of goods	-	2	-	-
Other charges	-	573	-	-
Total costs	**4**	**1,020**	**-**	**-**
Receivables				
Financial	-	11,973	-	-
Trade	-	2,720	30	-
Other [(b)]	-	3,681	-	-
Total Receivables	**-**	**18,374**	**30**	**-**
Payables				
Financial	6	18,958	-	-
Trade	-	8,701	-	-
Other [(a)]	-	16,454	-	-
Total Payables	**6**	**44,113**	**-**	**-**

(a) mainly dividends.
(b) mainly relevant to tax receivables and payables under the national tax consolidation.

The powers granted to the Directors

The powers granted to the individual directors are those specified below:

- to the Chairman Claudia Cremonini, in addition to the legal representation mentioned in Art. 21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 23 April 2021;

- to the Chief Executive Officer Paolo Boni, in addition to the legal representation mentioned in Art.21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 23 April 2021.

An Executive Committee and a General Manager have not been appointed in the current corporate bodies' structure.

Both the Chairman and the Chief Executive Officer use their powers only for the normal management of the company's business, while significant transactions by typology, quality and value, are submitted to the examination of the Board of Directors.

Castelvetro di Modena, 28 March 2023

Signed by

Claudia Cremonini

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022

CREMONINI S.P.A.

Financial statements as at 31 December 2022

Statement of Financial Position – Assets

(Euro)	Note	**31.12.2022**	31.12.2021
Non-current assets			
Tangible assets	1	80,229,519	81,394,937
Goodwill		-	-
Other intangible assets	2	5,737	10,644
Investments in subsidiaries and associated companies	3	292,311,460	262,220,619
Investments in other companies	4	1,029,592	1,029,592
Financial instruments / Derivatives		-	-
Non-current financial receivables		-	-
relating to related parties		-	-
Financial assets held for sale		-	-
Deferred tax assets	16	80,602	0
Other non-current assets	5	136,745	117,704
Total non-current assets		**373,793,655**	**344,773,496**
Current assets			
Inventories		-	-
Current financial receivables	6	15,653,553	34,256,050
relating to related parties		*15,653,537*	*34,256,050*
Current trade receivables	7	2,941,993	4,605,254
relating to related parties		*2,750,136*	*4,419,837*
Current tax assets	8	26,035,743	13,146,307
Financial assets held for sale	4	321,465	254,547
Financial instruments / Derivatives		-	-
Cash and cash equivalents	9	10,695,731	23,157,402
Other current assets	10	217,345	180,497
relating to related parties		*0*	*131*
Total current assets		**55,865,830**	**75,600,057**
Total assets		**429,659,485**	**420,373,553**

Statement of Financial Position - Liabilities

(Euro)	Note	**31.12.2022**	31.12.2021
Shareholders' Equity			
Share capital	11	67,073,932	67,073,932
Reserves	12	(41,034,791)	(41,120,460)
Retained earnings		295,633,505	267,555,019
Result for the period		10,969,328	28,078,486
Total Shareholders' Equity		**332,641,974**	**321,586,977**
Non-current liabilities			
Non-current financial payables	13	28,705,963	36,870,168
relating to related parties		*25,651*	*25,651*
Financial instruments / Derivatives		-	0
Employee benefits	14	293,579	317,142
Non-current provisions for risks and charges	15	101,536	101,536
Deferred tax liabilities	16	3,942,892	3,850,887
Other non-current liabilities		473	473
Total non-current liabilities		**33,044,443**	**41,140,206**
Current liabilities			
Current financial payables	17	50,899,817	39,320,914
relating to related parties		*35,471,875*	*34,832,204*
Financial instruments / Derivatives		-	-
Current tax liabilities	18	1,900,519	7,253,129
Current trade liabilities	19	9,839,268	9,806,602
relating to related parties		*8,700,873*	*8,474,679*
Other current liabilities	20	1,333,464	1,265,725
relating to related parties		*0*	*535*
Total current liabilities		**63,973,068**	**57,646,370**
Total liabilities		**429,659,485**	**420,373,553**

Financial statements as at 31 December 2022

Income statement

(Euro)	Note	**31 December 2022**	31 December 2021
Revenues	21	8,097,306	7,263,686
relating to related parties		*7,046,544*	*6,512,317*
Other revenues and income	22	808,263	884,344
relating to related parties		*610,758*	*781,335*
Costs for purchases	23	(97,437)	(63,236)
relating to related parties		*(1,857)*	*(5,047)*
Other operating costs	24	(5,287,456)	(4,337,355)
relating to related parties		*(371,701)*	*(366,948)*
Personnel costs	25	(4,443,884)	(4,033,080)
Amortization and depreciation	26	(3,146,289)	(3,084,851)
Write-downs and provisions	26	(750,000)	-
Revenues from equity investments	27	15,881,468	31,362,776
relating to related parties		*15,824,478*	*31,286,424*
Financial Income/(Charges)	28	(960,170)	(368,607)
relating to related parties		*270,656*	*69,402*
Result before taxes		**10,101,801**	**27,623,677**
Income taxes	29	867,527	454,809
Result for the period		**10,969,328**	**28,078,486**

Statement of comprehensive income

(Euro)	**31 December 2022**	31 December 2021
Result for the period	**10,969,328**	**28,078,486**
Items to be reclassified to profit or loss in subsequent periods:		
Fair value valuation financial assets available for sale	66,918	80,032
Efficacious part of profits/(losses) on cash flow hedge instruments	0	40,188
Tax effect	0	(9,645)
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains (losses)	24,672	(6,376)
Tax effect	(5,921)	1,530
Total comprehensive Income	**11,054,997**	**28,184,215**

Statement of changes in the shareholders' equity

Euro/000	Balances at 31 December 2021	Allocation of the results for the previous year: Reserves	Allocation of the results for the previous year: Dividends	Changes of the period: Other movements	Changes of the period: Net profit (loss) for the period	Changes of the period: Other Profits/(losses), net of taxes	Balances at 31 December 2022
Share capital	67,073,932						67,073,932
Nominal value of treasury stock in portfolio	0						0
Total Share Capital	**67,073,932**	**0**	**0**	**0**	**0**	**0**	**67,073,932**
Share premium reserve	78,279,705						78,279,705
Legal reserve	14,749,280						14,749,280
Merger Deficit	(146,379,437)						(146,379,437)
Merger Surplus	94,514						94,514
Reserve for IAS adjustments	12,787,578						12,787,578
Reserve for Actuarial Gains and Losses	(77,895)					18,751	(59,144)
Cash flow hedge reserve	0						0
Fair value reserve	(574,205)					66,918	(507,287)
Total Reserves	**(41,120,460)**	**0**	**0**	**0**	**0**	**85,669**	**(41,034,791)**
Profits (Losses) carried forward	267,555,019	28,078,486					295,633,505
Result of the year	28,078,486	(28,078,486)			10,969,328		10,969,328
Total Shareholders' Equity	**321,586,977**	**0**	**0**	**0**	**10,969,328**	**85,669**	**332,641,974**

Euro/000	Balances at 31 December 2020	Allocation of the results for the previous year: Reserves	Allocation of the results for the previous year: Dividends	Changes of the period: Other movements	Changes of the period: Net profit (loss) for the period	Changes of the period: Other Profits/(losses), net of taxes	Balances at 31 December 2021
Share capital	67,073,932						67,073,932
Nominal valueof treasury stock in portfolio							0
Total Share capital	**67,073,932**	**0**	**0**	**0**	**0**	**0**	**67,073,932**
Share premium reserve	78,279,705						78,279,705
Legal reserve	14,749,280						14,749,280
Merger Deficit	(146,379,437)						(146,379,437)
Merger Surplus	94,514						94,514
Reserve for IAS adjustments	12,787,578						12,787,578
Reserve for Actuarial Gains and Losses	(73,049)					(4,846)	(77,895)
Cash flow hedge reserve	(30,543)					30,543	0
Fair value reserve	(654,235)					80,030	(574,205)
Total Reserves	**(41,226,187)**	**0**	**0**	**0**	**0**	**105,727**	**(41,120,460)**
Profits (Losses) carried forward	270,535,146	(2,980,129)				2	267,555,019
Result of the year	(2,980,129)	2,980,129			28,078,486		28,078,486
Total Shareholders' Equity	**293,402,762**	**0**	**0**	**0**	**28,078,486**	**105,729**	**321,586,977**

Cash flow statement (indirect method)

(Euro/000)	**31.12.2022**	31.12.2021
Profit for the period	**10,969,328**	**28,078,486**
Amortization and depreciation	3,146,289	3,084,851
Impairment	-	-
Net change in other provisions and non-monetary income items	805,093	747,959
Net change in Staff Severance Provision and other medium/long-term liabilities	(164,799)	(254,487)
Changes in working capital		
(Increase) decrease in trade receivables	1,663,261	(1,463,037)
(Increase) decrease in inventories	-	-
Increase (decrease) in trade payables	68,849	5,084,473
(Increase) decrease in other items of the working capital	(10,316,682)	8,159,097
Cash-flow from operating activities (A)	**6,171,339**	**43,437,342**
Net (investments) in intangible assets	-	(2,535)
Net (investments) in tangible assets	(1,975,964)	(1,793,993)
Net change in other non current assets	(30,681,750)	(5,252,646)
Acquisition net of Cash and cash equivalents	-	-
Cash-flow from (used in) investment activities (B)	**(32,657,714)**	**(7,049,174)**
Increase (Decrease) in medium-long term borrowings	(8,164,205)	16,905,482
Increase (Decrease) in medium-long term liabilities for derivatives	-	(40,189)
Increase (Decrease) in short-term borrowings	22,103,240	(31,812,232)
Increase (Decrease) in short-term liabilites for derivatives	-	-
Cash-flow from distribution of dividends	-	-
Capital increase and other changes in equity	85,669	105,729
Cash flow from financing activities (C)	**14,024,704**	**(14,841,210)**
Cash Flow of the year (D=A+B+C)	**(12,461,671)**	**21,546,958**
Cash and cash equivalents at the beginning of the year (E)	23,157,402	1,610,444
Cash and cash equivalents at the end of the year (F=D+E)	**10,695,731**	**23,157,402**

Cremonini S.p.A. Financial Statements as at 31 December 2022

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2022 were prepared in accordance with the accounting standards and measurement criteria laid down by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of Art. 9 of Legislative Decree 38/2005.

The section on "Valuation criteria" illustrates the international accounting standards adopted in the preparation of the Cremonini S.p.A. statement of assets and liabilities as at 31 December 2022.

The Cremonini S.p.A. financial statements as at 31 December 2022 were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1;
- derivative contracts entered at the fair value.

For the purposes of comparison, the financial statements as at 31 December 2022 show the figures for the financial year ended as at 31 December 2021.
The following classifications have been used:

- Statement of Financial Position for current/non-current items;
- Income Statement by nature;
- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the Company's equity, economic and financial situation.

The functional and presentation currency is the euro.

With regard to the schedules contained in these financial statements, the Statement of Assets and Liabilities, Income Statement and Cash Flow Statement are shown in euro units. If not otherwise indicated, the tables contained in these financial statements are shown in thousands of euros.

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the European Union, applicable from 1 January 2022 are reported below with a brief description. The adoption of these revised standards and interpretations has not had any significant impact on the financial statements but has resulted, in some cases, in additional information only. Please also refer to the description in the Directors' Report.

New accounting standards, amendments and interpretations applicable in 2022

The valuation criteria used in preparing the consolidated financial statements at 31 December 2022 do not diverge from those used to draw up the consolidated financial statements for the financial year ended 31 December 2021, with the exception of the accounting standards, amendments and interpretations applicable as of 1 January 2022, which are described below:

- Amendments to IAS 16 *Property, Plant and Equipment*;
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract;*
- Amendments to IFRS 3 *Reference to the Conceptual Framework;*
- Improvements to IFRS (2018-2020 cycle).

Amendments to IAS 16 *Property, Plant and Equipment* - Amendments addressed the issue of *Proceeds before Intended Use*. Specifically, in May 2020 the IASB issued amendments to IAS 16, which prohibit a company from deducting from the cost of an item of PPE any proceeds from selling items produced while the company is making the asset available for its intended use. On the contrary, a company will recognise such sales proceeds and any related cost through profit or loss.
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* – in May 2020 the IASB issued the amendments to IAS 37 para. 68A, which clarify the nature of costs directly related to the contract, consisting of both incremental costs of contract performance and other costs directly related to contract performance. The adoption of these amendments had no significant effect.
Amendments to IFRS 3 - *Reference to the Conceptual Framework* - in May 2020 the IASB issued amendments to FRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing its accounting requirements for business combinations. Amendments to IFRS 3 are applied prospectively.
Improvements to IFRS (2018-2020 cycle) – in May 2020 the IASB published annual improvements to IFRS for the 2018-2020 cycle. The amendments made amendments to the following standards: (i) IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, the amendments simplify the first-time adoption of IFRS on the part of a subsidiary/associate/joint venture entity, which becomes a first-time adopter after its parent/investing company in relation to the measurement of the translation reserve as at the date of transition to IFRS; (ii) IFRS 9 - *Financial Instruments*, the amendments clarify which fees should be included in the 10% test for assessing whether amendments to the contractual terms of a financial liability are materially different from those of the original financial liability; (iii) IAS 41 - *Agriculture*, in relation to the exclusion of tax cash flows in measuring the fair value of a biological asset; (iv) IFRS 16 - *Leases*, the amendments relate to illustrative example 13 of IFRS 16 in which a potential misinterpretation of lease incentives was removed. Since this amendment has to do with an illustrative example of IFRS 16 that is not an integral part of the standard, it has not been endorsed by the European Union.

Accounting standards, amendments and interpretations applicable to the financial statements for the financial years commencing on a subsequent date

Below are the standards and interpretations which, as at the reporting date of these financial statements, had already been issued but were not yet applicable.
These standards will be applicable from the subsequent financial periods; on a preliminary basis, the Group believes that they will have no significant impact on its consolidated financial position, results of operations and cash flows.

- On 18 May 2017 the IASB issued IFRS 17 "*Insurance Contracts*", as subsequently amended by the document on "*Amendments to IFRS 17*", which was issued on 25 June 2020. The standard regulates the accounting treatment of insurance contracts issued and reinsurance contracts held by the entity.
  The provisions of IFRS 17 are effective for financial periods beginning on or after 1 January 2023.

- On 23 January 2020 and 15 July 2020, the IASB issued "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and "*Classification of Liabilities as Current or Non-current - Deferral of Effective Date*" to set out the requirements for classifying liabilities as current or non-current. More specifically:
  - Management's expectations regarding those events that occurred after the reporting date, such as, for example, in the case of a covenant breach, are not material;
  - the amendments indicate that conditions existing at the end of the reporting period are those that should be used to determine whether there is a right to defer settlement of a liability;
  - the amendments define more clearly the situations that are regarded as settlement of a liability.

  Amendments are effective for financial periods beginning on or after 1 January 2023.
- On 12 February 2021 the IASB issued "*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*". The purpose of the amendments is to develop guidance in order to make it easier for entities to make a materiality judgment in disclosure of accounting policies. The amendments to IFRS *Practice Statement 2* provide guidance on how to apply the concept of materiality to disclosure of accounting policies.
  Amendments are effective for financial periods beginning on or after 1 January 2023.
- On 12 February 2021 the IASB issued "Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*". The amendments clarify how the company should distinguish changes in accounting policies from changes in accounting estimates, which is relevant because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied, even retrospectively, to past transactions and other past events.
  Amendments are effective for financial periods beginning on or after 1 January 2023.
- On 7 May 2021 the IASB issued "Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document addresses uncertainty in practice about how an entity applies the exemption provided for in paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and liability upon initial recognition and may result in taxable temporary differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences at the time of the transaction.
  Amendments are effective for financial periods beginning on or after 1 January 2023.

At present, the Company is analysing the standards described above and evaluating whether their adoption will have a significant impact on the Financial Statements.

Valuation criteria

The valuation criteria used in the drafting of the financial statements for the period ended 31 December 2022 are the same as those used for the drafting of the financial statements as at 31 December 2021, with the possible exception as reported in the section above. The most significant valuation criteria adopted for the drafting of the financial statements are indicated below.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or production price including any ancillary costs which are directly attributable to the asset and connected with its use.
As allowed by IFRS 1, upon transition to the International Accounting Standards, the Company carried out the initial valuation at fair value of certain lands and buildings it owned, and used this fair value as the new cost subject to depreciation.
Except as indicated above, revaluations are not allowed, even in application of specific laws. Assets held under finance leases are recognised under property, plant and equipment as offsetting entries to the financial debt to the lessor and depreciated according to the criteria indicated below.
Property, plant and equipment are depreciated systematically on a straight-line basis throughout their useful life, which is the estimated time in which the asset will be used by the company. When the Property, plant and equipment consist of several significant components, each having a different useful life, depreciation is carried

out separately for each component. The value to be depreciated is represented by the book value reduced by the presumable net disposal value at the end of its useful life, if significant or if it can be reliably determined. Land is not depreciated (elements with an indefinite useful life), even if purchased jointly with a building, similarly to property, plant and equipment held for sale which are valued at the lower of the book value and their fair value net of disposal expenses.
Costs for improvements, updating and transformation which add value to the property, plant and equipment are allocated to the balance sheet assets. Any other repair and maintenance costs are recognised in the income statement when they are incurred.
The recoverability of the book value of intangible fixed assets is verified by adopting the criteria indicated under "Impairment of assets".
Depreciation reflects the economic and technical deterioration of the asset and begins when the asset becomes available for use. It is calculated according to the linear model of the asset's estimated useful life.

The rates applied are:

- Buildings	2% - 4% (useful life)
- Plant and equipment	8% - 20%
- Industrial and trade equipment	15% - 25%

Other assets:

- Furniture and furnishings	10% - 15%
- Electronic office equipment	20%
- Vehicles and internal means of transport	20%
- Automobiles	25%
- Other minor assets	10%-40%

An asset is eliminated from the balance sheet at the time of sale or when the future economic benefits expected from its use or disposal no longer apply. Any losses or profits (calculated as the difference between net proceeds of the sale and book value) are included in the income statement upon said elimination.

Goodwill and other intangible assets

Intangible assets refer to assets without an identifiable physical consistency, which are controlled by the company and able to produce future economic benefits, as well as goodwill when purchased against payment of consideration.
An intangible asset is identifiable if it can be separated from goodwill; the identifiability requirement is usually satisfied when:

I. the intangible asset essentially consists of a legal or contractual right, or
II. the asset can be separated, that is, it can be sold, transferred, rented or exchanged autonomously from or as an integral part of other assets. Control means the company's ability to use the future economic benefits arising from the asset and the possibility of limiting access to the asset by others.

Intangible assets are recognised at cost, determined according to the criteria indicated for property, plant and equipment. Revaluations are not allowed, even in application of specific laws.

Intangible assets with a definite useful life are systematically amortized throughout their useful life, which is the estimated period in which the assets will be used by the company; the recoverability of their book value is verified by adopting the criteria indicated under "Impairment of assets".

Goodwill and other intangible assets with an indefinite useful life, where present, are not amortized; the recoverability of their book value is verified at least annually and in any case whenever events take place that could indicate impairment. Regarding goodwill, verification takes place at the lowest aggregate level on the basis of which the Company's Management assesses, directly or indirectly, the return on the investment including goodwill (cash generating unit). Write-downs are not used for reversing an impairment loss.

Other intangible assets are amortized according to the following criteria:

- Industrial patents and intellectual property rights	5 years
- Concessions, licences, trademarks and similar rights	5 years / 20 years
- Other	5 years / duration of the contract

The amortization period and the amortization criteria of intangible assets with a definite useful life are reviewed at least upon each closing date and adjusted prospectively if necessary.

Investments in subsidiaries, associated and other companies

Investments in subsidiaries and associated companies are valued at their acquisition cost, subscription cost or conferral cost, as possible written down in the case of permanent impairment losses; the initial value is reinstated in subsequent financial periods if the reasons for the write-down no longer apply.
The investments in other companies that are classified, according to IAS 39, as available for sale are initially stated at their fair value; subsequently, where it is not possible to determine a reliable fair value, they are maintained at cost, as possibly written down in the case of permanent impairment losses. The initial value will not be reinstated in subsequent years, even when the reasons for the write-down no longer apply.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other high-liquidity short-term financial investments, which are easily converted into cash and are subject to an insignificant risk of value fluctuation.

Receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at their nominal value, which is representative of their fair value, and subsequently valued at their amortized cost, net of any write-downs. Due to the short duration of trade receivables, they are not discounted as the effect of the discounting of cash flows is irrelevant, therefore application of the amortized cost does not produce significant effects. The bad debt provision on that date represents the difference between the book value of the receivables and the cash flows reasonably expected from collection thereof.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is eliminated from the balance sheet when:

i. the rights to receive cash flows from the asset have been extinguished;
ii. the right to receive cash flows from the assets is maintained, but there is a contractual obligation to pay them in full and without delay to a third party;
iii. the Company has transferred the right to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of ownership of the financial asset or (b) it did not transfer or essentially retain all the risks and benefits of the asset, but transferred control of the asset.

In the cases in which the Company transferred the right to receive cash flows from an asset and did not transfer nor essentially maintain all the risks and benefits or did not lose control of the asset, the asset is recognised in the Company balance sheet to the extent of the latter's residual involvement in the asset itself.
In this case, the Group also recognises an associated liability. The asset which is transferred and the associated liabilities are valued so as to reflect the rights and obligations that the Group has retained. Residual involvement which for example takes the form of a guarantee on a transferred asset, is valued at the lower of the asset's initial book value and the maximum value of the consideration that the Company may be required to pay.

Impairment of financial assets

The Company verifies on each balance sheet date whether a financial asset or group of financial assets has become impaired. A financial asset or group of financial assets is considered to have undergone impairment if, and only if, there is objective evidence of impairment as a result of one or several events that took place since the initial recognition (when a "loss event" occurs) and this loss event has an impact that can be reliably estimated on the estimated future cash flows of the financial assets or the group of financial assets. Proof of impairment can be given by indicators such as financial difficulties, inability to fulfil obligations, insolvency with regard to the payment of interest or significant payments, which the debtors or a group of debtors are going through; the probability that the debtor will be bankrupt or become subject to another form of financial reorganisation, or where observable information indicates that there exists a measurable decrease in estimated future cash flows, such as a change in the economic environment or the terms and conditions of the obligations.

For financial assets recognised at amortized cost, the Company has first of all assessed whether there is objective evidence of impairment for each financial asset that is individually significant, or collectively significant for those financial assets that are not significant individually. If the Company determines that there is no evidence of impairment for a financial asset, it includes the asset in a group of financial assets with credit risk characteristics that are similar and assesses it collectively for the purpose of verifying the impairment. Assets that are not evaluated individually for a write-down and for which impairment has been recognised or continues to be recognised, are not evaluated on a collective basis for impairment.
If there is objective evidence of impairment, the amount of the loss is measured as a difference between the book value of the asset and the current value of the estimated future cash flows (excluding credit losses expected in the future that have not yet occurred).
The book value of the asset is reduced through the use of an allowance for bad debts and the amount of the loss is recognised in the income statement.
If in subsequent years the amount of the write-down is estimated to have increased or decreased as a consequence of an event that took place after the write-down was recognised, the previous write-down must be increased or decreased by adjusting the provision as an offsetting entry in the income statement.

For available for sale financial assets, the Company measures on each balance sheet reference date whether there is objective evidence that an asset or a group of assets has become impaired.

Impairment of non-financial assets

On each balance sheet closing date, the Company assesses whether there are any indicators of impairment of non-financial assets. When events take place that indicate a reduction in the value of an asset or in cases where annual verification of impairment is required, recoverability is verified by comparing the book value with the relevant recoverable value, the latter being the higher of fair value, net of disposal expenses, and value in use.
If there is no binding selling agreement, fair value is estimated on the basis of the values expressed by an active market, recent transactions or on the basis of the best available information in order to reflect the amount that the company could obtain from the sale of the asset.
Value in use is determined by discounting the expected cash flows from use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life. Cash flows are determined on the basis of reasonable and documented assumptions which represent the best estimate of future economic conditions that will take place in the remaining useful life of the asset, with greater weight given to indications from outside the company. Discounting takes place at a rate that takes into account the risk inherent in the business area.
Valuation takes place for each individual asset or for the smallest identifiable group of assets that generates autonomously incoming cash flows from continuing use (cash generating unit). When the reasons for the write-downs cease to exist, the assets, except for goodwill, are revalued and the adjustment is allocated to the income statement as a write-back (reversal of an impairment loss). The write-back is made at the lower between recoverable value and gross book value of previous write-downs, decreased by the amortization rate at which they would have been recognised if the write-down had not taken place.

Share capital

The costs for the issuing of shares or options are classified in shareholders' equity (net of the physical benefit connected to them) as a deduction of profits deriving from the issuing of these instruments.
For buybacks of treasury shares, the price paid, including any directly attributable ancillary expenses, is deducted from the group shareholders' equity until the time of elimination, reissuing or sale of the shares. When treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary expenses and the

relevant tax effect, is recognised as group shareholders' equity.

Earnings per share

Basic earnings per share are calculated by dividing the Company's net profit by the weighted average of the ordinary shares outstanding during the financial year, excluding treasury shares.
For the purpose of the calculation of diluted earnings per share, the weighted average of outstanding shares is modified assuming the conversion of all the potential shares having a dilution effect, while the Company's net profit is adjusted to take account of the effects, net of tax, of the conversion.

Financial liabilities

Financial liabilities that fall within the scope of application of IAS 39 are classified as financial liabilities at fair value recognised in the income statement, or as financial payables or derivatives designated as hedging instruments, as the case may be. The Company's financial liabilities include trade payables and other payables, loans and derivative financial instruments. The Company determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are initially carried at fair value, which is equal to the consideration received on the settlement date to which are added, in the case of financial payables, directly attributable transaction costs.

Subsequently, non-derivative financial liabilities are measured on the basis of the depreciated cost criterion using the effective interest rate method.
Amortized cost is calculated by recognising every discount or premium on the acquisition and the fees and costs that are an integral part of the effective interest rate. Amortization at the actual interest rate is included among financial expenses in the income statement.

Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligation underlying the liability has been extinguished, cancelled or fulfilled. When an extinguished financial liability has been replaced by another from the same lender, at terms and conditions that are essentially different, or the conditions attached to a liability in existence are essentially modified, this exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, with a consequent recognition in the income statement of any differences between book values.

Accounting treatment for derivatives contracts

Cremonini S.p.A. uses derivative financial instruments exclusively to hedge interest rate risk. These derivative financial instruments are initially recognised at fair value on the date on which they are concluded; subsequently this fair value is periodically remeasured; they are accounted for as assets when fair value is positive and as liabilities when it is negative.

Fair value is the price that would be received for the sale of an asset or which would be paid for the transfer of a liability, in an arm's length transaction on the valuation date.

The fair value of the derivative financial instruments used is determined with reference to the market value whenever it is possible to identify an active market for them. If on the other hand the market value of a financial instrument cannot be readily identified, but can be identified through its components or for a similar instrument, market value is determined through assessment of the individual components of the instrument or the similar instrument. Furthermore, for instruments for which it is not possible to readily identify an active market, valuation is determined by using the value from generally accepted valuation models and techniques, which ensure a reasonable approximation of market value.

The accounting methods are the following:

- fair value hedge: changes in fair value of the hedging instrument are in the Income Statement together with changes in fair value of the transactions that are the subject of the hedge.
- cash flow hedge: the "effective" portion of the change in fair value of the derivative is recognised in Equity and subsequently allocated to the Income Statement when the transaction which is the object of the hedge produces its effects; the ineffective portion is allocated directly to the Income Statement.
- financial instruments that do not qualify as hedge: the changes are posted to the income statement.

Derivatives are classified as hedges when the relation between the derivative and the subject of the hedge is formally documented and the hedge effectiveness, which is periodically verified, is high. When hedging derivatives cover the risk of changes in fair value of the instruments which are the subject of the hedge (fair value hedge; e.g. hedging of the change in fair value of fixed rate assets/liabilities), the derivatives are recognised at fair value without allocation of the effects to the income statement; consistently, hedged instruments are adjusted to reflect the changes in fair value associated with the hedged risk. When the derivatives hedge the risk of changes in cash flows of the hedged items (cash flow hedge; e.g. hedging of fluctuations in cash flows of assets/liabilities due to exchange rate fluctuations), fluctuations in fair value of derivatives are initially recognised in equity and subsequently allocated to the income statement consistently with the economic effects produced by the hedged transaction. Changes in the fair value of derivatives that no longer qualify as hedges are recognised in the income statement.

Employee benefits

Employee Severance Indemnity is part of what IAS 19 defines as defined benefit plans, as part of benefits after employment termination. The accounting treatment provided for these types of remuneration requires an actuarial calculation that makes it possible to project into the future the amount of the already accrued employee severance indemnity and discount it to take into account the time that will elapse prior to actual payment. The actuarial calculation considers variables such as average permanence of employees, level of inflation and expected interest rates. Liabilities are measured by independent actuaries. Following the amendments to IAS 19, which were applicable for the financial years commencing on or after 1 January 2013, the profits and losses from the actuarial calculation of defined benefit plans are recognised in the comprehensive income statement entirely in the period they refer to. These actuarial profits and losses are classified directly in retained earnings and are not reclassified in the income statement in subsequent reporting periods. Past service cost is recognised on the earliest of the following dates:

- date on which an amendment or reduction of the plan takes place;
- date on which the Group recognises the related restructuring costs.

The Group recognises the following changes in the net obligations for defined benefit plans in the statement of profit/(loss) for the reporting period by nature:
- costs for work provided, including costs for current and past work provided, profits and losses on non-routine reductions and extinctions; and
- net interest income or interest expenses.

The asset or liability relating to defined benefits includes the present value of the defined benefit obligation after the fair value of the asset servicing the plan is deducted.

Provisions for risks and charges

Provisions for risks and charges are costs and expenses of a definite nature that are certain or likely to be incurred but which at the end of the year could not be quantified or timed. Provisions are recognised when: (i) the existence of an actual, legal or implicit obligation deriving from a past event is probable; (ii) it is probable that the fulfilment of an obligation will be onerous; (iii) the amount of the obligation can be reliably estimated. Provisions are recognised at the amount representing the best estimate of the total that the company would reasonably pay to settle the obligation, or transfer it to third parties at year-end. When the financial effect of time is significant and the payment dates of the obligations are estimated reliably, the provision is discounted; the increase of the provision linked to the passing of time is allocated to income statement under "Financial income (expenses)". The supplementary client indemnity provisions have been set aside on the basis of reasonable estimates, as have other provisions for risks and charges, taking into consideration the available elements for the probable future liability.

Income taxes

Current taxes are determined on the basis of a realistic forecast of the charges to be settled in application of applicable tax laws or which have been essentially approved on the period closing date. The relevant payable is recorded net of any deferred tax assets, withholdings made and tax credits which can be offset, under the item "Tax payables". In the event of a receivable, the amount is recorded under "Receivables from others" of current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of the assets and liabilities recognised in the balance sheet and the corresponding amounts recognised for tax purposes.
Deferred tax liabilities are recognised against all temporary taxable differences, with the following exceptions:

- the deferred tax liabilities originate from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not have any effects either on balance sheet profits or the profit and loss calculated for tax purposes;
- the reversal of taxable temporary differences, associated with equity investments in subsidiaries, associated Companies and joint ventures, can be controlled and it is probable that this will not take place in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax credits and losses which are unused and carried forward, to the extent that there will be adequate future tax profits that could make possible the use of deductible temporary differences and tax credits and losses carried, except if:

- deferred tax assets connected to deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect either balance sheet results or profit or loss for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associated Companies and joint ventures and deferred tax assets are recognised only to the extent that temporary deductible differences will be reversed in the foreseeable future and there are adequate tax profits against which the temporary differences can be used.

Recognition of deferred tax assets takes place when their recovery is probable. The value of deferred tax assets is re-examined on each closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available. Deferred tax assets and deferred tax liabilities are classified among non-current assets and liabilities and are netted if they refer to taxes that can be offset. The balance of the netting, if it is an asset, is recognised under the item "Deferred tax assets"; if it is a liability it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised under equity or in the statement of comprehensive income consistently with the recognition of the element to which they refer.
Deferred tax assets or deferred tax liabilities are calculated on the basis of the tax rate that is expected to be applied in the year in which these assets will be realised or these liabilities will be extinguished.

Criteria for converting foreign currency items

Transactions in a foreign currency are initially recognised in the functional currency, applying the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in a foreign currency are converted into the functional currency at the exchange rate applicable on the balance sheet date.
Foreign exchange differences are recognised in the income statement including foreign exchange differences realised upon collection of the receivables and payment of payables in a foreign currency.

Non-monetary items valued at their historical cost in a foreign currency are converted using the exchange rate applicable on the initial recognition date of the transaction. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rate applicable on the date that value was determined. Profit and loss from the reconversion of non-monetary items is handled in line with the recognition of profits and losses relating to changes in fair value of these items (conversion differences on items the fair value of which is recognised in the statement of comprehensive income or the income statement are recognised in the comprehensive income statement or the income statement, respectively).

Recognition of revenues

Revenues from the sale of products are recognised at the time that all the risks and expenses deriving from ownership of the assets are transferred, this coinciding with the delivery or shipment thereof.
Revenues from services are recognised on the basis of their degree of completion.
Income of a financial nature is recognised on an accruals basis. For all financial instruments measured at amortized cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Dividends

Dividends are recognised when their allocation is certain, which usually coincides with the distribution resolution passed on the part of the investee, or authorisation by the local monetary authority which approves expatriation thereof, if received from abroad.

Recognition of costs

Costs are recognised when they refer to goods and services which are acquired and/or received during the reporting period.
Rents payable for operating leases are allocated to the income statement according to the accruals principle.
Finance lease payments are allocated, as to the principal amount, to reduction of the financial debt, and as to interest to the income statement.
Expenses for services are recognised on an accruals basis.
For all financial instruments measured at amortized cost, interest expense is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Major assumptions adopted by Management and discretionary valuations

The application of generally accepted accounting principles to the preparation of financial statements and interim financial reports requires that the management make accounting assumptions based on complex and/or subjective judgements, estimates based on past experience and assumptions which are considered reasonable and realistic based on the information which is known at the time the estimate is made. The use of these accounting assumptions influences the carrying value of assets and liabilities and the disclosures on contingent assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the reporting period. The actual results may differ from the estimated ones due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. Below are accounting assumptions made during the drafting of the financial statements and interim reports, which are critical because they are based on highly subjective assumptions and estimates with regard to issues which by their very nature are uncertain. If these estimates and assumptions, which are based on the best valuation on the part of the management, should differ from the actual circumstances in the future, they would be modified in an appropriate manner during the period in which these circumstances vary. Changes in the conditions on which the adopted judgements, assumptions and estimates are based may have a significant impact on subsequent results.

Below are the main estimates and assumptions adopted by the Management for the preparation of these annual statements; any changes thereto, which cannot be anticipated at this time, may affect the income and equity.

- Estimates adopted for the measurement of asset impairment

For the purpose of verifying any impairment of the equity investments recognised in the accounts, the Company has adopted the methodology described in the paragraph "Impairment of assets".

The discount rate used was the weighted average cost of capital (WACC), equal to 8.3%. The measurement of any asset impairment (goodwill impairment test) was carried out on an annual basis with reference to 31 December 2022.

- Estimates made in actuarial calculation for the determination of defined benefit plans as part of termination benefits

The measurement of employee severance indemnity liabilities was carried out by an independent actuary based on the following assumptions:
the anticipated inflation rate is 2.30%;

- discounting rate[2] utilised is equal to
    - 3.77% (duration 10+);
    - 3.63% (duration 7-10);
    - 3.57% (duration 5-7);
- the anticipated annual rate of increase in post-employment benefits is 3.225%;
- the annual rate of frequency of post-employment benefits advances is anticipated as 3.00%;

[2] Curve of average yields that arises from the IBOXX Eurozone Corporates AA index (7-10 years).

- employee turnover is equal to 6.5%.

• Estimates adopted in the calculation of deferred taxes

The directors are required to make a significant discretionary assessment to determine the amount of deferred tax assets that can be recognised. They are required to estimate the probable time and amount of future taxable profits.

• Others

The following financial statement elements are affected by estimates and assumptions made by Management:
- inventory obsolescence
- depreciation and amortization
- valuation of other assets.

Financial risk management

The main risks identified, monitored and actively managed by Cremonini S.p.A. are the following:

- Market risk: arising from the Company's exposure to interest rate and exchange rate fluctuations and to price volatility of the products and services sold;
- Credit risk: arising from the possibility of insolvency of a debtor counterparty;
- Liquidity risk: arising from the lack of financial resources with which to cover short-term financial commitments.

Cremonini S.p.A. uses derivative financial instruments exclusively to hedge the exposure to interest rate risk. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market risk

Market risk consists in the possibility of changes in exchange rates, interest rates or the prices of products adversely affecting the value of assets, liabilities or estimated cash flows.

Exchange Rate Risk

Cremonini S.p.A., operating mainly nationally, is marginally exposed to changes in exchange rates that therefore have little effect on the financial flows that originate from operations and loan transactions in currencies other than the European currency (euro).
As at 31 December 2022 the Company did not have an exchange rate risk.

Sensitivity analysis

In consideration of the above comments, the changes in exchange rates with respect to the euro should not have influenced Cremonini S.p.A.'s result for the period in any manner.

Interest rate risk

Cremonini S.p.A., as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.

The medium-long term loans are mainly stipulated with variable interest rates exposing the Company to the risk of a change in future cash flows while the fixed rate loans expose the Company to the risk of a change of the fair value of the loans themselves.

Sensitivity analysis

As at 31 December 2022, a hypothetic increase of 1% of the EURIBOR, as with all the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity) of about Euro 440 thousand on an annual basis (Euro 370 thousand as at 31 December 2021).

Credit risk

The credit risk represents the company's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties utilised in financial transactions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management on the basis of formalised valuation procedures for commercial partners' credit lines. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.
The monitoring of the customer is based on collection of data and information on the new customers (to permit a complete and correct evaluation of the risks that a new customer can contribute) and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the outstanding positions are never significant.
The Company's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees.

The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Company implements policies that limit the exposure to individual financial institutions.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Current trade receivables	2,942	4,605	(1,663)
Other non-current assets	137	118	19
Other current assets	217	180	37
Total	**3,296**	**4,903**	**(1,607)**

The fair value of the above categories is not indicated as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not based on observable market data.

Please refer to point 7 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is obliged to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that places the company's activities at risk.
Cremonini S.p.A. systematically respects the maturities of its commitments, a conduct which allows to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.
Cremonini S.p.A. manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all directly or indirectly wholly-owned Subsidiaries (with the exception of INALCA S.p.A. and its subsidiaries) pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, it is generally preferred to find sources through specific long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
31 December 2022				
Financial payables	50,900	28,706	-	79,606
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	9,839	-	-	9,839
	60,739	28,706	-	89,445
31 December 2021				
Financial payables	39,321	32,763	4,107	76,191
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	9,807	-	-	9,807
	49,128	**32,763**	**4,107**	**85,998**

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

Balance Sheet Assets 2022	Financial assets at amortised cost	Assets at FVPL	Assets at FVOCI	Total
Other non-current receivable items	137	-	-	**137**
Current financial receivables	15,654	-	-	**15,654**
Current trade receivables	2,942	-	-	**2,942**
Current financial assets held for sale	321	-	-	**321**
Current derivative financial instruments	-	-	-	**-**
Current tax receivables	26,036	-	-	**26,036**
Cash and cash equivalents	10,696	-	-	**10,696**
Other current receivable items	217	-	-	**217**
Total	**56,003**	**-**	**-**	**56,003**
Balance Sheet Assets 2021				
Other non-current receivable items	118	-	-	118
Current financial receivables	34,256	-	-	**34,256**
Current trade receivables	4,605	-	-	**4,605**
Current financial assets held for sale	255	-	-	**255**
Current derivative financial instruments	-	-	-	**-**
Current tax receivables	13,146	-	-	**13,146**
Cash and cash equivalents	23,157	-	-	**23,157**
Other current receivable items	180	-	-	**180**
Total	**75,718**	**-**	**-**	**75,718**

Balance Sheet Liabilities 2022	Financial liabilities at amortised cost	Liabilities at FVPL	Liabilities at FVOCI	Total
Non-current financial payables	28,706	-	-	**28,706**
Non-current derivative financial instruments	-	-	-	**-**
Current financial payables	50,900	-	-	**50,900**
Derivative financial instruments	-	-	-	**-**
Total	**79,606**	**-**	**-**	**79,606**
Balance Sheet Liabilities 2021				
Non-current financial payables	36,870	-	-	**36,870**
Non-current derivative financial instruments	-	-	-	**-**
Current financial payables	39,321	-	-	**39,321**
Derivative financial instruments	-	-	-	**-**
Total	**76,191**	**-**	**-**	**76,191**

In conformity with the requirements of the changes introduced to IFRS 13, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market[3].
In the same manner, with regard to the non-current financial payables, the recognition of which at fair value is indicated in paragraph 13 of these explanatory notes, financial assets are also classifiable as "Level 2" as the inputs that influence the fair value are directly observable market figures.
With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 5 and 10 of these explanatory notes.

[3] The Company identifies as "Level 1" financial assets/liabilities those where the input has a significant effect on the fair value recorded, represented by prices quoted on an active market for assets or liabilities and as "Level 3" financial assets/liabilities those where the input is not based on observable market figures.

Capital management policy

The Company's primary aim, in regard to capital management, is to obtain an appropriate level of entity in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the Company, in addition to the pursuit of satisfactory economic results and the generation of cash flows, can intervene on the dividends policy and configuration of the Company's capital.

The main indicators that the Company uses for capital management are:

1) R.O.S. (Return On sales);
2) R.O.I. (Return On investment);
3) R.O.A.C.E. (Return On Average Capital Employed);
4) R.O.E. (Return on Equity);
5) Net Debt / Equity;
6) Net Debt / EBITDA.

Presentation of the financial statements

The Statement of Assets and Liabilities, Income Statement and Statement of Changes in Shareholders' Equity have been drawn up in Euro, while the Financial Statements and the Explanatory Notes have been drawn up in thousands of euros in order to facilitate their presentation and interpretation.

Information included in the Directors' Report

With respect to the nature of the Company's business activities, the events of significance occurring after the end of the financial year, relationships with associated and related companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

Details of the main items of the statement of assets and liabilities

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (tangible and intangible) which have been respectively attached in annex 3 and 4 that indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

1. Tangible assets

(Euro/000)	Balance at 31.12.2021	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2022**
Land and buildings	77,257	1,192	-	-	(1,699)	76,750
Plant and machinery	2,431	464	-	-	(969)	1,926
Industrial and business equipment	-	-	-	-	-	-
Other assets	1,607	320	-	-	(474)	1,453
Fixed assets under construction and advances	100	-	-	-	-	100
Total	**81,395**	**1,976**	**-**	**-**	**(3,142)**	**80,229**

Land and buildings

The increase in the year, amounting to Euro 1.2 million, related for Euro 837 thousand to works for the refurbishment of the company-owned buildings located in Rome and at the Castelvetro premises (MO) and for Euro 285 thousand to the acquisition of a property at Vicolo Scanderbeg in Rome.

Land and buildings are encumbered by mortgages, against the loans obtained, for an amount of Euro 74 million.

Plant and machinery

The investments concerned mainly the purchase of specific facilities for the head office in Castelvetro di Modena.

Other assets

The change for the year mainly refers to increases connected with the purchase of cars, furniture and fittings for the company-owned properties in Rome.

2. Other intangible assets

(Euro/000)	Balance at 31.12.2021	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2022**
Patents and intellectual property rights	2	-	-	-	(2)	-
Concessions, licences, trademarks and similar rights	9	-	-	-	(3)	6
Total	**11**	**-**	**-**	**-**	**(5)**	**6**

3. Investments in subsidiaries and associated companies

The main changes that took place in the financial year and the additional information list regarding the subsidiary Companies are deductible, in detail, in Annexes 5 and 6.

Equity investments in subsidiaries

The main changes during the year 2022 regarded shareholdings in**:**

- INALCA S.p.A., the value of which showed a total increase of Euro 30 million as a result of the following transactions, as already described in the Directors' Report:
    - on 21 October 2022 a buyback of 53,111,588 shares, equal to 28.4% of the share capital, concerning the investment in INALCA S.p.A. by the minority shareholder IQMII was formalised for a total value of Euro 168,000 thousand;
    - on 18 November 2022 the subsidiary INALCA S.p.A. acquired 43,617,167 treasury shares on a cash basis from Cremonini S.p.A. for an amount of Euro 137,968 thousand;

- Interjet S.r.l. for a write-down of Euro 572 thousand;

- Staff Service S.r.l. (formerly Global Service S.r.l.) for a revaluation of Euro 630 thousand.

The surplus of the residual carrying value of the single equity investments in Subsidiaries compared to the measurement made with the shareholders' equity method (appendix 6) is not due to enduring impairment since it is attributable to the greater value of the assets held by the subsidiary or to the potentials and goodwill of the industrial and commercial assets they manage.

All equity investments presenting impairment indicators were tested for impairment, and the results were positive.

Specifically, the recoverability of the value of the investment in Chef Express S.p.A.. was verified by discounting the Company's cash flows.
Below are the main assumptions used to determine the value in use:

- time horizon of economic and financial forecasts: the period from 2023 to 2032;
- financial method used: Discounted Cash Flow (DCF) in its unlevered version, i.e., considering cash flows before financial and tax charges;
- cash flow growth rate beyond the plan period ("g") equal to 2.0%;
- WACC (weighted average cost of capital) discount rate of 8.3%;
- terminal value determined by perpetuity valuation of cash flows.

4. Investments in other companies and Financial assets held for sale

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Trade receivables	-	-	-
Investments in other companies	1,030	1,030	-
Financial assets available for sale	321	255	67

The increase in the balance of the "Financial assets held for sale" is attributable to the fair value measurement of the investment in Banco BPM S.p.A.

Please refer to "Equity investments in other companies" in Appendix 5 for more details.

5. Other non-current assets

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Trade receivables	-	-	-
Tax assets	136	117	19
Other receivables	1	1	-
Total	**137**	**118**	**19**

Tax assets relate for Euro 97 thousand to tax credits for investments obtained under Law 178/2020, while the remaining amount relates to the residual credit of a request for IRES (Corporate Income) tax refund submitted by Cremonini S.p.A. for itself and the Companies that joined the tax consolidation scheme in the years 2007 to 2011. The amount that was initially claimed for refund had been calculated on the IRAP (Regional Business Tax) with reference to the cost of labour and workers collaborating with the Company.

Current assets

6. Current financial receivables

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Trade receivables	15,654	34,256	(18,602)
Accrued income and prepaid expenses	-	-	-
Total	**15,654**	**34,256**	**(18,602)**

Details of the receivables from subsidiaries are given below; you are referred to Annex 1 for further details:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Receivables from subsidiaries	**11,973**	**20,785**	**(8,812)**
Chef Express S.p.A.	-	20,785	(20,785)
INALCA S.p.A.	11,973	-	11,973
Dividend receivables	-	-	-
Receivables from subsidiaries for transferred tax payables	**3,681**	**13,471**	**(9,790)**
As.Ca. S.p.A.	55	32	23
Castelfrigo Lv S.r.l.	486	14	472
INALCA S.p.A.	2,723	1,458	1,265
Inalca Food & Beverage S.r.l.	74	-	74
Italia Alimentari S.p.A.	-	393	(393)
MARR S.p.A.	-	11,397	(11,397)
New Catering S.r.l.	106	60	46
Società Agricola Corticella S.r.l.	155	-	155
Staff Service S.r.l. (ex Global Service S.r.l.)	82	-	82
Treerre Food S.r.l.	-	117	(117)
Total	**15,654**	**34,256**	**(18,602)**

Financial receivables from subsidiaries refer to the financial relationships settled through the ordinary treasury current account, the terms and conditions of which are aligned to the conditions normally applied by the banks.

7. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2022	31.12.2021	Difference
Receivables from customers	**192**	**185**	**7**
Due within 12 months	208	201	7
Provision for bad debts	(16)	(16)	-
Receivables from subsidiaries	**2,720**	**4,405**	**(1,685)**
Antonio Verrini S.r.l.	277	-	277
C&P S.r.l.	1	4	(3)
Chef Express S.p.A.	102	318	(216)
Cremonini Restauration S.a.s.	1	1	-
Cremovit S.r.l.	31	188	(157)
Dolfen S.r.l.	53	-	53
Fiorani & C. S.p.A.	452	590	(138)
Ges.car S.r.l.	989	982	7
Global Service S.r.l.	7	101	(94)
Ina Ten S.r.l.	3	-	3
INALCA S.p.A.	303	919	(616)
Interjet S.r.l.	1	1	-
Italia Alimentari S.p.A.	-	242	(242)
Macello di Parma S.r.l.	4	-	4
MARR S.p.A.	204	689	(485)
Momentum Services Ltd	1	5	(4)
Roadhouse S.p.A.	33	30	3
Sara S.r.l.	-	14	(14)
Soc. Agr. Corticella S.r.l.	258	321	(63)
Receivables from associated companies	**30**	**15**	**15**
Time Vending S.r.l.	30	15	15
Receivables from related companies	-	-	-
Cremofin S.r.l.	-	-	-
Total	**2,942**	**4,605**	**(1,663)**

The change in the provision for bad debts was the following:

(Euro/000)	31.12.2022	31.12.2021	Difference
Initial balance	(16)	(16)	-
Utilized during the year	-	-	-
Accruals during the year	-	-	-
Final balance	**(16)**	**(16)**	**-**

At 31 December 2022 the trade receivables and the provision for bad debts were apportioned by due date as follows:

(Euro/000)	31.12.2022		31.12.2021	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	5	-	113	-
Overdue up to 30 days	134	-	54	-
Overdue from 31 to 60 days	1	-	-	-
Overdue from 61 to 90 days	9	-	-	-
Overdue from 91 to 120 days	-	-	34	-
Overdue over 120 days	59	(16)	-	(16)
Total	**208**	**(16)**	**201**	**(16)**

8. Current tax assets

(Euro/000)	**31.12.2022**	31.12.2021	31.12.2021
Receivables for advance on direct taxes	-	-	-
Receivables for withholdings	4	-	4
VAT credit and other taxes requested for reimbursement	26,034	13,148	12,886
Other sundry receivables	1	1	-
Provision for bad debts	(3)	(3)	-
Total	**26,036**	**13,146**	**12,890**

Current tax assets, equal to Euro 26.0 million, showed an increase of Euro 12.9 million compared to Euro 13.1 million in 2021.
This increase was exclusively attributable to an increase in VAT credits, which were affected by the lower business volumes resulting from the resurgence of the pandemic, the investments made by the Group and higher costs of raw materials and energy.

In order to allow a more rapid reabsorption of this credit as early as during the next year, the consolidating company Cremonini S.p.A. has decided to change the composition of the Companies admitted to the VAT Group, including only those that generate debt. At the end of the next financial year, it will be considered whether the Companies that are currently excluded may be readmitted to the VAT Group in consideration of the results achieved.

9. Cash and cash equivalents

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Cash	16	17	(1)
Bank and postal accounts	10,680	23,140	(12,460)
Total	**10,696**	**23,157**	**(12,461)**

Please refer to the cash flow statement for the 2022 evolution of cash and cash equivalents.

10. Other current assets

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Accrued income and prepaid expenses	47	61	(14)
Other receivables			
Advances to suppliers	34	70	(36)
Advances to employees	8	13	(5)
Receivables from social security institutions	165	155	10
Provision for bad debts	(143)	(143)	-
Other sundry receivables	106	24	82
Total	**217**	**180**	**37**

LIABILITIES

Shareholders' equity

As far as changes are concerned, please refer to the statement of changes in equity.

11. Share capital

The share capital as at 31 December 2022 of Euro 67,073,931.60 is represented by 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., with a par value of euro 0.52 each, fully subscribed and paid up, with normal rights.

Treasury stock
At 31 December 2022 the Parent Company did not hold any treasury stock.

12. Reserves

Share premium reserve
This reserve is made up of the share premium paid by the shareholders at the time of the Public Subscription Offer in 1998. This reserve amounting to 78,280 thousand euro has not undergone changes compared to 31 December 2022.

Legal reserve
The legal reserve amounting to Euro 14,749 thousand remained unchanged in the financial year, having reached the limit referred to in Article 2430 of the Italian Civil Code.

Reserve for transition to IAS
This is the reserve set up following the first-time adoption of the International Accounting Standards.

Valuation reserve
This reserve identifies changes in the fair value of financial instruments available for sale. Changes for the period that affected the reserve under examination were a decrease in the value of the shares held in Banco BPM S.p.A..

Basic earnings (loss) per share
Basic earnings per share as at 31 December 2022 amounted to Euro 0.0850 (Earnings per share of Euro 0.2177 at 31 December 2021) and have been calculated on the basis of the profit for the year of Euro 10,969,328 divided by the weighted average number of ordinary shares outstanding in 2022, equal to 128,988,330.

Diluted earnings (loss) per share
There is no difference between basic and diluted earnings per share.

Non-current liabilities

13. Non-current financial payables

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Due between 1 and 5 years			
Payables to banks	28,680	32,737	(4,057)
Payables to subsidiaries for Ires reimbursement	26	26	-
Total payables due between 1 and 5 years	**28,706**	**32,763**	**(4,057)**
Due beyond 5 years			
Payables to banks	-	4,107	(4,107)
Total payables due beyond 5 years	**-**	**4,107**	**(4,107)**
Total	**28,706**	**36,870**	**(8,164)**

Below is the breakdown of payables to banks:

(Euro/000)	Credit line	Current	Between 1 and 5 years	Beyond 5 years	**Total 31.12.2022**
Overdraft	3,300	199	-	-	199
Hot Money	19,000	7,065	-	-	7,065
Mortgages	37,000	8,222	28,778	-	37,000
Others	-	(58)	(98)	-	(156)
Total		**15,428**	**28,680**	**-**	**44,108**

The composition of the mortgages is as follows:

Bank (Euro/000)	Expiry date	Current	between 1 and 5 years	beyond 5 years	**Total 31.12.2022**
Banca Intesa Sanpaolo S.p.A.	30/06/27	8,222	28,778	-	**37,000**
Total		**8,222**	**28,778**	**-**	**37,000**

Net Debt

The table below reports the breakdown of Net Debt at 31 December 2022 and for the previous year:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
A. Cash	10,696	23,158	(12,462)
B. Cash equivalents	-	-	-
C. Other current financial assets	11,973	20,785	(8,812)
D. Liquidity (A) + (B) + (C)	**66,612**	**22,669**	**(21,274)**
E. Current financial debt (including debt instruments)	18,965	16,615	2,350
F. Current portion of non-current financial debt	15,428	4,487	10,941
G. Current financial indebtedness (E + F)	**34,393**	**21,102**	**13,291**
H. Net current financial indebtedness (G - D)	**11,724**	**(22,841)**	**34,565**
I. Non-current financial debt (excluding current portion and debt instruments)	64,293	**61,545**	**58,797**
J. Debt instruments	(21,284)	**22,261**	**77,721**
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	**28,680**	36,844	(8,164)
M. Total financial indebtedness (H + L)	**40,404**	**14,003**	**26,401**

The only medium-long term loan agreement in place as at 31 December 2022 provides for financial covenants that, in case of infringement, would entitle the Bank to withdraw from the agreement itself. The covenants on the agreement (as amended during 2022 to take into account the buy-back of Shares of INALCA S.p.A.) - shown in the table below - had been complied with at the date of the precise check on 31 December 2022.

Table 1

(Euro/000)	Banca Intesa Sanpaolo S.p.A. (a)
Amount of the loans as at 31 December 2022	37,000
Recipient of the loan	Cremonini S.p.A.
Expiry date	30/06/2027
Covenants	
Net Debt/EBITDA	<= 4.0
Net Debt/Equity	<= 2.0

(a) covenants calculated on the consolidated financial statements of the Cremonini Group, net of the effects of the adoption of IFRS 16.

14. Employee benefits

The item includes the payable for staff severance indemnities and the movement in the period was the following:

(Euro/000)	**31.12.2022**	31.12.2021
Opening balance	317	373
Accrued for the year	1	-
Use for the financial year	-	(62)
Actuarial gains and losses	(24)	6
Closing balance	**294**	**317**

With reference to the significant actuarial assumptions (as indicated in the paragraph "Main accounting judgments, estimates and assumptions adopted by Management"), the table below shows the effects on the final liabilities deriving from the possible changes thereto.

(Euro/000)	Turnover rate +1%	Turnover rate -1%	Inflation rate + 0.25%	Inflation rate - 0.25%	Discount rate + 0.25%	Discount rate - 0.25%
Effect on the final liability	293	292	295	290	289	296

15. Provisions for risks and charges

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Minor lawsuits and disputes	-	-	-
Provision for risks and losses	102	102	-
Total	**102**	**102**	**-**

(Euro/000)	Balance at 31.12.2021	Provision	Use	**Balance at 31.12.2022**
Minor lawsuits and disputes	-	-	-	-
Provision for risks and losses	102	-	-	102
Total	**102**	**-**	**-**	**102**

The provisions for risks and charges, unchanged compared to 2022, consist of the quantification of liabilities connected with contractual costs and charges of probable existence.

16. Deferred tax assets and liabilities

As at 31 December 2022, the deferred taxes amounted to Euro 3,862 thousand and represent Euro 3,943 thousand of deferred taxes and Euro 81 thousand of pre-paid taxes.

The first items consist principally of deferred tax liabilities arising from the revaluation of land and buildings, carried out during the transition to international accounting standards, and the deferral of taxation on capital gains realised while deferred taxes refer to the tax effect calculated on the taxed funds taxable in subsequent years.
The details of the individual positions are shown in the following tables.

(Euro/000)	**31.12.2022**		31.12.2021	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Deferred tax assets				
Bad debt provision	161		161	
Taxed Provisions	89		102	
Derivatives - Cash Flow Hedge	-			
Other	86		108	
Total	**336**		**371**	
Taxable amount for IRES	**336**		**371**	
Tax Rate	24.00%		24.00%	
Deferred tax assets for IRES		**81**		**89**

(Euro/000)	**31.12.2022**		31.12.2021	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Deferred tax liabilities				
Capital Gains	-		-	
Tangible assets	16,429		16,416	
Total	**16,429**		**16,416**	
Tax Rate	24.00%		24.00%	
Deferred tax liabilities for IRES		**3,943**		**3,940**

Current liabilities

17. Current financial payables

(Euro/000)	31.12.2022	31.12.2021	Difference
Payables to subsidiaries	35,466	32,646	2,820
Payables controlling companies	6	2,188	(2,182)
Payables to banks	15,428	4,487	10,941
Closing balance	**50,900**	**39,321**	**11,579**

With regard to the change in bank payables compared to the previous year please refer to the cash flow statement and comments in the Directors' Report with reference to the net debt.
The detail of the payables to subsidiaries is reported below; please refer to Annex 1 for further details:

(Euro/000)	31.12.2022	31.12.2021	Difference
Payables to consolidated subsidiaries	**18,997**	**14,442**	**4,555**
Chef Express S.p.A.	3,783	-	3,783
INALCA S.p.A.	1	2,879	(2,878)
Interjet S.r.l.	2,870	3,646	(776)
MARR S.p.A.	9,412	5,794	3,618
Staff Service S.r.l. (formerly Global Service S.r.l.)	2,931	2,123	808
Payables to unconsolidated subsidiaries	-	-	-
Payables to subsidiaries for transferred tax receivables	**16,469**	**18,204**	**(1,735)**
Antonio Verrini S.r.l.	279	-	279
C&P S.r.l.	960	986	(26)
Chef Express S.p.A.	6,131	10,669	(4,538)
Ges.car. S.r.l.	16	619	(603)
Global Service S.r.l.	-	17	(17)
Guardamiglio S.r.l.	944	706	238
Inalca Food & Beverage S.r.l.	-	27	(27)
Interjet S.r.l.	182	102	80
Italia Alimentari S.r.l.			
MARR S.p.A.	3,913	-	3,913
Roadhouse S.p.A.	2,694	4,615	(1,921)
Roadhouse Grill Roma S.r.l.	471	342	129
Sara S.r.l.			
Società Agricola Corticella S.r.l.	-	40	(40)
Tecno-Star due S.r.l.	-	5	(5)
Treerre Food S.r.l.	131	76	55
W Italia S.r.l. [a]	-	-	-
Total	**35,466**	**32,646**	**2,820**

Relative to the financial payables to consolidated companies please refer to the description in the item “Current financial receivables” (note 6).

18. Current tax liabilities

(Euro/000)	31.12.2022	31.12.2021	Difference
IRES	1,549	6,701	(5,152)
Withholding taxes	352	552	(200)
Substitute taxes and other taxes payable	-	-	-
Total	**1,901**	**7,253**	**(5,352)**

IRES tax payables are relating to the balance of current taxes accrued in 2022 within the scope of the tax consolidation scheme, which has been joined by Cremonini S.p.A. as the consolidating company. The debt accrued during the year is stated net of the residual receivables for IRES tax advances paid.

19. Current trade liabilities

(Euro/000)	31.12.2022	31.12.2021	Difference
Suppliers	**1,138**	**1,332**	**(194)**
Payables to parent company	-	-	-
Cremofin S.r.l.	-	-	-
Payables to subsidiaries	**8,701**	**8,475**	**226**
As.ca. S.p.A.	2	-	2
Castelfrigo S.r.l.	1,606	128	1,478
C&P S.r.l.	424	293	131
Chef Express S.p.A.	1,599	715	884
Guardamiglio S.r.l.	166	123	43
INALCA S.p.A.	655	2,042	(1,387)
Inalca Food & Beverage S.r.l.	261	318	(57)
Interjet S.r.l.	5	2	3
Italia Alimentari S.p.A.	679	1,111	(432)
MARR S.p.A.	1,458	2,426	(968)
New Catering S.r.l.	74	113	(39)
Realbeef S.r.l.	82	146	(64)
Roadhouse S.p.A.	1,141	524	617
Roadhouse Grill Roma S.r.l.	318	281	37
Sara S.r.l.	1	-	1
Staff Service S.r.l. (formerly Global Service S.r.l.)	155	133	22
Tecno-Star Due S.r.l.	74	104	(30)
Treerre Food S.r.l.	1	16	(15)
Total	**9,839**	**9,807**	**32**

Payables to subsidiaries mainly arise from the assignment of VAT credits to the parent company Cremonini S.p.A. within the scope of the Group's VAT payments.

20. Other current liabilities

(Euro/000)	31.12.2022	31.12.2021	Difference
Accrued expenses and deferred income	142	109	33
Inps/Inail/Scau	215	227	(12)
Inpdai/Previndai/Fasi/Besusso	51	59	(8)
Payables to other social security institutions	42	41	1
Other payables			
Advances and other payables from customers	-	-	-
Payables for employee remuneration	418	366	52
Guarantee deposits and down payments received	-	-	-
Payables to directors and statutory auditors	132	146	(14)
Other minor payables	333	318	15
Total	**1,333**	**1,266**	**67**

The payable for employee remuneration includes the current wages and salaries still to be paid as at 31 December 2022, as well as the allocations relating to the holidays accrued and not taken and related charges.

Guarantees, sureties and commitments

These consist of guarantees given directly by the Company, in the interests of both Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, Group VAT set-offs, participation in tenders, etc..

They refer to:

(Euro/000)	**31.12.2022**	31.12.2021
Loans or credit lines	433,217	456,769
Revenue Agency / VAT offices	66,054	49,686
Supply contracts, management of leased assets, good performance of contratcs etc.	12,345	19,459
Other minor	209	891
Total guarantees, sureties and commitments	**511,825**	**526,805**

Collateral guarantees granted

Collateral guarantees granted to third parties, mainly relating to mortgages on owned properties, are detailed in the comment on the financial statement item of "tangible assets".

Details of the main items of the income statement

21. Revenues

These are broken down as follows:

(Euro/000)	**2022**	2021	Difference
Revenues from sales - Goods for resale	13	5	8
Revenues from services	3,439	3,332	107
Advisory services to third parties	1,981	1,602	379
Rent income	2,354	2,246	108
Other revenues from ordinary activities	310	79	231
Total	**8,097**	**7,264**	**833**

Below is a breakdown of revenues by geographical area:

(Euro/000)	**2022**	2021	Difference
Italy	8,089	7,255	834
European Union	8	9	(1)
Non-EU countries	-	-	-
Total	**8,097**	**7,264**	**833**

22. Other revenues and income

(Euro/000)	**2022**	2021	Difference
Insurance reimbursements	-	-	-
Capital gains on disposal of capital goods	-	-	-
Operating grants	25	9	16
Other cost reimbursements	783	875	(92)
Services, consultancy and other minor revenues	-	-	-
Total	**808**	**884**	(76)

23. Costs for purchases

(Euro/000)	**2022**	2021	Difference
Costs for purchases - Goods for resale	(17)	(10)	(7)
Costs for purchases - Stationery and printed paper	(4)	(5)	1
Other costs for purchases	(76)	(48)	(28)
Total	**(97)**	**(63)**	**(34)**

24. Other operating costs

(Euro/000)	**2022**	2021	Difference
Costs for services	(3,740)	(3,414)	(326)
Costs for leases and rentals	(83)	(118)	35
Other operating charges	(1,464)	(805)	(659)
Total	**(5,287)**	**(4,337)**	(950)

The change in the balance with respect to last year is detailed in the following tables.

Costs for services

(Euro/000)	**2022**	2021	Difference
Energy consumption and utilities	(457)	(431)	(26)
Maintenance and repairs	(284)	(277)	(7)
Commisions, commercial and distribution services	(474)	(378)	(96)
Third-party services and outsourcing	(62)	(52)	(10)
Purchasing services	-	0	0
Other technical and general services	(2,463)	(2,276)	(187)
Total	**(3,740)**	**(3,414)**	(326)

Costs for leases and rentals

(Euro/000)	**2022**	2021	Difference
Rents and charges payable other property assets	(83)	(118)	35
Leases and rentals related to real and personal property	**(83)**	**(118)**	**35**
Total	**(83)**	**(118)**	**35**

Other operating charges

(Euro/000)	**2022**	2021	Difference
Losses on receivables	-	- 4	4
Indirect taxes and duties	(1,036)	(500)	(536)
Capital losses on disposal of assets	-	0	0
Contributions and membership fees	(46)	(46)	0
Other minor costs	(382)	(255)	(127)
Total	**(1,464)**	**(805)**	**(659)**

Indirect taxes and duties include a Tobin tax (tax on financial transactions), equal to Euro 336 thousand, paid as a result of the buyback of shares of subsidiary INALCA S.p.A.
The increase in the item compared to the previous year was also justified by a higher non-deductible VAT as a result of the application of the different pro-rata calculated for the 2022 financial year.

"Other minor costs" mainly include costs anticipated in the name and on behalf, which are then re-charged back to subsidiaries.

25. Personnel costs

(Euro/000)	**2022**	2021	Difference
Salaries and wages	(3,296)	(2,943)	(353)
Social security contributions	(880)	(830)	(50)
Pensions and similar obligations	(2)	- 2	0
Staff Severance Provision	(233)	(208)	(25)
Other personnel costs	(33)	(50)	17
Total	**(4,444)**	**(4,033)**	**(411)**

On 31 December 2022 the Company employed a total staff number of 22 persons, as follows:

	Factory staff	Office staff	Managers	**Total**
Employees as at 31.12.2021	0	12	7	19
Employees as at 31.12.2022	**0**	**15**	**7**	**22**
Increases (decreases)	0	3	0	3
Average no. of employees during year 2022	**0**	**17**	**7**	**24**

26. Amortization, depreciation, write-downs and provisions

(Euro/000)	2022	2021	Difference
Depreciation of tangible assets	(3,141)	(3,075)	(66)
Amortization of intangible assets	(5)	(10)	5
Other write-downs of fixed assets	-	0	0
Write-downs and provisions	(750)	-	(750)
Total	**(3,896)**	**(3,085)**	**(811)**

The provision of Euro 750 thousand relates to penalties and interest estimated as a result of objections submitted by the Revenue Agency –Modena Provincial Head Office - regarding the failure to provide the guarantees envisaged for the excess VAT credit related to the tax years 2016, 2017 and 2018 transferred by the subsidiaries INALCA S.p.A. and Italia Alimentari S.p.A. to Cremonini S.p.A. and used as setoff against the entire amount with excess debit accrued by other entities that have joined the Group VAT.

27. Income (Charges) from equity investments

(Euro/000)	2022	2021	Difference
Income (Charges) from investments in subs.	15,766	31,826	(16,060)
Income (Charges) from investments in other comp.	57	76	(19)
Write-down of investments	58	(539)	597
Total	**15,881**	**31,363**	**(15,482)**

The change in the balance with respect to last year is detailed in the following tables.

Income (Charges) from equity investments in subsidiaries

(Euro/000)	2022	2021	Difference
Dividends from subsidiaries			
INALCA S.p.A.	-	20,086	(20,086)
Marr S.p.A.	15,766	11,740	4,026
Total	**15,766**	**31,826**	**(16,060)**

Dividends were received from subsidiary MARR S.p.A. during the year.

Income (Charges) from equity investments in other companies

The 2022 balance of the item under examination includes dividends received in the year from the investees Futura S.r.l. for Euro 39 thousand and Banco BPM S.p.A. for Euro 18 thousand.

Write-downs/Revaluations of investments

(Euro/000)	2022	2021	Difference
Imprenditori E-Marco Polo S.r.l. (in liquidation)	-	(207)	207
Interjet S.r.l.	(572)	(332)	(240)
Staff Service S.r.l. (formerly Global Service S.r.l.)	630	-	630
Total	**58**	**(539)**	**597**

As already described in paragraphs 3 "Investments in subsidiaries and associates" and 4 "Investments in other companies", the receivables are impaired. In particular, the investment in Interjet S.r.l. was written down to reflect losses incurred in 2022.

28. Financial Income/(Charges)

(Euro/000)	2022	2021	Difference
Income (Charges) from management of derivatives	-	(40)	40
Net financial Income (Charges)	(960)	(329)	(631)
Total	**(960)**	**(369)**	**(591)**

(Euro/000)	2022	2021	Difference
Realized Income (Charges) from management of derivatives	-	(40)	40
Valuation Income (Charges) from management of derivatives	-	-	-
Total	**-**	**(40)**	**40**

In detail:

<u>Net financial income (charges)</u>

(Euro/000)	2022	2021	Difference
Financial Income (Charges) from controlling companies	**(4)**	**(11)**	**7**
Financial Income (Charges) from subsidiaries	**275**	**80**	**195**
Financial Income (Charges) from associated companies	**-**	**-**	**-**
Financial income			
- Bank interest receivable	13	-	13
- Other financial income	-	-	-
Total financial income	**13**	**-**	**13**
Financial charges			
- Interest payable on loans	(490)	(365)	(125)
- Interest payable on current accounts and others	(255)	(10)	(245)
- Other bank charges	(499)	(23)	(476)
- Other sundry charges	-	-	-
Total financial charges	**(1,244)**	**(398)**	**(846)**
Total	**(960)**	**(329)**	**(631)**

The item groups the total of the interest income and payable connected to the Group's treasury service and interest, commissions and charges payable to banks and other lenders.

Below is the breakdown of financial charges and income to/from subsidiaries:

(Euro/000)	2022	2021	Difference
Antonio Verrini S.r.l.	1	-	1
Asca S.p.A.	1	3	(2)
C&P S.r.l.	4	-	4
Chef Express S.p.A.	113	50	63
Ges.Car. S.r.l.	-	16	(16)
Guardamiglio S.r.l.	-	11	(11)
INALCA S.p.A.	149	42	107
Interjet S.r.l.	(21)	(18)	(3)
Italia Alimentari S.p.A	6	9	(3)
MARR S.p.A.	38	(22)	60
New Catering S.r.l.	1	1	-
Staff Service S.r.l. (formerly Global Service S.r.l.)	(17)	(12)	(5)
Treerre Food S.r.l.	1	-	1
Total	**275**	**80**	**195**

29 Income taxes

(Euro/000)	2022	2021	Difference
Net income from subs. for transferred taxable amounts	873	457	416
IRES previous years	-	-	-
	873	**457**	**416**
Provision for deferred tax assets/liabilities	(5)	(2)	(3)
IRAP	-	-	-
IRAP previous years	-	-	-
	(5)	**(2)**	**(3)**
Total	**868**	**455**	**413**

The balance of net income from tax consolidation refers to the result of the IRES (corporate income) tax consolidation scheme, which has been joined by Cremonini S.p.A. as the consolidating company.

Reconciliation of theoretical tax burden and actual tax burden

IRES

(Euro/000)	Year 2022		Year 2021	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**10,102**		**27,623**	
Taxation rate	24.0%		24.0%	
Theoretical tax burden		**(2,424)**		**(6,630)**
Permanent differences				
Non-deductible amortization and depreciation	221		206	
Write-down of financial assets	572		540	
Taxes and tax amnesties	287		283	
Other increases	1,462		226	
Total increases	**2,542**		**1,255**	
Dividends from foreign companies	(15,032)		(30,307)	
Deductible IRAP and IMU	(287)		(170)	
Write-up of financial assets				
Gains/losses on disposals	(630)			
Other decreases	(536)		(532)	
Total decreases	**(16,485)**		**(31,009)**	
Timing differences deductible in future years				
Provisions to taxed funds	0		0	
Other increases	320		328	
Total	**320**		**328**	
Timing differences taxable in future years				
Capital gains on disposal of real estate				
Other decreases	(41)		(73)	
Total	**(41)**		**(73)**	
Reversal of timing diff. from previous years				
Capital gains on disposal of real estate	0		0	
Total	**0**		**0**	
Use of taxed provisions	0		0	
Other decreases	(73)		(73)	
Total	**(73)**		**(73)**	
Taxable income	**(3,636)**		**(1,949)**	
Tax rate	24.0%		24.0%	
Actual tax durden		**873**		**468**
Ires previous years		**0**		**(11)**

IRAP (regional tax on production)

(Euro/000)	Year 2022	Year 2021
	Taxable amount	Taxable amount
Profit before taxation	**10,102**	**27,623**
Costs not relevant for IRAP		
Financial Income/Charges	(960)	(369)
Revenues from equity investments	15,881	31,363
Write-downs and provisions	0	0
Personnel costs	(4,444)	(4,033)
Deductible personnel costs		
Ohers		
Total	**10,477**	**26,961**
Theoretical taxable amount	**0**	**0**
Taxation rate	3.90%	3.90%
Actual tax burden	**0**	**0**
Irap previous years		

Information required by Law no. 124/2017

In accordance with the above rules, it should be noted that the Company received the following donations from public administrations in 2022.

Beneficiary	Granter	Reason	Amount (Euro/000)
Cremonini S.p.A.	MEF / Agenzia Entrate	Electricity / Gas Bonus	9

Other information

Pursuant to the law the total fees due to the directors (Articles 2364 and 2389 of the Italian Civil Code), members of the Board of Statutory Auditors and independent auditors are noted below:

- Directors: Euro 300 thousand
- Board of Statutory Auditors: Euro 73 thousand
- Independent Auditors: Euro 40 thousand.

(Euro/000)	Company that provided the service	Recipient	Fees pertaining to 2022
Audit	PricewaterhouseCoopers S.p.A.	Cremonini S.p.A.	39,865
Total			**39,865**

Events occurring after the end of the financial year

Please refer to the Directors' Report for details of the other events occurring after the financial year-end.

Allocation of the result for the year

Dear Shareholders,

before concluding and requesting your decisions on this matter, we confirm that the draft financial statements for the year ended 31 December 2022, submitted for your examination and approval herein, were prepared in compliance with prevailing legislation.

Please refer to the Directors' Report for comments on the overall situation of the Company and the Group, as well as the Explanatory Notes for comments on individual items. We invite you to approve the financial statements for the year ended 31 December 2022, together with the Directors' Report.

Furthermore, we propose to distribute a dividend of Euro 0.12 per ordinary share, totalling Euro 15,478,599.60, with related "ex-dividend date" (no. 15) on 26 June 2023 and payment on 28 June 2023 through:

- The full use of the net profit for the year of Euro 10,969,328.86;
- The use of the “Retained earnings” reserve of Euro 4,509,270.74.

Castelvetro di Modena, 28 March 2023

Signed by

Claudia Cremonini

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

Annexes

These annexes contain information additional to that reported in the notes to the separate financial statements, and form an integral part thereof:

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2022;
Annex 2	-	Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for the 2022 financial year;
Annex 3	-	Statement of changes in tangible assets for the financial statements ended 31 December 2022;
Annex 4	-	Statement of changes in other intangible assets for the financial statements ended 31 December 2022;
Annex 5	-	List of equity investments and Available-for-sale assets as at 31 December 2022;
Annex 6	-	List of equity investments in subsidiaries and associated companies as at 31 December 2022 (Article 2427, paragraph 5, of the Italian Civil Code).

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2022

(Euro/000)	Treasury		Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:					(a)	(b)		
Antonio Verrini S.r.l.	-	-	277	-	-	279	**277**	**279**
As.ca. S.p.A.	-	-	-	2	55	-	**55**	**2**
Castelfrigo S.r.l.	-	-	-	1,606	486	-	**486**	**1,606**
C&P S.r.l.	-	-	1	424	-	960	**1**	**1,384**
Chef Express S.p.A.	-	3,767	102	1,599	-	6,156	**102**	**11,522**
Cremonini Restauration S.A.S.	-	-	1	-	-	-	**1**	**-**
Cremovit S.r.l.	-	-	31	-	-	-	**31**	**-**
Dolfen S.r.l.	-	-	53	-	-	-	**53**	**-**
Fiorani & C. S.p.A.	-	-	452	-	-	-	**452**	**-**
Ges.Car. S.r.l.	-	-	989	-	-	16	**989**	**16**
Guardamiglio S.r.l.	-	-	-	166	-	944	**-**	**1,110**
Ina Ten S.r.l.	-	-	3	-	-	-	**3**	**-**
INALCA S.p.A.	11,973	-	303	655	2,723	-	**14,999**	**655**
Inalca Food & Beverage S.r.l.	-	-	-	262	74	-	**74**	**262**
Interjet S.r.l.	-	2,862	1	5	-	190	**1**	**3,057**
Italia Alimentari S.p.A.	-	-	-	680	-	605	**-**	**1,285**
Macello di Parma S.r.l.	-	-	4	1,458	-	-	**4**	**1,458**
Marr S.p.A.	-	9,404	204	-	-	3,931	**204**	**13,335**
Momentum Services Ltd	-	-	1	-	-	-	**1**	**-**
New Catering S.r.l.	-	-	-	74	106	-	**106**	**74**
Railrest S.A.	-	-	-	-	-	-	**-**	**-**
Realbeef S.r.l.	-	-	-	82	-	-	**-**	**82**
Roadhouse S.p.A.	-	-	-	1,140	-	2,696	**-**	**3,836**
Roadhouse Grill Roma S.r.l.	-	-	33	318	-	471	**33**	**789**
Sara S.r.l.	-	-	-	1	-	143	**-**	**144**
Società Agricola Corticella S.r.l.	-	-	258	-	155	-	**413**	**-**
Staff Service S.r.l. (formerly Global Service S.r.l.)	-	2,925	7	155	82	10	**89**	**3,090**
Tecnostar Due S.r.l.	-	-	-	74	-	-	**-**	**74**
Treerre Food S.r.l.	-	-	-	1	-	131	**-**	**132**
Total subsidiaries	**11,973**	**18,958**	**2,720**	**8,702**	**3,681**	**16,532**	**18,374**	**44,192**
Associated companies:								
Time Vending S.r.l.	-	-	30	-	-	-	**30**	**-**
Total associated companies	**-**	**-**	**30**	**-**	**-**	**-**	**30**	**-**
Controlling companies:								
Cremofin S.r.l.	-	6	-	-	-	-	**-**	**6**
Total controlling companies	**-**	**6**	**-**	**-**	**-**	**-**	**-**	**6**

(a) Other receivables include receivables for IRES (corporate tax) benefits transferred to the Parent Company.

(b)The other payables include payables for IRES (corporate tax) benefits transferred to the Parent Company.

Annex 2

Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for the 2022 financial year

(Euro/000)	Financial revenues	Services	Sales	Other (a)	**Total revenues**	Financial expenses	Services	Purchases	Other	**Total expenses**
Subsidiaries:										
Antonio Verrini S.r.l.	1	-	-	-	**1**	-	-	-	-	**-**
As.ca. S.p.A.	1	-	-	-	**1**	-	-	-	-	**-**
Castelfrigo S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
C&P S.r.l.	4	7	3	-	**14**	-	-	-	-	**-**
Chef Express S.p.A.	129	2,560	399	-	**3,088**	16	81	-	-	**97**
Dolfen S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
Fiorani & C. S.p.A.	-	6	-	-	**6**	-	-	-	-	**-**
Ges.Car. S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
Global Service S.r.l.	-	63	-	-	**63**	-	-	-	-	**-**
Guardamiglio S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
Ina Ten S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
INALCA S.p.A.	149	1,870	13	1	**2,033**	-	9	1	-	**10**
Imprenditori per E-Marco Polo S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
Inalca Food & Beverage S.r.l.	-	37	5	-	**42**	-	1	-	-	**1**
Interjet S.r.l.	-	10	4	-	**14**	21	28	-	572	**621**
Italia Alimentari S.p.A.	6	355	4	1	**366**	-	18	-	1	**19**
Macello di Parma S.r.l.	-	-	-	-	**-**	-	-	-	-	**-**
MARR S.p.A.	56	1,259	14	15,766	**17,095**	19	5	-	-	**24**
Momentum Services Ltd	-	5	-	-	**5**	-	-	-	-	**-**
New Catering S.r.l.	1	2	-	-	**3**	-	-	-	-	**-**
Railrest S.A.	-	3	-	-	**3**	-	-	-	-	**-**
Realbeef S.r.l.	-	4	-	-	**4**	-	-	-	-	**-**
Roadhouse S.p.A.	-	812	102	-	**914**	-	1	-	-	**1**
Roadhouse Grill Roma S.r.l.	-	36	1	-	**37**	-	-	-	-	**-**
Sara S.r.l.	-	8	-	-	**8**	-	-	-	-	**-**
Società Agricola Corticella S.r.l.	-	3	-	-	**3**	-	-	-	-	**-**
Staff Service S.r.l. (formerly Global Service S.r.l.)	-	-	37	630	**667**	17	158	1	-	**176**
Tecnostar Due S.r.l.	-	5	-	-	**5**	-	71	-	-	**71**
Treerre Food S.r.l.	1	-	-	-	**1**	-	-	-	-	**-**
Total subsidiaries	**348**	**7,045**	**582**	**16,398**	**24,373**	**73**	**372**	**2**	**573**	**1,020**
Associated companies:										
Time Vending S.r.l.		2	29	-	**31**	-	-	-	-	**-**
Total associated companies	**-**	**2**	**29**	**-**	**31**	**-**	**-**	**-**	**-**	**-**
Controlling companies:										
Cremofin S.r.l.	-	-	-	-	**-**	4	-	-	-	**4**
Total controlling companies	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**-**	**4**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial statements ended 31 December 2022

(Euro/000)	Opening position			Changes over the period					Closing position		
	Initial cost	Accumulated depreciation	Balance at 31.12.2021	Merger	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Accumulated depreciation	Balance at 31.12.2022
Land and buildings	99,624	(22,367)	77,257	-	1,192	-	-	(1,699)	100,816	(24,066)	76,750
Plant and machinery	9,184	(6,753)	2,431	-	464	-	-	(969)	9,648	(7,722)	1,926
Industrial and business equipment	49	(49)	-	-	-	-	-	-	49	(49)	-
Other assets	8,098	(6,491)	1,607	-	320	-	-	(474)	8,369	(6,916)	1,453
Fixed assets under construction and advances	100	-	100	-	-	-	-	-	100	-	100
Total	**117,055**	**(35,660)**	**81,395**	**-**	**1,976**	**-**	**-**	**(3,142)**	**118,982**	**(38,753)**	**80,229**

Annex 4

Statement of changes in other intangible assets for the financial statements ended 31 December 2022

(Euro/000)	Opening position			Changes over the period				Closing position		
	Initial cost	Accumulated amortization	Balance at 31.12.2021	Acquisitions	Net decreases	Reclass./Write-downs Other changes	Amortization	Initial cost	Accumulated amortization	Balance at 31.12.2022
Patents and intellectual property rights	240	(238)	2	-	-	-	(2)	240	(240)	-
Concessions, licences, trademarks and similar rights	28	(19)	9	-	-	-	(3)	28	(22)	6
Total	**268**	**(257)**	**11**	**0**	**0**	**0**	**(5)**	**268**	**(262)**	**6**

Annex 5

List of equity investments and Available-for-sale assets as at 31 December 2022

(Euro/000) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Note
Subsidiaries:									
Chef Express S.p.A.	100.00	61,070	-	-	-	-	100.00	61,070	
INALCA S.p.A.	71.60	138,209	168,000	(137,968)	-	-	100.00	168,241	
Interjet S.r.l.	100.00	3,361	-	-	(572)	-	100.00	2,789	
MARR S.p.A.	50.42	57,937	-	-	-	-	50.72	57,937	
Staff Service S.r.l. (formerly Global Service S.r.l.)	100.00	1,644	-	-	630	-	100.00	2,274	
Total subsidiaries		**262,221**	**168,000**	**(137,968)**	**58**	**0**		**292,311**	
Other companies:									
Futura S.p.A.		962	-	-	-	-		962	
Other minor companies		68	-	-	-	-		68	
Total other companies		**1,030**	**0**	**0**	**0**	**0**		**1,030**	
Financial assets held for sale									
Banco BPM S.p.A.		255	-	-	66	-		321	a)
Total Financial assets held for sale		**255**	**0**	**0**	**66**	**0**		**321**	

a) the investment (write-off)/revaluation has been booked in the specific equity reserve "Fair value reserve"

Annex 6

List of equity investments in Subsidiaries and associated Companies as at 31 December 2022 (Article 2427.5 of the Italian Civil Code)

(Euro/000) Name	Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2022	Net equity at 31.12.2022	Percentage held at 31.12.2022	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes
Subsidiaries:									
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(5,925)	24,449	100.00%	61,070	8,871	(52,199)	
INALCA S.p.A.	Castelvetro di Modena (MO)	187,017,167	67,710	448,895	100.00%	168,241	467,478	299,237	
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(589)	2,789	100.00%	2,789	2,789	0	
MARR S.p.A.	Rimini	33,262,560	25,401	326,875	50.72%	57,937	173,187	115,250	
Staff Service S.r.l. (formerly Global Service S.r.l.)	Castelvetro di Modena (MO)	93,000	714	2,274	100.00%	2,274	2,274	0	
Total subsidiaries						**290,037**	**652,325**	**362,288**	

CREMONINI S.P.A.

Via Modena no. 53 – Castelvetro di Modena (MO)

Share capital Euro 67,073,931.60= fully paid-up

Registered with the Modena Chamber of Commerce Economic and Administrative Register no. 126967

Modena Register of Companies no. 00162810360

Tax code and VAT no. 00162810360

* * *

BOARD OF STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS' MEETING

FINANCIAL STATEMENTS AT 31 DECEMBER 2022

prepared pursuant to and for the purposes of

Art. 2429.2 of the Italian Civil Code

Dear Shareholders,

During the financial year ended 31 December 2022, our activities were guided by the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of unlisted companies issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), published in December 2020 and in force since 1 January 2021.

With this report we bring to your attention such activities and the results achieved.

The financial statements of Cremonini S.p.A. as of 31 December 2022, prepared in accordance with the Italian regulations governing their preparation, have been submitted for your examination, and showed a profit for the year of Euro 10,969,328.86. The financial statements were made available to us within the terms of law by the Board of Directors on 28 March 2023. We received from the shareholders the letters for the waiver of terms and conditions pursuant to Article 2429, para. 3, of the Italian Civil Code for the filing of this report at the registered office.

The independent auditors, PricewaterhouseCoopers S.p.A., in charge of the statutory audit of the accounts delivered to us their report dated 27 April 2023 showing an unqualified opinion.

From the independent auditor's report the financial statements give a true and fair view of the financial position of Cremonini S.p.A. as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The Board of Statutory Auditors, not being entrusted with the statutory audit, carried out on the financial statements the supervisory activities envisaged in Rule 3.8. of the "Rules of conduct of the Board of Statutory Auditors of unlisted companies" consisting of an overall summary control aimed at verifying that the financial statements have been properly prepared. It is the responsibility of the independent auditors to verify the compliance with the accounting records.

1) Supervision work under Art. 2403 and ff. of the Italian Civil Code

We supervised compliance with the law, with the Articles of Association, with proper management principles and in particular, the adequacy of the organisational, administrative and accounting set-up and its actual functioning.

We attended Shareholders' Meetings and Board of Directors' meetings and, on the basis of the information to hand, we have no particular observations to report.

We obtained information from the Board of Directors, well in advance and also during the meetings held, on the general company performance and its outlook, as well as on transactions of greater significance, by size or characteristics, conducted by the Company and its subsidiaries and, on the basis of the information to hand, we have no particular observations to report.

As a part of periodic exchanges of data and information, we held meetings with the audit firm PricewaterhouseCoopers S.p.A, the Supervisory Board as well as with the Supervisory Board of the subsidiaries Chef Express S.p.A. and Roadhouse S.p.A. without any points emerging that are worthy of mention herein.

We perused the Annual Report prepared by the Supervisory Board, dated 31 December 2022 in in which the need was highlighted, as also shared with the Board of Directors, to update the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. No other critical issues concerning the proper implementation of the organisational model have emerged that need to be highlighted in this report.

We point out that the Board of Directors, held on 28 March 2023, approved and adopted the Organisation, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001, as supplemented, and updated the Company’s Code of Ethics accordingly.

We acquainted ourselves with and supervised the adequacy of the organisational, administrative and accounting structure and its actual functioning also by gathering information from heads of functions and we have no particular observations to report in this regard.

We acquainted ourselves with and supervised, within the sphere of our responsibility, the adequacy and functioning of the administrative and accounting system, as well as on the latter’s reliability in giving a fair view of the operational events by obtaining information from the heads of functions and scrutinising company documents and we have no particular observations to report in this regard.

We did not discover atypical and/or unusual corporate transactions carried out with third parties or related parties during the financial year. Inter-group and related-party transactions carried out in 2022 are adequately described in the explanatory notes to the financial statements and in the Directors’ Report, form part of normal management and were regulated at market conditions.

The Board of Statutory Auditors also acknowledges that:

- No reports were received from the shareholders pursuant to Art. 2408 of the Italian Civil Code.
- It was not necessary to intervene regarding omissions of the Board of Directors pursuant to Art. 2406 of the Italian Civil Code.
- No reports were submitted pursuant to Art. 2409.7 of the Italian Civil Code.
- The directors stated the safeguards put into place for risk management and uncertainties to which the Company is exposed in their Report on Operations.
- During the year the Board of Statutory Auditors issued, on 04 May 2022, pursuant to Article 13 of Legislative Decree no. 39 of 27 January 2010, reasoned proposal to the Shareholders’ Meeting to assign the engagement as statutory auditors for the three-year period 2022 – 2023 - 2024 to the independent auditors PricewaterhouseCoopers S.p.A.. The Board of Statutory Auditors did not issue any other reports set down by law.

- We made no reports to the Board of Directors pursuant to article 15 of Legislative Decree no. 118/2021 or pursuant to and for the purposes of Article 25-octies of Legislative Decree no. 14 of 12 January 2019.

- We received no reports from public creditors pursuant to and for the purposes of Article 25-novies of Legislative Decree no. 14 of 12 January 2019, or pursuant to Article 30-sexies of Legislative Decree no. 152 of 6 November 2021, converted by Law no. 233 of 29 December 2021, as amended.

No other significant facts emerged during the course of the supervision work, as described above, which would require to be mentioned herein.

2) Observations on the separate financial statements

From the independent auditor's report the financial statements give a true and fair view of the financial position of Cremonini S.p.A. as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

With reference to the disclosures provided in the financial statements as at 31 December 2022, taking account that the statutory audit of accounts was carried out by the audit firm PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors confirms that it verified, within the sphere of its responsibility, that:

- The provisions of law governing the preparation of the financial statements, and the report on operations have been complied with, by means of direct audits and information obtained from the appointed audit firm, and that it has no particular observations to report;

- The financial statements have been prepared in accordance with the "International accounting standards" (IFRS) according to the instructions given by the Board of Directors in the explanatory notes to the financial statements, to which reference should be made for more details;

- The accounting policies used for the purposes of preparing the accounting statements for 2022 are the same as those used for the formation of the financial statements at 31 December 2021, with the exception of new accounting standards, amendments and interpretations applicable from 1 January 2022 which did not have a significant impact on the financial statements but only entailed, in some cases, additional disclosures.

- To the best of our knowledge, the directors have complied with the provisions of law in the preparation of the financial statements, in compliance with the international accounting standards IFRS.

3) Observations and proposals as to the approval of the financial statements

Considering the results of the work we performed and the opinion expressed in the independent auditor's report today, we invite the Shareholders to approve the financial statements as at 31 December 2021, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the annual result made by the directors.

We remind you that with the approval of the Financial Statements as at 31 December 2022, the three-year term of office granted to the Board of Statutory Auditors expires. The Board of Statutory Auditors thanks the Shareholders for their trust and for the collaboration received in the fulfilment of its office, and invites the Shareholders' Meeting to take steps thereupon.

Castelvetro di Modena (MO), 27 April 2023

The Board of Statutory Auditors

Eugenio Orienti (Chairman)__________*Signed*___________

Paola Simonelli (Standing auditor)____ *Signed* ___________

Giulio Palazzo (Standing auditor)_____ *Signed* ___________

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Cremonini SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cremonini SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2022, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) 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 the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The directors of Cremonini SpA are responsible for preparing a report on operations of Cremonini SpA as of 31 December 2022, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Cremonini SpA as of 31 December 2022 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Cremonini SpA as of 31 December 2022 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 27 April 2023

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

CREMONINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Consolidated financial statements as at 31 December 2022

Consolidated Statement of Financial Position - Assets

(Euro/000)	Note	31 December 2022	31 December 2021
Non-current assets			
Tangible assets	1	1,659,491	1,546,871
Goodwill	2	224,547	218,654
Other intangible assets	3	21,648	22,343
Investments valued at equity	4	17,810	15,726
Investments in other companies	5	16,248	15,329
Financial assets held for sale		0	13,194
Financial instruments / Derivatives	19	1,015	0
Non-current financial receivables	6	18,046	16,973
relating to related parties		*18,009*	*15,249*
Deferred tax assets	7	37,698	33,968
Other non-current assets	8	33,896	42,714
Total non-current assets		**2,030,399**	**1,925,772**
Current assets			
Inventories	9	578,454	497,435
Biological assets	10	68,858	54,852
Current financial receivables	11	15,307	12,798
relating to related parties		*10,222*	*6,053*
Current trade receivables	12	610,141	590,584
relating to related parties		*8,631*	*4,197*
Current tax assets	13	65,831	44,091
Financial assets held for sale		322	254
Financial instruments / Derivatives	19	6,094	817
Cash and cash equivalents	14	287,265	343,491
Other current assets	15	78,050	60,224
relating to related parties		*39*	*96*
Total current assets		**1,710,322**	**1,604,546**
Total assets		**3,740,721**	**3,530,318**

Consolidated Statement of Financial Position - Liabilities

(Euro/000)	Note	31 December 2022	31 December 2021
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	17	(40,937)	(57,162)
Retained earnings		580,353	588,442
Result for the period		75,420	23,412
Shareholders' Equity attributable to the Group		681,910	621,766
Minority interests' capital and reserves		222,908	340,542
Profit for the period attributable to minority interests		19,715	42,146
Shareholders' Equity attributable to minority interests		242,623	382,688
Total Shareholders' Equity		**924,533**	**1,004,454**
Non-current liabilities			
Non-current financial payables	18	1,272,637	1,038,875
relating to related parties			
Financial instruments / Derivatives	19	0	0
Employee benefits	20	21,177	24,550
Provisions for risks and charges	21	18,973	18,107
Deferred tax liabilities	22	42,513	33,516
Other non-current liabilities	23	5,006	4,080
relating to related parties		*0*	*5,181*
Total non-current liabilities		**1,360,306**	**1,119,128**
Current liabilities			
Current financial payables	24	538,000	572,134
relating to related parties		*1,639*	*3,594*
Financial instruments / Derivatives	19	16	349
Current tax liabilities	25	30,807	34,951
Current trade liabilities	26	762,371	700,408
relating to related parties		*2,561*	*458*
Other current liabilities	27	124,688	98,894
relating to related parties		*1*	*0*
Total current liabilities		**1,455,882**	**1,406,736**
Total liabilities		**3,740,721**	**3,530,318**

Consolidated financial statements as at 31 December 2022

Consolidated income statement

(Euro/000)	Note	**Year 2022**	Year 2021
Revenues	28	5,040,503	3,981,291
relating to related parties		*25,341*	*22,581*
Other revenues and income	29	49,853	66,631
relating to related parties		*130*	*377*
Other revenues and income- Non recurring		0	-
Change in inventories of finished and semi-finished goods		26,364	(26,139)
Capitalisation of internal construction costs		7,395	7,446
Costs for purchases	30	(3,488,058)	(2,742,921)
relating to related parties		*(23,707)*	*(36,342)*
Other operating costs	31	(745,168)	(571,500)
relating to related parties		*(8,582)*	*(2,783)*
Other operating costs - Non recurring		0	0
Personnel costs	32	(499,560)	(399,363)
Amortization and depreciation	33	(172,421)	(155,200)
Write-downs and provisions	33	(31,955)	(28,918)
Revenues from equity investments		(486)	556
relating to related parties		*259*	202
Financial (Income)/Charges	34	(49,894)	(33,575)
relating to related parties		*282*	*(180)*
Result before taxes		**136,573**	**98,308**
Income taxes	35	(41,438)	(32,750)
Result before minority interests		**95,135**	**65,558**
Result attributable to minority interests		(19,715)	(42,146)
Result for the period attributable to the Group		75,420	23,412

Statement of comprehensive income

(Euro/000)	**Year 2022**	Year 2021
Result before minority interests	**95,135**	**65,558**
Items to be reclassified to profit or loss in subsequent periods:		
Fair value valuation financial assets available for sale	67	8
Efficacious part of profits/(losses) on cash flow hedge instruments	6,482	1,275
Tax effect	(1,551)	(309)
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains (losses)	2,400	(779)
Translation effects of the financial statements expressed in foreign currencies	16,189	19,603
Tax effect	(660)	214
Total comprehensive Income	**118,062**	**85,570**
Result attributable to minority interests	(26,417)	(50,630)
Result for the period attributable to the Group	91,645	34,940

Statement of changes in consolidated shareholders' equity

Euro/000	Balances at 31 December 2020	Allocation of the results for the previous year:		Changes of the period			Balances at '31 December 2021	Allocation of the results for the previous year:		Changes of the period			Balances at '31 December 2022
		Reserves	Dividends	Other movements	Net profit (loss) for the period	Other Profits/(losses), net of taxes		Reserves	Dividends	Other movements	Net profit (loss) for the period	Other Profits/(losses), net of taxes	
Share capital	67,074						67,074						67,074
Nominal value treasury stock in portfolio							0						0
Total Share Capital	**67,074**	**0**	**0**	**0**	**0**	**0**	**67,074**	**0**	**0**	**0**	**0**	**0**	**67,074**
Share premium reserve	78,280						78,280						78,280
Legal reserve	14,749						14,749						14,749
Reserve for IAS adjustments	79,036						79,036						79,036
Reserve for trading treasury stock	0						0						0
Reserve for translation differences	(93,312)					11,211	(82,101)					10,143	(71,958)
Merger Deficit	(146,379)						(146,379)						(146,379)
Reserve for Actuarial Gains/ Losses	(2,859)					(352)	(3,211)					1,268	(1,943)
Fair value reserve	2,455					28	2,483					67	2,550
Cash flow hedge reserve	(660)					641	(19)					4,747	4,728
Total Reserves	**(68,690)**	**0**	**0**	**0**	**0**	**11,528**	**(57,162)**	**0**	**0**	**0**	**0**	**16,225**	**(40,937)**
Profits (Losses) carried forward	585,053	4,433		(1,044)			588,442	23,412		(31,501)			580,353
Result attributable to the Group	4,433	(4,433)			23,412		23,412	(23,412)			75,420		75,420
Shareholders' Equity attributable to Group	**587,870**	**0**	**0**	**(1,044)**	**23,412**	**11,528**	**621,766**	**0**	**0**	**(31,501)**	**75,420**	**16,225**	**681,910**
Minority interests' capital and reserves	345,749	16,387	(24,001)	(6,077)		8,484	340,542	42,146	(20,054)	(146,428)		6,702	222,908
Result attributable to minority interests	16,387	(16,387)			42,146		42,146	(42,146)			19,715		19,715
Shareholders' Equity attributable to minority interests	**362,136**	**0**	**(24,001)**	**(6,077)**	**42,146**	**8,484**	**382,688**	**0**	**(20,054)**	**(146,428)**	**19,715**	**6,702**	**242,623**
Total Shareholders' Equity	**950,006**	**0**	**(24,001)**	**(7,121)**	**65,558**	**20,012**	**1,004,454**	**0**	**(20,054)**	**(177,929)**	**95,135**	**22,927**	**924,533**

Consolidated Cash Flow Statement (indirect method)

(Euro/000)	**31.12.2022**	31.12.2021
Net profit before minority interests	**95,135**	**65,558**
Amortization and depreciation	171,446	155,200
Impairment	975	(224)
Net change in other provisions and non-monetary income items	54,072	63,990
Reversal of the effects from extraordinary transactions	0	0
Net change in Staff Severance Provision and in other medium/long-term liabilities	(24,298)	(39,951)
Changes in working capital:		
(Increase) decrease in receivables from customers	(42,285)	(101,780)
(Increase) decrease in inventories	(83,540)	(91,765)
Increase (decrease) in payables to suppliers	54,517	151,882
(Increase) decrease in other items of the working capital	(4,421)	29,048
Net effects from the change in consolidation area	0	0
Cash-flow from operating activities (A)	**221,601**	**231,958**
Net (investments) in tangible assets	(135,042)	(135,914)
Net (investments) in intangible assets	(3,728)	(2,138)
Right of use	(72,835)	(75,663)
Financial flows for acquisition and disposal of shareholdings or branches of business net of cash and cash equivalent	(196,857)	(17,964)
Net change in other non current assets	(11,646)	(17,721)
Net effects from the change in consolidation area	0	0
Cash-flow from (used in) investment activities (B)	**(420,108)**	**(249,400)**
Increase (Decrease) in medium/long-term borrowings	239,422	29,946
Increase (Decrease) in medium/long-term liabilities for derivatives	(1,015)	112
Increase (Decrease) in short-term borrowings	(23,148)	(31,962)
Changes in other securities and other financial assets	(7,540)	(3,598)
Increase (Decrease) in short-term liabilities for derivatives	(4,944)	(2)
Cash-flow from distribution of dividends	(20,054)	(24,001)
Capital increase and other changes in equity	(40,440)	6,207
Cash flow from financing activities (C)	**142,281**	**(23,298)**
Cash Flow of the year (D=A+B+C)	**(56,226)**	**(40,740)**
Cash and cash equivalents at the beginning of the period (E)	343,491	384,231
Cash and cash equivalents at the end of the period (F=D+E)	**287,265**	**343,491**

Consolidated financial statements as at 31 December 2022

Notes to the consolidated financial statements

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2022 were prepared in accordance with the accounting standards and measurement criteria laid down by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of Art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors meeting held on 28 March 2023.

The consolidated financial statements were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1;

- derivative contracts entered at the fair value through profit or loss.

For the purposes of comparison, the consolidated financial statements as at 31 December 2022 show the figures for the financial year ended as at 31 December 2021.

The following classifications have been used:

- Statement of Financial Position for current/non-current items;

- Income Statement by nature;

- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the Group's equity, economic and financial situation.

The Euro is the Parent Company's functional currency and is used for the presentation of the consolidated financial statements. The schedules contained in these financial statements are shown in thousands of Euro. If not otherwise indicated, the schedules contained in these financial statements are shown in thousands of Euro.

The accounting policies adopted to prepare these consolidated financial statements are shown in the following points:

Consolidation methods

The consolidation is effected using the line-by-line method that consists of the adoption of all asset and liability items in their entirety. The main consolidation criteria adopted for the application of this method are the following:

- the subsidiary Companies are consolidated commencing from the date when control is effectively transferred to the Group, and cease to be consolidated at the date when control is transferred outside the Group;

- where necessary adjustments are made to the financial statements of the subsidiaries to align their accounting policies to those of the Group;
- the assets and liabilities and the income and companies consolidated using the line-by-line method are integrated in the consolidated financial statements; the carrying value of the equity investments is eliminated against the corresponding fraction of shareholders' equity of the subsidiaries, attributing to individual elements of the assets and liabilities their current value at the date of acquisition of control (acquisition method as defined by IFRS 3 "Business combinations"). Any residual difference, if positive, is recorded in the asset item "Goodwill" and if negative in the income statement;
- reciprocal debit and credit and costs and revenues relationships between consolidated Companies and the effects of all the transactions of significant relevance exchanged between the latter are eliminated;
- the minority shareholders' portion of shareholders' equity and results for the period are shown separately in the shareholders' equity and in the consolidated income statement. The result of the comprehensive income statement relating to a subsidiary is attributed to the minority shareholders even if this implies that the minority holdings have a negative balance;
- changes in the Parent Company's interest in a subsidiary that does not result in the loss of control are accounted for as capital transactions.

If the Parent Company loses control of a subsidiary, it:

- eliminates the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminates the carrying values of any minority interests in the ex-subsidiary;
- eliminates the accumulated exchange rate differences recorded in the shareholders' equity;
- records the fair value of the consideration received;
- records the fair value of any interest maintained in the ex-subsidiary;
- records each profit or loss in the income statement;
- reclassifies the portion held by the Parent Company of the components previously recorded in the comprehensive income statement, income statement or undistributed profits, as appropriate.

Scope of consolidation

The consolidated financial statements as at 31 December 2022 include the financial statements of the Parent Company Cremonini S.p.A. and those of the Companies in the which it holds, directly or indirectly, control (including therein the specific purpose entities) excluding immaterial subsidiaries.
Control is obtained when the Group has, or has the right to, variable yields deriving from its relationship with the entity in which it has an investment and, at the same time, it has the capacity to impact on such income by exercising its power over such entities.

Specifically, the Group controls a partially owned company if, and only if, the Group has:
- the power over the entity in which it has an investment (or else holds valid rights that gives it the current capacity to direct the significant activities of such entity);
- recognition or the rights to variable returns deriving from the relationship with the investee entity;
- the capacity of exercising power over the investee entity to impact on the amount of its returns.

Generally, there is a presumption that the majority of the voting rights involves control. Supporting this presumption is that when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to establish if control of the investee entity includes:
- contractual arrangements with other owners with voting rights;
- rights deriving from contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group considers whether or not there is control of a partially owned company if the facts and circumstances indicate that there were changes in one or more of the three relevant elements for the purposes of the definition of control.

Companies that have financial statement values individually and cumulatively immaterial with respect to the Group's consolidated financial statements were excluded from the scope of the consolidation. Specifically, the exclusion regarded the following Companies and their subsidiaries:

- Fratelliditalia SA;

- Host INN Pty Limited;
- IF&B Holding Inc;
- Inalca F&B Queensland Pty Ltd;
- Inalca Food & Beverage (Thailand) Ltd;
- INALCA Foods Nig Limited (inactive being cancelled);
- INALCA Russia Llc;
- Italia Alimentari USA Corporation;
- Montana Farm S.p.zo.o. (in liquidation);
- Società Agricola Transumanza S.r.l.

The equity investments in these Companies were measured at cost.
The complete list of the holdings included in the scope of the consolidation at 31 December 2022, with an indication of the method of consolidation, is shown in Annex 6.
The scope of the consolidation has been changed, compared to that of the consolidated financial statements of the previous year, as described below. The financial effects of such changes are shown, when significant, in the explanatory notes to the financial statements.

Specifically, with respect to 31 December 2021, the following Companies were included in the scope of the consolidation:

- La Torre Società agricola a.r.l. 55% held by Società Agricola Corticella S.r.l.;
- Frigor Carni S.r.l. wholly held by MARR S.p.A.;
- Tecnovit S.r.l. wholly held by INALCA S.p.A.

Lastly, the following changes took place in the scope of consolidation with respect to 31 December 2021:

- the exit from the scope of the consolidation of Inalca Food & Beverage Queensland Pty Ltd.;
- the exit from the scope of the consolidation of Itaus Pty Ltd.;
- the exit from the scope of the consolidation of I&FB Holding Inc.;
- the exit from the scope of the consolidation of Inalca Food & Beverage North America Llc;
- the exit from the scope of the consolidation of Fratelliditalia S.A.;
- the exit from the scope of the consolidation of Inalca Food & Beverage Malaysia Holding Sdn Bhd;
- the exit from the scope of the consolidation of Inalca Food & Beverage Ltd (Thailand);
- the exit from the scope of the consolidation of Chef S.r.l. (unipersonale), merged into MARR S.p.A.;
- the merger of Mille Sapori Due S.p.zo.o. by incorporation into Mille Sapori Plus Sp.zo.o.;
- the increase in the equity investment in Macello di Parma S.r.l. from 86.33% to 97.29%;
- the increase in the equity investment in Mille Sapori Plus Sp.zo.o. from 60% to 80%;
- the increase in the equity investment in Orenbeef Llc. from 80% to 100%;
- the increase in the equity investment in Bright View Trading Hong Kong Ltd. from 69.81% to 100%.

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the European Union, applicable from 1 January 2022 are reported below with a brief description. The adoption of these revised standards and interpretations has not had any significant impact on the financial statements but has resulted, in some cases, in additional information only. Please also refer to the description in the Directors' Report.

New accounting standards, amendments and interpretations applicable in 2022

The valuation criteria used in preparing the consolidated financial statements at 31 December 2022 do not diverge from those used to draw up the consolidated financial statements for the financial year ended 31 December 2021, with the exception of the accounting standards, amendments and interpretations applicable as of 1 January 2022, which are described below:

- Amendments to IAS 16 *Property, Plant and Equipment*;
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract;*
- Amendments to IFRS 3 *Reference to the Conceptual Framework;*
- Improvements to IFRS (2018-2020 cycle).

Amendments to IAS 16 *Property, Plant and Equipment* - Amendments addressed the issue of *Proceeds before Intended Use*. Specifically, in May 2020 the IASB issued amendments to IAS 16, which prohibit a company from deducting from the cost of an item of PPE any proceeds from selling items produced while the company is making the asset available for its intended use. On the contrary, a company will recognise such sales proceeds and any related cost through profit or loss.
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* – in May 2020 the IASB issued the amendments to IAS 37 para. 68A, which clarify the nature of costs directly related to the contract, consisting of both incremental costs of contract performance and other costs directly related to contract performance. The adoption of these amendments had no significant effect.
Amendments to IFRS 3 - *Reference to the Conceptual Framework* - in May 2020 the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing its accounting requirements for business combinations. Amendments to IFRS 3 are applied prospectively.
Improvements to IFRS (2018-2020 cycle) – in May 2020 the IASB published annual improvements to IFRS for the 2018-2020 cycle. The amendments made amendments to the following standards: (i) IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, the amendments simplify the first-time adoption of IFRS on the part of a subsidiary/associate/joint venture entity, which becomes a first-time adopter after its parent/investing company in relation to the measurement of the translation reserve as at the date of transition to IFRS; (ii) IFRS 9 - *Financial Instruments*, the amendments clarify which fees should be included in the 10% test for assessing whether amendments to the contractual terms of a financial liability are materially different from those of the original financial liability; (iii) IAS 41 - *Agriculture*, in relation to the exclusion of tax cash flows in measuring the fair value of a biological asset; (iv) IFRS 16 - *Leases*, the amendments relate to illustrative example 13 of IFRS 16 in which a potential misinterpretation of lease incentives was removed. Since this amendment has to do with an illustrative example of IFRS 16 that is not an integral part of the standard, it has not been endorsed by the European Union.

Accounting standards, amendments and interpretations applicable to the financial statements for the financial years commencing on a subsequent date

Below are the standards and interpretations which, as at the reporting date of these financial statements, had already been issued but were not yet applicable.
These standards will be applicable from the subsequent financial periods; on a preliminary basis, the Group believes that they will have no significant impact on its consolidated financial position, results of operations and cash flows.

- On 18 May 2017 the IASB issued IFRS 17 "*Insurance Contracts*", as subsequently amended by the document on "*Amendments to IFRS 17*", which was issued on 25 June 2020. The standard regulates the accounting treatment of insurance contracts issued and reinsurance contracts held by the entity.
  The provisions of IFRS 17 are effective for financial periods beginning on or after 1 January 2023.
- On 23 January 2020 and 15 July 2020, the IASB issued "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and "*Classification of Liabilities as Current or Non-current - Deferral of Effective Date*" to set out the requirements for classifying liabilities as current or non-current. More specifically:
  - Management's expectations regarding those events that occurred after the reporting date, such as, for example, in the case of a covenant breach, are not material;
  - the amendments indicate that conditions existing at the end of the reporting period are those that should be used to determine whether there is a right to defer settlement of a liability;
  - the amendments define more clearly the situations that are regarded as settlement of a liability.

Amendments are effective for financial periods beginning on or after 1 January 2023.

- On 12 February 2021 the IASB issued "*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*". The purpose of the amendments is to develop guidance in order to make it easier for entities to make a materiality judgment in disclosure of accounting policies. The amendments to IFRS *Practice Statement 2* provide guidance on how to apply the concept of materiality to disclosure of accounting policies.
  Amendments are effective for financial periods beginning on or after 1 January 2023.
- On 12 February 2021 the IASB issued "Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*". The amendments clarify how the Company should distinguish changes in accounting policies from changes in accounting estimates, which is relevant because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied, even retrospectively, to past transactions and other past events.
  Amendments are effective for financial periods beginning on or after 1 January 2023.
- On 7 May 2021 the IASB issued "Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document addresses uncertainty in practice about how an entity applies the exemption provided for in paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and liability upon initial recognition and may result in taxable temporary differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences at the time of the transaction.
  Amendments are effective for financial periods beginning on or after 1 January 2023.

At present, the Group is analysing the standards described above and evaluating whether their adoption will have a significant impact on the Consolidated Financial Statements.

Valuation criteria

The valuation criteria used in the drafting of the consolidated financial statements for the period ended 31 December 2022 are the same as those used for the drafting of the consolidated financial statements at 31 December 2021, with the possible exception as reported in the section above. The most significant valuation criteria adopted for the drafting of the financial statements are indicated below.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or production price including any directly-attributable ancillary costs required to make the assets available for use. As allowed by IFRS 1, upon transition to the International Accounting Standards, the Company carried out the valuation at fair value of certain lands and buildings it owned, and used this fair value as the new cost subject to depreciation.
Except as indicated above, revaluations are not allowed, even in application of specific laws. Assets held under finance leases are recognised under property, plant and equipment as offsetting entries to the financial debt to the lessor and depreciated according to the criteria indicated below.
Property, plant and equipment are depreciated systematically on a straight-line basis throughout their useful life, which is the estimated time in which the asset will be used by the company. When the Property, plant and equipment consist of several significant components, each having a different useful life, depreciation is carried out separately for each component. The value to be depreciated is represented by the book value reduced by the presumable net disposal value at the end of its useful life, if significant or if it can be reliably determined. Land is not depreciated (elements with an indefinite useful life), even if purchased jointly with a building, similarly to property, plant and equipment held for sale which are valued at the lower of the book value and their fair value net of disposal expenses.
Costs for improvements, updating and transformation which add value to the property, plant and equipment are allocated to the balance sheet assets if they meet the capitalisation requirements required by IAS 16.
Any other repair and maintenance costs are recognised in the income statement when they are incurred.
The recoverability of the book value of intangible fixed assets is verified by adopting the criteria indicated under "Impairment of assets".

Depreciation reflects the economic and technical deterioration of the asset and begins when the asset becomes available for use. It is calculated according to the linear model of the asset's estimated useful life.

The rates applied are:

- Buildings	2% - 5%
- Plant and equipment	7.50% - 20%
- Industrial and trade equipment	15% - 25%
- Other assets:	
- Electronic office equipment	20%
- Office furniture and equipment	10% - 15%
- Vehicles and internal means of transport	20%
- Automobiles	25%
- Other minor assets	10%-40%

The residual book value, the useful life and the depreciation criteria are revised at each reporting date and adjusted on a prospective basis, if necessary.
An asset is eliminated from the balance sheet at the time of sale or when the future economic benefits expected from its use or disposal no longer apply. Any losses or profits (calculated as the difference between net proceeds of the sale and book value) are included in the income statement upon said elimination.

Leases

Lease agreements are classified as finance leases when the terms of the agreement are such that they essentially transfer all the risks and benefits of ownership to the lessee.
Assets which are the subject of a finance lease agreement are recognised as Group assets at their fair value on the date the contract is concluded or, if lower, at the current value of the minimum payments due for the leasing. The corresponding liabilities payable to the lessor are included in the balance sheet as liabilities for finance leases. Lease payments are divided between principal and interest in order to reach an interest rate which is constant on the residual liability. Financial expenses are directly imputable to the income statement for the reporting period.

The costs of operating lease payments are recognised on a straight-line basis based on the duration of the contract.

Goodwill and other intangible assets

Intangible assets refer to assets without an identifiable physical consistency, which are controlled by the company and able to produce future economic benefits, as well as goodwill when purchased against payment of consideration.
Identifiability is defined with reference to the possibility of separating the intangible asset acquired from goodwill; this requirement is usually satisfied when: the intangible asset essentially consists of a legal or contractual right, or the asset can be separated, that is, it can be sold, transferred, rented or exchanged autonomously from or as an integral part of other assets. Control means the company's ability to use the future economic benefits arising from the asset and the possibility of limiting access to the asset by others.
Intangible assets that are acquired separately are initially recognised at cost, determined according to the criteria indicated for property, plant and equipment, while those acquired through business combinations are stated at fair value at the date of acquisition. Revaluations are not allowed, even in application of specific laws.
Intangible assets with a definite useful life are systematically amortised throughout their useful life, which is the estimated period in which the assets will be used by the company; the recoverability of their book value is verified by adopting the criteria indicated under "Impairment of assets".
Goodwill and other intangible assets with an indefinite useful life, where present, are not amortised; the recoverability of their book value is verified at least annually and in any case whenever events take place that could indicate impairment. Regarding goodwill, verification takes place at the lowest aggregate level on the basis of which the Company's Management assesses, directly or indirectly, the return on the investment including goodwill (cash generating unit). Write-downs are not used for reversing an impairment loss.

Goodwill is considered as having an indefinite useful life and is therefore not related to the period of the contractual license. The Management has decided to use this accounting treatment since:

- the licence price initially paid is related to the value of the turnover of the business purchased and is independent with regard to the remaining contractual period;
- in the past, on expiry of the contract, the Group was always able to renew the licenses;
- the redefining of contractual relationships that occurred in the past resulted from voluntary agreements. From the conclusion of these transactions, the Group, besides having solidified trade relationships with the companies, has also obtained extensions to the contractual terms. In these cases, as in the previous, the goodwill eventually paid has not shown an impairment.

When goodwill is directly correlated to a contract the award and/or renewal of which is traditionally subject to tendering or to any other form of similar awarding, this goodwill is regarded as having a definite useful life and is amortised over the term of the concession.

Other intangible assets are amortised according to the following criteria:

- Industrial patents and intellectual property rights	5 years
- Concessions, licences, trademarks and similar rights	5 years / 20 years
- Other	5 years / duration of the contract

The amortisation period and the amortisation criteria of intangible assets with a definite useful life are reviewed at least upon each closing date and adjusted prospectively if necessary.

Right of use

The right of use is stated at cost, net of accumulated amortisation and impairment losses and as adjusted to take account of any possible restatement of lease liabilities.

The cost of this asset includes:

a) the amount of the initial measurement of the lease liability;
b) lease payments due on or before the effective date, net of lease incentives received;
c) initial direct costs sustained by the lessee; and
d) the estimated costs that the Group, as lessee, is to incur for dismantling and removing the underlying asset and restoring the site at which it is installed or for restoring the underlying asset to the condition laid down in the lease terms and conditions. The lessee falls under the obligation to pay these costs on the effective date or as a result of the use of the underlying asset during a certain period.

The lessee must recognise the costs referred to in paragraph 24, letter d), as a part of the cost of the right-of-use asset when it assumes the obligation to pay these costs. The obligations relating to the aforesaid costs accounted for by applying this Standard or IAS 2 are recognised and measured by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Right of use is amortised from the effective date until the end of the right-of-use asset's useful life or, if before, at the end of the term of the lease.
Recoverability of book value is measured adopting the criteria set out in "Impairment of non-financial assets."

Equity investments in associated and other companies

An associated company is a company upon which the Group exerts a significant influence. Significant influence means the power to participate in the financial and operating policies of the investee while not having control or joint control over it.
Investments in associates are measured by using the net equity method and investments in other companies are measured at fair value, as indicated in Annex 5 and the notes that follow.
With the net equity method, the investment in an associate is initially recognized at cost. The carrying value of the investment is increased or decreased to recognize the investor's share of the profits and losses pertaining to the subsidiary after the date of acquisition. The goodwill of the subsidiary is included in the carrying value of the investment and is subjected neither to amortization, nor to individual assessment of impairment. The

consolidated income statement for the year reflects the share attributable to the Group as the subsidiary's result for the year. Any change in the other components of the comprehensive income statement related to these subsidiaries is presented as part of the Group's comprehensive income statement. In addition, in the event that an associated company detects a change with a direct effect on shareholders' equity, the Group recognises its share, where applicable, in the statement of changes in net equity. The unrealized gains and losses deriving from transactions between the Group and its associates or joint ventures are eliminated to the extent of the investment in the associates or joint ventures.
The recoverability of their carrying value is verified by adopting the criteria indicated in the section on "impairment of non-financial assets" as regards investments in associated companies and in the section on "impairment of financial assets" as regards investments in other companies.
When losing significant influence over an associated company or joint control over a joint venture, the Group assesses and recognises the residual shareholding at fair value. The difference between the carrying value of the equity investment on the date that significant influence or joint control is lost and the fair value of the residual shareholding and of the consideration received must be recognised in the income statement.

Inventories

Inventories are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realisable value in consideration of the market trend.

Biological assets

The biological assets represented by livestock essentially have been valued at their fair value, net of accretion and sale costs.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other high-liquidity short-term financial investments, which are easily converted into cash and are subject to an insignificant risk of value fluctuation, except for exchange risk.

Receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at their nominal value, which is representative of their fair value at the reporting date and subsequently valued at their amortised cost, net of any write-downs. Upon recognition, the face value of the receivable consists of its fair value at the reporting date. Due to the short duration of trade receivables, they are not discounted as the effect of the discounting of cash flows is irrelevant, therefore application of the amortised cost does not produce significant effects. The bad debt provision on that date represents the difference between the book value of the receivables and the cash flows reasonably expected from collection thereof. According to its policy choice the Group classifies the write-down of receivables among "Amortisation, depreciation and write-downs".

Financial assets

In line with IFRS 9, financial assets are initially recognised at amortised cost value or fair value, plus any transaction costs that are directly attributable to the acquisition, except for financial assets recognised at fair value through profit or loss. The Group's financial assets include cash and short-term deposits, trade receivables, other short-term receivables, loans, unlisted financial instruments and derivatives.
The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. After initial recognition, these financial assets are subsequently measured at amortised cost by using the effective interest rate (EIR) method, less impairment losses. Amortised cost is calculated considering discounts, purchase bonuses, fees or costs (if any) that are an integral part of the effective interest rate. Amortisation at effective interest rate is recognised as a financial income in the income statement. Impairment losses are recognised as financial costs in the income statement.

Derivatives

After their initial recognition, derivatives are measured at fair value once again and are accounted for as financial assets when fair value is positive.
Profits or losses (if any) arising from changes in the fair value of derivatives are recognised directly through profit or loss, except for the effective portion of cash flow hedges, which is recognised among other comprehensive income and subsequently reclassified in the statement of profit/(loss) for the year when the hedging instrument affects profit or loss.

As regards instruments that are classified as cash flow hedge and qualify as such, fair value changes are recognised, limited to the effective portion only, in a specific equity reserve stated as "Cash flow hedge reserve" through comprehensive income. This reserve is subsequently taken to profit or loss at the time the hedged underlying affects profit or loss. Fair value changes attributable to the ineffective portion are immediately recognised through profit or loss for the period. If the occurrence of the underlying transaction is no longer considered to be highly probable, or when the hedging relationship can no longer be demonstrated, the corresponding portion of the “Cash flow hedge reserve” is immediately taken to profit or loss.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets), as required by IFRS 9, is derecognised when:

- the rights to receive cash flows from the asset have been extinguished;
- the Group has transferred the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay to a third party and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred the related control.

In the cases in which the Group has transferred the rights to receive cash flows from an asset and has not transferred nor substantially retained all the risks and rewards or has not lost control of the asset, the asset is recognised in the Group’s financial statements to the extent of the latter’s residual involvement in the asset itself. In this case the Group also recognises an associated liability. The asset transferred and the associated liabilities are measured in such a way as to reflect the rights and obligations that the Group has retained.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is eliminated from the balance sheet when:

- the rights to receive cash flows from the asset have been extinguished;
- the right to receive cash flows from the assets is maintained, but a contractual obligation has been undertaken to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of ownership of the financial asset or (b) it did not transfer or essentially retain all the risks and benefits of the asset, but transferred control of the asset.

In the cases in which the Group transferred the right to receive cash flows from an asset and did not transfer nor essentially maintain all the risks and benefits or did not lose control of the asset, the asset is recognised in the Group balance sheet to the extent of the latter’s residual involvement in the asset itself. In this case, the Group also recognises an associated liability. The asset which is transferred and the associated liabilities are valued so as to reflect the rights and obligations that the Group has retained. Residual involvement which for example takes the form of a guarantee on a transferred asset, is valued at the lower of the asset’s initial book value and the maximum value of the consideration that the Group may be required to pay.

Impairment of financial assets

The Group verifies on each balance sheet date whether a financial asset or group of financial assets has become

impaired. A financial asset or group of financial assets is considered to have undergone impairment if, and only if, there is objective evidence of impairment as a result of one or several events that took place since the initial recognition (when a "loss event" occurs) and this loss event has an impact that can be reliably estimated on the estimated future cash flows of the financial assets or the group of financial assets. Proof of impairment can be given by indicators such as financial difficulties, inability to fulfil obligations, insolvency with regard to the payment of interest or significant payments, which the debtors or a group of debtors are going through; the probability that the debtor will be bankrupt or become subject to another form of financial reorganisation, or where observable information indicates that there exists a measurable decrease in estimated future cash flows, such as a change in the economic environment or the terms and conditions of the obligations.
For financial assets recognised at amortised cost, the Group has first of all assessed whether there is objective evidence of impairment for each financial asset that is individually significant, or collectively significant for those financial assets that are not significant individually. If the Group determines that there is no evidence of impairment for a financial asset, it includes the asset in a group of financial assets with credit risk characteristics that are similar and assesses it collectively for the purpose of verifying the impairment. Assets that are not evaluated individually for a write-down and for which impairment has been recognised or continues to be recognised, are not evaluated on a collective basis for impairment. If there is objective evidence of impairment, the amount of the loss is measured as a difference between the book value of the asset and the current value of the estimated future cash flows (excluding credit losses expected in the future that have not yet occurred).
The present value of cash flows is discounted at the initial effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate for the measurement of any possible impairment loss is the current effective rate of interest.
The book value of the asset is reduced directly and the amount of the loss is recognised in the income statement. Interest income continues to be estimated on reduced book value and is calculated applying the rate of interest used to discount future cash flows for the purposes of measuring impairment losses. Interest income is recognised as a part of financial income in the income statement. Loans and related provisions are written off when there are no realistic prospects of future recovery and when all the guarantees have been enforced or have been transferred to the Group. If in subsequent years the amount of the write-down is estimated to have increased or decreased as a consequence of an event that took place after the write-down was recognised, the previous write-down must be increased or decreased by adjusting the provision. If a future reversal is recovered at a later time, the recovered amount is credited to the income statement as a reduction in financial costs.

For available for sale financial assets, the Group measures on each balance sheet reference date whether there is objective evidence that an asset or a group of assets has become impaired.
In the case of instruments representative of capital classified as available for sale, the objective evidence should include a significant or prolonged reduction below its cost in the fair value of the instrument. The 'Significance concept' is measured with respect to the historical cost of the instrument and the 'prolonged concept' (the duration of the) period in which the fair value was below the historical cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value - any loss for impairment on that financial asset previously recorded in the income statement is deducted. The impairment of instruments representing capital may not be reinstated and recognised in the income statement; the increases in their fair value following the impairment are reported directly in the other components of the comprehensive income statement.

Impairment of non-financial assets

On each balance sheet closing date, the Group assesses whether there are any indicators of impairment of non-financial assets.
When events take place that indicate a reduction in the value of an asset or in cases where annual verification of impairment is required, recoverability is verified by comparing the book value with the relevant recoverable value, the latter being the higher of fair value, net of disposal expenses, and value in use.
If there is no binding selling agreement, fair value is estimated on the basis of the values expressed by an active market, recent transactions or on the basis of the best available information in order to reflect the amount that the company could obtain from the sale of the asset.
Value in use is determined by discounting the expected cash flows from use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life. Cash flows are determined on the basis of reasonable and documented assumptions which represent the best estimate of future economic conditions that will take place in the remaining useful life of the asset, with greater weight given to indications from outside the company. Discounting takes place at a rate that takes into account the risk inherent in the business area.

Valuation takes place for each individual asset or for the smallest identifiable group of assets that generates autonomously incoming cash flows from continuing use (cash generating unit). When the reasons for the write-downs cease to exist, the assets, except for goodwill, are revalued and the adjustment is allocated to the income statement as a write-back (reversal of an impairment loss). The write-back is made at the lower between recoverable value and gross book value of previous write-downs, decreased by the amortisation rate at which they would have been recognised if the write-down had not taken place.
Goodwill is checked for impairment at least once a year (at 31 December) and, more frequently when circumstances imply that the carrying value could have fallen.
The impairment of goodwill is calculated by assessing the recoverable value of the relevant cash generating unit (or group of cash generating units). Where the recoverable value of the cash generating unit is less than the carrying value of the cash generating unit to which the goodwill is allocated, an impairment is recognised.
The impairment of the goodwill value cannot be restated in future financial years.

Share capital

The costs for the issuing of shares or options are classified in shareholders' equity (net of the physical benefit connected to them) as a deduction of profits deriving from the issuing of these instruments.
For buybacks of treasury shares, the price paid, including any directly attributable ancillary expenses, is deducted from the Group shareholders' equity until the time of elimination, reissuing or sale of the shares. When treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary expenses and the relevant tax effect, is recognised as Group shareholders' equity.

Earnings per share

Basic and diluted

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average of the ordinary shares outstanding during the financial year, excluding treasury shares.
For the purpose of the calculation of diluted earnings per share, the weighted average of outstanding shares is modified assuming the conversion of all the potential shares having a dilution effect, while the Group's net profit is adjusted to take account of the effects, net of tax, of the conversion.

Financial liabilities

Financial liabilities that fall within the scope of application of IAS 39 are classified as financial liabilities at fair value recognised in the income statement, or as financial payables or derivatives designated as hedging instruments, as the case may be. The Group's financial liabilities include trade payables and other payables, loans and derivative financial instruments. The Group determines the classification of its financial liabilities at the time of initial recognition.
Financial liabilities are initially carried at fair value, which is equal to the consideration received on the settlement date to which are added, in the case of financial payables, directly attributable transaction costs.
Subsequently, non-derivative financial liabilities are measured on the basis of the depreciated cost criterion using the effective interest rate method.
Amortised cost is calculated by recognising every discount or premium on the acquisition and the fees and costs that are an integral part of the effective interest rate. Amortisation at the actual interest rate is included among financial expenses in the income statement.
Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligation underlying the liability has been extinguished, cancelled or fulfilled. When an extinguished financial liability has been replaced by another from the same lender, at terms and conditions that are essentially different, or the conditions attached to a liability in existence are essentially modified, this exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, with a consequent recognition in the income statement of any differences between book values.

Employee benefits

Employee Severance Indemnity is part of what IAS 19 defines as defined benefit plans, as part of benefits after employment termination. The accounting treatment provided for these types of remuneration requires an actuarial calculation that makes it possible to project into the future the amount of the already accrued employee severance indemnity and discount it to take into account the time that will elapse prior to actual payment. The actuarial calculation considers some variables such as average permanence of employees, level of inflation and expected interest rates. Liabilities are measured by independent actuaries. Following the amendments to IAS 19, which were applicable for the financial years commencing on or after 1 January 2013, the profits and losses from the actuarial calculation of defined benefit plans are recognised in the comprehensive income statement entirely in the period they refer to.
These actuarial profits and losses are classified directly in retained earnings and are not reclassified in the income statement in subsequent reporting periods. Past service cost is recognised on the earliest of the following dates:

- date on which an amendment or reduction of the plan takes place;
- date on which the Group recognises the related restructuring costs.

The Group recognises the following changes in the net obligations for defined benefit plans in the statement of profit/(loss) for the reporting period by nature:

- costs for work provided, including costs for current and past work provided, profits and losses on non-routine reductions and extinctions; and
- net interest income or interest expenses.

The asset or liability relating to defined benefits includes the present value of the defined benefit obligation after the fair value of the asset servicing the plan is deducted.
Finally, it should be noted that, following the 2007 reform of the national legislation that governs it, for companies with more than 50 employees, the employee severance indemnity accrued from 1 January 2007 is to be considered a defined contribution plan, the payments of which are recognised directly in the income statement, as a cost, when they are incurred. Employee severance indemnity accrued up to 31 December 2006 remains as a defined benefit plan, without future contributions. Therefore, its measurement is made by independent actuaries based only on the average expected residual working life of the employees, without considering the remuneration earned by them during a predetermined service period. Employee severance indemnity "accrued" prior to 1 January 2007 therefore undergoes a change in calculation due to the fact that the previously required actuarial assumptions which are connected to salary increases no longer apply. In particular, the liability connected to "accrued employee severance indemnity" is assessed for actuarial purposes as at 1 January 2007 without an application of pro-rata (years of service already served/total years of service) since the total benefits of the employees to 31 December 2006 can be considered as almost completely accrued (except for revaluation) in application of paragraph 67 (b) of IAS 19. It follows that, for the purposes of this calculation, "current service costs" relating to future work of the employees are to be considered as null as they consist of contributions to a supplementary retirement benefit plan of the INPS Treasury Fund.

Provisions for risks and charges

Provisions for risks and charges are costs and expenses of a definite nature that are certain or likely to be incurred but which at the end of the year could not be quantified or timed. Provisions are recognised when:

(i) the existence of an actual, legal or implicit obligation deriving from a past event is probable;
(ii) it is probable that the fulfilment of an obligation will be onerous;
(iii) the amount of the obligation can be reliably estimated.

Provisions are recognised at the amount representing the best estimate of the total that the company would reasonably pay to settle the obligation, or transfer it to third parties at year-end. When the financial effect of time is significant and the payment dates of the obligations are estimated reliably, the provision is discounted; the increase of the provision linked to the passing of time is allocated to income statement under "Financial income (expenses)". The supplementary client indemnity provisions have been set aside on the basis of reasonable estimates, as have other provisions for risks and charges, taking into consideration the available elements for the probable future liability.

Income taxes

The taxes for the period represent the sum of current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of the charges to be settled in application of applicable tax laws or which have been essentially approved on the period closing date in the various countries in which the Group operates. The relevant payable is recorded net of any deferred tax assets, withholdings made and tax credits which can be offset, under the item "Tax payables". In the event of a receivable, the amount is recorded under "Receivables from others" of current assets.
Deferred tax assets and liabilities are calculated on the temporary differences between the values of the assets and liabilities recognised in the balance sheet and the corresponding amounts recognised for tax purposes.

Deferred tax liabilities are recognised against all temporary taxable differences, with the following exceptions:

- the deferred tax liabilities originate from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not have any effects either on balance sheet profits or the profit and loss calculated for tax purposes;
- the reversal of taxable temporary differences, associated with equity investments in Subsidiaries, associated companies and joint ventures, can be controlled and it is probable that this will not take place in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax credits and losses which are unused and carried forward, to the extent that there will be adequate future tax profits that could make possible the use of deductible temporary differences and tax credits and losses carried, except if:

- deferred tax assets connected to deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect either balance sheet results or profit or loss for tax purposes;
- taxable temporary differences associated with equity investments in Subsidiaries, associated companies and joint ventures and deferred tax assets are recognised only to the extent that temporary deductible differences will be reversed in the foreseeable future and there are adequate tax profits against which the temporary differences can be used.

Recognition of deferred tax assets takes place when their recovery is probable. The value of deferred tax assets is re-examined on each closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available. Deferred tax assets and deferred tax liabilities are classified among non-current assets and liabilities and are netted if they refer to taxes that can be offset. The balance of the netting, if it is an asset, is recognised under the item "Deferred tax assets"; if it is a liability it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised under equity or in the statement of comprehensive income consistently with the recognition of the element to which they refer.
Deferred tax assets or deferred tax liabilities are calculated on the basis of the tax rate that is expected to be applied in the year in which these assets will be realised or these liabilities will be extinguished.

Criteria for converting foreign currency items and translation of financial statements in foreign currency

<u>Transactions and balances</u>

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at the exchange rate at the date of the financial statements.
Exchange rate differences are recognised in the income statement, including the exchange rate differences realised when settlement is made of the receivables and payables in foreign currency, which are recognised in the income statement, except for monetary elements that constitute part of the hedge of a net investment in a foreign operation. These differences are initially recognised in the statement of comprehensive income until the

disposal of the net investment, and only then will they be recognised in the income statement. Taxes and tax receivables attributable to the exchange rate differences on the monetary elements must also be recognised in the statement of comprehensive income.
Non-monetary items valued at their historical cost in a foreign currency are converted using the exchange rate applicable on the initial recognition date of the transaction. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rate applicable on the date that value was determined. Profit and loss from the reconversion of non-monetary items is handled in line with the recognition of profits and losses relating to changes in fair value of these items (conversion differences on items the fair value of which is recognised in the statement of comprehensive income or the income statement are recognised in the comprehensive income statement or the income statement, respectively).

Group companies

The Cremonini Group's consolidated financial statements are prepared in euro, which is the Parent Company's functional currency and that used for presentation.
The balances included in the financial statements of each of the Group's companies are recorded in the currency of the primary economic environment where the company operates (functional currency).
The rules for translation of the financial statements expressed in foreign currencies into the presentation currency are the following:

- assets and liabilities included in the financial statements, even if only for comparative purposes, are translated at the exchange rate at the year-end;
- the costs and revenues, charges and income, included in the financial statements, even if only for comparative purposes, are translated at the average exchange rate of the period presented;
- the components of the shareholders' equity, excluding the profit for the period, are translated at historic exchange rates;
- the "translation reserve" includes both the exchange rate differences generated from the translation of the magnitudes at a different rate from that of the year-end, and those generated from the translation of the opening shareholders' equities at an exchange rate different from that of the year-end;
- on disposal of a foreign operation, the part of the comprehensive income statement referring to such foreign operation is recognised in the income statement.

The above provisions do not fall within the scope of application of IAS 29 – *Financial Reporting in Hyperinflationary Economies*, which requires appropriately restated amounts in the balance sheet and income statement to be translated into the European reporting currency at the exchange rate prevailing on the closing date of the financial period.

The exchange rates utilised for the translation into euro of the financial statements of foreign subsidiaries that do not use the European currency (euro) were the following:

Currency	**Year-end exchange rate**		**Average exchange rates**	
(amount of currency for 1 Euro)	**2022**	2021	**2022**	2021
Dollars (USA)	1.06660	1.13260	1.05305	1.18274
Dinars (Algeria)	146.50490	157.40770	149.64522	159.65267
Readjustado Kwanza (Angola)	541.19800	635.08200	486.73244	743.84711
New Metical (Mozambique)	68.25000	72.50000	67.37327	77.53826
Renminbi (China)	7.35820	7.19470	7.07880	7.62823
Roubles (Russia)	75.65530	85.30040	72.52590	87.15272
Pounds (United Kingdom)	0.88693	0.84028	0.85276	0.85960
Zlovty (Poland)	4.68080	4.59690	4.68611	4.56518

Business combinations

Business combinations are accounted for using the acquisition method (IFRS 3R). Acquisition cost is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of any minority shareholdings acquired. For each business combination, any minority shareholdings in the acquired

company must be measured at fair value or in proportion to the share of the minority shareholdings in the identifiable net assets of the acquired company. Acquisition costs are charged to and classified among administrative costs.
If the business combination takes place in multiple phases, the fair value of the previously held equity investment is recalculated at fair value on the acquisition date, with recognition in the income statement of any profit or loss resulting thereof.
Any potential consideration is recognised by the purchaser at fair value on the acquisition date. Change in fair value of the potential consideration classified as a financial asset or liability, will be recognised pursuant to IFRS 9, in the income statement or other comprehensive income components. If it does not fall within the scope of application of IAS 39, it will be accounted for based on IAS 37 or the most appropriate IFRS.
If the potential consideration is classified in shareholders' equity, its value is not recalculated until its extinction is accounted for against shareholders' equity.
Goodwill is initially measured at the cost that emerges as excess of the sum of consideration paid and amount recognised for minority interests, against identifiable net assets acquired and liabilities assumed by the Group. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the differences are recognised in the income statement.
After initial recognition, goodwill is carried at cost less any accumulated impairment losses. For the purposes of verifying impairment, goodwill acquired in a business combination must, on the acquisition date, be allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entities are assigned to this unit or not.
If goodwill is allocated to a cash generating unit and the entity disposes of part of the assets of that unit, the goodwill associated to the assets disposed of must be included in the assets' book value when the profit or loss arising from the disposal is determined. Goodwill associated with a disposed asset must be determined on the basis of the relative values of the disposed asset and the part of the cash generating unit which is maintained.

Recognition of revenues

Revenues from the sale of products are recognised at the time that all the risks and expenses deriving from ownership of the assets are transferred, this coinciding with the delivery or shipment thereof.
Revenues from services are recognised on the basis of their degree of completion.
Income of a financial nature is recognised on an accruals basis. For all financial instruments measured at amortised cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Dividends

Dividends are recognised in the income statement at the date on which the right to receive them arises, i.e. when, based on locally applicable laws, the shareholders are entitled to receive payment, a date which normally coincides with the approval date by the shareholders' meeting, or authorisation by the local monetary authority which approves expatriation thereof.

Recognition of costs

Costs are recognised when they refer to goods and services which are acquired and/or received during the reporting period.
Rents payable for operating leases are allocated to the income statement according to the accruals principle.
Finance lease payments are allocated, as to the principal amount, to reduction of the financial debt, and as to interest to the income statement.
Expenses of a financial nature and services are recognised on an accruals basis. For all financial instruments measured at amortised cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Segment Information

A segment is defined as an area of activity or geographic area in which the Group's operations take place, characterised by conditions and risks that are different from those of other segments. In particular, the sectors of a business represent the Group's primary sectors identified as follows: Production, Distribution, Catering and Centralised Activities. Geographical areas (secondary sectors) have been identified in Italy, the European Union and the Non-EU countries.
Key summary data by segment of activity are shown below:

(Euro/000)	**Year 2022**	Year 2021	Change total value	Change %
Production				
Net revenues	2,650,372	2,256,428	393,944	17.46
Intercompany revenues	*199,472*	131,403		
Total revenues	2,849,844	2,387,831	462,013	19.35
Gross operating margin	223,614	175,288	48,326	27.57
Amortization, depreciation and write-downs	(81,978)	(71,210)	(10,768)	15.12
Operating profit (loss)	141,636	104,078	37,558	36.09
Distribution				
Net revenues	1,843,668	1,415,413	428,255	30.26
Intercompany revenues	*86,842*	40,863		
Total revenues	1,930,510	1,456,276	474,234	32.56
Gross operating margin	81,760	90,491	(8,731)	(9.65)
Amortization, depreciation and write-downs	(35,693)	(32,749)	(2,944)	8.99
Operating profit (loss)	46,067	57,742	(11,675)	(20.22)
Catering				
Net revenues	636,135	403,193	232,942	57.77
Intercompany revenues	*(313)*	205		
Total revenues	635,822	403,398	232,424	57.62
Gross operating margin	88,364	51,076	37,288	73.00
Amortization, depreciation and write-downs	(82,700)	(76,965)	(5,735)	7.45
Operating profit (loss)	5,664	(25,889)	31,553	n/a
Centralized activities				
Net revenues	2,221	2,023	198	9.79
Intercompany revenues	*11,739*	11,077		
Total revenues	13,960	13,100	860	6.56
Gross operating margin	(2,009)	(1,410)	(599)	n/a
Amortization, depreciation and write-downs	(4,005)	(3,194)	(811)	n/a
Operating profit (loss)	(6,014)	(4,604)	(1,410)	n/a
Consolidation adjustment				
Total revenues	*(297,740)*	*(183,548)*		
Gross operating margin	*0*	*0*		
Amortization, depreciation and write-downs	*0*	*0*		
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	5,132,396	4,077,057	1,055,339	25.88
Gross operating margin	391,729	315,445	76,284	24.18
Amortization, depreciation and write-downs	(204,376)	(184,118)	(20,258)	11.00
Operating profit (loss)	187,353	131,327	56,026	42.66

Breakdown of revenues from sales and services by geographical area

Comparison from 31 December 2022 – 31 December 2021 (12 months)

As at 31 December 2022 - (Euro/000)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,566,624	59.9	1,705,647	95.1	537,959	85.9	1,924	100.0	3,812,154	75.6
European Union	396,597	15.1	56,865	3.2	81,276	13.0	-	-	534,738	10.6
Extra-EU countries	655,879	25.0	30,701	1.7	7,031	1.1	-	-	693,611	13.8
Total	2,619,100	100.0	1,793,213	100.0	626,266	100.0	1,924	100.0	5,040,503	100.0

As at 31 December 2021 - (Euro/000)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,414,899	63.2	1,292,440	93.6	323,971	89.6	1,515	86.7	3,032,825	76.2
European Union	274,373	12.3	55,333	4.0	9,321	2.6	214	12.2	339,241	8.5
Extra-EU countries	547,872	24.5	33,105	2.4	28,229	7.8	19	1.1	609,225	15.3
Total	2,237,144	100.0	1,380,878	100.0	361,521	100.0	1,748	100.0	3,981,291	100.0

Consolidated balance sheet broken down by business sector

As at 31 December 2022 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	34,093	162,362	49,725	15	0	246,195
Tangible assets	836,893	153,260	589,999	79,339	0	1,659,491
Equity investments and other financial assets	38,490	2,617	4,672	1,158	0	46,937
Total fixed assets	**909,476**	**318,239**	**644,396**	**80,512**	**0**	**1,952,623**
Trade net working capital						
- Trade receivables	277,940	351,767	27,762	16,754	(63,097)	611,126
- Inventories	421,271	209,527	16,117	27	370	647,312
- Trade payables	(346,865)	(331,457)	(94,035)	(11,960)	64,035	(720,282)
Total trade net working capital	**352,346**	**229,837**	**(50,156)**	**4,821**	**1,308**	**538,156**
Other current assets	62,344	31,108	53,920	30,349	(21,712)	156,009
Other current liabilities	(76,023)	(18,791)	(58,162)	(19,892)	20,404	(152,464)
Net working capital	**338,667**	**242,154**	**(54,398)**	**15,278**	**0**	**541,701**
Staff Severance Indemnity Provision and other m/l-term provisions	**(57,390)**	**(13,368)**	**(7,537)**	**(4,368)**	**0**	**(82,663)**
Net invested capital	**1,190,753**	**547,025**	**582,461**	**91,422**	**0**	**2,411,661**

As at 31 December 2021 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	35,332	155,064	50,574	27	0	240,997
Tangible assets	748,837	145,464	571,966	80,604	0	1,546,871
Equity investments and other financial assets	34,188	2,622	4,022	1,138	0	41,970
Total fixed assets	**818,357**	**303,150**	**626,562**	**81,769**	**0**	**1,829,838**
Trade net working capital						
- Trade receivables	315,283	319,510	12,227	6,018	(57,825)	595,213
- Inventories	338,533	199,771	13,378	44	561	552,287
- Trade payables	(288,379)	(332,561)	(90,372)	(11,713)	58,952	(664,073)
Total trade and net working capital	**365,437**	**186,720**	**(64,767)**	**(5,651)**	**1,688**	**483,427**
Other current assets	39,509	31,623	62,253	27,133	(33,783)	126,735
Other current liabilities	(66,748)	(28,592)	(41,023)	(26,978)	32,095	(131,246)
Net working capital	**338,198**	**189,751**	**(43,537)**	**(5,496)**	**0**	**478,916**
Staff Severance Indemnity Provision and other m/l-term provisions	**(51,428)**	**(14,136)**	**(6,277)**	**(4,332)**	**-**	**(76,173)**
Net invested capital	**1,105,127**	**478,765**	**576,748**	**71,941**	**0**	**2,232,581**

Net consolidated debt broken down by sector

As at 31 December 2022 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(217,585)	(131,061)	(171,254)	(27,612)	(547,512)
- due between 1 and 5 years	(447,647)	(169,510)	(343,290)	(28,680)	(989,127)
- due beyond 5 years	(50,464)	(118,054)	(90,380)	0	(258,898)
Total payables to banks, bonds and other financial institutions	**(715,696)**	**(418,625)**	**(604,924)**	**(56,292)**	**(1,795,537)**
Liquidity					
- cash and cash equivalents	55,094	191,664	29,811	10,696	287,265
- other financial assets	20,895	7	242	-	21,144
Total liquidity	**75,989**	**191,671**	**30,053**	**10,696**	**308,409**
Internal treasury current accounts	**(11,973)**	**9,404**	**3,767**	**(1,198)**	**0**
Total net debt	**(651,680)**	**(217,550)**	**(571,104)**	**(46,794)**	**(1,487,128)**

As at 31 December 2021 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(249,995)	(113,162)	(205,640)	(6,806)	(575,603)
- due between 1 and 5 years	(315,616)	(152,789)	(252,969)	(32,737)	(754,111)
- due beyond 5 years	(24,476)	(131,260)	(95,664)	(4,108)	(255,508)
Total payables to banks, bonds and other financial institutions	**(590,087)**	**(397,211)**	**(554,273)**	**(43,651)**	**(1,585,222)**
Liquidity					
- cash and cash equivalents	45,951	249,994	24,387	23,159	343,491
- other financial assets	13,064	-	540	-	13,604
Total liquidity	**59,015**	**249,994**	**24,927**	**23,159**	**357,095**
Internal treasury current accounts	**2,878**	**5,787**	**(20,785)**	**12,120**	**0**
Total net debt	**(528,194)**	**(141,430)**	**(550,131)**	**(8,372)**	**(1,228,127)**

Major assumptions adopted by Management and discretionary valuations

The application of generally accepted accounting principles to the preparation of financial statements and interim financial reports requires that the management make accounting assumptions based on complex and/or subjective judgements, estimates based on past experience and assumptions which are considered reasonable and realistic based on the information which is known at the time the estimate is made. The use of these accounting assumptions influences the carrying value of assets and liabilities and the disclosures on contingent assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the reporting period. The actual results may differ from the estimated ones due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. Below are accounting assumptions made during the drafting of the financial statements and interim reports, which are critical because they are based on highly subjective assumptions and estimates with regard to issues which by their very nature are uncertain. Changes in the conditions on which the adopted judgements, assumptions and estimates are based may have a significant impact on subsequent results.
Below are the main estimates and assumptions adopted by the Management for the preparation of these annual financial statements; any changes thereto, which cannot be anticipated at this time, may affect the Group's income and equity.

- <u>Estimates adopted for the measurement of asset impairment</u>

For the purpose of verifying any impairment of goodwill recognised in the accounts, the Group has adopted the methodology described in the paragraph "Impairment of assets".
The recoverable value was calculated based on the calculation of the value in use.
The cash flows of cash generating units attributable to each unit of goodwill/consolidation difference were taken

from the Budget for 2022 and from estimates by the Company's Management for the subsequent years using constant rates of growth greater than the scheduled inflation rates. The weighted average cost of capital (WACC) was used as the discount rate, in the amount of:

- 8.30% for the valuation of the goodwill of Chef Express S.p.A.;
- 8.70% for the valuation of the goodwill of INALCA S.p.A.;
- 8.43% for the valuation of the goodwill of MARR S.p.A.

Any impairments of assets were measured (impairment tests on goodwill) annually as at 31 December 2022.

- <u>Estimates used in the actuarial calculation for determining defined benefit - Post-employment benefit plans</u>

The measurement of the post-employment benefits liability was carried out by an independent actuary based on the following assumptions:

- discounting rate, which is different for each Group company, is a function of the duration of the plan (3.77% for terms exceeding 10 years, 3.63% for terms of between 7 and 10 years, 3.57% or terms of between 5 and 7 years);
- the anticipated inflation rate is 2.30%;
- the anticipated annual rate of increase in post-employment benefits is 3.225%;
- annual rate of salary increase is different for each Group Company;
- the annual rate of frequency of post-employment benefits advances is anticipated as 3.0%;
- the turnover of employees was 6.5%;

- <u>Estimates adopted in the actuarial calculation of Provisions for supplementary clientele severance indemnity</u>

Provisions for supplementary clientele severance indemnity liabilities were valued by an independent actuary using the following assumptions:

- the voluntary turnover rate is 13% for MARR S.p.A., 11% for Italia Alimentari S.p.A., 5% for New Catering S.r.l.;
- the company turnover rate is 2% for MARR S.p.A., 4% for Italia Alimentari S.p.A. and 7% for New Catering S.r.l.;
- a discount rate of 3.57%.

- Deferred taxes

Deferred tax assets are recognised against all tax losses carried forward, in the amount adequate future taxable profits against which these losses may be used are likely. Directors are required to use their discretion in their measurement of the amount of deferred tax assets which can be recognised. They must estimate the likely time and amount of future taxable profits and a planning strategy of future taxes.

- <u>Other assumptions</u>

The following financial statement elements are affected by estimates and assumptions made by Management:

- inventory obsolescence
- depreciation and amortization
- valuation of other assets.

Financial risk management

The main risks identified, monitored and actively managed by the Cremonini Group are the following:

- Market risk: arising from the Group's exposure to interest rate and exchange rate fluctuations and to price volatility of the products and services sold;

- Credit risk: arising from the possibility of insolvency of a debtor counterparty;

- Liquidity risk: arising from the lack of financial resources with which to cover short-term financial commitments.

The Cremonini Group uses derivative financial instruments to hedge the exposure to exchange and interest rate risks. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market risk

Market risk consists in the possibility of changes in exchange rates, interest rates or the prices of products adversely affecting the value of assets, liabilities or estimated cash flows.

Exchange Rate Risk

The Cremonini Group, operating internationally, is structurally exposed to changes in exchange rates that affect the financial flows that originate from operations and loan transactions in currencies other than the European currency (euro).
The Group reports transactions settled mainly in US Dollars, Russian Roubles, Angolan Kwanza; the Group is exposed to other currencies such as Algerian dinars, pounds Sterling, Mozambican Metical, Australian Dollar, Canadian Dollar, Cape Verde Escudo, Thailand Bath, Hong Kong Dollar, Malaysian Ringgit, Chinese Renminbi, Kazakh Tenge and Polish Zloty.

The exchange rate changes have affected:

- the financial result, as an effect of the significantly different costs and revenues in foreign currencies with respect to the time when the price conditions were defined, and as an effect of the translation of trade or financial receivables and payables denominated in foreign currencies;
- the financial result and shareholders' equity of the consolidated financial statements, as an effect of the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the euro.

The risk deriving from the formation of the income for the financial year in a foreign currency or the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the euro is not as a norm hedged, except for a specific different valuation.

Sensitivity analysis

As at 31 December 2022, the effects of an appreciation or depreciation of the euro of 5% against the foreign currencies in which the Group operates are shown in the following table:

Effects on the pre-tax result:

(Euro/000)	Euro 5% Appreciation	Euro 5% Depreciation
US - Dollars	61	(67)
GB - Pounds	(1)	1
Angola - Readjustado Kwanza	(965)	1,067
Russia - Roubles	(654)	723

Interest rate risk

The Cremonini Group, as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.
At Group level, the medium-long term loans and finance leases, at 31 December 2022, are, for about 75%, stipulated with variable interest rates exposing the Group to the risk of a change in future cash flows while the fixed rate loans expose the Group to the risk of a change of the fair value of the loans themselves.

Sensitivity analysis

As at 31 December 2022 a hypothetic increase of 1% of the EURIBOR, as with all the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity) of about Euro 8,812 thousand on an annual basis (a higher pre-tax charge of about Euro 7,047 thousand at 31 December 2021).

Price risk

The reduction of the prices of the products and services sold generally leads to a reduction in the operating results and vice versa. The Group, which operates worldwide, is exposed to the fluctuations of prices that are also affected by the normal seasonality that characterises the individual sectors. These risks are managed directly by the individual Group Company through the diversification of the sources of procurement and through the following-up of the stability of the margins implemented with an optimal prices policy.

Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties used in financial transactions.
The Group's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees. The monitoring of the customer is based on collection of data and information on new customers and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year to ensure that the delinquent positions are not significant.
The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Group implements policies that limit the exposure to individual financial institutions.
Management of trade credit is the responsibility of each Group Company based on formalised valuation

procedures for commercial partners' credit lines, including the recovery of receivables and management of the disputes. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.
At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	**31.12.2022**	31.12.2021
Current trade receivables	610,141	590,584
Other non-current assets	33,896	42,714
Other current assets	78,050	60,224
Total	**722,087**	**693,522**

The fair value of the above categories is not indicated as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not based on observable market data.
Please refer to point 12 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is obliged to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that places the company's activities at risk.

The Group systematically respects the maturities of its commitments, a conduct which allows to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.
The Group manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring of the receipts and payments flows of all the Group Companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, it is generally preferred to find sources through specific medium/long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
At 31 December 2022				
Financial payables	440,734	767,864	178,133	1,386,731
Financial instruments / Derivatives	6,078	1,015	-	7,093
Trade Liabilities	762,371	-	-	762,371
	1,209,183	**768,879**	**178,133**	**2,156,195**
At 31 December 2021				
Financial payables	504,695	559,825	170,996	1,235,516
Financial instruments / Derivatives	468	-	-	468
Trade Liabilities	700,408	-	-	700,408
	1,205,571	**559,825**	**170,996**	**1,936,392**

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

Balance Sheet Assets 2022	**Financial assets at amortised cost**	**Assets at FVPL**	**Assets at FVOCI**	**Total**
Financial assets held for sale	0	-	-	**-**
Financial instruments / Derivatives	0	-	1,015	**1,015**
Non-current financial receivables	18,046	-	-	**18,046**
Other non-current receivable items	33,896	-	-	**33,896**
Current financial receivables	15,307	-	-	**15,307**
Current trade receivables	610,141	-	-	**610,141**
Current tax receivables	322	-	-	**322**
Current financial assets held for sale	0	-	6,094	**6,094**
Current derivative financial instruments	65,831	-	-	**65,831**
Cash and cash equivalents	287,265	-	-	**287,265**
Other current receivable items	78,050	-	-	**78,050**
Total	**1,108,858**	**-**	**7,109**	**1,115,967**
Balance Sheet Assets 2021				
Financial assets held for sale	13,194	-	-	**13,194**
Financial instruments / Derivatives	-	-	-	**-**
Non-current financial receivables	16,973	-	-	**16,973**
Other non-current receivable items	42,714	-	-	**42,714**
Current financial receivables	12,798	-	-	**12,798**
Current trade receivables	590,584	-	-	**590,584**
Current tax receivables	254	-	-	**254**
Current financial assets held for sale	-	-	817	**817**
Current derivative financial instruments	44,091	-	-	**44,091**
Cash and cash equivalents	343,491	-	-	**343,491**
Other current receivable items	60,224	-	-	**60,224**
Total	**1,124,323**	**-**	**817**	**1,125,140**

Balance Sheet Liabilities 2022	Liabilitiea at amortised cost	Liabilities at FVPL	Liabilities at OCI	Total
Non-current financial receivables	1,272,637	-	-	**1,272,637**
Non-current derivative financial instruments	-	-	-	**-**
Other non-current receivable items	538,000	-	-	**538,000**
Current financial receivables	-	-	16	**16**
Total	**1,810,637**	**-**	**16**	**1,810,653**
Balance Sheet Liabilities 2021				
Non-current financial payables	1,038,875	-	-	**1,038,875**
Current financial payables	-	-	-	**-**
Derivative financial instruments	572,134	-	-	**572,134**
Derivative financial instruments	-	-	349	**349**
Total	**1,611,009**	**-**	**349**	**1,611,358**

In conformity with the requirements of the changes introduced to IFRS 13, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market[4].
Similarly, non-current borrowings, whose recognition at fair value is reported in paragraph 18 of these explanatory notes, can also be classified as "Level 2" financial assets, since the inputs that affect their fair value are market data that can be observed directly.

With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 9 and 16 of these explanatory notes.

Capital management policy

The Company's primary aim, regard capital management, is to obtain an appropriate level of entity in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to the pursuit of satisfactory economic results and the generation of cash flows, can intervene on the dividends policy and configuration of the Company's capital.

The main indicators that the Company uses for capital management are:

1) R.O.S. (Return On Sales);
2) R.O.I. (Return On Investment);
3) R.O.A.C.E. (Return On Average Capital Employed);
4) R.O.E. (Return On Equity);
5) Net Debt / Equity;
6) Net Debt / EBITDA.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the end of the financial year, relationships with Group companies and related Companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

[4] The company identifies "Level 1" financial assets and liabilities as being those whose inputs having a significant effect on measured fair value are prices quoted in an active market for similar assets and liabilities and "Level 3" assets and liabilities as being those whose inputs are not based on observable market data.

Details of the main items of the consolidated statement of financial position

ASSETS

Non-current assets

Specific statements have been prepared for the categories of non-current assets (intangible, tangible assets and rights of use) which have been attached respectively in annexes 3, 4 and 5, which indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

For a better comprehension of the following tables it is noted that in the column “Changes in the scope of the consolidation” the effects are shown of the entry into the scope of consolidation of the subsidiaries La Torre Società Agricola a r.l. and Frigor Carni S.r.l. and of the exit of Inalca Food & Beverage (Thailand) Ltd, Inalca Food & Beverage Queensland Ltd, Fresco Gourmet Pty Ltd, Mille Sapori Due Sp. zo.o.

1. Tangible assets

(Euro/000)	Balance at 31.12.2021	Change in consolidation area	Purchases	Decreases	Hyperinflation effect	Other	Depreciation	**Balance at 31.12.2022**
Land and buildings	1,148,203	20,765	92,774	(2,488)		53,303	(101,606)	1,210,951
Plant and machinery	180,227	5,152	37,462	(10,018)		20,353	(42,188)	190,988
Industrial and business equipment	12,707	8	4,715	(371)		1,332	(4,529)	13,862
Other assets	65,950	294	19,692	(516)		6,209	(18,389)	73,240
Fixed assets under construction and advances	139,784	0	91,688	(1,167)		(59,855)		170,450
Total	**1,546,871**	**26,219**	**246,331**	**(14,560)**	**0**	**21,342**	**(166,712)**	**1,659,491**

It should be noted that tangible assets also include those acquired under finance leases and those in use under commercial leases, accounted for in accordance with IFRS 16. The latter, which until last year were shown separately under "Rights of use," are now stated in aggregate form with other tangible assets. The opening balances at 31 December 2021 have been restated in order to enable easy comparison of balances.

The table below shows the breakdown of balances and changes for the entire 2022 year.

(Euro/000)	Balance at 31.12.2021	Change in consolidation area	Purchases	Decreases	Hyperinflation effect	Other	Amortization	**Balance at 31.12.2022**
Owned tangible fixed assets and finance leases	1,224,932	23,514	185,126	(13,610)	0	11,339	(109,825)	1,321,476
Rights of sue - commercial lease	321,939	2,705	61,205	(950)		10,003	(56,887)	338,015
Total	**1,546,871**	**26,219**	**246,331**	**(14,560)**	**0**	**21,342**	**(166,712)**	**1,659,491**

Below are the changes in 2022, without considering the rights of use from commercial leases:

(Euro/000)	Balance at 31.12.2021	Change in consolidation area	Purchases	Decreases	Hyperinflation effect	Other	Amortization	**Balance at 31.12.2022**
Land and buildings	831,923	18,060	33,519	(1,588)		43,247	(47,296)	877,865
Plant and machinery	178,603	5,152	36,903	(9,971)		20,353	(41,308)	189,732
Industrial and business equipment	11,175	8	4,715	(371)		1,340	(4,278)	12,589
Other assets	63,447	294	18,301	(513)		6,254	(16,943)	70,840
Fixed assets under construction and advances	139,784	0	91,688	(1,167)		(59,855)	0	170,450
Total	**1,224,932**	**23,514**	**185,126**	**(13,610)**	**0**	**11,339**	**(109,825)**	**1,321,476**

The following is an analysis of the main changes that were reported in owned property, plant and equipment and finance leases during the year.

Land and buildings

The item under examination, net of depreciation for the period, increased by Euro 93.2 million compared to 2021 as a result of:

- acquisitions for Euro 33.5 million;
- decreases of Euro 1.6 million;
- a positive exchange rate effect for Euro 11.3 million;
- a change in the consolidation area for Euro 18.1 million;
- reclassification from fixed assets under construction for Euro 17.4 million.

All the sectors have made property acquisitions, in particular: the Catering Sector for Euro 17.8 million, the Production Sector for Euro 13.9 million, the Centralized activities Sector for Euro 1.2 million and the Distribution Sector for Euro 0.6 million.

In detail:

Catering:

The additions, which amounted to Euro 17.8 million, were made by Roadhouse S.p.A. for the acquisition involving the new outlets under finance lease, as well as by Chef Express S.p.A. for the refurbishment of some sales outlets operated under concession, mainly at railway stations and airports.

Production:

The increases of the Sector, which amounted to Euro 13.9 million, specifically concerned the subsidiary Italia Alimentari S.p.A. for Euro 5.6 million for improvements at Gazoldo, Postalesio and Busseto plants, and Società Agricola Corticella S.r.l. for Euro 3.8 million for acquisition of land and a building, as well as INALCA S.p.A. for Euro 2.6 million for improvements on production plants, the implementation of bone/fat food rendering process and acquisition of food flour silos.

Distribution:

The increases related to MARR S.p.A. for improvements on some owned buildings.

Centralized activities:

Expenses of Euro 1.2 million were incurred, which were attributable for Euro 837 thousand to works for the refurbishment in the Group-owned buildings located in Rome and at the office in Castelvetro (Modena) and for Euro 285 thousand to the acquisition of a property in Vicolo Scanderbeg in Rome.

The decreases include the sale of the land in Nonantola (Modena) by subsidiary Società Agricola Corticella S.r.l., as well as of the composting plant of Sara S.r.l. and the transfer of the latter's business unit to Biorg S.r.l., a company that is 30% owned with the Hera Group holding 70%, which will produce biomethane.

The other movements refer to both reclassification of works that were previously recorded under the item "non-current assets in progress" and the changes deriving from exchange rate effects, which positively impacted by Euro 11.1 million in the year (already mentioned above).

As at 31 December 2022 there were sixty-seven financial leases. Shown below are the summarized figures of the transactions:

	Rozzano Building	Corsico Building	Vicenza Building	Modena Sud Building	Voghera Building
Commencement of the lease term	24/09/2008	12/08/2009	09/10/2009	16/09/2010	02/12/2010
Duration finance lease	18 years	18 years	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months	215 months	215 months
Value of the leased asset	3.2 million Euros	3.5 million Euros	2.6 million Euros	4.4 million Euros	1.5 million Euros
Initial payment on signing the contract	316 thousand Euros	355 thousand Euros	260 thousand Euros	437 thousand Euros	147 thousand Euros
Amount of the monthly payment	20 thousand Euros	15 thousand Euros	10 thousand Euros	21 thousand Euros	7 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	316 thousand Euros	315 thousand Euros	215 thousand Euros	437 thousand Euros	147 thousand Euros
2022 payments*	244 thousand Euros	190 thousand Euros	153 thousand Euros	257 thousand Euros	86 thousand Euros
Residual value as at 31 December 2022	1.1 million Euros	1.2 million Euros	0.9 million Euros	1.8 million Euros	0.6 million Euros

	Mirabilandia Building	Parma Building	Macerata Building	Capriate Building	Mestre Building
Commencement of the lease term	01/07/2011	23/12/2011	01/05/2012	31/10/2012	19/12/2012
Duration finance lease	18 years	18 years	18 years	18 years	13 years
Nr. of lease payments	215 months	215 months	215 months	215 months	155months
Value of the leased asset	2.4 million Euros	3.6 million Euros	1.5 million Euros	2.3 million Euros	2,5 million Euros
Initial payment on signing the contract	237 thousand Euros	360 thousand Euros	156 thousand Euros	465 thousand Euros	265 thousand Euros
Amount of the monthly payment	12 thousand Euros	21 thousand Euros	8 thousand Euros	10 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Fixed	Euribor	Fixed
Amount of final option	237 thousand Euros	360 thousand Euros	147 thousand Euros	465 thousand Euros	234 thousand Euros
2022 payments*	143 thousand Euros	250 thousand Euros	98 thousand Euros	118 thousand Euros	201 thousand Euros
Residual value as at 31 December 2022	1.1 million Euros	2.1 million Euros	0.8 million Euros	1.1 million Euros	0.9 million Euros

	Cinisello Balsamo Building	Capriate works (a)	Bellinzago Lombardo Building	Gallarate Building	Carpi Building
Commencement of the lease term	12/07/2013	06/12/2013	28/07/2014	01/08/2014	01/08/2014
Duration finance lease	13 years	16 years	12 years	12 years	12 years
Nr. of lease payments	155 months	186 months	143 months	143 months	48 quarter
Value of the leased asset	3.5 million Euros	2.4 million Euros	1.7 million Euros	2.4 million Euros	1.9 million Euros
Initial payment on signing the contract	680 thousand Euros	844 thousand Euros	212 thousand Euros	224 thousand Euros	180 thousand Euros
Amount of the monthly payment	25 thousand Euros	16 thousand Euros	14 thousand Euros	16 thousand Euros	43 thousand Euros
Interest rate	Fixed	Euribor	Euribor	Euribor	Euribor
Amount of final option	307 thousand Euros	-	170 thousand Euros	224 thousand Euros	180 thousand Euros
2022 payments*	254 thousand Euros	211 thousand Euros	132 thousand Euros	214 thousand Euros	171 thousand Euros
Residual value as at 31 December 2022	1.2 million Euros	0.1 million Euros	0.8 million Euros	0.9 million Euros	0.8 million Euros

a) the first 107 instalments amount to Euro 15,800 and the subsequent 79 amount to Euro 3,200.

	Pavia Building	Dalmine Building	Treviso Silea Building	Senigallia Building	Lainate Sempione Building
Commencement of the lease term	01/02/2015	23/03/2015	29/05/2015	11/06/2015	31/07/2015
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.7 million Euros	2.4 million Euros	3.2 million Euros	1.5 million Euros	2.1 million Euros
Initial payment on signing the contract	168 thousand Euros	241 thousand Euros	320 thousand Euros	148 thousand Euros	244 thousand Euros
Amount of the monthly payment	12 thousand Euros	16 thousand Euros	23 thousand Euros	9 thousand Euros	17 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	168 thousand Euros	241 thousand Euros	32 thousand Euros	148 thousand Euros	244 thousand Euros
2022 payments*	136 thousand Euros	189 thousand Euros	277 thousand Euros	127 thousand Euros	186 thousand Euros
Residual value as at 31 December 2022	0.7 million Euros	1.1 million Euros	1.2 million Euros	0.7 million Euros	1.2 million Euros

* Values inclusive of indexation differences.

	Lainate Casello Building	Rovato Building	Pioltello Building	Cernusco Lombardone Building	Como Lipomo Building
Commencement of the lease term	29/05/2015	05/08/2015	20/11/2015	21/12/2015	15/02/2016
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.3 million Euros	2.3 million Euros	2.6 million Euros	1.5 million Euros	1.7 million Euros
Initial payment on signing the contract	275 thousand Euros	267 thousand Euros	297 thousand Euros	170 thousand Euros	276 thousand Euros
Amount of the monthly payment	15 thousand Euros	18 thousand Euros	19 thousand Euros	10 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	231 thousand Euros	267 thousand Euros	297 thousand Euros	154 thousand Euros	276 thousand Euros
2022 payments*	174 thousand Euros	176 thousand Euros	198 thousand Euros	117 thousand Euros	171 thousand Euros
Residual value as at 31 December 2022	1.2 million Euros	1.2 million Euros	1.3 million Euros	0.8 million Euros	1.2 million Euros

	Gravellona Toce Building	Olgiate Comasco Building	Collegno Building	Cornaredo Building	Tradate Building
Commencement of the lease term	15/03/2016	05/04/2016	02/08/2016	05/08/2016	19/10/2016
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.3 million Euros	2.0 million Euros	1.4 million Euros	1.5 million Euros	2.4 million Euros
Initial payment on signing the contract	174 thousand Euros	257 thousand Euros	266 thousand Euros	197 thousand Euros	500 thousand Euros
Amount of the monthly payment	8 thousand Euros	16 thousand Euros	17 thousand Euros	9 thousand Euros	14 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	131 thousand Euros	257 thousand Euros	266 thousand Euros	147 thousand Euros	243 thousand Euros
2022 payments*	98 thousand Euros	177 thousand Euros	344 thousand Euros	108 thousand Euros	163 thousand Euros
Residual value as at 31 December 2022	0.7 million Euros	1.2 million Euros	1.3 million Euros	0.9 million Euros	1.3 million Euros

	Fidenza Building	Curtatone Building	ı Cernusco sul Naviglio	Ancona Building	Modena Victoria Building
Commencement of the lease term	29/09/2016	29/09/2016	03/02/2017	26/01/2017	08/06/2017
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.8 million Euros	1.2 million Euros	2.1 million Euros	2.3 million Euros	1.9 million Euros
Initial payment on signing the contract	240 thousand Euros	148 thousand Euros	220 thousand Euros	253 thousand Euro	200 thousand Euros
Amount of the monthly payment	10 thousand Euros	7 thousand Euros	14 thousand Euros	14 thousand Euros	11 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	177 thousand Euros	119 thousand Euros	220 thousand Euros	227 thousand Euros	187 thousand Euros
2022 payments*	126 thousand Euros	86 thousand Euros	150 thousand Euros	166 thousand Euros	134 thousand Euros
Residual value as at 31 December 2022	1.0 million Euros	0.7 million Euros	1.3 million Euros	1.3 million Euros	1.1 million Euros

	Montano Lucino Building	Lido di Camaiore Building	Lainate Sempione works	Vigevano Building	Baranzate Building
Commencement of the lease term	26/07/2017	10/11/2017	11/05/2017	08/03/2018	29/03/2018
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	138 months	143 months	143 months
Value of the leased asset	2.1 million Euros	2.3 million Euros	0.1 million Euros	2.0 million Euros	3.2 million Euros
Initial payment on signing the contract	225 thousand Euros	234 thousand Euros	-	230 thousand Euros	287 thousand Euros
Amount of the monthly payment	12 thousand Euros	14 thousand Euros	0.6 thousand Euros	14 thousand Euros	19 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	187 thousand Euros	234 thousand Euros	-	230 thousand Euros	29 thousand Euros
2022 payments*	148 thousand Euros	170 thousand Euros	6 thousand Euros	144 thousand Euros	256 thousand Euros
Residual value as at 31 December 2022	1.2 million Euros	1.3 million Euros	0.0 million Euros	1.3 million Euros	2.1 million Euros

* Values inclusive of indexation differences.

	Ferrara Sud Building	Sesto Fiorentino Building	Saronno Building	SegrateBuilding	Aosta Building
Commencement of the lease term	29/05/2018	12/11/2018	10/04/2018	01/12/2018	17/10/2018
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.5 million Euros	4.3 million Euros	1.9 million Euros	3.6 million Euros	1.5 million Euros
Initial payment on signing the contract	250 thousand Euros	500 thousand Euros	210 thousand Euros	536 thousand Euros	175 thousand Euros
Amount of the monthly payment	15 thousand Euros	31 thousand Euros	13 thousand Euros	20 thousand Euros	11 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	193 thousand Euros	431 thousand Euros	210 thousand Euros	257 thousand Euros	147 thousand Euros
2022 payments*	187 thousand Euros	333 thousand Euros	132 thousand Euros	240 thousand Euros	106 thousand Euros
Residual value as at 31 December 2022	1.6 million Euros	3.2 million Euros	1.3 million Euros	2.1 million Euros	1.0 million Euros

	Belluno Building	Monza Building	Assago Building	Noventa Building	Bussolengo Building
Commencement of the lease term	19/12/2018	08/04/2019	27/02/2019	01/07/2019	17/12/2018
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	47 months	143 months	143 months	143 months
Value of the leased asset	1.7 million Euros	2.5 million Euros	2.6 million Euros	2.2 million Euros	2.3 million Euros
Initial payment on signing the contract	270 thousand Euros	272 thousand Euros	280 thousand Euros	220 thousand Euros	230 thousand Euros
Amount of the monthly payment	10 thousand Euros	51 thousand Euros	16 thousand Euros	13 thousand Euros	14 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	170 thousand Euros	253 thousand Euros	271 thousand Euros	217 thousand Euros	230 thousand Euros
2022 payments*	112 thousand Euros	191 thousand Euros	194 thousand Euros	159 thousand Euros	172 thousand Euros
Residual value as at 31 December 2022	1.1 million Euros	1.8 million Euros	1.9 million Euros	1.5 million Euros	1.7 million Euros

	Erba Building	Cremona Building	Bologna Stalingrado Building	Padova ovest Building	Trieste Building
Commencement of the lease term	17/12/2018	24/10/2019	31/07/2019	05/04/2019	24/10/2019
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.3 million Euros	2.2 million Euros	3.4 million Euros	2.3 million Euros	3.0 million Euros
Initial payment on signing the contract	235 thousand Euros	220 thousand Euros	400 thousand Euros	278 thousand Euros	305 thousand Euros
Amount of the monthly payment	14 thousand Euros	13 thousand Euros	23 thousand Euros	18 thousand Euros	20 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	235 thousand Euros	220 thousand Euros	400 thousand Euros	27 thousand Euros	30 thousand Euros
2022 payments*	173 thousand Euros	157 thousand Euros	235 thousand Euros	207 thousand Euros	224 thousand Euros
Residual value as at 31 December 2022	1.7 million Euros	1.6 million Euros	2.4 million Euros	2.1 million Euros	2.0 million Euros

	Casalecchio Building	Casalecchio Calavera Building	Arezzo Building	Agrate Building	Seregno CA Building
Commencement of the lease term	28/11/2019	28/11/2019	05/05/2020	24/07/2020	17/11/2020
Duration finance lease	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	3.1 million Euros	2.7 million Euros	1.4 million Euros	0.9 million Euros	1.9 million Euros
Initial payment on signing the contract	640 thousand Euros	610 thousand Euros	248 thousand Euros	425 thousand Euros	257 thousand Euros
Amount of the monthly payment	17 thousand Euros	17 thousand Euros	15 thousand Euros	25 thousand Euros	16 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	320 thousand Euros	305 thousand Euros	248 thousand Euros	425 thousand Euros	257 thousand Euros
2022 payments*	199 thousand Euros	173 thousand Euros	0 thousand Euros	0 thousand Euros	172 thousand Euros
Residual value as at 31 December 2022	2.1 million Euros	1.9 million Euros	1.3 million Euros	3.6 million Euros	1.9 million Euros

* Values inclusive of indexation differences.

	Perugia Building	Parma Ovest Building	Pisa Building	Peschiera Building
Commencement of the lease term	13/10/2020	25/02/2021	25/02/2021	06/05/2022
Duration finance lease	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months
Value of the leased asset	1.3 million Euros	1.8 million Euros	1.4 million Euros	1.7 million Euros
Initial payment on signing the contract	190 thousand Euros	250 thousand Euros	270 thousand Euros	260 thousand Euros
Amount of the monthly payment	12 thousand Euros	15 thousand Euros	17 thousand Euros	16 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	190 thousand Euros	250 thousand Euros	270 thousand Euros	260 thousand Euros
2022 payments*	13 thousand Euros	16 thousand Euros	9 thousand Euros	13 thousand Euros
Residual value as at 31 December 2022	1.4 million Euros	1.7 million Euros	2.1 million Euros	2.0 million Euros

	Padua Building	Trezzano Building
Commencement of the lease term	29/02/2008	10/09/2008
Duration finance lease	18 years	18 years
Nr. of lease payments	71 quarter	215 months
Value of the leased asset	3.4 million Euros	3.6 million Euros
Initial payment on signing the contract	339 thousand Euros	332 thousand Euros
Amount of the monthly payment	64 thousand Euros	16 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	339 thousand Euros	252 thousand Euros
2022 payments*	208 thousand Euros	238 thousand Euros
Residual value as at 31 December 2022	1.0 million Euros	1.1 million Euros

* Values inclusive of indexation differences

Plant and machinery

The main increases for 2022 were made in the sectors:

- Production (for a total of Euro 26.6 million) by:
    - INALCA S.p.A. (Euro 10.0 million) for non-routine maintenance work at the main factories; specifically, mainly intended for the rendering project (plant for food processing of bovine bones and fat) in Castelvetro and the acquisition of silos for the storage of food flours; some investments in Ospedaletto, among which are the installation of a new trigeneration system and the construction of a PV plant; the purchase of a new filling-seaming unit for canned meat lines and the installation of a new absorber at Rieti plant;
    - Italia Alimentari S.p.A. (Euro 9.3 million) for the expansion of specific production plants at Gazoldo, Busseto and Postalesio;
    - Bright View Trading Hong Kong Ltd. (Euro 2.0 million) for the new cold room;
    - Fiorani e C. S.p.A. (Euro 1.7 million) for the purchase of specific equipment and machinery for enlargement of production lines, mainly at Piacenza and Castelnuovo Rangone sites;
    - Castelfrigo LV S.r.l. (Euro 1.0 million) for the purchase of new specific plants intended for the exploitation of processing residues and systems at the new offices.

- Catering (for a total of Euro 7.9 million) by:
    - Roadhouse S.p.A. (Euro 3.7 million for new systems and improvements to the existing plants, specifically at Agrate Brianza (Monza and Brianza), Piacenza, Rozzano (Milan), Arezzo, Florence "Gigli" and Rivoli (Turin) restaurants;
    - Chef Express S.p.A. (Euro 2.2 million) for improvements on the plants of the airport and railway catering premises operated by the company.

- Distribution (for a total of Euro 3.3 million), almost exclusively attributable to investments relating to the works executed at some branches of the Parent Company MARR S.p.A..

  Among them are the completion of the distribution platform in Piacenza, the construction of the fish shop department of the branch Marr Adriatico and revamping at branches Marr Dolomiti, Marr Torino, Marr Arco and Marr Battistini.

The other movements refer to both reclassification of works that were previously recorded under the item "non-current assets in progress" and the changes deriving from positive exchange rate effects (Euro 1.7 million).

Other assets

The main investments that justify the increase with respect to 31 December 2021 involved various sectors. In detail the higher increases can be ascribed to:

- Roadhouse S.p.A. for fitting-out new restaurants (Euro 5.0 million);
- Chef Express S.p.A. (Euro 4.2 million) for the acquisition of furniture and fittings;
- MARR S.p.A. for the purchase of furniture, electronic machinery and cars (Euro 1.2 million);
- INALCA S.p.A. (Euro 1.1 million) mainly for the purchases of vehicles, electronic machinery, means of in-house transport.

Fixed assets under construction and advances

Below are the most significant increases broken down by Sector:

Production for Euro 68.6 million, incurred by:

- Zaklady Miesne Sochocin Sp.zo.o. (Euro 37.0 million) for the completion of the new slaughtering plant in Sochocin, in Poland, which started its operations at the beginning of 2023;
- Castelfrigo LV S.r.l. (Euro 17.0 million) for the construction of facilities for the production of high value-added products aimed at increasing the company's profitability such as cracklings, flours and refined lard;
- Italia Alimentari S.p.A. (Euro 5.5 million), mainly involving works for upgrading in the areas of production and slicing of cured meats at all factories;
- INALCA S.p.A. (Euro 2.5 million) for the expansion of plants in Rieti and Ospedaletto;
- Società Agricola Corticella S.r.l. (Euro 1.8 million for the construction and expansion of plants, including the PV plant in Spilamberto (Modena) and Recovato (Modena) and the irrigation system and barn renovation in Campogalliano (Modena);
- Marr Russia Llc (Euro 1.1 million) for investments relating to the fleet of refrigerated vehicles, electronic office machines and internal goods handling equipment.

Catering for Euro 16.3 million, incurred by:

- Chef Express S.p.A. (Euro 12.9 million) for investments made for the refurbishment of various station buffets and motorway service stations;
- Roadhouse S.p.A. (Euro 3.3 million) for works at the new "Roadhouse Restaurant" outlets, specifically at Viterbo, Arezzo, Rivoli (Turin), Asti C.C. Borgo d'Asti, Rome Prenestina, "Billy Tacos" and "Smokery" in Milan and Marghera C.C. Nave de vero (Venice).

Distribution for Euro 6.9 million, fully attributable to MARR S.p.A. and consisting of an amount of Euro 5.8 million from the progress of works for the construction of the new distribution platform in Bottanuco (Bergamo), and of an amount of Euro 1.010 million from the state of progress of the completion works of the third floor of the executive offices in Santarcangelo di Romagna (Rimini). The remaining amount concerns investments that had not yet come into operation as at 31 December 2022.

There are mortgages, secured by non-current tangible assets, for amounts of about Euro 941 million against loans obtained.

2. Goodwill

Goodwill is not amortized with the exclusion of that with a defined useful life, the amortization of which is correlated to the term of the concession; recoverability of the related book value is verified at least annually and anyway when events occur that presuppose impairment.

The verification is carried out at the level of the smallest aggregate on the basis of which corporate management measures, directly or indirectly, the return on the investment that includes the goodwill (cash generating unit); for the main hypotheses utilized for the determination of recoverable value you are referred to that shown in the paragraph "Major assumptions adopted by Management and discretionary valuations".

(Euro/000)	Balance at 31.12.2021	Change in consolidation scope	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2022**
Production - Beef	20,546				29		20,575
Production - Others	302						302
Distribution	152,109	6,940					159,049
Catering	45,697				(101)	(975)	44,621
Holding company and services	0						0
Total	**218,654**	**6,940**	**0**	**0**	**(72)**	**(975)**	**224,547**

The increase of the period of Euro 5.9 million is mainly due to the acquisition of Frigor Carni S.r.l. which operates in the Distribution sector.

The cost of the business combination regarding these transactions was determined based on the carrying values stated in the shares transfer agreement. The details of the net assets acquired and the most significant goodwill are explained below:

(Euro/000)	Frigor Carni S.r.l.
Total cost of the business combination	**6,298**
Fair value of net identifiable assets	(331)
Goodwill	**6,629**

Book values determined in conformity with the IFRS immediately prior to the combination (Euro/000)	Frigor Carni S.r.l.
Intangible and tangible assets	362
Investments in other companies and other non-current finanial assets	-
Goods	-
Trade receivables	-
Cash and cash equivalents	10
Other current assets	0
Employee benefits	(481)
Provisions for risks and charges	0
Trade payables	0
Othre current liabilities	(222)
Fair value of net identifiable assets	**(331)**
Fair value pertaining to the Group	**(331)**

The goodwill provisionally attributed to the acquisitions showed above are justified by the important strategic value of such transactions that permitted the Group to significantly strengthen its presence in areas not covered before.

3. Other intangible assets

(Euro/000)	Balance at 31.12.2021	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2022**
Patents and intellectual property rights	4,093	8	1,411	(6)	273	(2,056)	3,723
Development costs	232	0	453	(5)	0	(148)	532
Concessions, licences, trademarks and similar rights	13,813	8	1,094	(13)	798	(1,831)	13,869
Fixed assets under development and advances	1,517	0	565	(3)	(455)	0	1,624
Other intangible assets	2,688	0	183	(27)	(245)	(699)	1,900
Total	**22,343**	**16**	**3,706**	**(54)**	**371**	**(4,734)**	**21,648**

The item "Patents and intellectual property rights" mainly includes the purchases and implementation of software and company applications. The acquisitions for the year refer to Chef Express S.p.A., MARR S.p.A. and INALCA S.p.A..

4. Investments valued at equity

The main changes that took place during the financial year, detailed in annex 5, are commented below. Annex 6 also shows the list and figures required by Art. 2427.5 of the Italian Civil Code.

Equity investments in subsidiaries

The increase in the balance compared to 31 December 2021, equal to Euro 848 thousand, was due to the acquisition, which took place in December 2022, concerning 100% of the investment in Host Inns Pty Limited, an Australian company active in the import of wine, which entailed an increase in debt of Euro 740 thousand. An additional capital payment of Euro 138 thousand was made during the year to the subsidiary Italia Alimentari USA Corporation.

Equity investments in associated companies

The item, which amounted to Euro 16,485 thousand, showed an increase of Euro 1,237 thousand compared to 31 December 2021. The increase was due for Euro 3,727 thousand to the acquisition of 50% of Agro-Invest Sp. zo.o. and for Euro 3,004 thousand to the acquisition of 50% of Biorg S.r.l., partly offset by a reduction of Euro 5,010 thousand resulting from the consolidation of La Torre Società Agricola Consortile a r.l. (the control over which was acquired on 4 February 2022) and by a write-down of the investment in Unitea S.r.l. for Euro 1,240 thousand.

5. Investments in other companies

The balance at 31 December, equal to Euro 16,248 thousand, showed an increase of Euro 919 thousand compared to 31 December 2021. This increase was mainly due to a revaluation of Euro 613 thousand of the investment in B.F. Holding S.p.A. and the investment of Euro 200 thousand, made by subsidiary Chef Express S.p.A. in Wearena Entertainment S.p.A..

The revaluation of the investment in B.F. Holding S.p.A. was allocated to the specific equity reserve set aside for the recognition of changes in the fair value of financial instruments.

6. Non-current financial receivables

(Euro/000)	31.12.2022	31.12.2021	Difference
Receivables from unconsolidated subsidiaries	-	-	-
Receivables from associated companies			
- Frigomacello S.r.l.	1,139	749	390
- Società Agricola Marchesina S.r.l.	-	400	(400)
Loans to third parties	16,907	15,824	1,083
Total	**18,046**	**16,973**	**1,073**

As at 31 December 2022 they amounted to Euro 18,046 thousand compared to Euro 16,973 thousand in 2021. The increase in the balance is attributable to the Production sector for Euro 1,800 thousand, partially offset by a reduction of Euro 727 thousand recorded in the Distribution sector.

7. Deferred tax assets

The amount of these taxes mainly refers to the tax effect (IRES and IRAP) calculated on the taxed provisions, write-downs of non-current financial assets fiscally deductible in subsequent financial years and write-downs of non-current intangible assets**.**

8. Other non-current assets

(Euro/000)	31.12.2022	31.12.2021	Difference
Receivables from customers	5,092	8,195	(3,103)
Provision for bad debts	0	(7)	7
Tax assets	5,143	5,891	(748)
Other receivables	20,671	24,716	(4,045)
Accrued income and prepaid expenses	2,990	3,919	(929)
Total	**33,896**	**42,714**	**(8,818)**

Non-current "Receivables from customers", which totalled Euro 5,092 thousand are entirely attributable to the subsidiary MARR S.p.A. and concern agreements and deferments in payment defined with the customers. Their decrease has been due to the reimbursements carried out during the year.

"Other receivables", as in past years, is mainly attributable to the Distribution sector and includes VAT receivables from the Tax Office for losses on customers for Euro 4,505 thousand (Euro 5,095 thousand at 31 December 2021), as well as receivables from suppliers for Euro 9,021 thousand (Euro 12,948 thousand at 31 December 2021). The item also includes guarantee deposits of Euro 4,840 thousand paid to some third-party companies as security for contractual obligations.

"Accrued income and prepaid expenses" are connected with long-term promotional contributions paid to the customers for Euro 2,482 thousand (the amount falling due beyond 5 years is estimated at about Euro 98 thousand).

Current assets

9. Inventories

(Euro/000)	31.12.2022	31.12.2021	Difference
Raw materials, secondary materials and consumables	116,179	84,506	31,673
Work in progress and semi-finished goods	11,859	7,676	4,183
Finished goods and goods for resale	435,372	389,447	45,925
Advances	17,659	18,842	(1,183)
Provision for write-down of inventories	(2,615)	(3,036)	421
Total	**578,454**	**497,435**	**81,019**

The increase compared to the previous year is mainly attributable to the Production sector (for Euro 68.7 million) and mainly derived from the higher cost of raw materials and the various production factors.

10. Biological assets

This item relates to the valuation of accretion of cattle owned by Società Agricola Corticella S.r.l., Cremovit S.r.l., Parma Serv S.r.l., Agrosakmara Llc. and La Torre Società Agricola Cons. a r.l. as carried out in accordance with IAS 41.

These assets, which amounted to Euro 68.9 million at 31 December 2022, showed an increase of Euro 14.0 million compared to Euro 54.9 million in 2021, mainly as a result of the inclusion of La Torre Società Agricola Cons. a r.l. in the consolidation area, which contributed higher assets for Euro 9.7 million. Furthermore, there was an increase in the value of animals on the farm at subsidiaries Parma Serv S.r.l. and Agrosakmara Llc.

On the contrary, there was a reduction in the number of heads owned by Società Agricola Corticella S.r.l. and Cremovit S.r.l., which constitute the largest portion of livestock at the Group's stables or under agistment contracts, the breakdown and changes of which compared to the previous year are as follows:

	31.12.2022	31.12.2021	Difference
Veals	35,431	37,410	(1,979)
Bullocks	8,991	11,021	(2,030)
Heifers	6,448	9,842	(3,394)
Total	**50,870**	**58,273**	**(7,403)**

The decrease occurred mainly in the subsidiary Cremovit S.r.l. due to the normal cycle of cattle replacement, which resulted in exits for sales made at the end of the year. The number of heads was replenished at the beginning of 2023.

11. Current financial receivables

(Euro/000)	31.12.2022	31.12.2021	Difference
Receivables from subsidiaries	**2,519**	**1,118**	**1,401**
Dolfen S.r.l.		-	-
Fratelliditalia S.A.	837	-	837
Inalca Food & Beverage Thailand	713	-	713
Inalca Russia LLc	2	1	1
Società Agricola Transumanza S.r.l.	967	1,117	(150)
Receivables from associated companies	**7,703**	**4,935**	**2,768**
A.G.M. S.r.l.	493	493	-
Agro-Invest Sp. Z o.o.	3,041	-	3,041
Farm Service S.r.l.	111	333	(222)
La Torre Soc.Agr.Consortile a r.l.		1,066	(1,066)
Società Agricola Cà Bianca S.r.l.	246	-	246
Società Agricola Castello di Godego S.r.l.		-	-
Società Agricola Marchesina S.r.l.	3,812	3,032	780
Unieffebi S.r.l. (wound-up)	-	11	(11)
Other financial receivables	**5,085**	**6,745**	**(1,660)**
Treasury receivables from minorities	5,085	6,745	(1,660)
Provision for bad debts	-	-	-
Total	**15,307**	**12,798**	**2,509**

The increase in the balance was mainly due to the loans granted to Agro-Invest Sp.zo.o., Fratelliditalia S.A. and Società Agricola Marchesina S.r.l., partly offset by a decrease in receivables from La Torre Società Agricola Consortile a r.l. due to the inclusion in the scope of consolidation.

12. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2022	31.12.2021	Difference
Trade receivables	**601,952**	**586,447**	**15,505**
Due within 12 months	672,202	647,120	25,082
Provision for bad debts	(70,250)	(60,673)	(9,577)
Receivables from parent companies	**5**	**-**	**5**
Cremofin S.r.l.	5	-	5
Receivables from unconsolidated subsidiaries	**3,737**	**437**	**3,300**
Corte Buona LLC	234	56	178
Fratelliditalia S.A.	2,050		2,050
Inalca F&B Thailand	420		420
Inalca Russia LLc	5	4	1
Italia Alimentari USA Corporation	513	354	159
Società Agricola Transumanza S.r.l.	116	-	116
Zaino IF&B Co. Ltd	399	23	376
Provision for bad debts	-	-	-
Receivables from associated companies	**4,447**	**3,700**	**747**
A.G.M. S.r.l.	-	13	(13)
Farm Service S.r.l.	644	840	(196)
Inalca Emirates Trading Llc	-	338	(338)
Inalca West Africa Food & Beverage Ltd	-	26	(26)
Jolanda De Colò S.p.A.	2		2
La Torre Soc.Agr.Consortile Ar.l.	-	2	(2)
Società Agricola Castello di Marchesina S.r.l.	2,474	1,319	1,155
Time Vending S.r.l.	30	42	(12)
Unitea S.r.l.	1,297	1,120	177
Provision for bad debts	-	-	-
Total	**610,141**	**590,584**	**19,557**

The Group's credit risk is primarily attributable to the amount of trade receivables. The amounts disclosed in the financial statements are net of provisions for bad debts, estimated by the Group's Management based on historical experience and their measurement in the current economic context.

As at 31 December 2022, the composition of the overdue (current and non-current) receivables from customers is the following:

(Euro/000)	31.12.2022	31.12.2022	31.12.2021	31.12.2021
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	413,236	(3,733)	424,657	(1,177)
Overdue up to 30 days	75,748	(293)	62,281	(94)
Overdue from 31 to 60 days	33,657	(81)	31,260	(91)
Overdue from 61 to 90 days	19,271	(40)	12,069	(219)
Overdue from 91 to 120 days	82,979	(48,983)	81,740	(44,098)
Overdue over 120 days	52,403	(17,120)	43,308	(15,001)
Total	**677,294**	**(70,250)**	**655,315**	**(60,680)**

The fair value of the categories shown above is not given as the carrying value represents a reasonable approximation.

The change in the bad debt provision was the following:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Initial balance	(60,680)	(59,124)	(1,556)
Change in scope of consolidation	(1,010)	(80)	(930)
Utilized during the year	15,450	17,901	(2,451)
Other movements	25	554	(529)
Exchange differences effect	(812)	(562)	(250)
Accruals during the year	(23,223)	(19,369)	(3,854)
Final balance	**(70,250)**	**(60,680)**	**(9,570)**

13. Current tax assets

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Receivables for advance on direct taxes	5,354	3,091	2,263
Receivables for withholdings	103	48	55
VAT credit and other taxes requested for reimbursement	39,194	23,051	16,143
Other sundry receivables	21,183	17,904	3,279
Bad debts provision	(3)	(3)	-
Total	**65,831**	**44,091**	**21,740**

The increase in the balance was mainly determined by higher VAT credits accrued in Italy during the year.
The reduction in activities resulting from the resurgence of the pandemic, which continued to affect the first quarter, the significant investments made by the Group and the higher costs of raw materials and energy costs generated an additional increase in the VAT credit position, which is expected to be partly reabsorbed during 2023.

The item "Other sundry receivables" mainly includes tax receivables for:
- renovation and energy saving works pursuant to article 1, paragraph 349 of Law no. 296 of 27 December 2006;
- activities supporting culture (the so-called "Art Bonus") provided for by Law no. 106 of 29 July 2014;
- investments made that can be subsidized for the purposes of the tax credit for "Research and Development" under article 1, paragraph 35 of Law no. 190 of 23 December 2014 (Stability Law 2015);
- aid to labour and economy granted under Laws no. 77 of 2020 ("Relaunch Decree") and no. 176 of 2020 ("Non-refundable Compensation Decree") following the effects of the Covid-19 pandemic;
- purchase of energy and gas envisaged in Article 6 of Decree Law 115/2022 ("Energy Bonus"), and
- investments in new capital goods referred to in Laws no. 160/2019 and 178/2020 ("Stability Law 2020-2021").

14. Cash and cash equivalents

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Cash	22,439	12,563	9,876
Checks	38	14	24
Bank and postal accounts	264,788	330,914	(66,126)
Total	**287,265**	**343,491**	**(56,226)**

The balance represents the cash and cash equivalents and the existence of money and notes in circulation at the year-end. You are referred to the cash flow statement for the evolution of the cash and cash equivalents, while please refer to item 24 "Current financial payables" of the explanatory notes to the consolidated financial statements for the composition of the Net Debt.
Below is a breakdown of the balance by sector:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Production Sector	55,094	45,951	9,143
Distribution Sector	191,664	249,994	(58,330)
Catering Sector	29,811	24,387	5,424
Centralized Activities Sector	10,696	23,159	(12,463)
Total	**287,265**	**343,491**	**(56,226)**

15. Other current assets

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Accrued income and prepaid expenses	10,795	5,658	5,137
Other receivables			
Advances to suppliers	42,090	36,334	5,756
Receivables from insurance companies	1,965	547	1,418
Receivables for contributions to be collected	-	-	-
Receivables from social security institutions	2,159	4,690	(2,531)
Receivables from agents	2,196	2,183	13
Receivables from employees	350	390	(40)
Down payments	107	107	-
Guarantee deposits	836	609	227
Other sundry receivables	21,050	15,640	5,410
Provision for bad debts	(3,498)	(5,934)	2,436
Total	**78,050**	**60,224**	**17,826**

The "Accrued income and prepaid expenses" item mainly is composed of costs incurred for the awarding of catering services in motorway areas in concession. These costs, attributable to a form of rent prepaid, are accordingly recovered over the term of the various concessions.

The item "Advances to suppliers" relates to Euro 33.1 million for the Distribution sector and Euro 7.1 million for Production. Both amounts are associated with the typical procurement methods; these include in particular payments made to overseas suppliers for the purchase of goods under the F.O.B. clause.
Until 31 December 2021 the item also included the reclassification of grants to be received from suppliers for promotional and marketing activities, which are reclassified as a reduction in "Current trade liabilities" as from the date of this report. In order to enable comparability of balances, grants to be received as at 31 December 2021, amounting to Euro 20,536 thousand, have been reclassified as a reduction in "Payables to suppliers" among "Current trade liabilities."

"Receivables from insurance companies" relate to receivables reimbursable from claims not yet received at the reporting date.

"Other sundry receivables", equal to Euro 21.1 million (Euro 15.6 million in 2021). The item includes various receivables and prepayments, in addition to amounts advanced for on-going tax disputes.
The more significant are:

- receivables of about Euro 2.6 million for contributions and charges paid for building works on a plot of land at Ospedaletto (INALCA S.p.A.);
- energy certificate receivables of Euro 1.8 million (INALCA S.p.A.);
- receivables of Euro 5.8 million arising from the payment of one-third of the amount of a tax bill, received by INALCA S.p.A., concerning a dispute regarding the deductibility of VAT on a contract for the provision of services. For a more detailed examination of this issue, reference should be made to the item on "Provisions for non-current risks and charges" below.;
- AGEA (Agriculture Disbursements Agency) agricultural grants yet to be received of Euro 3.1 million (Società Agricola Corticella S.r.l. and La Torre Soc. Agricola consortile a r.l.);
- grants on investments 4.0 in capital goods of Euro 1.4 million (Fiorani & C. S.p.A.);
- prepayments for opening new premises of the "Roadhouse Restaurant" brand chain and receivables from delivery companies.

The "Provision for bad debts" from others refers to receivables of Euro 3,108 thousand from sales engineers of subsidiary MARR S.p.A., as well as receivables from suppliers and agents.

LIABILITIES

Shareholders' Equity

As regards the changes within the Shareholders' Equity, please refer to the relevant statement of changes.

16. Share capital and reserves

Share capital
The share capital amounts to Euro 67,073,931.60 and represents 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., fully subscribed and paid-up, with normal rights and a par value of Euro 0.52 each.

17. Reserves

Share premium reserve
The share premium reserve was made up of the premium paid by the shareholders under the IPO during 1998. The amount of the reserve of Euro 78,280 thousand did not change compared to 31 December 2021.

Legal reserve
The legal reserve of Euro 14,749 thousand remained unchanged during the half-year, having reached the limit set out by Article 2430 of the Italian Civil Code.

Reserve for transition to IAS
The reserve for transition to IAS was set up following the first-time adoption of the International Accounting Standards.

Cash flow hedge reserve
With the adoption of IAS 39, the change in the fair value of derivative contracts designated as effective hedging instruments is accounted for in the balance sheet against an entry in the statement of comprehensive income. These contracts were entered into to hedge exposure to the risk of interest rate fluctuations on floating-rate mortgages and to hedge its foreign currency exposure and the item is stated net of the effect.

Valuation reserve
This reserve recognises the fair value changes of financial instruments available for sale. During the period the reserve recorded changes to include the market valuation of the investments in B.F. Holding S.p.A. and Banco Popolare Società Cooperativa.

Basic earnings per share
Basic earnings per share at 31 December 2022 amounted to Euro 0.5847 (Euro 0.1815 at 31 December 2021) and were calculated on the basis of net profit of Euro 75,420 thousand divided by the weighted average number of ordinary shares in 2022 equal to 128,988,330. There is no difference between basic and diluted earnings per share.

The reconciliation between the shareholders' equity of the Parent Company and the corresponding consolidated figures is the following:

(Euro/000)	Financial year as at 31.12.2022		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**321,673**	**10,969**	**332,642**
Elimination of carryng value of consolidated subsidiaries:			
- Pro rata subsidiary profits (losses)	-	111,112	111,112
- Difference between the carryng value and pro rata shareholder's equity, net of the effects of intra-Group transactions	139,286	-	139,286
- Investments write-up/write-down	(8,420)	8,420	-
- Dividends	54,778	(54,778)	-
- Consolidation differences	104,581	-	104,581
Elimination of the effects of commercial transactions between Group companies	(6,250)	(355)	(6,605)
Adjustment of the financial statements of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	842	52	894
Total adjustments	*284,817*	*64,451*	*349,268*
Group's share of net equity and profit/(loss)	**606,490**	**75,420**	**681,910**
Minorities' share of net equity and profit/(loss)	222,908	19,715	242,623
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**829,398**	**95,135**	**924,533**

Non-current liabilities

18. Non-current financial payables

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Due between 1 and 5 years			
Bonds	-	-	-
Payables to banks	692,868	520,290	172,578
Payables to other financial institutions	74,996	39,535	35,461
Financial payables for operating leases	242,778	223,543	19,235
Total payables due between 1 and 5 years	**1,010,642**	**783,368**	**227,274**
Due beyond 5 years			
Payables to banks	61,513	28,584	32,929
Payables to other financial institutions	116,620	142,412	(25,792)
Financial payables for operating leases	83,862	84,511	(649)
Total payables due beyond 5 years	**261,995**	**255,507**	**6,488**
Total	**1,272,637**	**1,038,875**	**233,762**

Shown below is a breakdown of payables to banks:

(Euro/000)	Current portion	Between 1 and 5 years	Beyond 5 years	**Balance at 31.12.2022**
Overdraft	16,636	0	-	16,636
Advances - Imports	4,163	-	-	4,163
Advances - Exports	22,562	-	-	22,562
Advances on invoices Italy	27,223	-	-	27,223
Advances subj. to collection	15,144	-	-	15,144
Hot Money	50,083	-	-	50,083
Mortgages	232,785	695,410	61,619	989,814
Others	15,218	3	-	15,221
Amortized cost	(1,555)	(2,545)	(106)	(4,206)
Total	**382,259**	**692,868**	**61,513**	**1,136,640**

Please refer to the Directors' Report for a careful examination of the net debt and its components, both current and non-current.

Payables to other financial institutions detailed in the following table mainly refer to payables deriving from the booking, in accordance with the financial methodology, of the lease contracts and the Senior Unsecured Notes issued by subsidiary MARR S.p.A., due on 29 July 2031, reserved for a US institutional investor (Pricoa Private Capital, a Company in The Prudential Insurance Company of America Group).

Other financial institutions (Euro/000)	Interest rate	Expiry date	Current	Non current	**Balance at 31.12.2022**
Leasing					
Agrate	Euribor + spread	23/07/2032	3,610	-	**3,610**
Ancona	"	25/01/2029	149	1,114	**1,263**
Aosta	"	16/10/2030	93	906	**999**
Arezzo	"	04/05/2032	1,258	-	**1,258**
Assago Calavera	"	26/02/2031	177	1,732	**1,909**
Baranzate	"	28/03/2030	214	1,878	**2,092**
Bellinzago Lombardo	"	27/07/2026	12	759	**771**
Belluno	"	18/12/2030	104	1,001	**1,105**
Bologna Casalecchio	"	27/11/2031	143	1,999	**2,142**
Bologna Casalecchio Calavera	"	27/11/2031	124	1,744	**1,868**
Bologna Stalingrado	"	30/07/2031	215	2,143	**2,358**
Bussolengo	"	16/12/2030	147	1,563	**1,710**
Capriate	"	30/10/2030	68	985	**1,053**
Capriate Opere	"	05/12/2029	138	1	**139**
Carpi	"	31/07/2026	146	609	**755**
Calavera Cernusco	"	02/02/2029	134	1,182	**1,316**
Cernusco Lombardone	"	20/12/2027	103	708	**811**
Cinisello Balsamo	"	11/07/2026	217	1,002	**1,219**
Collegno	"	01/08/2028	250	1,073	**1,323**
Como Lipomo	"	14/02/2028	148	1,042	**1,190**
Cornaredo	"	04/08/2028	93	768	**861**
Corsico	"	11/08/2027	178	993	**1,171**
Cremona	"	23/10/2031	144	1,444	**1,588**
Curtatone	"	28/09/2028	77	579	**656**
Dalmine	"	22/03/2027	165	983	**1,148**
Erba	"	16/12/2030	148	1,558	**1,706**
Ferrara sud	"	28/05/2030	167	1,423	**1,590**
Fidenza	"	28/09/2028	112	876	**988**
Gallarate	"	31/07/2026	185	746	**931**
Gravellona Toce	"	14/03/2028	85	606	**691**
Lainate Casello	"	28/05/2027	153	998	**1,151**
Lainate Sempione	"	30/07/2027	238	957	**1,195**
Lainate Sempione Opere	"	10/05/2029	10	32	**42**
Lido di Camaiore	"	09/11/2029	156	1,180	**1,336**
Macerata	"	30/04/2030	74	682	**756**
Mestre	"	18/12/2025	174	742	**916**
Mirabilandia	"	30/06/2029	174	921	**1,095**
Modena Sud	"	15/09/2028	288	1,519	**1,807**
Modena Victoria	"	07/06/2029	124	957	**1,081**
Montano Lucino	"	25/07/2029	137	1,105	**1,242**
Monza	Fixed	07/04/2031	164	1,657	**1,821**
Noventa	Euribor + spread	30/06/2031	141	1,396	**1,537**
Olgiate Comasco	"	04/04/2028	243	995	**1,238**
Padova	"	28/02/2026	207	795	**1,002**
Padova ovest	"	04/04/2031	177	1,879	**2,056**
Parma	"	22/12/2029	217	1,856	**2,073**
Parma Ovest	"	12/10/2032	124	1,490	**1,614**
Pavia	"	31/01/2027	106	563	**669**
Perugia	"	24/09/2032	102	1,230	**1,332**

follows

Other financial institutions	Interest rate	Expiry date	Current	Non current	Balance at 31.12.2022
Continues					
Peschiera	Euribor + spread	24/02/2033	141	1,744	**1,885**
Pioltello	"	19/11/2027	174	1,120	**1,294**
Pisa	"	24/02/2033	145	1,784	**1,929**
Rovato	"	04/08/2027	152	999	**1,151**
Rozzano	"	23/09/2026	188	871	**1,059**
Saronno	"	09/04/2030	120	1,145	**1,265**
Segrate	"	30/11/2030	222	1,926	**2,148**
Senigallia	"	10/06/2027	102	608	**710**
Seregno Calavera	"	16/11/2032	145	1,790	**1,935**
Sesto Fiorentino	"	11/11/2030	276	2,890	**3,166**
Tradate	"	18/10/2028	141	1,132	**1,273**
Treviso Silea	"	28/05/2027	250	953	**1,203**
Trezzano	"	09/09/2026	221	885	**1,106**
Trieste	"	23/10/2031	215	1,800	**2,015**
Vicenza	"	08/10/2027	133	744	**877**
Vigevano	"	07/03/2030	133	1,120	**1,253**
Viterbo	"	05/05/2034	131	1,708	**1,839**
Voghera	"	01/12/2028	122	504	**626**
Other minor leasings	"		332	1,442	**1,774**
Bond Private Placement	Fixed	29/07/1931	676	99,874	**100,550**
Due to Factoring companies	Euribor + spread		35,338	64	**35,402**
Other Relationships	"		6,357	14,142	**20,499**
Total			**57,527**	**191,616**	**249,143**

19. Derivatives

(Euro/000)	**31.12.2022**	31.12.2022	Difference
	IRS	Exchange Rates	Total
Non-current assets	1,015	-	1,015
Current assets	6,087	7	6,094
Non-current liabilities	-	-	-
Current liabilities	(13)	(3)	(16)
Total	**7,089**	**4**	**7,093**

(Euro/000)	**31.12.2021**	31.12.2021	Difference
	IRS	Exchange Rates	Total
Non-current assets	-	-	-
Current assets	403	414	817
Non-current liabilities	-	-	-
Current liabilities	(349)	-	(349)
Total	**54**	**414**	**468**

The Group uses financial instruments offered by the market (including so-called "derivatives") solely with a view to optimizing debt cost and hedging interest and exchange rate fluctuations.

Several interest rate swap contracts were existing at 31 December 2022, through which the variable EURIBOR rate was replaced with a fixed rate. The measurement of these contracts resulted in the recognition of a total asset of Euro 7,089 thousand (an asset of Euro 54 thousand at 31 December 2021).

The measurement of the hedging contracts for exchange rate risks instead resulted in the recognition of a current asset of Euro 4 thousand (an asset of Euro 414 thousand at 31 December 2021).

20. Employee benefits

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Staff Severance Provision	21,166	24,541	(3,375)
Other benefits	11	9	2
Total	**21,177**	**24,550**	**(3,373)**

Staff Severance Provision

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Opening balance	24,541	23,354	1,187
Effect of the change in consolidation area	59	1,918	(1,859)
Use for the financial year	(2,453)	(2,405)	(48)
Financial year provision	1,354	1,026	328
Actuarial (gain) losses	(2,390)	709	(3,099)
Other changes	55	(61)	116
Closing balance	**21,166**	**24,541**	(3,375)

In addition to the portion accrued in the period, net of decreases, the change in respect of last year is related to the increase of Group employees following the change in the scope of consolidation.

It is noted that the allocation for the period includes actuarial gains totalling Euro 2,309 thousand booked, net of the theoretical tax effect, in the appropriate shareholders' equity reserve as provided in IAS 19 (see the information reported for changes in Shareholders' Equity).

With reference to the significant actuarial assumptions (such as indicated in the paragraph "Main accounting judgements estimates and assumption adopted by the Management" and discretional measurements"), the table below shows the effects on the final liabilities deriving from the possible changes to them.

(Euro/000)	Turnover rate +1%	Turnover rate - 1%	Inflation rate + 0.25%	Inflation rate - 0.25%	Discount rate + 0.25%	Discount rate - 0.25%
Effect on the final liability	19,941	19,830	20,084	19,696	19,608	20,177

It is also noted that the contribution (service cost) expected for next year is about Euro 936 thousand; the future payments expected for the next year can be estimated as a total of Euro 11.9 million.

21. Provisions for risks and charges

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Provisions for taxes	747	346	401
Labour disputes	2,076	1,615	461
Minor lawsuits and disputes	894	696	198
Supplementary clientele severance indemnity	7,948	8,136	(188)
Provision for losses on equity investments	345	-	345
Provision for future risks and losses	6,963	7,314	(351)
Total	**18,973**	**18,107**	**866**

The item "Labour disputes" includes the sums allocated against contingent liabilities deriving from disputes with employees.

The supplementary clientele severance indemnity was allocated based on a reasonable estimate of the probable future liability.

The provision for future risks and losses was allocated mainly against probable liabilities connected to legal disputes in progress. The most significant amount, equal to about Euro 2.5 million, initially set aside by subsidiary Ges.Car. S.r.l. against a dispute pending with the Lodi INPS (Italian Social Security Institute) office, which had not acknowledged the reduction in social security contributions provided for in the Jobs Act. Despite the successful conclusion of the criminal litigation and the cessation of the contribution claims, there has not yet been a release of the initially recorded provision, which is now intended to partially cover the risk from tax disputes related to the alleged non-deductibility of VAT resulting from the requalification of the contract from provision of services to supply of labour. In this regard, after initially winning the case before the Tax Court of First Instance of Modena in December 2019, concerning the notice of assessment for the 2009 financial year, this was followed by a further ruling in first instance favourable to the company in relation to the notices of assessment that had emerged in the meantime for the same case concerning the years between 2010 and 2015, in which the Agency was moreover ordered to pay the costs. Against these judgments, the Agency has appealed to the Tax Court of Second Instance, for which a date is still to be scheduled for the hearing.

As regards the tax disputes pending between MARR S.p.A. and the Customs Agency (which arose in 2007 in relation to the payment of preferential customs duties on certain imports of seafood products and for which, despite the rejection of the appeals submitted by the Company, the judges in the first phase of proceedings accepted the fact that the company was entirely extraneous to the claimed irregularities, as they were attributable exclusively to its suppliers), it should be noted that they were definitively settled in favour of the Company by judgment no. 110 of 2020 issued by Tuscany Regional Tax Board on 19 April 2021.

Contingent liabilities

In relation to litigation in court arising from INPS inspection reports served in 2021 due to the solidarity obligation under Article 29 of Legislative Decree 276/2003, raising objections concerning omitted payments of contributions and/or undue setoffs against contractors for handling and porterage services, which have ceased to operate for MARR S.p.A., it is believed that no significant loss can arise for MARR S.p.A., at least not at present.
This valuation is supported by the progress of the pending appellate proceedings, as evidenced by the findings of the case and the notes of the legal counsels acting as attorneys for litigation purposes.

22. Deferred tax liabilities

As at 31 December 2022, this item amounted to Euro 42,513 thousand mainly and derived from the effect consequent to application of the international accounting standards (among which is the revaluation of the real estate), different tax treatment of leasing and the effects deriving from the consolidating entries, instalments of capital gains and other miscellaneous items.

23. Other non-current liabilities

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Accrued expenses and deferred income	710	803	(93)
Payables for acquisition of equity investments	500	0	500
Non - current tax liabilities	608	1,106	(498)
Payables to Social Security Institutions	28	1	27
Other payables	3,160	2,170	990
Total	**5,006**	**4,080**	**926**

"Accrued expenses and deferred income" include the amount of Euro 591 thousand due beyond 12 months of deferred interest income from customers of MARR S.p.A..

"Payables for acquisition of equity investments" relates to accounting for the non-current portion of the earn-out provided for in the agreement to purchase the assets of Frigor Carni di Viscomi Armando & C. S.a.s., upon achievement of specific turnover and EBITDA targets.

"Non-current tax liabilities" relate almost exclusively to the Catering sector and concern the debt for the substitute tax connected with the revaluations carried out on "Chef Express" and "Roadhouse" brands according to the provisions laid down in Law no. 126 of 13 October 2020.

Instead, "Other payables" fully relate to security deposits paid by the transporters of subsidiary MARR S.p.A.

Current liabilities

24. Current financial payables

(Euro/000)	31.12.2022	31.12.2021	Difference
Payables to controlling companies	**6**	**2,188**	**(2,182)**
Cremofin S.r.l.	6	2,188	(2,182)
Payables to unconsolidated subsidiaries	**793**	**650**	**143**
Payables to associated companies		**-**	**-**
Time Vending S.r.l.		-	-
Other payables			-
Payables to banks	382,259	461,186	(78,927)
Payables to other financial institutions	57,527	40,671	16,856
Financial payables for operating leases	97,266	67,439	29,827
Other payables	149	-	149
Closing balance	**538,000**	**572,134**	**(34,134)**

The breakdown of the items "Payables to banks" and "Payables to other financial institutions" is outlined in paragraph 18 above.

Net Debt

The net debt and details of its main components is shown below.

(Euro/000)	31.12.2022	31.12.2021
A. Cash	287,265	343,491
B. Cash equivalents	0	0
C. Other current financial assets	21,144	13,604
D. Liquidity (A) + (B) + (C)	**308,409**	**357,095**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	161,489	214,923
F. Current portion of non-current financial debt	386,023	360,680
G. Current financial indebtedness (E + F)	**547,512**	**575,603**
H. Net current financial indebtedness (G - D)	**239,103**	**218,508**
I. Non-current financial debt (excluding current portion and debt instruments)	921,385	701,565
J. Debt instruments	0	0
K. Non-current trade and other payables	326,640	308,054
L. Non-current financial indebtedness (I + J + K)	**1,248,025**	**1,009,619**
M. Total financial indebtedness (H + L).	**1,487,128**	**1,228,127**

Some medium-long term loan agreements provide for financial covenants on the infringement of which the Banks reserve the right to terminate the loan. The covenants of the loan agreements outstanding at 31 December 2022 are shown in the tables below and have all been complied with.

Covenants on loan agreements with Italian Companies

Credit institution	Recipient of the loan	Expiry date	Amount of the loan in Euro	Net Debt/ Equity	Net Debt/ Ebitda	Ebitda/Net financial expenses	30 June	31 December
Production								
BNL S.p.A. (a)	INALCA S.p.A	09/10/2024	12,000	< 2.0	< 4			✓
BNL S.p.A. (a)	Inalca F&B S.r.l.	09/10/2024	4,000	< 2.0	< 4			✓
Banca Intesa Sanpaolo S.p.A. (a)	INALCA S.p.A	24/09/2025	51,545	< 2.0	< 4			✓
BPER Banca S.p.A. (a)	INALCA S.p.A	28/10/2025	15,060	< 2.0	< 4			✓
ICCREA and other institutions (Pool)	INALCA S.p.A	30/06/2026	15,000	< 2.0	<4			✓
Rabobank (a)	INALCA S.p.A	24/03/2027	54,000	< 2.0	< 4			✓
ING BANK N.V. (a)	INALCA S.p.A	26/05/2027	49,091	< 2.0	< 4			✓
Banco BPM S.p.A. (a)	INALCA S.p.A	04/06/2027	40,000	< 2.0	< 4			✓
Rabobank (a)	INALCA S.p.A	04/06/2027	71,250	< 2.0	< 4			✓
Banca Intesa Sanpaolo S.p.A. and other institutions (Pool)	INALCA S.p.A	28/11/2028	136,000	< 2.0	< 4			✓
Distribution								
PRICOA Private placement (b)	MARR S.p.A.	29/07/2031	99,853	< = 1.5	< = 3.5	< = 4.0	✓	✓
BNL S.p.A. - Rabobank (b)	MARR S.p.A.	01/07/2028	59,754	< = 1.5	< = 3.5	< = 4.0		✓
Banca Intesa Sanpaolo S.p.A. - Tranche B (b)	MARR S.p.A.	24/02/2023	29,999	< 2.0	< = 3.5	< = 4.0		✓
BNL S.p.A. (b)	MARR S.p.A.	30/09/2023	29,992	< 2.0	< = 3.0	< = 4.0	✓	✓
Banca Intesa Sanpaolo S.p.A. - Tranche A (b)	MARR S.p.A.	24/02/2023	3,999	< 2.0	< = 3.5	< = 4.0		✓
Credit Agricole Cariparma (b)	MARR S.p.A.	28/06/2028	13,717	< 2.0	< = 3.5			✓
Ubi Banca (b)	MARR S.p.A.	20/05/2023	5,032	< 2.0	< = 3.0			✓
Banca Popolare dell'Emilia Romagna (b)	MARR S.p.A.	25/10/2025	7,526	< 2.0	< = 4.0			✓
Creval S.p.A.(b)	MARR S.p.A.	05/01/2024	3,773	< 2.0	< = 3.5			✓
Credit Agricole Cariparma (b)	MARR S.p.A.	09/04/2026	5,857	< 2.0	< = 4.0			✓
Catering								
Fin in Pool Banco BPM S.p.A.- BPER Banca S.p.A. - Intesa Sanpaolo S.p.A. (c)	Chef Express S.p.A.	30/06/2027	100,000	< 2.0	< = 4.0			✓
CREDEM_Credito Emiliano (c)	Roadhouse S.p.A.	01/04/2024	1,829	< = 2.75	< = 4.0			✓
CREDEM_Credito Emiliano (c)	Chef Express S.p.A.	01/04/2024	1,524	< = 2.75	< = 4.0			✓
Centralized activities								
Banca Intesa Sanpaolo S.p.A. (c)	Cremonini S.p.A.	30/06/2027	37,000	< = 2.0	< = 4.0			✓

(a) covenants calculated on the consolidated financial statements of INALCA S.p.A., net of the effects of adoption of IFRS 16
(b) covenants calculated on the consolidated financial statements of MARR S.p.A. net of the effects of adoption of IFRS 16
(c) covenants calculated on the consolidated financial statements of Cremonini S.p.A. net of the effects of adoption of IFRS 16

Covenants on loan agreements with Russian Companies

Credit institution	Recipient of the loan	Expiry date	Amount of the loan in Euro	Net Debt/ Ebitda (d)	Net Income/ Revenues (d)	Net Debt/ Ebitda (e)	Ebitda/ Interest (e)	Ebit/ Revenues (e)	30 June	31 December
Production										
Sberbank	Orenbeef L.l.c.	18/07/2023	1,113 (*)	-	-	< 4.9	> 2.4	> 0.025		✓
Sberbank	Orenbeef L.l.c.	14/10/2024	7,931 (*)	-	-	< 4.9	> 2.4	> 0.025		✓
Sberbank	Marr Russia L.l.c.	14/10/2024	34,040 (*)	< 4.0	> 0	< 4.9	> 2.4	> 0.025		✓
Sberbank	Agrosakmara L.l.c.	19/10/2024	5,948 (*)	-	-	< 4.9	> 2.4	> 0.025		✓
Sberbank	Kaskad L.l.c.	18/06/2028	15,861 (*)	< 4.0	> 0	< 4.9	> 2.4	> 0.025		✓

(d) covenants calculated on the financial statements of Marr Russia L.l.c. (quarterly verified)
(e) covenants calculated on the consolidated financial statements of Kaskad (annually verified)
(*) the euro value is shown at the Euro/RUR exchange rate on 31/12/2022

Covenants on loan agreements with Polish Companies

Credit institution	Recipient of the loan	Expiry date	Amount of the loan in Euro	Net Debt/ Equity	Net Debt/ Ebitda	Free Cash Flow/ Total Net Debt Service	Tangible Net worth/ Total Assets	DSCR	30 June	31 December
Production										
ING BANK N.V.	Zaklady Miesne Soch. S.p.zo.o.	31/12/2026	31,240	< 2.0 (f)	< 4.0 (f)	-	> 30% (g)	(**)		✓
ING BANK Pol	Mille Sapori Plus S.p.z.o.o.	31/10/2023	320 (*)		< 3.0 (f)			> 1.1 (h)		✓

(f) covenants calculated on the consolidated financial statements of INALCA S.p.A.
(g) covenant calculated on the local financial statements of Zaklady Miesne Sochocin Sp.zo.o.
(h) covenant calculated on the local financial statements of Mille Sapori Plus Sp.zo.o
(*) the Euro value is shown at the Euro/PLN exchange rate on 31/12/2022
(**) DSCR>1.25 from 2023, similarly for DSCR forecasts for subsequent years

25. Current tax liabilities

(Euro/000)	**31.12.2022**	31.12.2021	Difference
VAT	3,900	2,547	1,353
IRAP	1,058	3,573	(2,515)
IRES	3,523	7,356	(3,833)
Withholding taxes	12,279	10,595	1,684
Substitute taxes and other taxes payable	10,047	10,880	(833)
Total	**30,807**	**34,951**	**(4,144)**

IRAP and IRES payables relate to 2022 financial year taxes not yet paid at the year-end.

26. Current trade liabilities

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Suppliers	**759,809**	**699,968**	**59,841**
Payables to unconsolidated subsidiaries	**47**	**4**	**43**
Società Agricola Transumanza S.r.l.	29	-	29
Zaino IF&B Co. Ltd	18	4	14
Payables to associated companies	**2,100**	**436**	**1,664**
AGM S.r.l.	129	5	124
Farm Service S.r.l.	14	-	14
Frimo	(7)	(7)	-
Società Agricola Marchesina S.r.l.	1,112	-	1,112
Time Vending S.r.l.	1	3	(2)
Unitea S.r.l.	851	435	416
Payables to related companies	**415**	**-**	**415**
Frigor Carni di Viscomi Armando & C. S.a.s.	39	-	39
Frigor Fish S.a.s. di Viscomi Pietro e Domenico & C.	55	-	55
Montagna S.p.A.	286	-	286
Scalo - Servizi calabresi di logistica - S.n.c. dei F.lli Viscomi Domenico e Pietro	31	-	31
Verrini Holding S.r.l.	4	-	4
Total	**762,371**	**700,408**	**61,963**

Current trade payables refer primarily to balances deriving from commercial operations and the amount payable to Trade Agents.

27. Other current liabilities

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Accrued expenses and deferred income	17,219	8,971	8,248
Inps/Inail/Scau	16,911	12,538	4,373
Inpdai/Previndai/Fasi/Besusso	185	190	(5)
Enasarco/FIRR	1,039	1,155	(116)
Payables to other social security institutions	4,665	4,475	190
Other payables			
Advances and other payables to customers	4,108	3,562	546
Payables for employee remuneration	65,752	57,566	8,186
Payables for acquisition of equity investments	3,700	3,049	651
Guarantee deposits and down payments received	96	96	0
Payables to directors and statutory auditors	699	644	55
Payables to agents	180	184	(4)
Other minor payables	10,134	6,464	3,670
Total	**124,688**	**98,894**	**25,794**

The item "Accrued expenses and deferred income" includes the liability connected to the retention programme involving customers of "Roadhouse Club". This programme, valid throughout Italy, provides for the accumulation of points and the accrual of credits utilizable in the Roadhouse restaurants participating in the initiative. The liability amounted to about Euro 2,526 thousand at 31 December 2022.

The payable to employees includes the current remuneration yet to be paid as at 31 December 2022 and the allocations relating to deferred remuneration. The increase compared to 31 December 2021 is linked to a higher number of employees as a result of the acquisitions and the change in the scope of consolidation.

"Payables for acquisition of equity investments" related:
- for Euro 2.0 million to the last tranche of the additional consideration linked to the achievement of specific turnover/EBITDA objectives envisaged in the agreement for the purchase of assets of Antonio Verrini & Figli S.p.A.;
- for Euro 1.7 million to the short-term portion of the earn-out provided for in the agreement for the purchase of assets of Frigor Carni di Viscomi Armando & C. S.a.s., upon the achievement of specific turnover/EBITDA objectives.

Guarantees, sureties and commitments

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Direct guarantees – sureties			
- other companies	179,112	147,605	31,507
	179,112	**147,605**	**31,507**
Direct guarantees – letter of comfort			
- associated companies	32,354	27,400	4,954
	32,354	**27,400**	**4,954**
Other risks and commitments	15,113	15,716	(603)
Total guarantees, sureties and commitments	**226,579**	**190,721**	**35,858**

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the Companies, both in the interests of Group companies to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, for Group VAT set-offs, for participation in tenders, etc..
Other companies – It should be noted that, with reference to guarantees to "Other companies", this is the classification normally given to guarantees given directly to third parties by Group Companies, but exclusively in their own interests. Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group Companies. In particular, this item includes the following (in thousands of Euro):

Company to which the guarantee is provided (Euro/000)	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	71,480	VAT for compensation.
Highways and Oil Companies	Cremonini S.p.A. subsidiares	29,637	Guaranteeing successful conclusion of contracts (services, maintainance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	14,643	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Public Agencies	Cremonini S.p.A. subsidiares	19,509	Garantees release for the timely execution of contracts lasting several years.
Airports	Cremonini S.p.A. subsidiares	19,132	Guaranteeing successful conclusion of contracts.
Other minor items	Cremonini S.p.A. and other subsidiaries	24,711	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**179,112**	

Direct guarantees – comfort letters

The letters of comfort solely regard the guarantees provided to the lending institutions for the granting of loans or credit lines.

Indirect guarantees – credit mandates

The credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Group companies.

Other risks and commitments

Details of "Other risks and commitments", for commitments of Group Companies, are shown below (in thousands of euros):

Description (Euro/000)	Company to which the risk or commitment refers	Amount
Commitments for real estate purchases	Roadhouse S.p.A.	1,750
Letters of credit for goods purchases	Marr S.p.A. - As.Ca. S.p.A.	11,063
Other sundry	Fiorani & C S.p.A. - Italia Alimentari S.p.A.	2,300
Total		**15,113**

"Commitments for real estate purchases" regard preliminary contracts to buy real estate relating to the development of Roadhouse S.p.A. restaurant chain.
The item "Letters of credit for goods purchases" relates to letters of credit, issued by some banks, to guarantee obligations to our foreign suppliers.
The "Other sundry" item regards third party consignment goods at the Fiorani & C. S.p.A. and Italia Alimentari S.p.A. warehouses.

Details of the main items of the consolidated income statement

28. Revenues

Revenues are broken down as follows:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Revenues from sales - Finished goods	2,146,227	1,853,324	292,903
Revenues from sales - Goods for resale	2,350,434	1,824,244	526,190
Revenues from sales - Oil	18,436	13,466	4,970
Revenues from sales - Others	73,248	66,839	6,409
Revenues from services	398,582	171,123	227,459
Advisory services to third parties	2,023	261	1,762
Rent income	1,376	1,353	23
Other revenues from ordinary activities	50,177	50,681	(504)
Total	**5,040,503**	**3,981,291**	**1,059,212**

As at 31 December 2021 revenues from sales and services were still affected by the restrictions imposed on tourism and catering activities under the measures put in place to contain the pandemic. Despite the resurgence of the pandemic at the beginning of the year, the 2022 financial year recorded a significant increase in sales compared to the previous year.

Below is a breakdown of revenues by geographical area:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Italy	3,812,154	3,032,825	779,329
European Union	534,738	339,241	195,497
Non-EU countries	693,611	609,225	84,386
Total	**5,040,503**	**3,981,291**	**1,059,212**

As regards the revenues trend, you are referred to the details in the Directors' Report.

29. Other revenues and income

The other revenues and income can be broken-down as follows:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Contributions from suppliers and others	1,012	629	383
Operating grants	8,510	8,030	480
Other sundry revenues and income	40,331	57,972	(17,641)
Total	**49,853**	**66,631**	**(16,778)**

The item "Contributions from suppliers and others" mainly includes the contributions obtained for various titles from the suppliers for commercial promotion of their products at customers/retail outlets of the Distribution sector. It should be borne in mind that a part of the suppliers' contributions is recognised as a reduction in goods purchasing costs in line with previous years.

Other sundry revenues and income

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Rent income	472	968	(496)
Insurance reimbursements	3,732	4,301	(569)
Capital gains on disposal of capital goods	4,049	1,404	2,645
Other cost reimbursements	3,783	11,029	(7,246)
Services, consultancy and other minor revenues	28,295	40,270	(11,975)
Total	**40,331**	**57,972**	**(17,641)**

Below is the breakdown of "Other sundry revenues and income" by sector:

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Production Sector	22,211	13,815	8,396
Distribution Sector	8,228	4,314	3,914
Catering Sector	9,620	39,577	(29,957)
Centralized activities Sector	272	266	6
Total	**40,331**	**57,972**	**(17,641)**

In the Catering Sector, the reduction of approximately Euro 30 million was due to the recognition of lower income from the remission of lease liabilities recognised for the closure of outlets due to the Covid-19 pandemic.

On the other hand, the Production Sector recorded an increase in revenues due to the recognition of Euro 3.2 million in higher capital gains from the sale of capital goods and contingent assets for energy certificates, supplier bonuses and for the use of provisions previously set aside and found to be surplus.

Finally, the Distribution Sector recorded higher revenues as a result of the recognition of Euro 3.0 million in government grants recognised in the form of tax credits as partial compensation for increased energy costs, as well as for the recognition of an insurance refund of approximately Euro 1.5 million obtained for damages that emerged as a result of the arson that affected the MARR Sanremo branch.

30. Costs for purchases

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Costs for purchases - Raw materials	(1,539,117)	(1,280,024)	(259,093)
Costs for purchases - Goods for resale	(1,691,803)	(1,327,950)	(363,853)
Costs for purchases - Secondary materials, consumables, semi-finished goods, package	(177,199)	(127,547)	(49,652)
Costs for purchases - Finished goods	(52,225)	(45,769)	(6,456)
Costs for purchases - Oil	(17,997)	(12,978)	(5,019)
Costs for purchases - Stationery and printed paper	(2,538)	(1,973)	(565)
Changes in inventories of raw materials, secondary materials, consum. and goods for re	47,754	105,344	(57,590)
Other costs for purchases	(54,933)	(52,024)	(2,909)
Total	**(3,488,058)**	**(2,742,921)**	**(745,137)**

You are referred to the Directors' Report and the marginality analysis, subdivided by individual business sectors, for a careful examination of the purchases cost trend.

"Costs for purchases – Goods for resale" is stated net of both the bonuses granted by suppliers upon the achievement of certain turnover and purchase volume targets, as well as grants received from suppliers for promotional and marketing activities carried out by the Group.

"Costs for purchases - Oil" are related to the sale of fuel in the motorway service stations and refer to the corresponding "Revenues from oil sales", an item attributable entirely to the Catering sector.

31. Other operating costs

(Euro/000)	31.12.2022	31.12.2021	Difference
Costs for services	(678,109)	(515,681)	(162,428)
Costs for leases and rentals	(36,623)	(31,972)	(4,651)
Other operating charges	(30,436)	(23,847)	(6,589)
Total	**(745,168)**	**(571,500)**	**(173,668)**

Costs for services

(Euro/000)	31.12.2022	31.12.2021	Difference
Energy consumption and utilities	(131,873)	(73,903)	(57,970)
Maintenance and repairs	(34,813)	(30,413)	(4,400)
Transport on sales	(147,236)	(114,316)	(32,920)
Commisions, commercial and distribution services	(126,599)	(104,796)	(21,803)
Third-party services and outsourcing	(40,443)	(35,580)	(4,863)
Purchasing services	(32,671)	(32,765)	94
Other technical and general services	(164,474)	(123,908)	(40,566)
Total	**(678,109)**	**(515,681)**	**(162,428)**

The increase in costs for services relates for Euro 68.8 million to the Distribution Sector, for Euro 66.1 million to the Production Sector and for Euro 16.8 million to the Catering Sector.

Costs for leases and rentals

(Euro/000)	31.12.2022	31.12.2021	Difference
Lease of business premises, royalties and others	(21,965)	(20,270)	(1,695)
Costs for leases	(27)	(39)	12
Leases and rentals related to real and personal property	(14,631)	(11,663)	(2,968)
Total	**(36,623)**	**(31,972)**	**(4,651)**

Costs for leases and rentals totalled Euro 36.6 million and their increase compared to the previous year was attributable to the Catering Sector and was due to a rise in lease rentals, the calculation of which is connected with the performance of revenues, and therefore do not fall within the scope of application of the accounting standard IFRS 16.

Other operating charges

(Euro/000)	31.12.2022	31.12.2021	Difference
Losses on receivables	(48)	(603)	555
Indirect taxes and duties	(12,185)	(11,125)	(1,060)
Capital losses on disposal of assets	(2,625)	(881)	(1,744)
Contributions and membership fees	(3,055)	(2,053)	(1,002)
Other minor costs	(12,523)	(9,185)	(3,338)
Total	**(30,436)**	**(23,847)**	**(6,589)**

"Other minor costs" include the amounts for various costs, non-deductible expenses, fines, and corporate costs, in addition to contingent liabilities.

32. Personnel costs

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Salaries and wages	(348,805)	(277,427)	(71,378)
Social security contributions	(94,650)	(76,635)	(18,015)
Staff Severance Provision	(19,901)	(21,431)	1,530
Pension and similar provisions	(9)	(50)	41
Other personnel costs	(36,195)	(23,820)	(12,375)
Total	**(499,560)**	**(399,363)**	**(100,197)**

This item includes all the personnel costs, including holiday accruals and additional monthly pay as well as the related welfare charges, allocation for employee leaving indemnities and other contractually envisaged costs. The increase compared to the previous year is the direct consequence of higher business volumes due to the different situation that characterised the 2022 financial year compared to 2021.
The increase in personnel costs is attributable for Euro 69.0 million to the Catering Sector, for Euro 22.2 million to the Production Sector and for Euro 8.6 million to the Distribution sector.

In the Catering sector the increase was due to the full reopening of outlets, which took place following the resumption of operations after the easing of measures to contain the Covid-19 pandemic, which had severely affected the previous year. Specifically, the subsidiaries that mostly contributed to the increase in costs were the Italian companies Chef Express S.p.A., Roadhouse S.p.A. and the UK company Momentun Services Ltd.

As at 31 December 2022 the Group employees amounted to 15,155 compared to 13,242 at 31 December 2021, showing a total increase of 1,913 units. The employees in the Catering, Production and Distribution Sectors increased by 1,625, 244 and 40 units, respectively.

The breakdown by category and average number of employees in 2022 is shown in the following schedule:

	Factory staff	Office staff	Managers	**Total**
Employees as at 31.12.2021	10,374	2,714	154	13,242
Employees as at 31.12.2022	**12,134**	**2,874**	**147**	**15,155**
Increases (decreases)	1,760	160	(7)	1,913
Average no. of employees during year 2022	**11,188**	**2,774**	**148**	**14,110**

33. Amortization, depreciation and write-downs

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Depreciation of tangible assets	(166,712)	(149,779)	(16,933)
Amortization of intangible assets	(4,734)	(5,363)	629
Amortization and impairment goodwill	(975)	(58)	(917)
Other write-downs of fixed assets	(2,031)	(4,539)	2,508
Write-downs and provisions	(29,924)	(24,379)	(5,545)
Total	**(204,376)**	**(184,118)**	**(20,258)**

For more details on the items reported above, please refer to the related movement of tangible and intangible assets shown in Annexes 3 and 4.
"Write-downs and provisions" mainly include write-downs of receivables of Euro 24.7 million and provisions for disputes and litigation of Euro 4.0 million.

34. Financial (Income)/Charges

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Net exchange rate differences	2,302	8,107	(5,805)
Income (Charges) from management of derivatives	3	(474)	477
Net financial Income (Charges)	(52,199)	(41,208)	(10,991)
Total	**(49,894)**	**(33,575)**	**(16,319)**

Exchange rate differences

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Realized exchange rate gains	12,760	7,249	5,511
Realized exchange rate losses	(7,519)	(4,673)	(2,846)
Unrealized exchange rate gains	3,627	6,350	(2,723)
Unrealized exchange rate losses	(6,295)	(997)	(5,298)
Realized income from management of exchange rate derivatives	93	154	(61)
Evaluated income from management of exchang rate derivatives	-	67	(67)
Realized charges from management of exchange rate derivatives	(361)	(43)	(318)
Evaluated charges from management of exchange rate derivatives	(3)	-	(3)
Total	**2,302**	**8,107**	**(5,805)**

The net exchange rate valuation differences refer to the valuation of balances in the statement of assets and liabilities in foreign currencies to the existing exchange rates at the end of the financial year.
The sector that is most affected by the changes in currency trends is the Production sector, which recorded total charges of Euro 2,953 thousand in 2022. On the other hand, the Catering and the Distribution Sectors reported final income of Euro 466 thousand and Euro 171 thousand.

Income (Charges) from management of derivatives

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Realized Income from management of derivatives	248	-	248
Realized Charges from management of derivatives	(557)	(474)	(83)
Valuation Income from management of derivatives	312	-	312
Valuation Charges from management of derivatives	-	-	-
Total	**3**	**(474)**	**229**

Net financial Income (Charges)

(Euro/000)	**31.12.2022**	31.12.2021	Difference
Financial Income (Charges) due to controlling companies	**(4)**	**(11)**	**7**
Financial income			
- Bank interest receivable	1,361	891	470
- Other financial income	3,368	3,483	(115)
Total financial income	**4,729**	**4,374**	**355**
Financial charges			
- Interest payable on loans	(15,098)	(11,901)	(3,197)
- Interest payable on factoring	(3,587)	(1,289)	(2,298)
- Interest payable on current accounts and others	(32,660)	(28,543)	(4,117)
- Other bank charges	(2,460)	(912)	(1,548)
- Interest on bonds	0	(9)	9
- Other sundry charges	(3,119)	(2,917)	(202)
Total financial charges	**(56,924)**	**(45,571)**	**(11,353)**
Total	**(52,199)**	**(41,208)**	**(10,991)**

The increase in net financial charges compared to 31 December 2021 was mainly due to the rise reported in EURIBOR during the second half of 2022.

Furthermore, it should be noted that the balance of "Interest payable on loans" in 2021 included a charge of about Euro 2.9 million, relating to the make-whole clause, accounted for by subsidiary MARR S.p.A. following the early repayment, on 23 July 2021, concerning the last tranche of the outstanding debt of USD 33 million relating to the USPP bond underwritten in July 2013 and originally maturing in July 2023.

Finally, it should be noted that "Interest payable on current accounts and others" includes interest expenses arising from the adoption of IFRS 16, which amounted to Euro 27,249 thousand in 2022 against Euro 24,886 thousand in 2021.

35. Income taxes

(Euro/000)	**31.12.2022**	31.12.2021	Difference
IRES	(21,582)	(19,215)	(2,367)
IRAP	(7,574)	(8,916)	1,342
Foreign company taxes	(12,780)	(10,410)	(2,370)
Tax savings from Patent Box	-	3,805	(3,805)
Tax realignment of fixed assets	-	75	(75)
Tax effect on assets revaluation (hotel sector)	-	489	(489)
Tax effect on trademark revaluation	-	-	-
Net deferred tax assets/liabilities	498	1,422	(924)
Total	**(41,438)**	**(32,750)**	**(8,688)**

It should be noted that, during 2021, the following non-recurring tax income was accounted for in the Catering sector:

- Chef Express S.p.A. – Euro 3.8 million following the execution of a Ruling agreement with the Revenue Agency for the application of the concessional taxation scheme for income arising from the use of intangible assets, in accordance with Article 1, paragraph 37, of Law no. 190 of 23 December 2014, as regulated by the Decree of the Ministry of Economic Development in agreement with the Ministry of Economy and Finance of 30 July 2015 (Patent Box). This agreement has set out the methods and criteria for calculating the economic contribution to the production of business income (or loss), resulting from the Company's direct management and exploitation of trademarks, with reference to the 2015 tax period and the four subsequent periods;
- a deferred tax asset of Euro 489 thousand as a result of the free revaluation of assets of the hotel division owned by Chef Express S.p.A., which was carried out in accordance with Article 6-*bis* of Decree Law no. 23 of 2020 ("Liquidity Decree").

Information required by Law no. 124/2017

In accordance with the above rules, the list below shows the subsidises, grants, places of profit and financial benefits of any kind obtained from Public Authorities and similar entities, with the particulars of the paying entity, the beneficiary, the amounts received and the type of benefit:

Beneficiary	Granter	Reason	Amount (Euro/000)
Production Sector			
Castelfrigo L.V. S.r.l.	Agenzia Entrate / MEF	Energy and Gas bonus	279
Società Agricola Corticella S.r.l.	AGREA	EU premiums for breeding	2,732
Società Agricola Corticella S.r.l.	GSE	Grants for energy sales	371
Società Agricola Corticella S.r.l.	Agenzia Entrate / MEF	Bonus for the purchase of agricultural diesel fuel	20
Società Agricola Corticella S.r.l.	Agenzia Entrate / MEF	Energy and Gas bonus	10
Cremovit S.r.l.	AGREA	EU COVID premiums for livestock	190
Ges.Car. S.r.l.	INPS	Reduced social security contributions for Southern Italy companies	95
Ges.Car. S.r.l.	INPS	Apprentices	48
Ges.Car. S.r.l.	Fondimpresa	Interprofessional funds (RNA)	33
Ges.Car. S.r.l.	INPS	Transformation of contracts into fixed term	19
Ges.Car. S.r.l.	Fondimpresa	Interprofessional funds	2
Guardamiglio S.r.l.	INPS	Reduced social security contributions for Southern Italy companies	460
INALCA S.p.A.	Agenzia Entrate / MEF	Grants on Energy/Gas bonus	2,831
INALCA S.p.A.	GSE	Grants for energy sales	1,180
INALCA S.p.A.	Unione Europea	EIT Food	61
Italia Alimentari S.p.A.	Presidenza Consiglio dei Ministri	Advertising investment tax credit under Art. 57, para. 1, of DL 50/2017	3
Italia Alimentari S.p.A.	Agenzia Entrate / MEF	Grants on Energy/Gas bonus	2,363
Italia Alimentari S.p.A.	CSEA	2020 Grants for energy-intensive companies- Environmental Protection (RNA)	628
Macello di Parma S.r.l.	Agenzia Entrate / MEF	Grants on Energy/Gas bonus	42
Macello di Parma S.r.l.	Regione Emilia Romagna	Asbestos disposal	24
Parma Serv S.r.l.	AGREA	Premiums for breeding	216
Parma Serv S.r.l.	SIAN	Premiums for breeding	10
Realbeef S.r.l.	INPS	Reduced social security contributions for Southern Italy companies (RNA)	361
Realbeef S.r.l.	Agenzia Entrate / MEF	Electricity bonus	43
Realbeef S.r.l.	AGEA	Grants	5
Realbeef S.r.l.	Agenzia Entrate / MEF	Tax credit on investment in Southern italy	671
Tecno-Star Due S.r.l.	GSE	Grants for energy sales	2
Distribution Sector			
MARR S.p.A.	MEF / Agenzia Entrate	Electricity/Gas bonus	1,637
New Catering S.r.l.	MEF / Agenzia Entrate	Electricity/Gas bonus	38
Antonio Verrini S.r.l.	MEF / Agenzia Entrate	Electricity/Gas bonus	15
Antonio Verrini S.r.l.	MEF / Agenzia Entrate	Transport diesel fuel tax credit - Carbon tax	4
Chef Unipersonale S.r.l.	MEF / Agenzia Entrate	Electricity/Gas bonus	5
Frigor Carni S.r.l.			-
Catering Sector			
Chef Express S.p.A.	MEF / Agenzia Entrate	Lease tax credit	3,271
Chef Express S.p.A.	INPS	Reduced social security contributions/Wage-supplement Fund (FIS)	1,123
Chef Express S.p.A.	MEF / Agenzia Entrate	Electricity/Gas bonus	181
Roadhouse S.p.A.	MEF / Agenzia Entrate	Lease tax credit	649
Roadhouse S.p.A.	MEF / Agenzia Entrate	Electricity/Gas bonus	409
Roadhouse Grill Roma S.r.l.	INPS	Reduced social security contributions/Wage-supplement Fund (FIS)	726
Roadhouse Grill Roma S.r.l.	MEF / Agenzia Entrate	Lease tax credit	202
Roadhouse Grill Roma S.r.l.	INPS	Reduced social security contributions/Wage-supplement Fund (FIS)	87
Roadhouse Grill Roma S.r.l.	MEF / Agenzia Entrate	Electricity/Gas bonus	34
C&P S.r.l.	MEF / Agenzia Entrate	Lease tax credit	268
C&P S.r.l.	INPS	Reduced social security contributions/Wage-supplement Fund (FIS)	22
C&P S.r.l.	MEF / Agenzia Entrate	Electricity/Gas bonus	13
Centralized activities Sector			
Cremonini S.p.A.	MEF / Agenzia Entrate	Electricity/Gas bonus	9

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors, where applicable, are noted below:

- Directors/ Statutory Auditors: Euro 6,609 thousand
- Independent auditors: Euro 1,049 thousand

Subsequent events

With regard to the events subsequent to the year-end, please refer to the Directors' Report.

* * * * * *

Castelvetro di Modena, 28 March 2023

Signed by

Claudia Cremonini

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

Annexes

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form an integral part thereof:

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2022;
Annex 2	-	Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2022;
Annex 3	-	Statement of changes in tangible assets for the financial statements ended 31 December 2022;
Annex 4	-	Statement of changes in other intangible assets for the financial statements ended 31 December 2022;
Annex 5	-	List of equity investments classified under equity-accounted financial assets as at 31 December 2022 and others;
Annex 6	-	List of equity investments in subsidiaries and associated Companies as at 31 December 2022 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.
Annex 7	-	List of consolidated Companies broken down by sector.

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2022

(Euro/000)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:						
Corte Buona LLC	234	-	-	-	**234**	**-**
Fratelliditalia S.A.	2,050		836		**2,886**	**-**
Inalca Food & Beverage (Thailand) Ltd	420		713		**1,133**	**-**
Inalca Russia LLC	5	-	2	-	**7**	**-**
Italia Alimentari USA Corporation	513	-	-	-	**513**	**-**
Società Agricola Transumanza S.r.l.	116	29	967	-	**1,083**	**29**
Zaino IF&B Co. Ltd	399	18	-	-	**399**	**18**
Provision for bad debts	-	-	-	-	**-**	**-**
Total subsidiaries	**3,737**	**47**	**2,518**	**-**	**6,255**	**47**
Associated companies:						
A.G.M. S.r.l.	-	129	493	-	**493**	**129**
AGRO - INVEST sp z.o.o.	-	-	3,041	-	**3,041**	**-**
Farm Service S.r.l.	644	14	111	-	**755**	**14**
Frigomacello S.r.l.	-	-	739	-	**739**	**-**
Frimo SAM	-	(7)	-	-	**-**	**(7)**
Jolanda da Colò S.p.A.	2	-	-	-	**2**	**-**
Società Agricola Cà Bianca S.r.l.	-	-	246	-	**246**	**-**
Società Agricola Marchesina S.r.l.	2,474	1,112	4,212	-	**6,686**	**1,112**
Time Vending S.r.l.	30	1	22	650	**52**	**651**
Unitea S.r.l.	1,297	851	-	-	**1,297**	**851**
Provision for bad debts	-	-	-	-	**-**	**-**
Total associated companies	**4,447**	**2,100**	**8,864**	**650**	**13,311**	**2,750**
Related and controlling companies:						
Cremofin S.r.l.	5	-	-	6	**5**	**6**
Importadora Italiana del Sureste s.a. de c.v.	362	-	1	-	**363**	**-**
Frigor Carni di Viscomi Armando & C. S.a.s.	7	39	-	-	**7**	**39**
Frigor Fish S.a.s. di Viscomi Pietro e Domenico & C.	-	55	-	1,729	**-**	**1,784**
Le Cupole S.r.l.	5	1	-	2,964	**5**	**2,965**
LLc Soyuz	-	-	-	-	**-**	**-**
Montagna S.p.A.	-	286	16,870	-	**16,870**	**286**
Scalo - Servizi calabresi di logistica - S.n.c. dei F.lli Viscomi	-	31	-	961	**-**	**992**
St.Corus LTD	64	-	-	-	**64**	**-**
Verrini Holding S.r.l.	4	4	17	2,217	**21**	**2,221**
Total related companies	**447**	**416**	**16,888**	**7,877**	**17,335**	**8,293**

Annex 2

Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2022

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Corte Buona LLC	420	-	-	-	**420**	**-**
Italia Alimentari USA Corporation	12	-	-	-	**12**	**-**
Montana Farm S.p.zo.o.	-	-	-	13	**-**	**13**
Società Agricola Transumanza S.r.l.	116	63	-	-	**116**	**63**
Total subsidiaries	**548**	**63**	**-**	**13**	**548**	**76**
Associated companies:						
A.G.M. S.r.l.	-	50	-	-	**-**	**50**
AGRO - INVEST sp z.o.o.	-	2,396	50	-	**50**	**2,396**
Farm Service S.r.l.	6,413	13	-	-	**6,413**	**13**
Jolanda De Colò S.p.A.	17	-	-	-	**17**	**-**
Società Agricola Cà Bianca S.r.l.	-	-	120	-	**120**	**-**
Società Agricola Marchesina S.r.l.	12,469	16,512	210	-	**12,679**	**16,512**
Time Vending S.r.l.	27	-	99	3	**126**	**3**
Unitea S.r.l.	5,563	5,628	-	-	**5,563**	**5,628**
Total associated companies	**24,489**	**24,599**	**479**	**3**	**24,968**	**24,602**
Controlling companies						
Cremofin S.r.l.	-	-	4	4	**4**	**4**
Total controlling companies	**-**	**-**	**4**	**4**	**4**	**4**
Related companies:						
Frigor Carni di Viscomi Armando & C. S.a.s.	-	2,139	20	-	**20**	**2,139**
Frigor Fish S.a.s. di Viscomi Pietro e Domenico & C.	-	1	-	39	**-**	**40**
Le Cupole S.r.l.	-	2	4	95	**4**	**97**
LLc Soyuz	263	-	-	-	**263**	**-**
Montagna S.p.A.	41	3,709	407	-	**448**	**3,709**
Scalo - Servizi calabresi di logistica - S.n.c. dei F.lli Viscomi	-	1	-	22	**-**	**23**
St.Corus LTD	-	1,775	-	-	**-**	**1,775**
Verrini Holding S.r.l.	-	-	-	67	**-**	**67**
Total related companies	**304**	**7,627**	**431**	**223**	**735**	**7,850**

Annex 3

Statement of changes in tangible assets for the financial statements ended 31 December 2022

(Euro/000)	Opening position			Changes over the period							Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2021	Net effects of the change in consolidation area	Acquisitions	Net decreases	(Impairment) Reversal of an impairment	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2022
Land and buildings	1,663,706	(515,503)	1,148,203	20,765	92,774	(2,488)	(1,266)	43,316	11,253	(101,606)	1,815,266	(604,315)	1,210,951
Plant and machinery	683,415	(503,188)	180,227	5,152	37,462	(10,018)	(207)	18,885	1,675	(42,188)	740,256	(549,268)	190,988
Industrial and business equipment	59,570	(46,863)	12,707	8	4,715	(371)	(19)	1,264	87	(4,529)	65,498	(51,636)	13,862
Other assets	196,087	(130,137)	65,950	294	19,692	(516)	(253)	5,609	853	(18,389)	217,078	(143,838)	73,240
Fixed assets under construction and advances	139,784	0	139,784	0	91,688	(1,167)	0	(59,033)	(822)		170,450	0	170,450
Total	**2,742,562**	**(1,195,691)**	**1,546,871**	**26,219**	**246,331**	**(14,560)**	**(1,745)**	**10,041**	**13,046**	**(166,712)**	**3,008,548**	**(1,349,057)**	**1,659,491**

Annex 4

Statement of changes in intangible assets for the financial statements ended 31 December 2022

(Euro/000)	Opening position			Changes over the period						Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2021	Net effects change in consolidation area	Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2022
Patents and intellectual property rights	27,906	(23,813)	4,093	8	1,411	(6)	273		(2,056)	29,021	(25,298)	3,723
Development costs	945	(713)	232		453	(5)			(148)	1,337	(805)	532
Concessions, licences, trademarks and similar rights	25,864	(12,051)	13,813	8	1,094	(13)	546	252	(1,831)	27,783	(13,914)	13,869
Fixed assets under development and advances	1,517	-	1,517		565	(3)	(453)	(2)		1,624	-	1,624
Other intangible assets	7,982	(5,294)	2,688		183	(27)	(246)	1	(699)	7,734	(5,834)	1,900
Total	**64,214**	**(41,871)**	**22,343**	**16**	**3,706**	**(54)**	**120**	**251**	**(4,734)**	**67,499**	**(45,851)**	**21,648**

Annex 5
List of equity investments classified under equity-accounted financial assets as at 31 December 2022 and others

(Euro/000) Company name	%	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other Changes	%	Final value	Notes
Subsidiaries:									
Fratelliditalia SA			0	0	0	0	80.00	-	(c)
Host INNS Pty Limited			740	0	0	0	100.00	740	
IF&B Holding Inc			0	0	0	0	100.00	-	(c)
Inalca Food & Beverage Queensland Pty Ltd			0	0	0	0	0.00	-	(c)
Inalca Food & Beverage (Thailand) Ltd			0	0	0	0	100.00	-	(c)
Inalca Foods Nig Limited (in liquid.)	57.00	0	0	0	0	0	57.00	-	
Inalca Russia L.l.c.	100.00	2	0	0	0	0	100.00	2	
Italia Alimentari USA Corporation	100.00	362	138	0	0	0	100.00	500	
Montana Farm S.p.zo.o. (in liquid.)	100.00	109	5	0	(35)	0	100.00	79	
Sara S.r.l. (in liquid.)		0	555	0	(555)	0	0.00	-	(c)
Società Agricola Transumanza S.r.l.	51.00	5	0	0	0	0	51.00	5	
Total subsidiaries companies		**478**	**1,438**	**0**	**(590)**	**0**		**1,326**	
Associated companies									
A.G.M. S.r.l.	29.56	75	0	0	0	0	29.56	75	
Agro-Invest Sp. zo.o.			3,727	0	0	0	50.00	3,727	
Avirail S.a.s.	49.00	314	0	0	0	0	49.00	314	
Biorg S.r.l.			3,004	0	0	0	30.00	3,004	
Ca' Bianca S.r.l.			0	0	0	675	0.00	675	
Consorzio I.R.I.S. S.a.r.l.	37.50	4	0	0	0	0	37.50	4	
Farm Service S.r.l.	37.00	257	0	0	0	0	37.00	257	
Frigomacello S.r.l.	50.00	91	11	0	0	0	50.00	102	
Frimo SAM	45.30	529	0	0	0	0	45.30	529	
Inalca Emirates Trading Llc in liq.	49.00	0	0	0	0	0	49.00	-	
Inalca West Africa Food & Beverage Ltd	45.00	0	0	0	0	0	45.00	-	
Jolanda De Colò S.p.A.	34.00	1,828	0	0	0	0	34.00	1,828	
La Torre Soc. Agr. Cons. a r.l.	25.00	5,010	0	0	0	(5,010)	55.00	-	(a)
Longsi Italia Co Ltd	40.00	0	0	0	0	0	0.00		
Parma Charolais S.a.s.	25.00	120	0	0	0	0	25.00	120	
SCEA PBL	30.00	90	0	0	0	0	30.00	90	
SC Pulsar	30.00	240	0	0	0	0	30.00	240	
Società Agricola Castello di Godego S.r.l.	50.00	0	0	0	0	0	50.00	-	
Società Agricola Marchesina S.r.l.	50.00	2,780	0	0	0	0	50.00	2,780	
Time Vending S.r.l.	50.00	585	0	0	349	(295)	50.00	639	
Unitea S.r.l.	50.00	1,240	0	0	(1,240)	0	50.00	-	
Zaino IF&B Co. Ltd	50.00	2,085	0	0	0	16	50.00	2,101	
Total associated companies		**15,248**	**6,742**	**0**	**(891)**	**(4,614)**		**16,485**	
Other companies:									
Banca Centro Padana		40	0	0	0	0	0.00	40	
B.F. Holding S.p.A.		13,279	0	0	0	613	0.00	13,892	(b)
Centro Agroalimentare Riminese S.p.A.		163	0	0	0	0	0.00	163	
Futura S.p.A.		963	0	0	0	0	0.00	963	
Gester Soc. Coop		233	0	0	0	0	0.00	233	
Montagna S.p.A.		490	0	0	0	0	0.00	490	
Unipeg Soc. Coop.			0	0	0	82	0.00	82	
Wearena Entertainment S.p.A.			200	0	0	0	0.00	200	
Altre minori		161	4	0	0	20	0.00	185	
Total other companies		**15,329**	**204**	**0**	**0**	**715**		**16,248**	
Financial assets held for sale									
Government securities of the state of Angola		13,194	0	(13,194)	0	0	0	-	
Total Financial assets held for sale		**13,194**	**0**	**(13,194)**	**0**	**0**	**0**	**-**	
Financial assets held for sale									
Banco Popolare Società Cooperativa		254	**0**	**0**	68	**0**	0	322	(b)
Titoli Angolani		-	-	-	-	-	**0**	-	
Total Financial assets held for sale		**254**	**0**	**0**	**68**	**0**	**0**	**322**	

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2022 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation

(thousands Euro) Company name	HQ	Share capital (expressed in Euro, unles otherwise indicated)	Result for the financial year ended 31.12.2022	Shareholders' equity at al 31.12.2022	Control share at 31.12.2022	Shareholding at 31.12.2022	Consolidation method	Participants at 31.12.2022	Control share at 31.12.2021	Shareholding at 31.12.2021	Notes
Companies consolidated on a line-by-line basis:											
Agrosakmara Llc.	Orenburg (Russia)	RUR 10.000	148	1,219	100.00%	60.00%	Line by line	99%Orenbeef Llc;1%Kaskad Llc	100.00%	42.96%	(a)
Agrosakmara Bashkiria Llc.	Ufa (Republic of Bashkortostan)	RUR 10.000	(330)	731	100.00%	60.00%	Line by line	99%Orenbeef Llc;1%Kaskad Llc	100.00%	42.96%	(a)
Antonio Verrini S.r.l.	Santarcangelo di Romagna (RN)	250,000	329	6,316	100.00%	50.72%	Line by line	MARR S.p.A.	100.00%	50.42%	
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518,000	1,908	10,161	100.00%	50.72%	Line by line	MARR S.p.A.	100.00%	50.42%	
Bagel Nash (Retail) Limited	London (United Kingdom)	GBP 100	(9)	102	100.00%	100.00%	Line by line	Gabf Holdings Limited	100.00%	100.00%	(a)
Bright View Trading HK Ltd	Chai Wan (Hong Kong)	HKD 1.588.921	341	4,039	100.00%	100.00%	Line by line	Inalca Food & Beverage S.r.l.	69.81%	49.98%	(a)
Castelfrigo LV S.r.l.	Castelnuovo Rangone (MO)	2,500,000	2,767	3,830	100.00%	100.00%	Line by line	Italia Alimentari S.p.A.	100.00%	71.60%	
C&P S.r.l.	Castelvetro di Modena (MO)	10,100,000	(4,692)	11,985	60.00%	60.00%	Line by line	Chef Express S.p.A.	60.00%	60.00%	
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(7,830)	(14,108)	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express UK Ltd.	London (United Kingdom)	GBP 80.000	(184)	174	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Comit - Comercial italiana de alimentaciòn S.L.	Tenerife (Spain)	117,500	1,075	2,469	75.00%	75.00%	Line by line	Inalca Food & Beverage S.r.l.	60.00%	42.96%	
Cremonini Restauration S.a.s.	Paris (France)	1,500,000	(26)	1,746	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	**67,073,932**	**10,969**	**332,642**			**Holding**				
Cremovit S.r.l.	Castelvetro di Modena (MO)	3,000,000	1,152	6,759	51.00%	51.00%	Line by line	Società Agricola Corticella S.r.l.	51.00%	36.52%	
Dolfen S.r.l.	Parma	20,410	3,811	4,380	51.00%						
Fiorani & C. S.p.A.	Piacenza	500,000	(2,028)	11,022	51.00%	51.00%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Fresco Gourmet Pty Ltd	North Sidney (Australia)	AUD 5.125.000	(249)	330	100.00%	100.00%	Line by line	Inalca Food & Beverage S.r.l.	100.00%	71.60%	(a)
Frigor Carni S.r.l.											
Gabf Holdings Limited	London (United Kingdom)	GBP 7.880.953	(140)	(4,515)	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	(a)
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	500,000	792	2,473	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Guardamiglio S.r.l.	Piacenza	1,500,000	2,977	5,685	90.00%	90.00%	Line by line	INALCA S.p.A.	90.00%	64.44%	
Hosteria Butarelli S.L.	Gran Canaria (Spain)	353,000	25	200	100.00%	75.00%	Line by line	Comit - Comercial italiana de alimentaciòn S.L.	100.00%	42.96%	
INALCA S.p.A.	Castelvetro di Modena (MO)	187,017,167	67,365	448,550	100.00%	100.00%	Line by line	Cremonini S.p.A.	71.60%	71.60%	
Ina.Ten. S .r.l.	Castelvetro di Modena (MO)	100,000	60	280	51.00%	51.00%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Inalca Algerie S.a r.l.	Algiers (Algeria)	DA 823.750.000	(821)	3,619	98.48%	98.48%	Line by line	INALCA S.p.A.	92.26%	66.06%	(a)
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 18.665.927.186	16,576	64,433	98.00%	98.00%	Line by line	INALCA S.p.A.	98.00%	70.17%	(a)
Inalca Brazzaville S.a r.l.	Brazaville (Republic of Congo)	CFA 1.300.000.000	(571)	(104)	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Inalca CI S.a.r.l.	Abidjan (Ivory Coast)	CFA 100.000.000	190	2,450	99.00%	99.00%	Line by line	INALCA S.p.A.	99.00%	70.88%	(a)
Inalca Food & Beverage Beijing Co. Ltd	Beijing (China)	CNY 5.000.000	0	0	100.00%	33.00%	Line by line	Inalca Food & Beverage Beijing Holding Ltd	100.00%	23.63%	(a)
Inalca Food & Beverage Beijing Holding Ltd	Hong Kong (China)	CNY 500.000	0	0	60.00%	33.00%	Line by line	Inalca Food & Beverage China Holding Ltd	60.00%	23.63%	(a)
Inalca Food & Beverage China Holding Ltd	Kwai Fong (Hong Kong)	HKD 25.545.183	0	4,051	55.00%	55.00%	Line by line	Inalca Food & Beverage S.r.l.	55.00%	39.38%	(a)
Inalca F&B Sdn Bhd	Klang Selangor (Malaysia)	MYR 2.000.000	215	(306)	100.00%	100.00%	Line by line	Inalca Food & Beverage S.r.l.	100.00%	71.60%	(a)
Inalca Food & Beverage Cabo Verde Lda	Isla de Sal (Cape Verde)	CVE 100.026.500	(244)	(2,200)	80.00%	80.00%	Line by line	Inalca Food & Beverage S.r.l.	80.00%	57.28%	(a)
Inalca Food & Beverage S.r.l.	Modena	8,500,000	(2,212)	12,322	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Inalca Food & Beverage Shanghai Co Ltd	Shanghai (China)	CNY 5.946.397	(1,125)	(1,129)	100.00%	100.00%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	71.60%	(a)
Inalca Food Service Kaz Llp	Almaty (Republic of Kazakhstan)	KZT 40.000.000	297	(459)	100.00%	45.00%	Line by line	Marr Russia L.l.c.	100.00%	32.22%	(a)
Inalca Kinshasa S.a.r.l.	Kinshasa (Democratic Republic of Congo)	USD 3.000.000	(5,846)	7,021	85.00%	85.00%	Line by line	INALCA S.p.A.	85.00%	60.86%	(a)
Industria Alimentar Carnes de Mocambique Ltd	Maputo (Mozambique)	MZN 390.000.000	2,058	11,737	99.00%	99.00%	Line by line	INALCA S.p.A.	99.00%	70.88%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 4.596.799	115	1,452	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(589)	2,789	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Italia Alimentari S.p.A.	Busseto (PR)	40,248,000	11,988	85,349	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Italia Alimentari Canada Ltd.	Brampton (Canada)	CAD 1.750.000	(333)	(563)	60.00%	60.00%	Line by line	Italia Alimentari S.p.A.	60.00%	42.96%	(a)
										Follows	

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2022

Continued: Annex 6

(thousands Euro) Company name	HQ	Share capital (expressed in Euro, unles otherwise indicated)	Result for the financial year ended 31.12.2022	Shareholders' equity at al 31.12.2022	Control share at 31.12.2022	Shareholding at 31.12.2022	Consolidation method	Participants at 31.12.2022	Control share at 31.12.2021	Shareholding at 31.12.2021	Notes
Continues											
Kaskad L.l.c.	Moscow (Russia)	Rubli 3.028.105.232	3,641	49,515	60.00%	60.00%	Line by line	INALCA S.p.A.	60.00%	42.96%	(a)
La Torre Soc. Agr. Cons. a r.l.	Isola della Scala (VR)	2,120,000	2,286	8,909	55.00%	55.00%	Line by line	51,25%Società Agricola Corticella S.r.l.; 3,75%I			(b)
Lounge Services S.a.s.	Paris (France)	40,000	7	120	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Macello di Parma S.r.l.	Parma	111,476	64	271	97.29%	49.62%	Line by line	Dolfen S.r.l.	81.97%	29.93%	
Marr Foodservice Iberica S.A.U. in liq.	Madrid (Spain)	600,000	(4)	403	100.00%	50.72%	Line by line	MARR S.p.A.	100.00%	50.42%	
Marr Russia L.l.c.	Moscow (Russia)	Rubli 100.000.000	10,969	84,149	75.00%	45.00%	Line by line	Kaskad L.l.c.	75.00%	32.22%	(a)
MARR S.p.A.	Rimini	33,262,560	25,401	326,875	50.72%	50.72%	Line by line	Cremonini S.p.A.	50.42%	50.42%	
Mille Sapori Plus S.p.z.o.o.	Warsaw (Poland)	PLN 500.000	1,298	3,349	80.00%	80.00%	Line by line	Inalca Food & Beverage S.r.l.	60.00%	42.96%	(a)
Momentum Services Ltd.	Birmingham (United Kingdom)	269,258	633	4,022	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Montana Alimentari GMBH in liq.	Munich (Germany)	25,000	100	685	100.00%	100.00%	Line by line	Italia Alimentari S.p.A.	100.00%	100.00%	
MSP Transport S.p.z.o.o.	Warsaw (Poland)	PLN 100.000	5	66	100.00%	80.00%	Line by line	Mille Sapori Plus S.p.z.o.o.	100.00%	42.96%	(a)
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33,900	1,406	11,663	100.00%	50.72%	Line by line	MARR S.p.A.	100.00%	50.42%	
Orenbeef L.l.c.	Orenburg (Russia)	Rubli 942.857.143	(1,840)	44,745	100.00%	60.00%	Line by line	Kaskad L.l.c.	80.00%	34.37%	(a)
Parma Capel S.a.s.	Saint Jal (France)	900,000	85	2,204	66.67%	34.00%	Line by line	Parma France S.a.s.	66.67%	24.35%	
Parma France S.a.s.	St Didier au Mont d'or (France)	1,000,000	4,605	16,747	51.00%	51.00%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Parma Serv S.r.l.	Parma	10,000	682	1,027	51.00%	51.00%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Railrest S.A.	Brussels (Belgium)	500,000	493	2,395	51.00%	51.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Realbeef S.r.l.	Flumeri (AV)	9,500,000	(1,012)	7,144	51.00%	51.00%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Roadhouse S.p.A.	Castelvetro di Modena (MO)	20,000,000	(5,035)	23,421	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Roadhouse Grill Roma S.r.l.	Castelvetro di Modena (MO)	1,200,000	(1,581)	2,188	55.00%	55.00%	Line by line	Roadhouse S.p.A.	55.00%	55.00%	
Royi Wine & Spirit (China) Ltd	Hong Kong	-	-	-	80.00%	44.00%	Line by line	Inalca Food & Beverage China Holding Ltd	80.00%	31.50%	(a)
Royi Wine (Shanghai) Ltd	Shanghai (China)	CNY (6.105)	(213)	(371)	100.00%	44.00%	Line by line	Royi Wine & Spirit (China) Ltd	100.00%	31.50%	(a)
Società Agricola Corticella S.r.l.	Spilamberto (MO)	15,000,000	6,133	32,899	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Staff Service S.r.l. (ex Global service S.r.l.)	Castelvetro di Modena (MO)	93,000	732	2,270	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Tecali S.L.	Tenerife (Spain)	363,000	232	3,945	68.32%	51.24%	Line by line	Comit - Comercial italiana de alimentaciòn S.L.	62.81%	26.98%	
Tecno-Star Due S.r.l.	Spilamberto (MO)	10,400	35	912	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Tecnovit S.r.l.	Roverbella (MN)	200,000	(7)	193	60.00%	60.00%	Line by line	INALCA S.p.A.			
Top Best International Holding Ltd	Kwai Fong - Hong Kong	HKD 6.507.000	3	(308)	100.00%	55.00%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	39.38%	(a)
Treerre Food S.r.l.	Gerenzago (PV)	80,000	300	501	90.00%	81.00%	Line by line	Guardamiglio S.r.l.	90.00%	58.00%	
Zaklady Miesne Soch. S.p.zo.o.	Warsaw (Poland)	Zloty 200.000.000	(1,751)	75,223	100.00%	100.00%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Zhongshan Inalca Food & Beverage Co Ltd	Changsha City - China	CNY 5.000.689	(710)	(523)	100.00%	55.00%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	39.38%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2022

Continued: Annex 6

(Euro/000) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.2022	Shareholders' equity at 31.12.2022	Control share at 31.12.2022	Shareholding at 31.12.2022	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2022	Control share at 31.12.2021	Shareholding at 31.12.2021	Notes
Investments valued at equity:													
Associated companies:													
Avirail S.a.s.	Paris (France)	100,000	(4)	632	49.00%	49.00%	314	310	(4)	Cremonini Restauration S.a.s.	49.00%	49.00%	
Time Vending S.r.l.	St Germain Les Vergne - France	100,000	937	1,278	50.00%	50.00%	639	639	0	Chef Express S.p.A.	50.00%	50.00%	
Investments valued at cost:													
Subsidiaries													
Fratelliditalia SA	Playa del Carmen (Mexico)	MXN 100.000	83	(2,361)	80.00%	80.00%	-	(1,889)	(1,889)	Inalca Food & Beverage S.r.l.	80.00%	57.28%	(b)
Host INNS Pty Limited	New South Wales (Australia)	AUD 59.995			100.00%	100.00%	740	0	(740)	Fresco Gourmet Pty Ltd			
IF&B Holding Inc	Dover (U.S.A.)	USD 179.960	(74)	(27)	100.00%	100.00%	-	(27)	(27)	Inalca Food & Beverage S.r.l.	100.00%	71.60%	(b)
Inalca Food & Beverage Queensland Pty Ltd	Brisbane (Australia)	AUD 175.120	94	71	100.00%	100.00%	-	71	71	Fresco Gourmet Pty Ltd	100.00%	71.60%	(b)
Inalca Food & Beverage (Thailand) Ltd	Samutprakarn (Thailand)	THB 117.650.000	(3,845)	(370)	100.00%	100.00%	-	(370)	(370)	Inalca Food & Beverage S.r.l.	100.00%	70.88%	(b)
Inalca Foods Nig Limited (in liquid.)	Nigeria	Naira 10.000.000	nd	nd	57.00%	57.00%	-	-	-	INALCA S.p.A.	57.00%	40.81%	(f)
Inalca Russia L.l.c.	Odintsovo (Russia)	RUR 150.000	nd	nd	100.00%	60.00%	2	-	-	Kaskad Llc.	100.00%	42.96%	(f)
Italia Alimentari USA Corporation	(Ewing) US	USD 550.000	(24)	394	100.00%	100.00%	500	394	(106)	Italia Alimentari S.p.A.	100.00%	71.60%	(a)
Montana Farm S.p.zo.o. (in liquid.)	Platyny (Poland)	Zloty 175.515	(14)	196	100.00%	100.00%	79	196	117	Italia Alimentari S.p.A.	100.00%	71.60%	(a)(b)
Sara S.r.l. (in liquid.)	Castelvetro di Modena (MO)	300,000	(555)	(254)	100.00%	100.00%	-	(254)	(254)	INALCA S.p.A.	100.00%	71.60%	(b)
Società Agricola Transumanza S.r.l.	Mistretta (ME)	10,000	(18)	34	51.00%	26.01%	5	17	12	Parma Serv S.r.l.	51.00%	18.62%	(b)
Associated companies:													
A.G.M. S.r.l.	Castelnovo di Sotto (RE)	97,800	11	129	38.76%	38.76%	75	50	(25)	INALCA S.p.A.	38.76%	27.75%	(b)
Agro-Invest Sp. zo.o.	Środa Wielkopolska (Poland)	PLN 12.000	534	1,652	50.00%	50.00%	3,727	826	(2,901)	INALCA S.p.A.			(b)
Biorg S.r.l.	Bologna (BO)	10,000,000			30.00%	30.00%	3,004	0	(3,004)	INALCA S.p.A.			
Ca' Bianca S.r.l.	Cittadella (PD)	10,000	331	1,370	30.00%	30.00%	675	411	(264)	La Torre Soc. Agr. Cons. a r.l.			
Consorzio I.R.I.S. S.a.r.l.	Bolzano	10,000	8	16	37.50%	37.50%	4	6	2	Interjet S.r.l.	37.50%	37.50%	(e)
Farm Service S.r.l.	Reggio Emilia	1,100,000	226	5,471	16.82%	16.82%	257	920	663	INALCA S.p.A.	16.93%	12.12%	(b)
Frigomacello S.r.l.	Fermo (AP)	90,000	(22)	68	50.00%	50.00%	102	34	(68)	INALCA S.p.A.	50.00%	35.80%	(b)
Frimo SAM	Principality of Monaco	150,000	59	1,340	45.50%	45.50%	529	610	81	INALCA S.p.A.	45.50%	32.58%	(b)
Inalca Emirates Trading Llc in liq.	Abu Dhabi (United Arab Emirates)	AED 300.000	(35)	(2,515)	49.00%	49.00%	0	(1,232)	(1,232)	INALCA S.p.A.	49.00%	35.08%	(a)(b)
Inalca West Africa Food & Beverage Ltd	Lagos - Nigeria	Naira 20.000.000	(39)	76	45.00%	45.00%	-	34	34	INALCA S.p.A.	45.00%	32.22%	(a)(c)
Jolanda De Colò S.p.A.	Palmanova (UD)	846	125	1,564	34.00%	17.14%	1,828	532	(1,296)	MARR S.p.A.	34.00%	17.14%	
Parma Charolais S.a.s.	Curbigny (France)										25.00%		
SCEA PBL	Chabrignac (France)	300,000	2	168	30.00%	15.30%	90	50	(40)	Parma France S.a.s.	30.00%	10.95%	(b)
SC Pulsar	Chabrignac (France)	306,000	5	605	30.00%	15.30%	240	182	(59)	Parma France S.a.s.	30.00%	10.95%	(b)
Società Agricola Marchesina S.r.l.	Castelvetro di Modena (MO)	6,000,000	(70)	4,098	50.00%	50.00%	2,780	2,049	(731)	Società Agricola Corticella S.r.	50.00%	35.80%	(b)
Unitea S.r.l.	Mantova (MN)				50.00%								
Zaino IF&B Co. Ltd	North Sidney (Australia)	THB 160.000.000	nd	nd	50.00%	50.00%	2,101			Inalca Food & Beverage S.r.l.	50.00%	35.80%	(f)

NOTES
(a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies/(b) The figures refer to 31 December 2021, the last financial statements available/(c) The figures refer to 31 December 2020, the last financial statements available/(d) The figures refer to 31 December 2019, the last financial statements available/(e) The figures refer to 31 December 2008, the last financial statements available/(f) Non-operating company

Annex 7

List of consolidated companies broken down by sector

The Group, which operates in the food sector, carries out its activity in three macro areas of business:

- Production;
- Distribution;
- Catering.

The Companies operating in each sector are reported below.

Production Sector

The following companies operates in various segments of this sector:

Company **Business**

a) Production -Italy

INALCA S.P.A. Via Spilamberto n. 30/C - Castelvetro di Modena (Modena)	Slaughtering, processing and trading of beef-based products.
CREMOVIT S.R.L. Via Spilamberto 30/C - Castelvetro di Modena (Modena)	Calf breeding.
DOLFEN S.R.L. Via Solferino, 2 - Parma	Controlling interest in Macello di Parma S.r.l..
FIORANI & C. S.P.A. Via Coppalati no.52 - Piacenza	Processing and trading of beef-based products.
GES.CAR. S.R.L. Via Spilamberto no. 30/C - Castelvetro di Modena (Modena)	Services connected to beef processing and treatment at the INALCA plant in Ospedaletto Lodigiano.
GUARDAMIGLIO S.R.L. Via Coppalati no. 52 - Piacenza	Operation of retail stores (butcher shops and delicatessens).
INA TEN S.R.L. Via Spilamberto 30/C - Castelvetro di Modena (Modena)	Lease of the Group-owned property for processing of by-products.
LA TORRE SOCIETA' AGRICOLA A R.L. Via Crosoncino 4 - Isola della Scala (Verona)	It carries out farming and animal husbandry activities, and operates one of the major livestock centres in Northern Italy.
MACELLO DI PARMA S.R.L. Via del Taglio, 6 - Parma	The company operates the municipal slaughterhouse in Parma under a concession agreement.
PARMA SERV S.R.L. Viale Solferino 11- Parma	Selling cattle in Italy and providing services to Parma France and its subsidiaries.
REALBEEF S.R.L. Contrada Tierzi - Flumeri (Avellino)	Slaughtering, processing and trading of beef-based products.
SOC. AGR. CORTICELLA S.R.L. Via Corticella no. 15 - Spilamberto (Modena)	Breeding of cattle, both directly and under agistment contracts.
TECNO-STAR DUE S.R.L. Via dei Marmorari , 88 - Spilamberto (Modena)	Design of buildings and plants, management of maintenance and refurbishment activities.
TECNOVIT S.R.L. Strada Boccalina 1- Roverbella (Mantua)	Production and sale of feed supplements and feeds for cattle and pigs. Operations are expected to start in spring 2023.
TREERRE FOOD S.R.L. Via Madre Tersa di Calcutta 18/A - Gerenzago (Pavia)	Operation of retail stores of fresh products (butcher shops and delicatessens).

b) Production - abroad

AGROSAKMARA LLC. Dorozhnaya str.50, Chernyi Otrog - Orenburg – Russia	Breeding of cattle in Russia.
AGROSAKMARA BASHKIRIYA LLC. Via Admiral Makarov,26 (b. 2, office 16) - Ufa - Republic of Bashkortostan	Feedlot development in the Russian region.
INALCA ALGERIE S.A.R.L. 08, Rue Cherif Hamani - Algiers - Algeria	Currently it is not operating and is in the process of being transformed into manufacturing operations.
INALCA ANGOLA Ltda. Rua Deolinda Rodrigues n. 563 - Luanda - Angola	Trading and processing of food products.
INALCA BRAZZAVILLE S.a r.l.u. Immeuble Lincoln, 15 Boulevard Charles de Gaulle - Pointe Noire – Republic of Congo	Trading of food products.
INALCA CI S.a.r.l. 04 BP Abidjan 04-Plateau Bvrd Carde- Ivory Coast	Company active in trading food products in general in the Ivory Coast.
INALCA FOOD SERVICE KAZ LLP Bekmakhanova street, 96/2 - Almaty - Republic of Kazakhstan	Start-up company that conducts HoReCa businesses in Almaty.
INALCA KINSHASA S.p.r.l. Kinshasa 11eme - Rue Limete Industriel n. 112, Limete (Kinshasa) – Democratic Republic of Congo	Trading and processing of food products.
INDUSTRIA ALIMENTAR CARNES DE MOCAMBIQUE Lda. – Avenida de Mocambique Km 9.5 Barrio Zimpeto Distretto 5- Maputo – Mozambique	Trading of food products.
INTER INALCA ANGOLA Ltda. Rua Major Kayangulo n. 504 - Luanda - Angola	Trading and processing of food products.
KASKAD OOO L.l.c. Via Vostochnaya 5, Odintsovo (Moscow) – Russia	Real estate services.
MARR RUSSIA LLC. Via Vostochnaya 5, Odintsovo (Moscow) – Russia	Trading of food products.
ORENBEEF LLC Via Pionerskaya 2 - Orenburg - Russia	Slaughtering, processing and trading of beef-based products in Orenburg.
PARMA CAPEL S.A.S. Le Pradel 19700 - Saint Jal - France	Sells live cattle in France specialising in the Limousines breed.
PARMA FRANCE S.A.S. 13 rue Claude Chappe, Le Parc de Crécy 69370 St - Didier au Mont d'or – France	Sub-holding company in the Parma France Group, which sells livestock in France.
ZAKLADY MIESNE SOCHOCIN S.P.Z.O.O Al. Jana Pawła II n. 80, Warsaw – Poland	Dormant company. The construction of the new beef slaughtering plant is underway in Poland at the Sochocin property.

c) Cured meats and snacks

ITALIA ALIMENTARI S.P.A. Via Europa n. 14 - Busseto (Parma)	Production and trading of food products (cured meats and delicatessen).
CASTELFRIGO LV S.R.L. Via Aldo Moro 4a - Castelnuovo Rangone (Modena)	Processing and distribution of fresh and frozen pork, specialising in the preparation of bacon and jowls.
ITALIA ALIMENTARI CANADA LTD 116, Nugget Court - L6T5A9 Brampton - Ontario - Canada	Production (slicing) and distribution in Canada concerning cured meats produced.
MONTANA ALIMENTARI GMBH. Kirschstrasse 20 - Munich – Germany	Trading and distribution of food products (cured meats and delicatessen) in Germany.

d) **Food & Beverage**

INALCA FOOD & BEVERAGE S.r.l. Via della Pace 6/C – Castelnuovo Rangone (Modena)	Trading and distribution of food products and beverages.
BRIGHT VIEW TRADING HONG KONG LTD. Unit B, 13/F Wah Shing Centre, 5 Fung Yip Street - Chai Wan, Hong Kong	Distribution of food products to foodservice in Hong Kong.
COMIT – COMERCIAL ITALIANA DE ALIMENTACION S.L. Calle Peres Galdòs s/n, San Isidro - Granadilla de Albona - Tenerife	Distribution of food products to foodservice in the Canary Islands.
FRESCO GOURMET PTY LTD 90, Arthur Street - North Sidney - Australia	Distribution of food products to foodservice in Australia.
HOSTERIA BUTARELLI S.L. Calle Herraje s/n, nave 29, Poligono Industrial de Arinaga Agiunes - Grand Canary	Production of fresh pasta in the Canary Islands.
INALCA FOOD & BEVERAGE BEIJING CO. Beijing Logistics Center,2 Beihoujie, Louzizhuang, Chaoyang District - Beijing – China	Distribution of Italian food products in Beijing.
INALCA FOOD & BEVERAGE BEIJING HOLDING LTD. Unit A 5/F Max Share CTF King's RD North Point - Hong Kong	Subsidiary of IFB China Holding, sub-holding company for operations in China.
INALCA FOOD & BEVERAGE CHINA HOLDING LTD Unit 701, block 2 Golden Industri Bldg 16/26 - Kwai Tak Street, Kwai Fong - Hong Kong	Coordination and sub-holding company for operations in China.
INALCA FOOD & BEVERAGE LDA (Cabo Verde) Rua Amilca Cabra, 1°Andar do Predio Argos - Santa Maria - Ilha do Sal - Cape Verde	Distribution of Italian food products in Cape Verde.
INALCA F&B SDN BHD 151 B, Jalan Batu Tiga Lama Taman Rashna - Klang Selangor Darul Ehasan – Malaysia	Distribution of Halal food products to foodservice in Malaysia.
INALCA FOOD & BEVERAGE (SHANGHAI) CO LTD Room 2807, No 1277 Dingxi Road, Changning District	Distribution of Italian food products in Shanghai.
ITAUS PTY LTD 90, Arthur Street - North Sidney – Australia	Distribution of food products to the retail channel in Australia.
MILLE SAPORI PLUS S.P.Z.O.O. ul. Kazimierza Gierdziejewskiego 7- Warsaw – Poland	Leading company in the distribution of Italian food products in the Polish foodservice market.
MSP TRANSPORT SP.ZO.O. ul. Kazimierza Gierdziejewskiego 7- Warsaw - Poland	Transport company owned by Mille Sapori Plus SP.ZO.O.
ROYI WINE (SHANGHAI) LTD 4 floor, 158 Xuxiang Road, Qinqpu district - Shanghai, China	Marketing of wine and spirits in China.
ROYI WINE & SPIRIT (CHINA) LTD Room 913, 9/F., Hollywood Plaza, 610 Nathan Road - Mong Kok, Kowloon, Hong Kong	Carries out coordination and sub-holding of operations relating to the sale of wine and spirits in China.
TECALI S.L. Camino Real de la Oratava 215,El Ortigal - La Laguna – Tenerife	Production of mozzarella and fresh cheeses in the Canary Islands.
TOP BEST INTERNATIONAL HOLDING LTD Unit 701 2920, Block 1, Golden Industrial Bldg 16-26, Kwai Tak Street - Hong Kong Kwai Fong	Subsidiary company of IFB China Holding, which conducts mozzarella production in Hong Kong.
ZHONGSHAN INALCA FOOD & BEV. CO LTD No. 431 Shaoshan North Road, Dongtang Ruifu, A Area-Hunan Province,508# Changsha City, Yuhua District	Distribution of food products to foodservice in the Chinese Zhongshan area.

Distribution Sector

The following Companies operate in this sector:

Company	Business

***Foodservice* (distribution to catering)**

MARR S.p.A. Via Spagna no. 20 – Rimini	Trading and distribution of fresh, dried and frozen food products for foodservice operators.
ANTONIO VERRINI S.R.L. Via Pasquale Tosi no. 1300 - Santarcangelo di Romagna (Rimini)	Trading and distribution of fresh, frozen and deep-frozen seafood products mainly in Liguria and Versilia areas.
AS.CA. S.P.A. Via Pasquale Tosi no. 1300 - Santarcangelo di Romagna (Rimini)	As from 1 February 2020 the company operates a business lease with Parent Company MARR S.p.A..
FRIGOR CARNI S.R.L. Via Pasquale Tosi n. 1300 - Santarcangelo di Romagna (Rimini)	Marketing and distribution of fresh, dry and deep-frozen food products mainly in the Calabria Region.
MARR FOODSERVICE IBERICA S.A.U. Calle Lagasca no. 106 1° centro - Madrid – Spain	Non-operating company (subject to pre-liquidation).
NEW CATERING S.r.l. Via dell'Acero no.1/A, Santarcangelo di Romagna (Rimini)	Trading and distribution of food products to bars and fast-food outlets.

Catering Sector

The business conducted in this sector is divided into three areas, through the following Companies and/or corporate divisions:

Company	Business

a) On-board catering

CHEF EXPRESS S.p.A. – Railway Division Registered and administrative office, Via Modena no. 53 Castelvetro di Modena (Modena)	Concession for operating on-board catering.
CHEF EXPRESS UK LTD. 1-3 Union Street, Kingston Upon Thames, Surrey, London – United Kingdom	Holding company mainly operating in the on-board sector and under concession agreements.
CREMONINI RESTAURATION S.a.s. 83, Rue du Charolais, Paris – France	Non-operating company.
LOUNGE SERVICES S.a.s 91, Rue du Faubourg Saint-Honoré – Paris – France	Concession for operating welcome services in the Eurostar passenger lounges in Paris.
MOMENTUM SERVICES LTD. Parklands Court, no.24 – Birmingham Great Park Rubery – Birmingham - United Kingdom	Concession for operating on-board catering on the trains connecting London to Paris and Brussels through the Eurotunnel.
RAILREST S.A. Rue de France 95 (Frankrijkstraat) 1070, Brussels - Belgium	Concession for operating on-board catering on Thalys high-speed trains connecting Belgium to France, Holland and Germany.

b) Concession Catering

CHEF EXPRESS S.p.A. – Concession Division Registered and administrative office, Via Modena 53 Castelvetro di Modena (Modena)	Operator in the commercial concession catering area. Specifically, catering is managed in the premises of major Italian railway stations, airports and hospitals and service stations of the motorway network.
BAGEL NASH (RETAIL) LTD. 90a Tooley Street, London, SE1 2TH – United Kingdom	It runs eleven bagel-theme outlets in northern England.
GABF HOLDING LTD. 90a Tooley Street London – United Kingdom	Sales of bagels in London and Ireland.

c) Commercial Catering

ROADHOUSE S.P.A. Via Modena no. 53, Castelvetro di Modena (Modena)	Management of a chain of restaurants which operates with “Roadhouse Restaurant”, “Calavera”, “Billy Tacos” and “Smokery” brands.
C&P S.R.L. Via Modena no. 53, Castelvetro di Modena (Modena)	Company operating in catering under “Caio”, “Casa Maioli” and “Wagamama” brands.
ROADHOUSE GRILL ROMA S.R.L. Via Modena n. 53, Castelvetro di Modena (Modena)	Operating a chain of steakhouse restaurants in Rome and Lazio Region.

Centralized activities (holding company, property and services)

The activities carried out in this area are mainly connected to the provision of specialised services supporting the operating sectors and management of real estate assets, and include the following Companies:

Company	Business
CREMONINI S.p.A. Via Modena 53, Castelvetro di Modena (Modena)	Provides support services to Group companies in the areas of finance, insurance, legal and management/administration. It also manages the Group’s real estate assets.
INTERJET S.R.L. Via Belvedere no. 23 - Castelvetro di Modena (Modena)	Air transport services (P.P.T).
STAFF SERVICE S.R.L. Via Modena no. 53 - Castelvetro di Modena (Modena)	Processing and administrative management of payrolls.

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Cremonini SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cremonini SpA (hereinafter also the "Company") and of its subsidiaries (hereinafter also the "Cremonini Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated income statement, statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Cremonini Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of the company Cremonini SpA (hereinafter also the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Cremonini Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Cremonini SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Cremonini Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) 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 the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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 Cremonini Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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 Cremonini Group's

- ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cremonini Group to cease to continue as a going concern;
- We evaluated 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;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Cremonini Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Cremonini Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The directors of Cremonini SpA are responsible for preparing a report on operations of the Cremonini Group as of 31 December 2022, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Cremonini Group as of 31 December 2022 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Cremonini Group as of 31 December 2022 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 27 April 2023

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.