

CONSOLIDATED FINANCIAL STATEMENTS

2022

A responsible approach to quality



SAMMONTANA ITALIA







| INSPIRATION |

THIS IS WHAT WE ARE MADE OF.
OF HEART AND REASON.
OF HISTORY AND PROJECTS.
OF TRADITION AND DEVELOPMENT.
SO WE INTEND TO CONTINUE
OUR BUSINESS
OF DOING BUSINESS EVERY DAY.

Bagnoli Family



See also our **SUSTAINABILITY REPORT 2022**






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Bagnoli Family

| OUR VISION |



We bring smiles to lives of people worldwide by offering them products that are satisfying and good because they are created with authentically Italian care and passion and with respect for our origins.

We are intimately Italian and worthy representatives of our land's culture, style and product.

We started off as artisans, then became industrialists without denying our roots and origins.

We are a big family and a big company: our way of doing business is centred on mutual respect and fair behaviour towards employees, stakeholders and competitors.

The direction we have set ourselves is to become an international benchmark for Italian food in the pleasure and self-gratification sector, always safeguarding our origins.



SMILE



| OUR MISSION |

To navigate towards and reach our Vision we promised ourselves to create high quality food products, recipes designed to offer everyone a pleasurable experience by interpreting new eating styles.

Doing business whilst respecting our Italian roots, our identity, people, communities and territories, striving for the continuous improvement of our way of working and of our efficiency without compromise.

Being bearers of the culture and of Authentic Italian Products, even abroad; protagonists of the evolution of styles, forms and ways of enjoying taste worldwide: both that of today and tomorrow.



OUR HISTORY



1940S

The Sammontana story begins.

Romeo Bagnoli, father to six children, in order to provide for his large family, buys the Sammontana dairy at Via del Giglio in Empoli.

The dairy is named after the farm from which it gets its milk.

1946

Sammontana ice cream is founded.

Renzo, the eldest son of *Romeo*, turns dairy into a Bar - Ice-cream parlour.

He learned the basics of ice cream and became a true artist of the palate.

Thus began the production of Sammontana ice cream.

1955

From ice cream parlour to artisan workshop.

Ice cream sales increase.

Renzo and his brother *Sergio* begin marketing ice cream outside of Empoli and devise a

Production of single-serving ice creams begins.

1960

From laboratory to company.

Demands continue to increase beyond the borders of Tuscany.

These are the years of the great entrepreneurial leap; *Renzo*, along with his brothers *Sergio* and *Loriano*, inaugurate the production plant in Empoli, which is still in operation today.

1980

The 'slurping' cone.

Milton Glaser, author of cult images known throughout the world - as **I LOVE NY** -, creates the new Sammontana logo: the slurping cone, currently still the company's recognisable emblem.

1988

Nasce Il Pasticcere. Inizia il rito della colazione al bar.

Dall'acquisto di un laboratorio di prodotti da forno congelati comincia l'avventura de *Il Pasticcere*, la cui lievitazione è a base di "pasta madre".

Anche questo nuovo inizio è contrassegnato dall'innovazione: il croissant è già lievitato e il barista deve semplicemente cuocerlo.

2016

A new milestone in the Company's environmental commitment.

Sammontana consolidates its path towards environmental sustainability by signing a Voluntary Agreement with the Ministry of the Environment in order to learn, measure and offset - as the first in Italy in the ice cream sector - the carbon footprint of Barattolino.

2018

Family business. Italia Mondo.

There is a growing push towards internationalisation, in full respect of its Italian roots.

The passion, pride and determination with which the Bagnoli family continue to produce the best quality and taste of 'Italian-style products' remain the same. From the company's factories, these products are now and increasingly being sold all over the world.

2020

Close by, even in the dark moments of COVID.

Sammontana, in the midst of the Covid-19 pandemic, with people locked in their homes and mostly distant from their loved ones, sends a message of resilience and closeness through its 'Solo a un cucchiaino di Distanza' ['Only a Dessertspoon Away'] campaign.

The campaign will win 'The Prize' awarded by UNACOM as the best Purpose Driven Campaign.



OVER 70 YEARS OF ITALIAN QUALITY BETWEEN FAMILY, PASSION AND INNOVATION.



1957

Renzo chooses the ingenious claim 'Gelati all'Italiana' ['Italian-style Ice Cream'] to distinguish

his gelato from the ice cream spread to Italy by American soldiers during and after the Second World War.

1959

Sammontana launches the legendary Barattolino on the market, which is currently still an iconic Sammontana product: a pre-packaged, traditional character gelato, in the ideal quantity for family consumption.



2008

The acquisition of GranMilano (and its brands Sanson, Tre Marie and Mongelo) propels Sammontana into the top one hundred Italian agro-food companies and places it at the top of the Italian industrial ice cream market, alongside the leading multinationals in the chilled food market.

2009

The strategic importance of Tre Marie.

The Tre Marie brand enables Sammontana to establish itself as a leader in the frozen bakery products sector, with the first and second brands in terms of stake: **Tre Marie** and **Il Pasticcere**.

2013

Sammontana confirms its leadership in the cold chain.

Sammontana divests Tre Marie's special occasions business, retaining ownership of the frozen bakery products brand.

Thus begins a new journey for the company, enabling it to consolidate its leadership in the cold chain.

2021

Commitment to sustainability is becoming increasingly more tangible.

Sammontana, as part of its path towards environmental sustainability, strengthens its own pact towards a better future and commits itself to achieving a 55% reduction in CO₂ emissions by 2030.

2022

A first important recognition of the commitment to sustainability.

Commitment to 'meeting the challenges of climate change' and towards an 'effective management model guided by a vision of a long-term perspective in favour of future generations' is recognised with the awarding of the **'Strategy&Vision'** prize at the **Sustainability Award**, sponsored by Credit Suisse Italy and Kon Group, with the scientific contribution of Altis Università Cattolica, in order to add value companies that place a focus on environmental policies.



| VALUES |

The Bagnoli Family and Sammontana business share the same principles and values. But, above all, they exercise them with the same codes of conduct.

We do not know a different way of being an enterprise.

| PASSION |

We have the will to business and to do it well.

We have always taken care of our product, driven by the greatest of technologies: love for our craft. Curiosity and experimentation stimulate our creativity and drive us to do better and better in an ongoing effort that eschews any compromise on quality in the name of a passion for superior products.

| PRIDE |

We are proud **to be ambassadors of the identity, culture and values of a great Italian company** made of real people, arms, hearts and brains.

People who speak and act with the strength of Noi Sammontana.

| MEASURE |

Measure for us **is the relationship between sustainability and sustainable growth.**

It is the dimension of decision-making with Man, his work and his environment at its centre.

| RESPECT |

We have great respect for work and people.

We know the responsibility of our doing business as expressed by our social and environmental tension. We believe in our talents and the continuous improvement they are able to bring to the organisation every day, each with their own skills and responsibilities. With respect and integrity, we win the trust of our customers and consumers; with fairness and transparency, we enter into agreements with our suppliers and our partners.

| LISTENING |

For us, listening **means reducing distances** between people.

It means **learning** every day from our way of doing business. It means **understanding** the demands of the Market. It means **progressing** in respect of our origins, with a clear vision of tomorrow.



| SUSTAINABILITY AND INNOVATION |

Sammontana Italia has long been committed to a path of continuous improvement of its products, business processes and sustainability. In pursuit of continuous improvement goals, the Group creates increasingly innovative products **that meet high quality and nutritional standards**, whilst striving **to reduce waste and environmental impacts**.





| OUR COMMITMENT TO PEOPLE AND TERRITORY |

Attention to important aspects has always characterised the Sammontana Group.

Specifically, our focus on employees and all people who come into contact with the 'Sammontana world' is a cornerstone of the Group's intention.

In addition to this aspect, the environment and the territory where the Sammontana Group started and in which it currently operates, are a focal point of attention and a sphere of constant commitment.



| SAMMONTANA, QUALITY AND A SUSTAINABLE FUTURE |

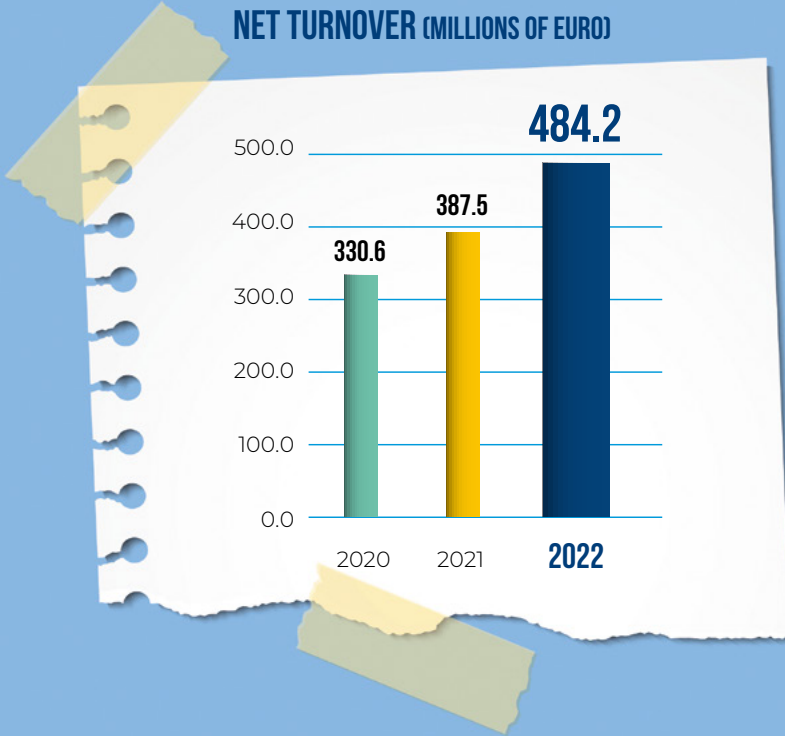
The commitment is to pursue, in a certified and transparent manner, an increasingly careful approach to sustainability in all of its forms.

The Sammontana Group is committed to studying aspects of environmental sustainability, for example, by calculating the Carbon Foot Print of some of its products in order to offset and reduce greenhouse gas emissions from its production cycle.

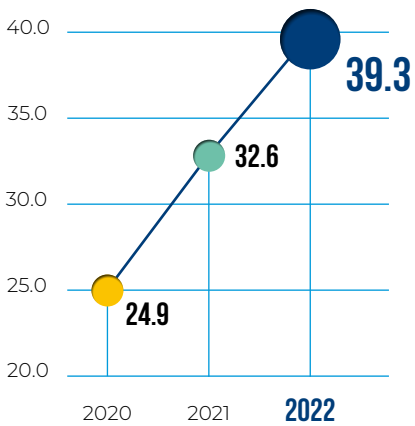
Furthermore, in continuity with recent years, the Sammontana Group's R&D activities are constantly oriented towards product innovation, with continuous research, development and experimentation of innovative and original recipes and formulations for the company's main core cream and bakery businesses, with a strong focus on the performance and environmental impact of the various product lines.

In addition to product innovation, the Group is also putting its energies into process and IT/digital innovations.

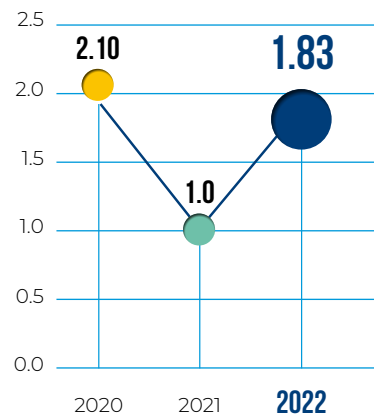
NET TURNOVER (MILLIONS OF EURO)























E.B.I.T.D.A. (MILLIONS OF EURO)



ROI TREND (%)



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1

**REPORT ON
OPERATIONS**

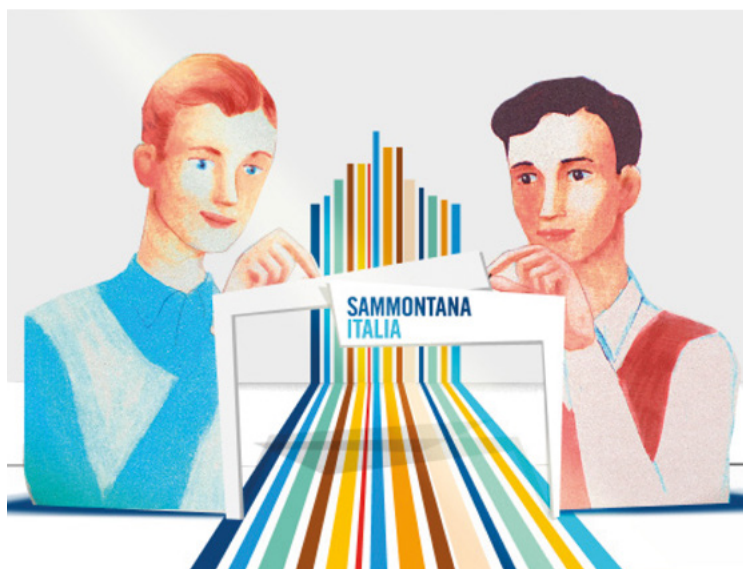
THE SAMMONTANA GROUP



Dear Shareholders,

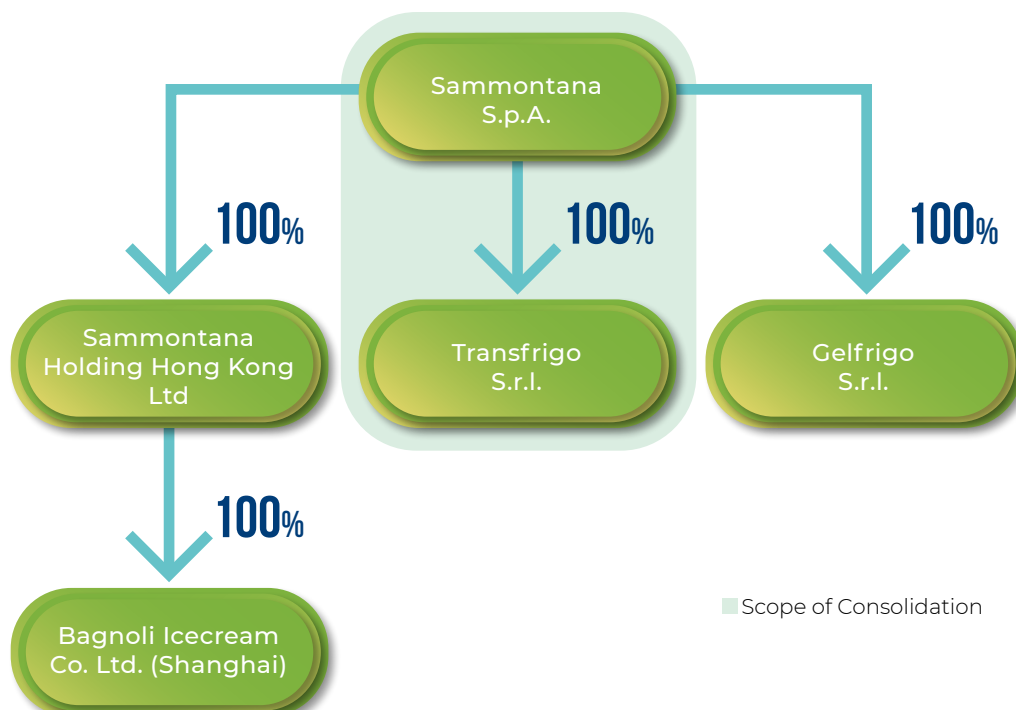
The Board of Directors of the Parent Company, which met on 30 March 2023, approved the draft financial statements for financial year 2022 and decided to call the Annual Shareholders' Meeting, in compliance with the deadline set forth in Article 2364 paragraph 2 of the Italian Civil Code, on 25 May 2023. The approved financial statements ("Balance Sheet", "Income Statement", "Cash Flow Statement" and "Notes to the Financial Statements") have been formed and prepared in strict compliance with current regulations, with particular reference to content and measurement criteria; furthermore, as required by Article 2423-ter, paragraph 5, of the Italian Civil Code, the reading and appreciation of the results, both of the balance sheet and income statement, are facilitated by comparing them with the results for the previous year.

We would now like to provide You with an overview of the Group's situation and performance, also with reference to significant events occurring after the end of the financial year and the business outlook.



STRUCTURE OF THE GROUP

The consolidated financial statements of the Sammontana Group are prepared for financial year 2022:



Compared with 2021, there are no changes within the scope of consolidation.

The company Gelfrigo S.r.l., a wholly owned subsidiary of the parent company Sammontana S.p.A., has not yet started operations and, pursuant to Article 28 of Legislative Decree 127/1991, was excluded from the scope of consolidation as its inclusion would have been irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

Sammontana Holding Hong Kong Ltd, incorporated in 2019 and holding a 100% stake in Bagnoli Icecream (Shanghai) Co. Ltd (also incorporated at the end of 2019), was excluded from the scope of consolidation based on the provisions of Article 28 of Legislative Decree 127/1991. Their inclusion would have been irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

OVERVIEW OF COMPANY ACTIVITIES, TERRITORIAL PRESENCE AND DISTRIBUTION NETWORK

The Sammontana Group is the **second largest national operator** in the production and distribution of ice cream; it is also the **national leader** in the production and distribution of frozen bakery products.

The marketing of 'savoury' products (bread, buns, ready meals) completes the range of frozen goods.

In the ice-cream sector, the Group

operates under its own Sammontana brand and under licensed brands. It also makes products under the brands of large-scale retail chains (private labels).

In the frozen bakery products sector, it operates under the brands Tre Marie, Il Pasticcere and Mongelo. In the lunch-snack sector, it operates under the Bonchef brand.



The Group produces directly from **three factories** located in **Empoli, Vinci and Colognola ai Colli** and distributes its product via a network of almost **100 dealers**, numerous distributors, **16 branches** located throughout Italy and **3 'service centres'**.



3
PRODUCTION
PLANTS

16
BRANCHES

over **100**
LICENSEES

OUR BRANDS

The Brands under which the Company operates and through which it is traditionally recognised both nationally and internationally are, essentially:

Sammontana, Tre Marie, Il Pasticcere, Bonchef and Mongelo.



Bonchef is a brand through which the Group sells first and second courses ready to heat and eat, whilst Mongelo and Il Pasticcere are brands that are still owned by the Group but through which a part of the frozen bakery products produced is marketed. Together, they offer a range of high-quality sophisticated products, both in the leavening of the dough and in the selection of raw materials.

Separate mention should be made of the brands **Tre Marie** and **Sammontana**.



Specifically, **Tre Marie** is a historical brand, a symbol of the Milanese confectionery tradition, which, at the same time, cultivates a strong link to contemporaneity.

Tre Marie has a fascinating history of authenticity and taste, values and emotions. This brand is linked to a very special history, linking the first 'modern' bakeries of 19th century Milan, which were the meeting places of intellectuals at the time, to the very recent production of high quality frozen bakery products, having gone through more than two centuries of improvements and product

innovations, with a special focus on raw material selection.

The **Sammontana** brand is the Group's historical brand under which ice creams are marketed. The history of the brand is very fascinating and merges directly with the origins of the Sammontana business, which was founded in 1946 by Renzo Bagnoli by transforming the family dairy into an ice cream parlour in Empoli.

In **1952**, the first brand logo was created, i.e., a red logotype in the typical calligraphic style of the time with a long underline from the final letter.



In **1959**, the Empolese painter Sineo Geminiani was commissioned to create a character to whom to entrust visual communication.

Thus the friendly privateer licking an ice cream whilst winking was created; this icon coexisted with the yellow calligraphic logotype.

In **1961**, a new logo was devised, this time with an elongated underline and inscribed in a red oval.

At that time, ice cream was delivered to cafés and dairies in a metal tin

designed by Sammontana containing six litres of ice cream; in those years of economic growth, fridge-freezers were spreading to the homes of Italian families and, with the Barattolino, ice cream could be eaten at home at any time of day.



As of **1964**, the privateer icon was used in Advertisements, but portrayed in full figure showing the slogan **'un tesoro di gelato'** ["an ice cream treasure"].



Then, in **1968**, the humanised cone brand was created, with eyes, mouth red tongue and the slogan **'gelati all'italiana'** [Italian-style ice cream]; this brand slogan was accompanied by the compound logotype in capital letters.



In **1981**, a restyling of the company logo was carried out by the US graphic designer Milton Glaser, author of world-famous images; he revisited the cone by stylising it and placing it in the centre of a horizontal crescent. Sammontana has always focused on communication by conveying a cheerful, straightforward, upbeat and Italian-inspired image: therefore, the slogan 'gelati all'italiana' was confirmed.



In **2015**, the company embarked on a new phase of its renewal process by presenting a restyling of the brand: the 'cone' symbol became more central and contemporary whilst maintaining the brand's values which, in Milton Glaser's idea, was modernised by becoming lighter and leaving only the words 'Sammontana' and 'Gelati all'italiana' to create the brand's typical semicircle.

The value and importance that the company has always associated with its past helped initiate the project related to the **Historical Archive**. Sammontana, in fact, has kept precious documents and materials over the years, which, in 2022, were catalogued, sorted and digitised to make them usable: in this year, we focused on the Gelato Marketing department, with the original designs of the designers who took care of the image of our historical products, the packs of sticks, cones and cups, sheet metal signs and folders, advertising materials, from the 1970s to the present day. The aim of the project is to raise awareness towards **the protection and preservation of its history**, an inimitable and precious heritage, with the intention of opening a Sammontana Museum in the next few years.

BUSINESS AND NOVELTIES 2022

ICE CREAM LINE

As regards the ice cream business, 2022 proved to be a challenging year: we witnessed, on the one hand, a partial recovery of promenade sales following the gradual easing of pandemic restrictive measures and, on the other hand, a rebalancing of sales in the retail channel.



In terms of the product, the collaboration with **Loacker** began, which populated the sandwich segment with three irresistible flavours in the large-scale retail channel:

Alpine Milk (alpine milk and fresh cream ice cream), **Tortina gelato** (ice cream milk with biscuit powder and hazelnut variegation and cocoa) and **Napolitaner** (hazelnut and cocoa ice cream), also present in the Bar channel.

2022 also saw the consolidation and extension of the **Gruvi** range, with two new references. Sammontana's revelation line of sticks expanded with the addition of **Nocciola Risoluta** and **Mirtillo Inaspettato**. A jubilation of different tastes and textures, capable of surprising bite after bite.

The cones and buckets segment expanded the assortment with the new **Fiordilatte** and **biscuits**, launched in the **Cinque Stelle** and **Barattolino Classici** range.

The cups segment, on the other hand, saw a major restyling of the Coppa d'Oro brand, characterised by a restyling of the logo and pack, with a new layout celebrating the timeless goodness of one of Sammontana's iconic references, confirming the co-branding with Fabbri, Domori and Segafredo (in the Bar channel) for 2022.

Another novelty of 2022 that is part of Sammontana's sustainability journey was the intervention on the **Sorbetier** line, which saw the pack change from plastic to plastic produced using more than 50 percent bio-circular plastic (referring to residues and waste of biogenic origin from agriculture, according to the mass balance approach). The sourcing of bio-based raw materials in the production of plastics, as a replacement for fossil-based plastics, limits the environmental impact. Sorbettiera also saw the creation of new flavours: **Caffè Crema Nocciola**, **Vanilla and Panna Cacao Vanilla Tiramisù**.

In 2022, Sammontana's journey to discover the flavours and aromas of Italian excellence continued, launching, on the wholesale

retail (and impulse) channel, the limited edition **S'Oru de Sardinia**, composed of **Barattolino**, **Coppa d'Oro** and **Torta gelato**, with the intention of paying homage to the beauty and flavours of Sardinia. Added to these novelties is the restyling of the Fruttiamo range, the new launches of the Amando line and the reinterpretation of a timeless classic, the **TANDEM**.

Fruttiamo, the gluten-free stick with chunky fruit and 100% plant-based, hit the shelves with a new contemporary, brightly coloured pack design, consistent with the summer nature of the product. Amando, on the other hand, increased its Wellness assortment, in the wholesale retail channel, with the **Fruits of the forest** cone and the **Salted Caramel** tub.



The company's range on the impulse channel was strengthened with the launch of the new **Napolitaner** ice cream biscuit, the extension of the **Gruvi** line in the reference **Mirtillo Inaspettato** and the limited edition **Coppa d'Oro** and **Torta S'Oru de Sardigna** (ice cream with Sardinian ricotta streaked with mixed-flower honey and biscuit crumbs) and with the creation of the new **FRESCO** range by Cinque Stelle, as well as the launch of the Fresco Lampone reference (vanilla-flavoured ice cream, sorbet and raspberry variegation with raspberry biscuit crumbs).

At the same time, the impulse channel saw the expansion of Fruttiamo, which expands its line with the **mango-flavoured** novelty, Sereno.

The children's range includes the **Stecco Meteoheroes** licence, the Italian fiordilatte and honey ice cream, with free tattoos of the cartoon characters to collect and the **Me contro Te ice cream biscuit** licence - two-tone vanilla ice cream, sandwiched between two vanilla biscuits, dedicated to the web's best-loved favourite couple and, lastly, the new gluten-free **GNAUM** popsicle with a soft sorbet heart.

2022 proves to be a crucial year in Sammontana's sustainability efforts. In addition to constant work on nutritional aspects and sustainable supply chains, the company is increasingly involved in actions to reduce its impact on the environment. It is within this framework that a renewed and stronger partnership between Sammontana and Legambiente is

to be seen, thanks to the support of the **Glacier Caravan** campaign, an important project for the monitoring and protection of Alpine glaciers, combined with the usual partnership with **Legambiente**, for the cleaning of beaches and sea beds.



Not forgetting **GreenGo**, the popsicle with spirulina and lime, which helps glaciers, thanks to an important project

in collaboration, again, with **Legambiente**, thanks to which Sammontana contributed to the planting of approximately 3 hectares of the **Paneveggio Pale - San Martino Park**, which was destroyed following Cyclone Vaia in 2018.

In addition to this, Sammontana enlivened and refreshed concerts at two of the most important music festivals on the national summer scene: the **Firenze Rocks** and the **Milano Summer Festival**.

Confirming its willingness to maintain high advertising pressure nationally, the company continued to devote a considerable amount of resources to communication, by continuing the **TV campaign on the Barattolino brand** and launching a significant Out Of Home campaign to promote the **Gruvi** stick, combined with the 'Gruvi caind of lov' commercial to the tune of Phil Collins' 'A Groovy Kind Of Love'. The spot went on air on the main TV stations, as well as on the web and social media.



Lastly, collaborations should be highlighted with some of the most important influencers on the Italian scene: from **Chiara Ferragni**, who sponsored Gruvi and Amando with a few posts on Instagram and the **Gruvi** campaign promoted by **Mattia Stanga** and **Martina Socrate**, irreverent tik tokers who are very popular on their social profiles, via Barattolino's mouth-watering recipes, signed by **Sara Brancaccio**.

FROZEN BAKERY PRODUCTS LINE

In 2022, after two years of great difficulties due to the Pandemic, the Out-of-Home Consumption Market is showing a clear recovery: Italians have returned to eating out more frequently and, out of their preferences, Frozen Confectionery remains the star. Breakfast. Confirming this, the good performance of confectionery on the Horeca Channel sees these numbers:

- **+16.5% vs 2021**
- **+1.7% vs 2019 (pre-pandemic year).**

For Frozen Bakery Products companies, **2022** will undoubtedly remain **the year of record-breaking price increases!** The high increases of raw materials (sugar, butter, flour) and energy have forced producers to increase the price lists several times during the year, passing on price increases of 15-25% to café owners, with the inevitable consequence that bar owners also passed on at least part of these additional costs to consumers.

2022 was also the year in which we benefited significantly from the **contribution of product innovation:** innovations have in fact developed approximately **20 million portions** (3.8% of the Total).

- The **Pistachio** versions of Tre Marie's **Rodrigo** croissant and Il Pasticcere's **SuperSupreme** croissant, launched at the end of March, totalled almost **10 million portions**.
- The Wellness segment was the protagonist of the launch of the first product with a specific functional benefit: **Cornetto Brio, Source of Calcium**, dedicated to those who want to start their day with the right amount of energy.

Furthermore, with its line of **Retail Envelopes**, Tre Marie confirms itself as the **first Player** in the Market with these numbers:

Total Bakery:	+13.4% vs. 2021
Tre Marie:	+12.4% vs. 2021
Il Pasticcere:	+13.4% vs. 2021.

Also noteworthy was the good participation of café owners in the two initiatives dedicated to them: **Buongiorno Tre Marie - Colazione che Ti Premia** and **Il Club dei Maestri - Premiati con il Cuore** raffled fantastic prizes.



RESEARCH AND DEVELOPMENT ACTIVITIES

GENERAL INTRODUCTION

In continuity with recent years, the R&D activities of the parent company Sammontana S.p.A. are constantly oriented towards product and packaging innovation, the overall improvement of the organoleptic and qualitative properties of products (existing and new) as well as the validating experimentation of new production technologies,

to be understood as investment in process innovation. Equally, the study, research and sampling of new raw materials and new materials for flexible packaging are important, in order to increase the aesthetic appeal index and functional standards, also in terms of their environmental impact. The operational and integrated model of the internal Research & Development division remains unchanged, working with the General Strategy, the Commercial and Marketing function and with the heads of the production and Quality Assurance departments of all plants in the country.

The continuous application of specific methodologies, from market research to product concepts, from product tests to panel tests on consumer samples, allow the company to intercept new consumer trends and related opportunities to develop new products and appropriate extension lines. This introduction applies to both of the company's main core businesses: ice cream and frozen bakery products.

Research activities will also continue in financial year 2023, for which the management of Sammontana S.p.A. is confident that the success of these innovations can generate good results in terms of turnover with favourable effects on the economy of the company itself.



R&D ACTIVITIES IN 2022

Sammontana S.p.A. pursued activities of an innovative nature during financial year 2022, focusing its efforts in particular on projects that will, for the most part, be developed over the next few years. The following are the main activities of Sammontana in 2022:

Research and Development:

continuation of R&D activities aimed at the continuous experimentation of recipes and formulations, innovative and original, for the company's main core businesses, 'ice cream' and 'bakery products', with a strong focus on performance wellness and new consumption trends, smart and responsive, e.g., with the introduction of protein and/or gluten-free products;

Digital Innovation: continuation

of activities to study and develop opportunities for the transformation of business processes through the integration, digitisation and interconnection of internal and external factors in production, distribution and logistics departments, for the company's main core businesses;

Ecological Transition: continuation of CO₂eq analysis activities through a decarbonisation process following the GHG protocol, LCA studies, critical circularity index investigations and process optimisation, including the evaluation of the nitrogen footprint on the environment, aimed at technological innovation with ecological transition objectives and the improvement of the environmental performance of products related to the company's main core businesses, 'ice

cream' and 'bakery products' with the aim of innovating and transforming business processes according to circular economy principles also;

Technological Innovation:

continuation of technological product innovation activities for the company's main core businesses, 'ice cream' and 'bakery products', through different recipes, performance, nutritional components and phases of production processes, as well as technological innovation for the introduction of new or significantly improved processes, in production and logistics departments, with rationalisation in supply management and less waste generation;

Design and Aesthetic Innovation:

symbol conception, layout definition and graphic development of components associated with digital tools; analysis prior to the development of promotional videos; conception of new graphic symbols and layouts associated with new lines or the promotion of existing lines; design and aesthetic conception of new catalogues/style books; design and aesthetic conception of new folders.

For the realisation of Research & Development projects, the company supported costs totalling approximately Euro 2.26 million, in respect of which it intends to access the benefits provided by the Tax Credit for research, development, technological innovation, design and aesthetic conception activities pursuant to Article 1, paragraphs 198 - 209 of Law No. 160 dated 27 December 2019, as amended.

COMMUNICATION AND MAIN EVENTS OF 2022

Communication activities in the territory were aimed at supporting and promoting the Sammontana Italia brand and its brands - Sammontana Gelati, Tre Marie and, to a lesser extent, Il Pasticcere - and built to emphasise brand values by setting targeted and measurable communication goals.

The initiatives developed have given further value and content to the company's major projects, such as its commitment to the environment and social issues, which is one of Sammontana's main themes, and the activities in support of new product launches, always enhanced in an original, contemporary and memorable manner with the aim of building consumer loyalty and consolidating the consumer's relationship with brands.



● INSTITUTIONAL PRESS CONFERENCE

On 14 April, Sammontana opened the doors of its headquarters in Empoli to the business press to present

the 2021 year-end financial statements and explain the 2022 targets by focusing on sustainability and territory.

● SAMMONTANA SUMMER FESTIVAL

It's not summer without a Sammontana event. On 22 June, at the beautiful location *Penelope a casa*, the start-of-season aperitif took place to present all the 2022 ice cream novelties to the media.

There was plenty of entertainment during the evening: a calligrapher customised T-shirts with the most iconic phrases of the 'Gruvi Caind of lov' campaign, a make-up artist was on hand to give guests an original summer make-up, as well as a photo booth and a tattoo studio that made the evening even more fun.

During the evening, an aperitif entertained the guests, who spent a pleasant evening with good ice cream, lots of fun and engaging music.



● INFLUENCER COLLABORATIONS.

For the launch of one of the main novelties of 2022, ice cream in collaboration with Loacker, a tour between the two factories was conducted in April to show 5 influencers how the products featured in this new creation are produced. In less than 48 hours, more than 80 stories were realised and five Instagram posts were then published in the following days.

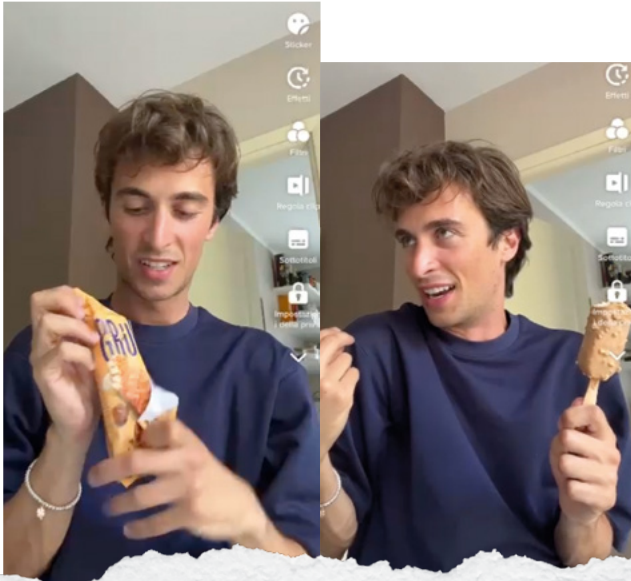
Also for summer 2022, Sammontana has planned several collaborations with important influencers to give the products and campaigns more prominence. For the 'Gruvi Caid of lov' campaign, three talents were the protagonists:

Chiara Ferragni, Mattia Stanga and Martina Socrates. Through their tone of voice, the three talents narrated the campaign and the product, also following Gruvi's ironic and entertaining soul.

Chiara Ferragni not only starred in the Gruvi campaign, but also highlighted the Amando line; her mother Marina Di Guardo was also featured in one of three Instagram posts.

Amongst the products featured in the influencer activities was the iconic Barattolino, which was revisited for the occasion by food creator Sara Brancaccio, who created three ad hoc recipes.





● DESIGN PRIDE 2022 + GRUVI PARTY BY SAMMONTANA @ MILANO DESIGN WEEK

After two years of waiting, DESIGN PRIDE, the street parade dedicated to creativity, returned to invade the 5VIE district with a large public turnout. Together with the design brand Seletti, creator of the project, a Gruvi branded van paraded, animated by a dance troupe that staged choreographies in perfect Gruvi style.

At the end of the parade, under Maurizio Cattelan's iconic L.O.V.E sculpture, Sammontana brought the joy of summer to Piazza Affari for the big GRUVI PARTY BY SAMMONTANA party.

Sammontana enlivened Design Pride with a colourful pop experience related to Gruvi - the unmistakable exuberant stick. The fun thus invaded Piazza Affari inviting the public to share the enthusiasm and joy of being together by immersing themselves in the imagery of Gruvi's Italian and 'unconventional' summer. The square was transformed into a veritable beach: iconic beach lido elements such as wooden beach huts, deckchairs, parasols and summer games (table football, table tennis, 'salterelli') transported everyone into the world of Gruvi, an all-round multi-sensory experience: the same one that enlivened the entire evening.



● **A NIGHT FOR ANT**

In the charming setting of Piazza Santa Croce, in the heart of Florence's historic centre, the second edition of **A Night for ANT** took place, an event organised by the ANT Foundation thanks to the support and collaboration of Sammontana. On their arrival, guests were given an exclusive tour of the Cenacolo and the cloisters of Santa Croce and later had their photos taken in a special set prepared by Sammontana. During the dinner, presented by Gennaro Cosmo Parlato amidst songs and words, Giusy Ferreri ascended the stage and the 300 guests saw the long-awaited musical surprise that Sammontana wanted to give to all those present and to the city of Florence. At the end of the evening, ANT Foundation President Raffaella Pannuti and Delegate Florentine Simone Martini presented a special award to Sammontana for their valuable support to ANT.



● FIRENZE ROCKS

Sammontana is a sponsor of one of Europe's most important and prestigious festivals, the Firenze Rocks. In June 2022, in the setting of the magnificent Visarno Arena in Florence, Green Day, Muse, Red Hot Chili Peppers, Metallica and many other bands amazed and surprised their biggest fans in Italy.



● MILANO SUMMER FESTIVAL

Sammontana is the official supplier of the Milano Summer Festival, to add a touch of flavour to the many evenings of Milan's musical summer. Unmissable appointments that brought nationally and internationally renowned names,

such as Metallica, Achille Lauro, Chemical Brothers, Blanco, Caparezza and many others. A unique cross-over of genres ranging from electronic to rock, in the setting of the marvellous Ippodromo SNAI di San Siro.



● CLEAN BEACHES AND SEABEDS ALONGSIDE LEGAMBIENTE

Sammontana, again in 2022, was one of Legambiente's main partners in the Clean Beaches and Seabeds campaign, to clean up sandy shores and seabed from beach litter. Over 70 initiatives in 17 Italian regions, featuring volunteers of all ages, families and school classes, municipalities and companies that together with the environmental association cleaned up the beaches, but also the banks of rivers and lakes.



● CAROVANA DEI GHIACCIAI

Sammontana again took part in the third edition of the Legambiente 'La Carovana dei Ghiacciai' campaign as a supporting partner, in cooperation with the Italian Glaciology Committee to monitor the dramatic regression of the glaciers due to the climate crisis.

A five-stage journey from Valle d'Aosta to Friuli-Venezia Giulia covering the entire Alpine arc: from the Miage and Pré de Bar glaciers to those of Monte Rosa, from the Forni and Montasio glaciers to the Marmolada glacier.





● TRE MARIE CROISSANTERIE

The creation of ad hoc content with creators from the food and lifestyle world for the brand's social channels continues for Tre Marie. This year

amongst the chosen creators Lucia Carniel, Carlotta Zadra (Charlotte and chocolate), Deliziosa Virtù, Marika Milano (Breakfast&Coffee) and Sara Draghi.

● FLORENCE FOLKS FESTIVAL

Sammontana, again for 2022, decided to support the Florence Folks Festival, a popular initiative that, through the language of musical culture and food, educates people to love the city and local areas. The commitment and activities of the Festival well represent the doings and values of Sammontana,

whose mission is precisely that of creating high quality food products, in an attempt to contribute to improving the area in which it operates. Sammontana was present at the Festival with its historic ice cream cart to offer a moment of pleasure and a smile to the participants.

● CHRISTMAS IS GOOD

Christmas Week dedicated to environmental, social and human sustainability. From 15 to 18 December, the Casa degli Artisti in the heart of Brera, the first public artists' residence in Milan, hosted a week of events and shopping dedicated to a Sustainable Christmas, from a human and environmental point of view. In an eventful Milan in the run-up to the Christmas festivities, Christmas is Good aims to be the alternative for beautiful and conscious purchases that create value in the community and do not weigh on the environment, selected according to ethical and aesthetic criteria, sponsored by the City of Milan and supported by Sammontana,

which brings with it environmental and social concerns.

The week was studded with many events united by the same goal: to make the Christmas we want, plastic-free, environmentally friendly, supporting local communities and with style thanks to the upcycled and recycled decorations, in collaboration with Vogue, and the Christmas tree made of Sammontana Barattolini.

Throughout the activity, people were able to enjoy Sammontana ice cream: "good for you, good for the environment", a gift of warmth and goodness to brighten up the Christmas festivities even more.







**OUR
PEOPLE**

STAFF BREAKDOWN AND CHARACTERISTICS

STAFF BREAKDOWN BY QUALIFICATION



AVERAGE NUMBER OF EMPLOYEES



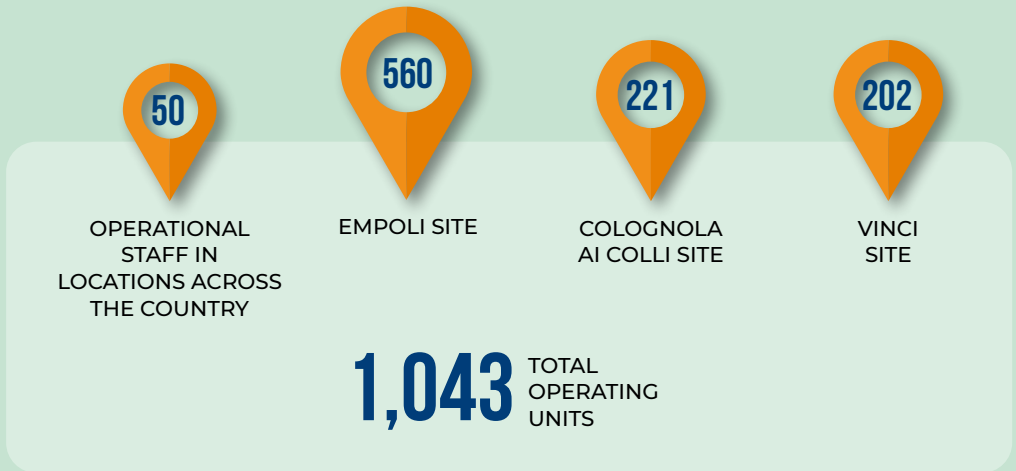
STAFF BREAKDOWN

	Executives	Managers	Office workers	Manual workers
Men	25	37	217	451
Women	1	2	152	167
Average age	55	53	44	46
Work seniority < 2 years	1	2	77	82
Work seniority 2 < 5 years	2	1	83	90
Work seniority 6 < 12 years	5	1	65	86
Work seniority > 12 years	18	35	144	352



DISTRIBUTION OF OPERATIONAL UNITS

The workforce as at 31 December 2022 includes:



The workforce as at 31 December 2022 comprises 50 employees operating in the branches spread across the country, with the remaining units operating at the sites in Empoli (around 560 units), Colognola ai Colli (221 units) and Vinci (202 units).

In addition to the above, the 14 units of Transfrigo S.r.l. are to be considered. The seasonal nature of sales and, therefore, of production activity, required the hiring of staff under seasonal fixed-term contracts during the year, amounting to 309 units, mainly with manual-worker qualifications. The salaried staff was supplemented with 1 intern. The national labour contract applied is that of the food industry sector and that of industry executives for Sammontana S.p.A., and that of the National Collective Bargaining Agreement Shipment of Goods sector for Transfrigo S.r.l..

OCCUPATIONAL HEALTH AND SAFETY



For some time now, the Group has been devoting significant attention to worker health and safety policies, both in terms of human and financial resources.

In fact, in order to improve this aspect, several activities were carried out in 2022 to achieve high standards at both organisational and operational levels. Furthermore, many activities were carried out with the aim of safeguarding the health of workers against the endemicity of Covid-19.

GENERAL SITUATION

Work continued in 2022 to protect workers from the risk of accidents related to the use of machinery. Therefore, guards, guard rails, nets, etc. were installed, important accident prevention procedures were defined. Equipment and procedures have been introduced to reduce manual handling of loads and repetitive motion indices.

Assessment documents for specific risks were also drawn up.



ACTIVITIES CARRIED OUT AT SAMMONTANA SITES

Below are details of what has been done in cooperation with the Technical and Maintenance Department, in the plants (N.B.: only the main activities carried out are shown).

EMPOLI PLANT

The main activities carried out during the year are listed:

- Implementation of a system for the recovery of the tunnel 8 mezzanine (including training);
- Noise reduction activities on the Hoyer Sandwich line;
- Interventions + certification of production lines T49 sorbet makers and R78 jars;
- Work-related stress risk assessment document and definition of activities to be carried out;
- Regulation of vehicle activities within the plant (procedure, training);
- Repetitive Motion Risk Assessment Document (including training, worker error analysis);
- Periodic inspections of ropes, belts, chains, slings, ladders (according to defined plan);
- Mapping anchorage points and lifelines;
- Man-down pocket (procedure review, training);
- Procedure for certified line format changes (drafting of format change sheets with protections to be installed);
- Procedure for sanitising production lines (including training and PPE to be used);



- Specific training in the use and handling of dry ice;
- Regulation of nitrogen use R&D department (procedure, new workstation, vacuum system, PPE).

The main activities still in progress are listed:

- Local micro-component loft bag lifting system;
- Pasteurisation department noise reduction;
- Tunnel 10 mezzanine operator recovery system;
- Wheel locking system bay 3;
- Chemical Risk Assessment Document;
- Regulation of access to the production room for visitors and office staff (authorised list, training, procedure, PPE).

VINCI PLANT

The main activities carried out during the year are listed:

- Regulation of finished product cell entry (procedure, authorised list, PPE, rationalisation of space);
- Restoration of traffic light system in MP warehouse loading/unloading area;
- Various activities on stairs and walkways in the palletising room mezzanine;
- Procedures for flour recovery and reel change;
- Various activities in the kneading room to reduce indexes from Manual Handling of Loads (changed trolley wheels, installed pushers for ejection of bowls, etc.);
- Introduced lifting systems for product recovery on the lines;
- Ropes, belts, chains, slings, ladders (according to established plan);
- Construction of a walkable roof over the building (done for zones A and B);
- Installation of guards on Lozano machine line B1.

The main activities still in progress are listed:

- General Plant Risk Assessment Document;
- Installation of man-on-ground life-saving pocket devices (replicate system present in Empoli);
- Various activities to reduce Manual Handling of Loads indices in the dose room department;
- Construction of metal structures to facilitate access on walkways inside the tunnels;
- Mapping chemicals;

- Certification of new B2 and C retail packaging lines;
- Livestock trim recovery project for the C-line using specific dedicated equipment;
- Regulation of vehicle activities within the plant (procedure, training);
- Risk Assessment Document on Work-Related Stress;
- Construction of the walkable roof above the building (zone C).

VERONA PLANT

The main activities carried out during the year are listed:

- Establishment of an access system in the plant with badges;
- Construction of metal structures for access to dough loading hoppers in the pastry department;
- Construction of structures for removing boxes stuck on packaging belt (ice cream);
- Repetitive Motion Risk Assessment Document;
- Regulating how activities in outdoor areas for pallet handling, sorting, loading/unloading are to be carried out (procedure, contracting out to external company, delimitation of areas);
- Integration of road markings in outdoor areas (including installation of speed bumps);
- Various activities for Nh3 plant (review of emergency procedures, PPE, spare parts management);
- Various activities finished product cell (equipment maintenance and periodic audits with contractor);
- General Plant Risk Assessment Document.



The main activities still in progress are listed:

- C-line trim recovery system with index reduction of the manual handling of loads;
- Machine tool control system workshop ice cream department;
- Implementation of factory fire protection systems;
- Various activities to improve repetitive movement indices (staff rotation, education/training, introduction of equipment, procedures).

It is also worth mentioning that the Security Department, in addition to the legally obligatory part, provided training to its employees on topics related to:

- Accident analysis (plant-specific and nationwide accidents);
- Safety interventions in 2022 for each plant/investment activity;
- Various safety topics (Risk Assessment Document on work-related stress, man-down pockets);
- Periodic checks on ladders/belts/ belts/life lines, loading/unloading procedure and vehicle manoeuvres, chemical risk mapping;
- Work at height for occasional access on ladders (productive);
- Emergency scenarios: rules/figures involved and outcome of evacuation test;
- Repetitive movements: Risk Assessment Document and workers' behavioural errors.

INTEGRATED ENVIRONMENT AND SAFETY MANAGEMENT SYSTEM

As regards the Security Department, the implementation of the Integrated Management System is proceeding, specifically:

- Drafting of safety jobs for supervisors and managers (ongoing);
- Procedures first level integrated management system part security and revision of organisational charts (in progress);
- Regulations for placing new machines/equipment in establishments (procedure, persons involved, approval, acquisition of legal documentation).

HEALTH AND SAFETY INDICATORS

The following is a brief summary of the main Health and Safety indicators for 2022:

Days	2022		
	Illness (days)	Accident (days)	Maternity (days)
Permanent employees	11,776	641	2,200
Fixed-term employees	1,487	69	22

THE COVID-19 CHALLENGE: OUR RESPONSE

In 2022, the prevention measures taken by the Group to deal with Covid-19 were progressively reduced in the light of the situation at national level and the number of positive cases in Sammontana Group plants.

In the whole of 2022, there were no particular difficult moments, so the number of positives was always kept under control. However, the preventive measures were always more precautionary than those established by government regulations, in order to avoid outbreaks of disease, protect the health of workers and

ensure the continuation of work in the plants, particularly in the production area.

Specifically, the following preventive measures were guaranteed in 2022:

- Smart working on rotation for office workers at the beginning of 2022 and thereafter 1 day per week (following individual agreements with the workers);
- Use of FFP2 masks for all personnel for most of 2022, then converted to optional use, except in situations of important aggregation in small spaces (see assemblies and frontal

training) where the obligation remained;

- Regulations for access to common areas (especially the canteen);
- Use of external cubicles used as changing rooms for production department personnel during the season;
- Daily sanitisation of offices and common areas (in addition to what

is already done in the production departments);

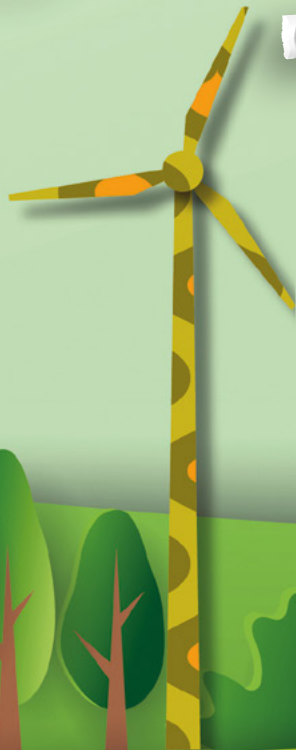
- Carrying out rapid swabs for staff with flu symptoms;
- Particular attention is paid to the departments with the highest criticality.







OUR FOCUS ON SUSTAINABILITY



OUR FOCUS ON SUSTAINABILITY

For several years now, our Group has been aware of the need to respond to sustainable development issues along its supply chain. With this goal, the Group accepted the challenge launched by Europe to contribute, as a non-party stakeholder, to making a conscious and equitable ecological transition. The efforts made to date have found new interpretations thanks to an increasing focus on environmental, social and economic issues. With the awareness that the future cannot just take from the context but also demands to give back, the activities that the Group has put in place have been fuelled by increasing synergies, resources and passion, with

the desire to create value and to be able to share it, and with the aim of a virtuous and transversal evolution.

With this in mind, the parent company Sammontana S.p.A. measured various Sustainability performances, some of which are listed below:

OFFSETTING EMISSIONS CO₂ HORECA CHANNEL

During 2022, Sammontana offset an amount of **1,009 tonnes of CO₂ eq** for residual lifecycle emissions from ice cream sold at some HORECA outlets.

	2021	2022
Tonnes eq. CO ₂ offset in the Horeca channel	1,082	1,009
% difference year vs. previous year	-	-6.7%



DECARBONISATION (REDUCTION OF CO₂ EQ/YEAR)

Sammontana has measured its environmental impact expressed in tonnes of CO₂ eq/year from 2016 to 2022 according to scopes 1 and 2 (calculation of direct and indirect emissions from energy consumption), with ISO14064-1 methodological approach, and according to scope 3 (other indirect emissions) in coherence with the GHG Protocol.

SCOPE 1 DIRECT EMISSIONS

- Methane gas
- Diesel fuel for own fleet
- Diesel for generating sets
- Automotive petrol
- Refrigerant gas leaks
- Direct use of CO₂.

Emission factors: source DEFRA

SCOPE 2 INDIRECT EMISSIONS

- Electricity

The initiatives undertaken by the organisation show a progressive reduction of the emission index value according to scope 1 and 2 in relation to the tonnes of finished product produced in the calendar year.

This reduction is the result of a series of industrial projects in the plants and the purchase of energy with certificates of origin.

The table below shows the emissions avoided by specific projects between 2021 and 2022.

	2020	2021	2022
Tonnes eq CO ₂ saved in year		-897	-3,501*
Global scope 1 and 2 Baseline calculated in tonnes of CO ₂ eq	47,687		
Reduction year % vs global Baseline scope 1 and 2		-1.88%	-7.34%

* Tonnes of CO₂ equivalent avoided calculated using emission factors for the year 2021.

CO₂ EMISSIONS EQ. OF THE BARATTOLINO LINE

Studies conducted on the Gamma can show that the raw material phase is the most impactful phase in terms of CO₂ eq.

For 2022, the calculation of the full life cycle impact is 3,234 kg CO₂ eq./kg finished product.

The table below shows the change in this parameter compared with previous years.

	2019	2020	2021	2022
Value kg CO ₂ eq./kg of Barattolino sold year	3,939	3,830	3,424	3,234
% Reduction year vs. previous year	-	-2.8%	-10.6%	-5.5%

REDUCTION OF PLASTIC USE IN PACKAGING

As a positive confirmation of the Group's commitment, the KPI of plastic-based packaging reduction, which by **the year 2022 stands at an**

index of 0.161, exceeding the assumed target and lowering significantly compared to previous years, as shown in the table below.

	2019	2020	2021	2022
Consolidated index ⁽¹⁾ [-]	0.264	0.259	0.185	0.161
% Reduction year vs. previous year	-	-1.9%	-28.6%	-13.0%

During 2022 and in continuation of the activities completed in 2021, further tests were conducted in the Group's various business segments to reduce flexible films per bundle, in

an attempt to standardise the results across the various plants, including by adapting and improving the technological process.

¹ The indicator is calculated as the sum of the weights of primary and secondary packaging purchased from 01/01/22 to 31/12/22, which enter the direct production cycle, subject to the CO.NA.I. contribution for the plastics material band / Sum of the weights of primary and secondary packaging purchased from 01/01/22 to 31/12/22, which enter the direct production cycle, subject to CO.NA.I. contribution for all material bands used (Plastic + Paper + Wood + Aluminium).





BUSINESS PERFORMANCES





ECONOMIC PERFORMANCE

The financial statements we submit for your attention shows a Value of Production of almost Euro 500 million, an increase over the previous year of approximately Euro 100 million, mainly due to the increase in Sales Revenues (+ Euro 96.7 million).

EBITDA (Gross Operating Margin), at Euro 39.3 million, was up (+6.7 million) compared with the previous year, mainly due to a marked improvement in the number of portions sold (+9% Ice Cream, +13.7% Frozen Bakery Products and +37.0% Lunch Snacks) thanks partly to a long summer season with excellent weather.

It should be noted, however, that EBITDA was affected by a significant increase in raw material and energy costs, as described in further detail in the pages of this Report.

As an energy-intensive company, we were, however, able to partially contain the surge in electricity and natural gas costs by taking advantage of subsidies (in the form of tax credits) from which the Group was able to benefit.

Pre-tax profit, at Euro 4.4 million, showed a marked increase compared to 2021 (+ Euro 6 million), a year in which it was still affected by the severe effects caused by the restrictions resulting from the Covid-19 pandemic.

The net profit of Euro 5.2 million was substantially in line with the previous year, where it benefited, however, from the effect of the release of taxes deferred to the profit and loss account in the amount of Euro 4.3 million due essentially to the tax realignment of the higher statutory values of the Tre Marie brand.

This report will illustrate, in addition to the provisions of Article 2428 of the Italian Civil Code, the context in which your Group has operated and the main strategic choices that have directed management.

The financial statements were prepared by the Board of Directors on a going concern basis pursuant to Article 2423-bis, paragraph 1, no. 1 of the Italian Civil Code and the new OIC 11, published in its final version on 22 March 2018.

MAIN ECONOMIC DATA

The 2022 reclassified Value Added and Value Added 'Net' Income Statement is presented below, highlighting some performance margins. It should be noted that the Group presents, in addition to the financial aggregates required by the OIC, some aggregates derived from the latter, even though they are not provided for in the

OIC ('Non GAAP measures'). These magnitudes are presented in order to allow a better assessment of the company's business performance and must not be considered as alternatives to those provided for by the CCOs. The table also shows the 2021 figures and their respective changes.

VALUE ADDED INCOME STATEMENT (Figures in thousands of Euro)

	2022	2021	Change
VALUE OF PRODUCTION ⁽¹⁾	496,375	398,026	98,349
Total external costs ⁽²⁾	381,230	293,973	87,258
ADDED VALUE	115,145	104,054	11,091
Total personnel	75,790	71,418	4,371
M.O.L. / E.B.I.T.D.A.	39,356	32,636	6,720
Total amortisation and provisions ⁽³⁾	35,347	30,649	4,699
M.O.N.	4,008	1,987	2,021
Total financial income	743	595	148
E.B.I.T.	4,751	2,581	2,169
Total financial charges	1,714	1,596	118
ORDINARY / PRE-TAX RESERVE	3,037	985	2,052
Total non-recurring income and expenses ⁽⁴⁾	1,406	(2,637)	4,043
PROFIT BEFORE TAX	4,442	(1,652)	6,094
Total income tax	(748)	(6,926)	6,178
OPERATING PROFIT	5,190	5,274	(84)

Note 1: The "Value of Production" in this statement differs from the "Value of Production" in the statutory financial statements due to the reclassification (of approximately Euro 2.8 million) of the non-recurring assets area under "Total non-recurring income and expenses". For details of the latter aggregate, see section 3.1 of this Report on Operations.

Note 2: This item includes B 6) - Costs for raw materials, consumables and goods, B 7) - Costs for services, B 8) - Costs for use of leased assets, B 11) - Change in inventories of raw materials, consumables and goods, B 14) - Sundry operating expenses.

Note 3: This item includes B 10) Amortisation and depreciation, B 12) Provisions for risks, B 13) Other provisions.

Note 4: For details of the items included in this aggregate, please refer to Section 3.1 of this Report on Operations.

VALUE-ADDED INCOME STATEMENT WITH VALUE OF 'NET NET' PRODUCTION (Figures in thousands of Euro)

	2022	2021	Change
Typical Sales Revenues 'NET NET' ⁽¹⁾	427,809	338,996	88,813
Change in inventories of products under construction, semi-finished and finished products	1,269	4,803	(3,534)
Other revenues and income ⁽²⁾	15,217	8,122	7,095
PRODUCTION VALUE	444,296	351,921	92,375
Raw materials and goods (B6)	207,489	152,248	55,241
Services (B7)	103,715	84,468	19,247
Use of leased assets (B8)	10,911	9,336	1,575
Change in stocks of raw materials (B11)	1,176	(1,778)	2,954
Sundry operating expenses (B14)	5,860	3,376	2,484
Total external costs ⁽⁵⁾	329,150	247,649	81,501
ADDED VALUE	115,145	104,054	11,091
Total personnel	75,790	71,418	4,372
M.O.L. / E.B.I.T.D.A.	39,356	32,636	6,720
Total depreciation and provisions ⁽⁴⁾	35,347	30,649	4,698
M.O.N.	4,008	1,987	2,021
Total financial income	743	595	148
E.B.I.T.	4,751	2,581	2,170
Total financial charges	1,714	1,596	118
ORDINARY RESULT / BEFORE TAX	3,037	985	2,052
Total non-recurring income and expenses ⁽⁵⁾	1,406	(2,637)	4,043
PROFIT BEFORE TAX	4,442	(1,652)	6,094
Total income tax	(748)	(6,926)	6,178
OPERATING RESULT	5,190	5,274	(84)

Note 1: This item includes only Revenues from the Sale of Products, net of trade discounts and contributions, the latter being classified in the statutory income statement in B7) under Costs of Services.

Note 2: Included under this heading are revenues from the sale of advertising material and revenues from 'goods' for resale totalling Euro 2.3 million, which in the statutory financial statements are included under A1 'Revenues from Sales and Services'. The item also includes the total of tax credits on electricity, diesel and natural gas from which the Group benefited, amounting to approximately Euro 6.6 million. (These tax benefits were not foreseen in the previous year.) In addition, this aggregate was stripped of approximately Euro 2.8 million, relating to the non-recurring assets area. This value has been included in the aggregate 'Total non-recurring income and expenses'. For details on the latter aggregate, please refer to section 3.1 of this Report on Operations.

Note 3: This item includes B 6) - Costs for raw materials, consumables and goods, B 7) - Costs for services, except commercial costs reclassified net of Sales Revenue in A1) as per Note 1, B 8) - Costs for use of leased assets, B 11) - Change in inventories of raw materials, consumables and goods, B 14) - Sundry operating expenses.

Note 4: This item includes B 10) Amortisation and depreciation, B 12) Provisions for risks, B 13) Other provisions.

Note 5: For details of the items included in this aggregate, please refer to Section 3.1 of this Report on Operations.

MAIN EQUITY DATA

Below is a balance sheet reclassified using the “financial” criterion. In the breakdown below, Net Working Capital is shown.

RECLASSIFIED ‘FINANCIAL’ BALANCE SHEET (Figures in thousands of Euro)

Uses	2022	2021	Change
Non-current assets	185,956	194,030	(8,074)
Net Working Capital	46,160	38,113	8,047
Non-current liabilities	(10,360)	(9,592)	(768)
NET INVESTED CAPITAL	221,756	222,551	(795)
Sources:			
Shareholders' Equity	147,600	142,178	5,422
Net financial debt	74,156	80,373	(6,217)
TOTAL FUNDING SOURCES	221,756	222,551	(795)

NET WORKING CAPITAL (Figures in thousands of Euro)

	2022	2021	Change
Inventories	51,982	51,888	93
Sales receivables ⁽¹⁾	70,593	56,559	14,034
Other current assets	11,639	18,996	(7,357)
- Tax Credits	11,118	17,858	(6,739)
- Other receivables (non-trading part)	521	1,138	(617)
Trade payables ⁽²⁾	(65,273)	(68,781)	3,508
Other current liabilities	(22,781)	(20,549)	(2,232)
- Tax Payables	(8,376)	(6,890)	(1,486)
- Other payables (non-commercial part)	(14,405)	(13,659)	(746)
NET OPERATING WORKING CAPITAL	46,160	38,113	8,046

Note 1: This item includes receivables from customers in the statutory financial statements, plus receivables from factoring companies and Intercompany trade receivables.

Note 2: This item includes trade payables in the statutory financial statements, plus trade payables to customers and intercompany trade payables.

MAIN PRODUCTIVITY, PROFITABILITY AND FINANCIAL INDICATORS

Pursuant to the amended Article 2428 of the Italian Civil Code, the main productivity, profitability and financial indicators of the Group as at 31 December 2022 are provided below, compared with those of the previous year, in order to facilitate the understanding of the Group's situation and performance.

Profitability indices	2022	2021
ROE	3.52%	3.71%
ROI	1.83%	1.00%
ROS	0.83%	0.51%
ROD	1.53%	1.38%

Duration indices	2022	2021
Average supplier deferment	49.21	65.53
Average customer dilation	47.88	48.92

Capacity to Repay Financial Debt	2022	2021
NFP/EBITDA	1.88	2.46

Liquidity indices	2022	2021
Availability index	1.41	2.46
Treasury index	1.00	0.83

INVESTMENTS

During financial year 2022, investments of around Euro 25 million were made, up from the previous year when they amounted to Euro 21.9 million.

The Parent Company Sammontana S.p.A. continued to invest in state-of-the-art plant and technical machinery both to stay abreast of the times and to take advantage of the tax benefits related to 'Industry 4.0' investments, in fact, investments in the 'Plant and Machinery' category increased by 39% compared with those made in 2021.

CATEGORY DESCRIPTION	Millions of Euro
Industrial buildings and land	0.7
Plant and machinery (*)	9.6
Industrial and commercial equipment (**)	11
Other investments	1.0
Software and other intangible fixed assets (***)	2.6
Total investments	24.9

(*) of which approximately Euro 2.7 million related to the Empoli Production Hall and Euro 2.1 million to the lines of the Colognola ai Colli plant.

(**) of which Euro 10 million of commercial equipment consisting mainly of canning and ovens attributable to Industry 4.0 investments and the new Fruit Machines.

(***) of which Euro 1.5 million related to increases in licences and software for the ERP Dynamics Ax.

The intangible component of the investments concerns, for the most part, the continuous updating of the software needed to 'keep in step' with the ongoing technological evolution. Investments continued in the new Microsoft Dynamics AX information system, which went live on 1 January 2019 for all Group companies. The higher costs are due to the preparation of the digital infrastructure of the management software, which, as of 2024, will be exclusively in a cloud version that will allow scalability in terms of computing capacity, to improve the performance of some currently critical core processes for machine response times and to extend digitisation to further area processes Operations.

Technical investments by Industria 4.0 consist of capital goods whose operation is controlled by computerised systems or managed through appropriate sensors and drives. Specifically, the asset must be characterised by certain technical-functional specifications, including:

- It is controlled by means of a programmable logic controller (PLC);
- It is designed to be interconnected to factory computer systems;
- It is designed for automated integration with the logistics system or supply network and/or other machines in the production cycle;
- It includes a simple and intuitive man-machine interface;

- It meets the latest occupational safety, health and hygiene standards;
- It is equipped with remote maintenance and/or remote diagnostics and/or remote control systems;
- It is able to monitor working conditions and process parameters by means of appropriate sensor sets.

In general, Industria 4.0 investments have been realised by ensuring the achievement of an improved machine or line technician in its design, operation and subsequent operational diagnostics.

Under 'Other investments', Euro 0.4 million related to the purchase of trucks for the activities of the subsidiary Transfrigo S.r.l.

New acquisitions of tangible fixed assets relate mainly to production machinery/equipment (some of which will come into operation in 2023).

Compared with 2021, investment in equipment, including the purchase of refrigerated conservatories and ovens on loan to customers, increased by 10%, partly as a result of effective business development that made it possible to gain additional market share.

Total divestments for the year amounted to Euro 42.3 million (historical purchase cost and statutory revaluations).

The most relevant were the following:

- 27.9 million related to the sale of the property owned in Milan, which took place in August 2022. **This property remained in the accounts as 'net value' (including statutory revaluations and net of depreciation over the years) in the amount of approximately Euro 9 million.**
- Euro 8.7 million related to obsolete plant and machinery that was still charged to the Milan site.
- Euro 5 million related to the disposal of obsolete refrigeration equipment, most of it fully depreciated.

The disposal of technical fixed assets resulted in a negative balance between capital gains and capital losses of approximately Euro 783,000, of which about Euro 350,000 related to the capital loss of the Milan property.

Divestments for the year are detailed below by category in millions of Euro:

CATEGORY DESCRIPTION	Historical cost Discontinued	Net value Book value
Industrial buildings and land	27.9	9.0
Plant and machinery	8.7	0.1
Industrial and commercial equipment	5.1	0.1
Other assets	0.4	0.1
Software and other intangible fixed assets	0.2	0.0
Total disinvestments	42.3	9.3

PORTIONS SOLD AND REVENUE

In terms of portions, the year 2022 saw an increase in the quantity of products sold compared with the previous year (+11%).

It is reported that in Italy, sales of **ice cream** portions increased by +9% over the previous year.

Foreign sales also increased (+5.2%) compared with 2021.

Frozen confectionery confirms the growth trend with an overall year-on-year increase of +13.7%.

Sales in the **lunch-snack** category recorded a significant increase of +37.0%.

SALES 2022 (Figures in millions of portions)

Products	2022	2021	Diff %
Total Ice Cream Italy	771.1	704.7	9.4%
Brand Bar Horeca	103.8	79.8	30.1%
Brand gd	337.7	327.5	3.1%
Private labels (gd)	329.6	297.4	10.8%
Total Ice Cream Abroad	79.8	75.9	5.2%
Total Ice Cream	850.9	780.6	9.0%
Total Frozen Bakery Products Italy	512.6	451.5	13.5%
Brand Bar Horeca	425.7	366.3	16.2%
Brand gd	79.1	79.3	(0.2)%
Private labels (gd)	7.8	5.9	31.6%
Total Frozen Bakery Products Abroad	6.6	5.0	31.3%
Total Frozen Bakery Products	519.1	456.5	13.7%
Total Snack Lunch	48.6	35.5	37.0%
Total	1,418.70	1,272.60	11.5%

Gross sales increased significantly compared with the previous year due to both an increase in the number of portions sold and higher sales prices, which only partially offset the negative impact of soaring energy and raw material costs.

All product lines showed a strong increase: **ice cream** +22.9% over the previous year, **frozen bakery products** +26.4% and **lunch snacks** +51.6%.

Gross turnover (which differs from the item "Revenues from sales

and services" in the Profit and Loss Account in that it is gross of discounts applied to invoices and credit notes issued by us) amounted to Euro 766.5 million and increased by Euro 154.2 million (+25.2%) compared with the previous year.

From gross sales, after deducting invoice discounts and credit notes, we arrive at **Revenues from sales and services**, which reached approximately Euro 484 million in the financial year, an increase of Euro 96 million over 2021 (+25%).

GREAT SALES 2022 (Figures in millions of Euro)

Products	2022	2021	% Diff
Total Ice Cream Italy	434.3	353.6	22.8%
HORECA BAR BRAND	103.3	78	32.4%
BRAND GD	266.4	225.5	18.2%
Private labels (GD)	64.6	50.1	29.0%
Total Ice Cream Abroad	15.6	12.4	25.8%
Total Ice Cream	449.9	366	22.9%
Total Frozen Bakery Products Italy	282.1	223.5	26.2%
HORECA BAR BRAND	239.9	185.2	29.5%
BRAND GD	40.6	37.2	9.2%
PRIVATE LABELS (GD)	1.6	1.1	42.90
Total Frozen Bakery Products Abroad	2.5	1.7	46.0%
Total Frozen Bakery Products	284.6	225.2	26.4%
Total Snack Lunch	32.0	21.1	51.6%
Total	766.50	612.30	25.2%

COSTS

The table below shows the main expenditure items in the operating business in millions of Euro.

Description	2022	2021	Change
Cost of raw materials and goods	207.5	152.2	55.2
Cost for services	156.4	132.8	23.6
Use of leased assets	10.9	9.3	1.6
Personnel costs	76.6	73.0	3.7
Amortisation and write-downs	34.8	30.6	4.2
Changes in raw materials	1.2	(1.8)	3.0
Provisions	0.6	0.0	0.5
Other operating costs	5.9	3.4	2.5
Total	493.8	399.6	94.2

The trend of some expenditure items is directly linked to the business trend in sales revenues (specifically, costs for Raw Materials and Services).

Amongst the variable costs in this year in particular, there is evidence of the surge in raw material costs (mainly related to the post-Covid inflationary rebound), and the

important energy expenditure the Group incurred. This expenditure was only partly 'reduced' thanks to the tax opportunity that was seized with regard to the benefits of the relevant tax credits, as shown in the table below (in millions of Euro). These tax benefits were not foreseen in 2021.

Description	2022	2021	Difference
Electricity Costs	18.5	8.5	10
Tax Benefits - Energy Tax Credits	(4.6)	0.0	(4.6)
Total Energy Expenditure	13.9	8.5	5.4
Costs for Methane and Diesel	8.4	3.8	4.6
Tax Benefits - Methane and Diesel Tax Credits	(2.0)	0.0	(2.0)
Total Expenditure on Methane	6.4	3.8	2.6
Total 'Gross' Energy Costs	26.9	12.3	14.6
Total Tax Benefits - Tax Credits	(6.6)	0.0	(6.6)
Total 'Net' Energy Costs	20.3	12.3	8.0

For the sake of completeness, it should be noted that in the statutory financial statements, these tax credits have been classified as Other Revenues (A5) in the Income Statement.

For comments on changes in depreciation and amortisation, please refer to the previous section on investments in this Report and the section on “Depreciation and Amortisation of Fixed Assets” in the Notes to the Financial Statements. Provisions, miscellaneous operating expenses and other cost items showed slightly higher values than in the previous year. Further

considerations on the dynamics of the main corporate costs are referred to the Notes to the Financial Statements for more specific details.

EXPENSES AND INCOME OF A NON-RECURRING NATURE

The following tables show the main non-recurring asset and liability items.

The classification of the items below in the financial statements is indicated in the section next to the numerical amounts, shown in millions of euro.

NON-RECURRING CHARGES 2022

Description	Amount	Classification in the budget
Costs for documents not pertaining to the financial year / Closure of Accruals Previous Years	0.47	EC B7) - Costs for services
Costs for settlements	0.10	EC B14) - Sundry operating expenses
Extraordinary personnel costs	0.86	EC B9e) - Other Personnel Costs
	1.43	

The most significant amount consists of costs for items pertaining to previous years but not disclosed in previous financial statements. There are also ‘Extraordinary personnel costs’ in the amount of approximately Euro 0.8 million; these costs relate for the most part to leaving incentives disbursed to

employees during the financial year. Lastly, there were passive transactions for approximately Euro 100,000.

The charges listed above are attributable practically in their entirety to the parent company Sammontana S.p.A..

NON-RECURRING INCOME 2022

Description	Amount	Classification in the financial statements
Contingencies for items not pertaining to the year	0.98	EC A5) - Other income
Closure of Accruals Previous Years	1.85	EC A5) - Other income
Other extraordinary income	0.01	EC A5) - Other income
	2.84	

In non-recurring income, the most significant amount is contingencies resulting from the closure of items from previous years.

The income listed above is attributable practically in its entirety to the parent company Sammontana S.p.A.

TAXES

The tax burden for the financial year 2022 is broken down as follows:

Description	Amount in millions of Euro
IRES / Consolidation Income	0.55
IRAP (Regional Income Tax)	(0.85)
Deferred/prepaid taxes	1.04
IMU	(0.53)
Advertising tax	(0.33)
Total	(0.12)

On the subject of taxes, we report a 'negative' tax burden (positive tax base) of IRAP in financial year 2022 of about Euro 0.85 million. IRES, on the other hand, showed a positive balance of Euro 0.55 million. It should be noted that the Group's companies, by adhering to the 'Consolidato Fiscale Nazionale' (under Article 117 et seq. of the TUIR) contribute their tax base to the parent company Sammontana Finanziaria S.r.l. This contribution, in this financial year, shows an income

from fiscal consolidation for Euro 0.55 million, because despite the positive operating result, non-taxable income of significant amounts emerged at the tax level, such as tax credits previously mentioned in this Report.

Positive balance of Euro 1.04 million for deferred/prepaid taxes.

Overall, for IMU and Advertising Taxes, expenditure was in line with last year.

FINANCIAL SITUATION

In 2022, financial expenses amounted to approximately Euro 1.68 million, essentially in line with the previous year (+Euro 85,000).

Financial income totalled Euro 742,000, an increase of approximately Euro 147,000 compared with the previous year, mainly due to the higher contribution of interest income received from centralised treasury management (Cash Pooling Agreement).

The total NFP decreased to Euro 74.1 million versus approximately Euro 80 million by 2021, showing an improvement of approximately Euro 6.2 million.

The average cost of money from the banking system alone is 1.45%.

The ratio of net financial expenses (net of income) to sales revenue was 0.20%, slightly lower than the previous year (approximately 0.23% in 2021).

The average monthly gross debt to the banking system in 2022 stood at Euro 109.4 million, compared with Euro 112.3 million in the previous year.

It should be noted that the financial side is also 'weighed down' by the monetary weight of the technological investments that the Group has also 'forcefully' implemented this year. However, these investments in industrial and IT innovation, above all, aim both to keep the Group in step with the main competitors in the sectors where it is engaged and to 'make the most' of the benefits of 'Industry 4.0' tax breaks.



The table below details the composition of debt sources.

TOTAL FUNDING SOURCES	2022	2021	Difference in
Short-term bank debts	(35,708,543)	(23,977,515)	(11,731,028)
Medium- and long-term bank debts	(73,665,235)	(89,153,980)	15,488,745
Cash and current accounts receivable	37,326,068	35,143,946	2,182,122
TOTAL NET BANKING PFN	(72,047,710)	(77,987,549)	5,939,839
Intercompany Financial Debt ⁽¹⁾	(2,308,261)	(2,485,781)	177,519
Intercompany Financial Receivables ⁽²⁾	200,000	100,000	100,000
TOTAL NFP	(74,155,971)	(80,373,330)	6,217,359

Note 1: These are cash pooling payables of the parent company Sammontana S.p.A. to the parent company Sammontana Finanziaria S.r.l. Specifically, the parent company Sammontana S.p.A. is indebted for Euro 2,260,210 and Transfrigo S.r.l. for Euro 48,051.

Note 2: This is a loan granted by the Parent Company Sammontana S.p.A. to the unconsolidated subsidiary Sammontana Holding Hong Kong.

The marked seasonality that characterises the business and, therefore, also the monetary cycle of the company's management Parent Company, results in a higher level of debt in the first half of the year, which is covered by using the commercial self-liquidating portfolio and resorting for the remainder to short-term forms of financing. The composition of debt has always ensured the Group's balance and financial strength.

It is also necessary to take into account the existence of a VAT receivable for a total of about Euro 6 million, held by the Parent Company Sammontana S.p.A., which will be progressively reabsorbed by the VAT payable during the year 2023 and which, in part, will be requested for reimbursement from the Inland Revenue Service.





INFORMATION ON RISKS AND UNCERTAINTIES

As required by the first paragraph of Article 2428 of the Italian Civil Code, the main risks and uncertainties to which the Group is exposed are listed below.

Over the past three years, risk factors have been occurring with such intensity as to make it really difficult to manage the business and often forcing the company to 'play it by ear'.

In 2020 and 2021, the spread of the Covid-19 pandemic and the restrictive measures taken in Italy and abroad to contain the spread of the virus heavily influenced economic results.

In 2022, soaring energy prices (gas and electricity as well as fuels), much of commodities and inflation due to the war between Russia and Ukraine that started in February, further complicated the scenario by forcing our company to intervene heavily with a price adjustment that only partly made it possible to recover lost marginality.

The inflationary spiral that was generated obviously had an impact on the rate curve, which in turn accelerated upwards in a very short time.

Whilst it is true that the weather trend is another important risk factor, given the seasonal nature of ice cream sales, this, in 2022, was a factor

in achieving important results, in quantitative terms, in the sales of all product lines.

2023 will also have as an element of uncertainty the growth/tracking dynamics of the prices of energy sources, raw materials and materials which, as a result of the pandemic-induced effects and geopolitical tensions, do not allow us to estimate with a good degree of approximation the development we may have over the course of the year.

A risk factor that is becoming increasingly important is related to potential cyber-attacks, which could result in the possible disruption of production and sales support activities or compromise the confidentiality, integrity and availability of personal data managed by the Group. In order to mitigate the occurrence of such risks, the Group has implemented a centralised control system aimed at improving IT security and which is constantly updated.

In terms of financial risk, the following positions with medium-term maturities are active:

- Mediobanca unsecured loan with a residual value of Euro 25 million with a 2025 maturity and six-monthly instalments.

- Banca Intesa unsecured loan worth Euro 25 million, maturing in 2025. Repayment of the six-monthly instalments will take place as of 2023.
- Unsecured UniCredit loan with a residual value of Euro 9.1 million maturing in 2024 and repayable in quarterly instalments.
- BNL/ BNP unsecured loan (ESG Loan) with a residual value of Euro 5.56 million maturing in 2025 with repayment in six-monthly instalments.
- BPM unsecured loan with a residual value of Euro 5.75 million maturing in 2024 and repayable in semi-annual instalments.
- Unsecured Financing BPM (ESG Loan) worth Euro 10 million maturing in 2027 that will be repaid in half-yearly instalments starting in 2023.
- Credit Agricole unsecured loan (ESG Loan) worth Euro 15 million due in 2026 to be repaid in six-monthly instalments starting in 2023.
- Credem unsecured loan of Euro 4.8 million due in 2026 to be repaid in quarterly instalments starting in 2023.
- Banca MPS unsecured loan, with a residual value of Euro 8.89 million due in December 2025 and repayable in six-monthly instalments.
- Unsecured Deutsche Bank loan worth Euro 10 million, maturing


in 2027, repayable in quarterly instalments.

The analysis of future cash flows shows that the Sammontana Group's business will be able to generate sufficient liquidity to repay the portions of the planned amortisation schedules.

The loans were contracted at a variable rate based on a parameter (Euribor 1, 3 or 6 months) plus a spread. For more than 50 percent of the total value, a hedge was chosen to obtain a fixed rate when this had values around 1 percent. At the current juncture, the sharp rise in rates advises waiting for any downturn in the curve to hedge further.

As regards general credit risk, it should be noted that the Group is exposed to potential losses arising from the non-performance of obligations undertaken by customers.

This risk is constantly analysed both with reference to the current situation and with reference to its foreseeable evolution and risks worthy of note are appropriately addressed and prudentially quantified for the purpose of recording appropriate write-downs in the financial statements. The parent company Sammontana S.p.A. selects its customers also on the basis of solvency criteria and has internal procedures to assess their exposure. Provisions are also made in their budgets that are deemed adequate.



No worsening of the terms with which the customers will fulfil their payment obligations.

As regards exchange rate risks, the parent company Sammontana S.p.A., as part of its international operations, uses the domestic currency (euro) as the contractual currency for almost all sales, significantly reducing the exchange rate risk arising from the currencies of the various countries in which it operates. Nonetheless, also in light of the expansion strategy, it cannot be ruled out that possible fluctuations in currencies other than the Euro, against the latter, could have negative effects on the Parent Company's operating margins and, consequently, on its economic, asset and financial situation. Lastly, as regards input price risks, production costs are exposed to the aforementioned risk of fluctuations in energy and commodity prices. Sammontana S.p.A. has long since embarked on a path to reduce this risk by implementing plans to reduce energy consumption and specific training activities on energy saving. Bearing in mind that the parent company decided not to fully pass on the sales prices the impact

of their increase, its economic and financial situation could suffer. Other risks that the Group may incur in the future are environmental risks, in particular for the so-called 'Climate Crisis'.

The scientific community is now unanimous in pointing to human activities as responsible for the climate crisis itself, especially due to the increase in greenhouse gases released into the atmosphere. The concentration of these gases in the atmosphere has reached record levels in recent years: suffice it to say that carbon dioxide has increased by almost 150% compared with pre-industrial levels. The concentration of CO² causes the global temperature to rise, which, in turn, makes floods, droughts, hydrogeological disruption, the spread of diseases, crises in agricultural systems, water crises and the extinction of animal and plant species increasingly more frequent. The Sammontana Group, therefore, can be affected directly or indirectly by these climate change risks, both in terms of difficulties in the supply of water, and in terms of availability of energy resources.

RELATIONS WITH NON-CONSOLIDATED SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES CONTROLLED BY THE LATTER

As early as in financial year 2005, the parent company Sammontana Finanziaria S.r.l. began its operations as a management holding company, providing qualified services to the Group.

These specifically include:

- the cash pooling agreement open to all Group companies except for Sammontana Holding Hong Kong and its subsidiary, which enabled significant improvements in the integrated cash management of member companies;
- the framework contract with a leading national insurance broker for risk management from a Group perspective;
- the contract of accession to the so-called "national tax consolidation" referred to in Article 117 et seq. of the TUIR and which, by providing for

specific rules for determining the consolidated tax base, allows for the overall optimisation of the income tax payments of the companies involved.

With its sister company Immobiliare Industriale S.r.l., the Group has rental contracts for real estate used for logistics and social activities.

There were no significant transactions with the non-consolidated subsidiary Gelfrigo S.r.l., the subsidiary Sammontana Holding Hong Kong and the indirect subsidiary Bagnoli Ice-Cream.

All relations with these companies are regulated at market conditions.

Below is a summary of intercompany economic and financial transactions in 2022:

	Receivables	Liabilities	Revenue	Costs
Sammontana Finanziaria S.r.l.	591,890 (**)	2,308,261(*) (***)	343,903	2,464
Gelfrigo S.r.l.	-	-	-	-
Immobiliare Industriale S.r.l.	-	216,980	134,501	1,479,052
Fattoria La Leccia S.agr. a r.l.	-	124,997	4,800	114,674
Bagnoli Ice Cream Ltd. (Shanghai) (****)	-	-	-	-
Sammontana Holding Hong Kong (****)	200,000	-	-	-
Total	791,890	2,650,238	483,204	1,596,190

* of which Euro 2,260,210 cash pooling to/Sammontana Finanziaria S.r.l.

** of which Euro 448,201 IRES credit for tax consolidation

*** of which Euro 48,051 cash pooling Transfrigo v/Sammontana Finanziaria S.r.l.

**** for the reasons for exclusion from the scope of consolidation, please refer to the 'Scope of Consolidation' section of these Notes to the Financial Statements.



SHARES OF PARENT COMPANIES AND TREASURY SHARES

Group companies do not hold and have not held any treasury shares or shares of the parent company (not even through trust companies or intermediaries), nor were any transactions on the same during the year.

STATUTORY AUDIT

These financial statements have been audited by PricewaterhouseCoopers S.p.A.

OTHER INFORMATION

Pursuant to Article 2427 point 22 bis and point 22-ter of the Italian Civil Code, it is noted that there are no transactions with related parties of significant value that have not been concluded at current market values and there are no off-balance sheet agreements that have a financial or economic impact.

It is also necessary to take into account the existence of a VAT receivable for a total of approximately Euro 6 million, held by the parent company Sammontana S.p.A., which will be progressively reabsorbed by the VAT payable during 2023, with a possible partial request for reimbursement to the Italian Revenue Agency.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

2023, although it should have definitively overcome the Covid-19 emergency, will be characterised by high inflation, which will affect consumption even of primary goods.

A further effect will be the rise in interest rates as a result of monetary policies to combat inflation itself.

Furthermore, uncertainty persists as to what the further repercussions might

be concerning the evolution of the war that started in February 2022 with Russia's invasion of Ukraine.

The Parent Company Sammontana S.p.A. is, however, closely monitoring the negative impacts on the supply chain in terms of fluctuations in raw material and energy prices, whilst continuing not to fully pass on to sales prices the higher costs it will have to bear.

BUSINESS OUTLOOK

The 2023 results will certainly be affected by the effects of fluctuating energy and commodity prices.

Geopolitical tensions between Russia and NATO countries do not give positive hope that the crisis can be resolved in the course of the year.

In quantitative terms, we expect sales, especially in GDO, will also suffer a significant contraction as a result of the inflationary spiral, which is expected to have as its first effect a slowdown in consumption.

The economic recovery recorded in 2021 and 2022 will therefore slow down significantly, even though studies by leading international bodies tend to rule out the possibility of a recession.

Despite the generalised increase in prices, in the first two months of the year, sales performance increased by over 7%, driven by sales of frozen

confectionery in the Bar Horeca channel.

This increase was not helped by sales in the large-scale retail trade, which fell by around 10%.

The positive trend in overall sales bodes well for an increase in EBITDA, especially if gas and electricity prices do not deviate from current values.

Investments in machinery, plant and equipment will receive a further boost by increasing the company's production capacity, especially with a view to 2024.

Empoli, 30 March 2023

The Deputy Chairman of the Board
of Directors of the Parent Company
Sammontana S.p.A.

Marco BAGNOLI



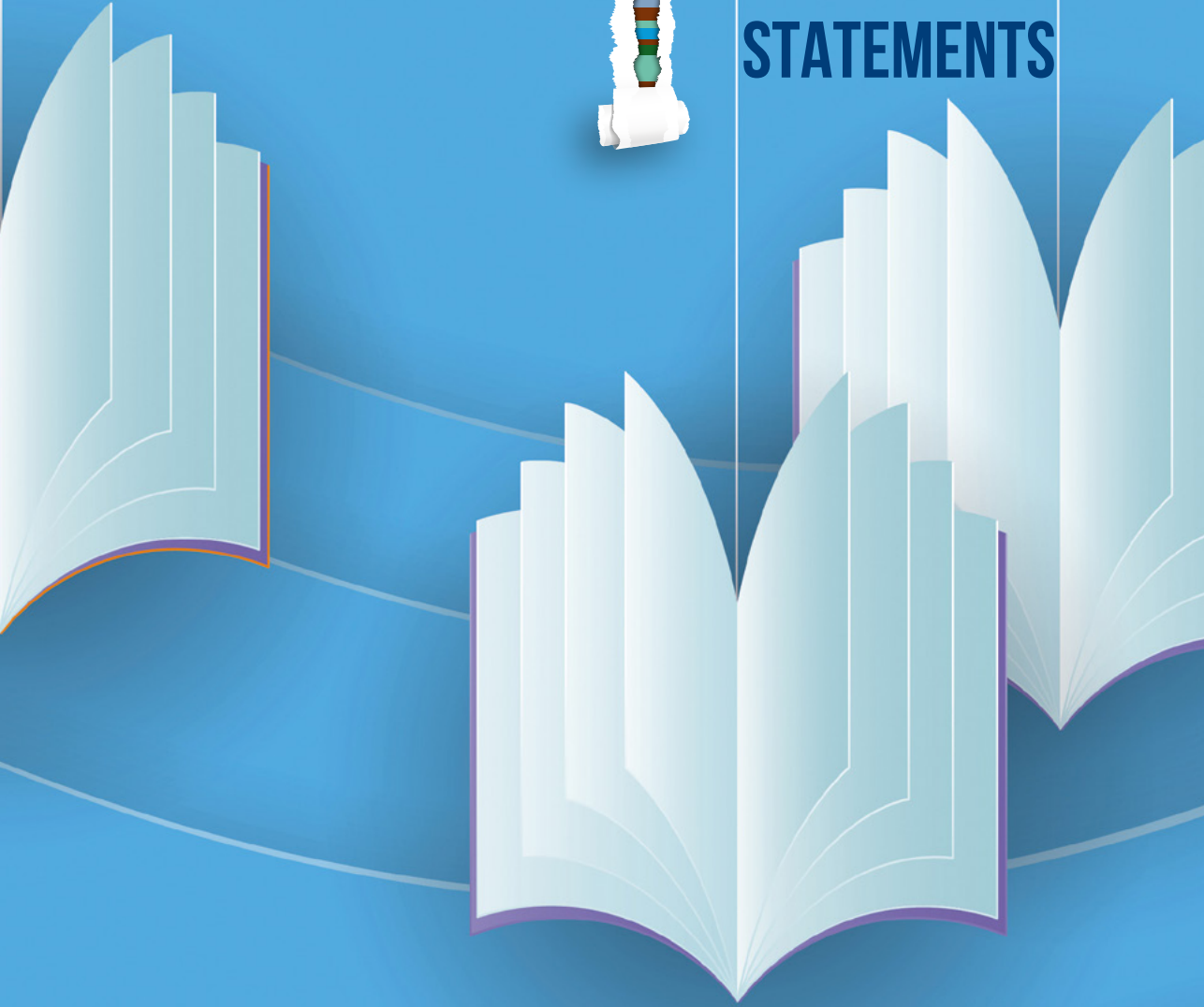


**CONSOLIDATED
FINANCIAL
STATEMENTS**





FINANCIAL STATEMENTS



BALANCE SHEET ASSETS

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2022/2021
B) Fixed Assets			
<i>I. Intangible fixed assets</i>			
2) Development costs	829,429	1,201,598	(372,169)
3) Industrial Patent Rights	3,295,014	3,093,036	201,978
4) Concessions, licences, trademarks	32,879,627	36,368,829	(3,489,202)
5) Goodwill	6,014,194	7,032,731	(1,018,537)
7) Other assets	457,259	588,468	(131,209)
	43,475,523	48,284,662	(4,809,139)
<i>II. Tangible assets</i>			
1) Land and buildings	48,469,766	58,896,204	(10,426,438)
2) Plant and machinery	43,157,803	44,797,508	(1,639,705)
3) Industrial and commercial equipment	28,169,400	28,622,348	(452,948)
4) Other assets	2,756,418	2,506,113	250,305
5) Fixed assets under construction and advances	6,658,146	1,751,403	4,906,743
	129,211,533	136,573,576	(7,362,043)
<i>III. Financial</i>			
1) Equity investments in:			
a) Subsidiaries	65,079	65,079	0
d-bis) other companies	41,195	41,195	0
	106,273	106,273	0
2) Receivables			
a) from subsidiaries			
- due after the following financial year	200,000	100,000	100,000
	200,000	100,000	100,000
d-bis) other receivables			
- due after the following financial year	1,221,774	1,476,826	(255,052)
	1,221,774	1,476,826	(255,052)
	1,421,774	1,576,826	(155,052)
4) Financial derivative instruments assets	2,675,264	0	2,675,264
	2,675,264	0	2,675,264
	4,203,311	1,683,099	2,520,212
Total intangible assets	176,890,367	186,541,337	(9,650,970)

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>> BALANCE SHEET ASSETS

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2022/2021
C) Current Assets			
<i>I. Inventories</i>			
1) Raw materials, ancillary materials and consumables	18,887,333	20,063,215	(1,175,882)
2) Products under construction	280,746	236,080	44,666
4) Finished products and goods	32,813,663	31,589,151	1,224,512
5) Advances	0	0	0
	51,981,742	51,888,446	93,296
<i>II. Receivables</i>			
1) Trade receivables			
- due within the next financial year	63,883,004	51,379,718	12,503,286
- due after the next financial year	1,961,370	2,052,447	(91,077)
	65,844,373	53,432,165	12,412,208
4) From parent companies			
- due within the next financial year	697,538	546,398	151,140
- due after the next financial year	0	0	0
	697,538	546,398	151,140
5-bis) Tax receivables			
- due within the next financial year	10,166,532	17,297,155	(7,130,623)
- due after the next financial year	0	0	0
	10,166,532	17,297,155	(7,130,623)
5-ter) Pre-paid taxes			
- due within the next financial year	7,850,741	6,959,798	890,943
- due after the next financial year	0	0	0
	7,850,741	6,959,798	890,943
5-quater) to other receivables			
- due within the next financial year	5,524,002	4,279,591	1,244,411
- due after the next financial year	0	0	0
	5,524,002	4,279,591	1,244,411
	90,083,186	82,515,107	7,568,079
<i>IV. Cash and cash equivalents</i>			
1) Bank and post office deposits	36,967,400	35,031,595	1,935,805
3) Cash and cash in hand	358,668	112,351	246,317
	37,326,068	35,143,946	2,182,122
Total current assets	179,390,996	169,547,499	9,843,497
D) Accruals and prepayments			
- various	1,414,766	629,254	785,512
	1,414,766	629,254	785,512
Total Accruals and Deferrals	1,414,766	629,254	785,512
Total assets	357,696,129	356,718,090	978,039

BALANCE SHEET LIABILITIES

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2021/2020
A) Shareholders' equity			
I. Capital	21,600,003	21,600,003	0
III. Revaluation reserves	48,954,647	48,954,647	0
IV. Legal reserve	4,320,003	4,320,003	(0)
VI. Other reserves	65,530,578	62,256,621	3,273,957
- Extraordinary Reserve	63,326,574	59,863,288	3,463,286
- Merger Surplus Reserve	2,204,004	2,393,333	(189,329)
VII. Reserve for expected cash flow hedging transactions	2,033,201	(226,767)	2,259,968
IX. Operating profit	5,190,016	5,273,959	(83,943)
Total shareholders' equity	147,628,448	142,178,466	5,449,981
B) Provisions for risks and charges			
1) Provisions for pensions	2,455,889	2,320,480	135,409
2) Provisions for taxation, also deferred taxes	654,215	90,834	563,381
3) Provisions for derivative financial instruments payable	0	298,378	(298,378)
4) Other	1,391,316	862,394	528,922
Total provisions for risks and charges	4,501,420	3,572,086	929,334
C) Employee severance indemnities	5,862,178	6,024,078	(161,900)
D) Payables			
4) Payables to banks			
- due within the next financial year	35,708,543	23,977,515	11,731,028
- due after the next financial year	73,665,235	89,153,980	(15,488,745)
	109,373,778	113,131,495	(3,757,717)
7) Trade payables			
- due within the next financial year	49,662,627	51,518,125	(1,855,498)
- due after the next financial year	0	0	0
	49,662,627	51,518,125	(1,855,498)
11) Payables to parent companies			
- due within the next financial year	2,304,330	4,009,615	(1,705,285)
- due after the next financial year	0	0	0
	2,304,330	4,009,615	(1,705,285)

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>> BALANCE SHEET LIABILITIES

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2021/2020
11-bis) Payables to companies managed by the parent companies			
- due within the next financial year	341,977	558,786	(216,809)
- due after the next financial year	0	0	0
	341,977	558,786	(216,809)
12) Tax payables			
- due within the next financial year	4,519,491	2,575,528	1,943,963
- due after the next financial year	0	0	0
	4,519,491	2,575,528	1,943,963
13) Payables to social security institutions			
- due within the next financial year	3,828,278	4,314,914	(486,636)
- due after the next financial year	0	0	0
	3,828,278	4,314,914	(486,636)
14) Other payables			
- due within the next financial year	29,673,602	28,834,165	839,437
- due after the next financial year	0	0	0
	29,673,602	28,834,165	839,437
Total payables	199,704,083	204,942,628	(5,238,545)
E) Accrued liabilities and deferred income			
- various	0	832	(832)
	0	832	(832)
Total accrued liabilities and deferred income	0	832	(832)
Total liabilities	357,696,129	356,718,090	978,038

INCOME STATEMENT

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2021/2020
A) Value of production			
1) Revenues from sales and services	484,263,531	387,532,740	96,730,791
2) Change in FP and goods inventories	1,269,178	4,802,756	(3,533,578)
5) Other revenues and income:			
- various	13,483,347	6,451,673	7,031,674
- grants for current expenses	201,144	120,407	80,737
	13,684,491	6,572,080	7,112,411
Total production value	499,217,200	398,907,576	100,309,624
B) Production costs			
6) For raw materials, subsidiaries, goods	(207,489,344)	(152,247,787)	(55,241,557)
7) For services	(156,375,216)	(132,758,022)	(23,617,194)
8) Costs for leased assets	(10,910,799)	(9,336,145)	(1,574,654)
9) For personnel			
a) Salaries and wages	(48,028,920)	(45,893,465)	(2,135,455)
b) Social security contributions;	(15,556,897)	(15,208,122)	(348,775)
c) Severance indemnity	(3,753,449)	(3,332,802)	(420,647)
e) Other costs	(9,305,746)	(8,534,743)	(771,003)
	(76,645,012)	(72,969,132)	(3,675,880)
10) Write-downs and amortisation			
a) Amortisation and depreciation of intangible assets	(7,371,365)	(7,427,599)	56,234
b) Amortisation and depreciation of tangible assets	(24,862,884)	(22,292,533)	(2,570,351)
d) Write-downs of receivables	(2,563,229)	(900,000)	(1,663,229)
	(34,797,478)	(30,620,132)	(4,177,346)
11) Changes in RM and goods inventories	(1,175,882)	1,778,262	(2,954,144)
12) Provisions for risks	(550,000)	(28,669)	(521,331)
14) Miscellaneous operating costs	(5,859,554)	(3,375,855)	(2,483,699)
Total production costs	(493,803,285)	(399,557,480)	(94,245,805)
Difference between value and cost of production (A-B)	5,413,915	(649,904)	6,063,819

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>> INCOME STATEMENT

(Figures in Euro)	31.12.2022 Consolidated	31.12.2021 Consolidated	Change 2021/2020
C) Financial income and expenses			
15) Income from equity investments:			
e) in other enterprises	182	58	124
	182	58	125
16) Other financial income:			
d) other income:			
i) from third parties	259,921	216,789	43,132
iv) from parent companies	482,457	377,707	104,750
	742,378	594,496	147,882
17) Interest and other financial charges:			
i) towards third parties	(1,678,748)	(1,589,886)	(88,862)
iv) towards parent companies	(579)	(2,568)	1,989
	(1,679,327)	(1,592,454)	(86,873)
17-bis) Exchange rate profit and loss			
- profit	23,822	90,639	(66,817)
- loss	(58,728)	(56,021)	(2,706)
	(34,905)	34,618	(69,523)
Total financial income and charges	(971,672)	(963,283)	(8,389)
D) Value adjustments of financial assets			
19) write-downs:			
a) of equity investments	0	(38,531)	38,531
Total value adjustments to financial assets	0	(38,531)	38,531
Profit before tax (A-B+C+D)	4,442,243	(1,651,718)	6,093,961
20) Income taxes for the year			
- Current taxes	(842,517)	(441,518)	(400,999)
- Prepaid (deferred) taxes	1,041,237	4,312,098	(3,270,861)
- Income from Consolidation	549,053	3,055,097	(2,506,044)
	747,773	6,925,677	(6,177,904)
21) Profit (loss) for the year	5,190,016	5,273,959	(83,943)

CASH FLOW STATEMENT

(Figures in Euro)	2022	2021
A. Financial flows resulting from operating activities		
<i>Profit (loss) for the year</i>	5,190,016	5,273,959
Income Tax	(747,773)	(6,925,677)
Interest payable (receivable)	936,949	997,958
(Dividends)	(182)	(58)
(Profit) Loss on the disposal of assets	773,271	158,366
1. Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	6,152,281	(495,452)
<i>Adjustments for non-cash items with no counterpart in the net working capital</i>		
Provisions	4,303,449	3,361,471
Amortisation of fixed assets	32,234,249	29,720,132
Write-downs for impairment losses	-	-
Other adjustments for non-monetary items	-	(23,285)
Value adjustments of financial assets/liabilities of instruments financial derivatives involving no monetary movement	-	71,304
2. Cash flow before changes in net working capital	42,689,979	32,634,170
<i>Change in net working capital</i>		
Decrease/(increase) in inventories	(93,296)	(6,581,017)
Decrease/(increase) in trade receivables	(12,412,208)	(5,882,108)
Increase/(decrease) in trade payables	(1,855,498)	7,543,080
Decrease/(increase) in accrued income and prepaid expenses	(785,512)	(197,428)
Increase/(decrease) in accrued liabilities and deferred income	(832)	(26,830)
Total changes in net working capital	5,964,888	5,861,105
3. Cash flow after changes in net working capital	33,507,520	33,350,971
<i>Other adjustments</i>		
Interest received/(paid)	(936,949)	(997,958)
(Income tax paid)	(13,202)	(11,957)
Refunded taxes	-	-
Dividends received	182	58
(Use of funds)	(3,936,427)	(4,141,203)
4. Cash flow after other adjustments	28,621,124	28,199,911
Cash flow from operating activities (A)	28,621,124	28,199,911

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>> CASH FLOW STATEMENT

(Figures in Euro)	2022	2021
B. Cash flows from investing activities		
<i>Tangible fixed assets</i>		
(Investments)/Disinvestments	(27,285,167)	(19,257,045)
Realisable value divestments	9,011,055	851,357
<i>Intangible fixed assets</i>		
(Investments)/Disinvestments	(2,562,226)	(2,657,717)
Realisable value divestments	-	-
<i>Financial fixed assets</i>		
(Investments)/Disinvestments	(100,000)	-
Realisable value divestments	255,052	243,429
<i>Short-term financial assets</i>		
(Investments)/Disinvestments	-	1,100,549
(Acquisition) or disposal of subsidiaries or business units net of cash and cash equivalents	-	-
Cash flow from investing activities (B)	(20,681,286)	(19,719,427)
C. Financial flows deriving from financing activities		
<i>Loan capital</i>		
Increase (decrease) in short-term payables to banks	-	-
Financing expenses	20,000,000	22,800,000
(Repayment) Financing	(23,757,716)	(14,775,917)
Bond issue (redemption)	-	(7,500,000)
<i>Equity</i>		
(Dividends and advances on dividends paid)	(2,000,000)	(3,000,000)
(C) Cash flow from lending activities	(5,757,716)	(2,475,917)
Increase (Decrease) in cash and cash equivalents (A+B+C)	2,182,122	6,004,568
Cash and cash equivalents at the beginning of the period (D)	35,143,946	29,139,379
Cash and cash equivalents at the end of the period (E)	37,326,068	35,143,946
Total cash flow (D-E)	(2,182,122)	(6,004,567)



NOTES TO THE FINANCIAL STATEMENTS





BASIS OF PREPARATION

The Financial Statements for the year ended 31 December 2022 and these Notes to the Financial Statements, have been prepared in accordance with the provisions of the Italian Civil Code on Consolidated Financial Statements as reformed by Legislative Decree No. 139/15 (implementing European Directive 2013/34).

The Financial Statements consist of the Balance Sheet (prepared in accordance with the layout provided for in Articles 2424 and 2424-bis of the Italian Civil Code), the Income Statement (prepared in accordance with the format set out in Articles 2425 and 2425-bis of the Italian Civil Code), the Cash Flow Statement (the contents of which, in accordance with Article 2425-ter of the Italian Civil Code, is presented in accordance with the provisions of Accounting Principle OIC 10) and these Notes to the Financial Statements, prepared in accordance with Articles 2427 and 2427-bis of the Italian Civil Code.

The Notes analyse and supplement financial information with the information deemed necessary for a true and fair view of the data presented, taking into account that there were no exemptions under Articles 2423 and 2423-bis of the Italian Civil Code.

The financial statements were prepared by the Board of Directors on a going concern basis pursuant to Article 2423-bis, paragraph 1, no. 1 of the Italian Civil Code and the new OIC 11, published in its final version on 22 March 2018.

For additional information on the Group's situation and operating performance, as a whole and in the various sectors in which it operated, with particular regard to costs, revenues and investments, as well as for a description of the main risks and uncertainties faced by the Group please refer to the Board of Directors' Report on Operations.

In accordance with the provisions of Article 2423 of the Italian Civil Code, the general postulates of clarity and transparency have been observed in the true and fair representation of the financial position of the Company and of the economic result for the year.

In accordance with Article 2423-bis of the Italian Civil Code, the following principles were observed in the preparation of the financial statements:

- the valuation of items must be made prudently and with regard to the economic function of the asset or liability item considered;
- the recognition and presentation of items is made taking into account the substance of the transaction or contract;

- only the results realised at the end of the financial year have been indicated;
- the income and expenses shown are those pertaining to the financial year, regardless of the date of receipt or payment;
- income and expenses pertaining to the financial year were taken into account, regardless of the date of collection or payment;
- risks and losses have been considered as pertaining to the financial year, even if they became known after its closure;
- the heterogeneous elements included in the individual items were valued separately.

There were no exceptional cases that made it necessary to resort to derogations pursuant to Article 2423, Paragraph 5 of the Italian Civil Code.

Pursuant to Article 2423-ter, Section 5, of the Italian Civil Code, for each item in the Balance Sheet and Income Statement, the amount of the item corresponding to the previous year is indicated.

Where items are not comparable, those of the previous year are adjusted accordingly. The non-comparability and the adjustment or impossibility thereof are indicated and commented on in these Notes to the Financial Statements.

SCOPE OF CONSOLIDATION

The consolidated financial statements of the Sammontana Group include the financial statements of the parent company and those of the companies that Sammontana S.p.A. controls directly or indirectly through a majority of the votes that can be exercised in the ordinary shareholders' meeting, the companies over which it has sufficient votes to exercise a dominant influence in the ordinary shareholders' meeting, the companies over which it has a dominant influence by virtue of a contract or a clause in the articles of association - where the applicable law so allows it - and the companies over which it has independent control of the majority of voting rights based on agreements with other shareholders.

The scope of consolidation as at 31 December 2022 includes the following Companies:

Sammontana S.p.A.

Parent company

Registered office in Empoli (FI), Via Tosco Romagnola 56

Registered with the Chamber of Commerce of Florence under no. 03957900487

Production and marketing of ice cream and pastry products.



Transfrigo S.r.l.

100.00% controlled

Consolidated on a line-by-line basis

Registered office in Vinci (FI), Via Provinciale di Mercatale 258

Registered with the Chamber of Commerce of Florence under no. 01530010485 Food transport activities.

Compared with last year, there were no changes within the scope of consolidation.

Sammontana S.p.A. also fully controls the company Gelfrigo S.r.l., with registered office in Vinci and share capital of Euro 10,000, whose purpose is the production, distribution and trade of fresh, preserved food products, chilled, frozen, deep-frozen and other ancillary activities.

To date, the company has not yet started its activities. In accordance with the provisions of Article 28 of Legislative Decree 127/1991, the Company was excluded from consolidation as it is irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

Sammontana S.p.A. also fully controls the company Sammontana Holding Hong Kong Ltd and the company Bagnoli Icecream Shanghai Co Ltd (indirectly controlled). To date, both companies have carried out only a few insignificant transactions.

In accordance with the provisions of Article 28 of Legislative Decree 127/1991, the companies were excluded from consolidation as they are irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

CONSOLIDATION PRINCIPLES

The financial statements used for consolidation are those of 2022.

These financial statements have been appropriately reclassified and adjusted to bring them into line with the accounting principles and valuation criteria of the Parent Company.

In the preparation of the consolidated financial statements, the assets and liabilities as well as the income and expenses of the companies included in the consolidation are fully adjusted. Receivables and payables, income and expenses, and profits and losses arising from transactions between undertakings included in the consolidation are eliminated.

The book value of investments in companies included in the consolidation is eliminated against their corresponding fractions of the investee companies' equity.

The difference between the book value of the equity investments and the corresponding portion of shareholders' equity is allocated to the assets and liabilities of the companies included in the consolidation on the basis of the current values determined at the date of purchase, i.e. the 'consolidation difference', in the goodwill item of the balance sheet of the Consolidated Financial Statements and charged to the Income Statement according to the criteria for goodwill.

The effects resulting from the procedures described above have been summarised in the reconciliation statement between the parent company's shareholders' equity and results for the year and those emerging from the consolidated financial statements.

MEASUREMENT CRITERIA


The valuation criteria adopted comply with the provisions contained in Article 2426 of the Italian Civil Code and have been supplemented, where the law has not specifically provided for it, by those indicated by the Italian Accounting Board. The most significant evaluation criteria adopted are as follows:

INTANGIBLE FIXED ASSETS

These are recorded at historical cost, including ancillary charges, and shown net of depreciation charged over the years and allocated to the individual items with the approval, where necessary, of the Board of Auditors.

Development costs, if any, are subject to capitalisation when they relate to a clearly defined product or process, are identifiable and measurable and relate to a feasible project, i.e., technically feasible, for which the company possesses or can dispose of the necessary resources; they must also be recoverable. Development costs are amortised over a period not exceeding five years. Research costs are charged to the profit and loss account of the year in which they are incurred.

Start-up and expansion costs, recorded with the consent of the Board of Statutory Auditors, are shown under the appropriate asset item and amortised over their economic life, but not exceeding five years.



Industrial patent and intellectual property rights are amortised on the basis of their presumed duration of use, in any case not exceeding that fixed by licence agreements.

Concessions, licences, trademarks and similar rights recorded as assets are amortised over their expected useful life, in any case not exceeding that fixed by the purchase contract; if the period of use cannot be determined or the contract does not exist, the term is set at five years.

The consolidation difference emerges in the preparation of the consolidated financial statements when the book values of the equity investments are eliminated against the corresponding fractions of shareholders' equity of the investees. Any surplus, which cannot be attributed to individual assets of the companies included in the consolidation, is recorded as an adjustment to the consolidated shareholders' equity or, if the necessary conditions are met, is recorded as an asset under the heading "Goodwill"; this item is amortised over a period of time within which it is expected to enjoy economic benefits. Please refer to the relevant section in the Notes to the Financial Statements for further details.

If, regardless of the depreciation already accounted for, an impairment loss results, the fixed asset is correspondingly devalued. If, in subsequent years, the reasons for the write-down no longer apply, the original value is reinstated, adjusted only for amortisation, with the exception of any reversal of goodwill.

In summary, intangible fixed assets are amortised using the rates shown in the following table:

Description	Rate
Software	33.33%
Goodwill	5%-10%
Trademarks, Patents, Licences	5%-20%
Development Costs	20%-33.33%

PROPERTY, PLANT AND EQUIPMENT

These are recorded at purchase cost, including accessory charges and adjusted by the corresponding depreciation provisions.

Tangible fixed assets were revalued on the basis of laws (special, general or sectoral) and no discretionary or voluntary revaluations were carried out, with the revaluations carried out being limited to the objectively determined value in use of the fixed asset itself.

The depreciation rates, charged to the profit and loss account, were calculated considering the use, destination and economic-technical duration of the assets, based on the criterion of the residual possibility of utilisation, unchanged with respect to the previous year and reduced to half in the year the asset comes into use and are as follows:

Description	First financial year rate	Rates for subsequent financial years
Buildings	1.5%-2%	3%-4%
Plant and machinery	7.5%	7.5% to 15%
Curators	12.5%	25%
Miscellaneous minor equipment	20%	40%
Office furniture and machines	6%	12%
Electronic equipment	10%	20%
Vehicles	12.5%	25%
Lorries	10%	20%

The different rates used depend on the heterogeneity of the production activities carried out by the companies belonging to the Group and, therefore, entail a different degree of utilisation of the assets subject to the depreciation process based on the activity carried out.

The plant, machinery and industrial equipment used in the production process of frozen pastry have a continuous operation at low speed in contrast to the ice cream production process carried out on discontinuous step-by-step machines at high speed with significantly higher forces and accelerations which therefore cause faster wear and tear of the technological asset.

In the year in which the asset is acquired, depreciation is reduced on a lump-sum basis to one half, as this represents a reasonable approximation of the time distribution of purchases during the year.

If, irrespective of the depreciation already accounted for, an impairment loss results, the fixed asset is written down accordingly; if, in subsequent years, the reasons for the write-down no longer apply, the original value is reinstated, adjusted only for depreciation.

EQUITY INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

Equity investments in subsidiaries and non-consolidated companies that are not material are valued at purchase or subscription cost.



INVENTORIES

Assets included in inventories are initially recognised as at the date on which the risks and rewards associated with the acquired asset are transferred. The transfer of risks and rewards usually occurs when title is transferred in accordance with the contractually agreed terms. Inventories are initially recorded at purchase or production cost and subsequently measured at the lower of cost and the corresponding market realisable value. [Article 242.6(9) of the Italian Civil Code].

Purchase cost means the actual purchase price plus accessory charges, excluding financial charges. The purchase cost of materials includes, in addition to the price of the material, the costs of transport, customs, other taxes and other costs directly attributable to that material. Returns, trade discounts, rebates and premiums are deducted from costs.

Production cost is defined as the purchase cost plus industrial production costs and includes all direct costs and indirect costs for the share reasonably attributable to the product relating to the period of manufacture and up to the time from which the good may be used, considered on the basis of normal production capacity. Production cost does not include general and administrative costs, distribution costs and research and development costs. The purchase or production cost is determined according to the weighted average cost method.

The realisable value of raw and ancillary materials, goods, finished goods, semi-finished and finished goods and products under construction is equal to the estimated selling price of the goods and finished goods in the normal course of business, based on market information, less estimated completion costs and direct selling costs. Inventories of obsolete or slow-moving materials are also considered.

Inventories whose realisable value based on market trends is lower than their book value are therefore subject to impairment.

If the reasons for the write-down no longer apply, either in whole or in part, as a result of an increase in the realisable value inferable from the market, the value adjustment made is reversed within the limits of the cost incurred initially.

RECEIVABLES (INCLUDING THOSE RECORDED AS FINANCIAL FIXED ASSETS)

Receivables are recognised in the balance sheet according to the amortised cost criterion, taking into account the time factor and the estimated realisable value. Receivables from the parent company for cash pooling, which, as per contract, are not collectible, are classified under the specific item “Financial assets for centralised treasury management with the parent company” under Financial assets not constituting fixed assets, in accordance with the provisions of the new OIC 14.

Receivables resulting from revenues from the sale of goods are recognised on an accrual basis when both of the following conditions are met: the production

process of the goods has been completed and the substantive and non-formal transfer of title has occurred, taking the transfer of risks and rewards as the benchmark for the substantive transfer.

Accounts receivable represent rights to claim fixed or determinable amounts of cash from customers or other third parties.

The initial recognition value is the nominal value of the receivable, net of all premiums, discounts, allowances and including any costs directly attributable to the transaction that generated the receivable. Transaction costs, any commission receivable and payable and any difference between initial value and nominal value at maturity are included in the cost calculation amortised using the effective interest method, which implies that they are amortised over the expected life of the loan. Their amortisation supplements or adjusts interest income calculated at the nominal rate (following the same classification in the income statement), so that the effective interest rate can remain a constant interest rate over the life of the credit.

The estimate of the bad debt provision is made by analysing individual loans, determining the estimated losses for each anomalous situation already manifested or reasonably foreseeable, and estimating, based on experience and any other useful information, the additional losses that are expected to be incurred on loans outstanding at the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent the positive balances of bank and postal deposits and cheques, as well as cash and valuables on hand at the close of the financial year.

Bank and post office deposits and cheques are valued at their presumed realisable value, cash and stamps on hand at nominal value, and foreign currency holdings are valued at the exchange rate on the closing date of the financial year.

PAYABLES

Payables are recognised in the balance sheet according to the amortised cost criterion, taking into account the time factor and the presumed payment value.

Specifically, the initial value recorded is represented by the nominal value net of the debt, net of all transaction costs and premiums, discounts, and allowances directly attributable to the transaction that generated the debt.

The transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are included in the calculation of the amortised cost using the effective interest criterion.



PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges represent liabilities of a definite nature, certain or probable, with an indefinite date of occurrence or amount. Specifically, provisions for risks represent liabilities of a definite nature and probable existence, the values of which are estimated. In contrast, provisions for charges represent liabilities of a definite nature and certain existence, estimated in amount or date of occurrence, connected with obligations already assumed at the date of the financial statements but which will have a cash impact in subsequent years.

Provisions for risks and charges are recognised in the income statement under the items of the management activity to which the operation relates, the criterion of classification by nature of costs prevailing. The size of provisions is measured by reference to the best estimate of costs, including legal expenses, as at each balance sheet date. If the measurement of provisions determines a range of variability of values, the provision represents the best feasible estimate between the upper and lower limits of the range of variability of values.

Subsequent use of the funds is made directly and only for those expenses and liabilities for which the funds were originally established. Any negative difference with respect to the charges actually incurred is recognised in the income statement in line with the original provision, whereas if the excess arises as a result of the positive development of situations occurring in a company's operations, the elimination or reduction of the excess provision is recognised as a positive component of income of the class of the same nature.

FINANCIAL DERIVATIVES

Derivative financial instruments are recognised at fair value, even when embedded in other financial instruments, both at initial recognition and at each subsequent date of the closing of the financial statements, pursuant to Article 2426, paragraph 1, number 11-bis of the Italian Civil Code and OIC 32.

Changes in fair value are recognised in the income statement, or, if the instrument hedges the risk of changes in the expected cash flows of another financial instrument or a planned transaction, directly to a positive or negative equity reserve; this reserve is recognised in the income statement to the extent and at the times corresponding to the occurrence or change in the cash flows of the hedged instrument or the occurrence of the hedged transaction. In the event that the fair value as at the reference date is positive, it is recorded under 'derivative financial instruments receivable' as a financial fixed asset or as a financial asset not constituting a fixed asset. If the value is negative, it is recorded under "derivative financial instruments liabilities" in the provisions for liabilities and charges.

If the transaction qualifies as a hedge, the Company recognises the cash flow hedging instrument in the balance sheet at fair value and a balancing entry is made under item A) VII "Reserve for expected cash flow hedging transactions" for the hedging component deemed effective (net of deferred tax effects), whilst for the ineffectiveness component, calculated for hedging relationships that do not qualify as simple, section D) of the income statement. This reserve, according to the provisions of Article 2426, paragraph 1 no. 11-bis of the Italian Civil Code, is not considered in the calculation of equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447.

If the transaction does not qualify (or is not designated) as a hedge, changes in fair value are recognised in the income statement in Section D) 'Value Adjustments on Financial Assets and Liabilities'; profits resulting from the valuation of derivative financial instruments not designated as hedges are allocated to non-distributable equity reserves.


A transaction in derivative financial instruments is designated as hedging when:

- a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items under the OIC 32;
- b) there is a close and documented correlation between the characteristics of the instrument or transaction hedged and those of the hedging instrument under Article 2426 paragraph 1, no. 11-bis, of the Italian Civil Code; the documentation concerns the formalization of the hedging relationship, the objectives of the Company in managing the risk and the strategy in carrying out the hedge;
- c) the hedging relationship meets all the following requirements:
 - 1) there is an economic relationship between the hedged item and the hedging instrument;
 - 2) the effect of the credit risk of the counterparty of the derivative and hedged item, if the credit risk is not the risk being hedged, does not prevail over the value changes resulting from the economic relationship;
 - 3) the hedging ratio is determined as equal to the ratio between the quantity of derivative financial instruments used and the quantity of hedged items (in a way not to imply the ineffectiveness of the hedge ex ante).

The verification of the existence of the eligibility criteria is carried out on an ongoing basis and at each balance sheet date the Company assesses whether the hedging relationship still meets the effectiveness requirements.

The Company discontinues hedge accounting prospectively when:

- a) the hedging instrument expires, is sold or has ceased (without replacement already envisaged by the original hedging strategy);
- b) the hedging no longer meets the conditions for hedging accounting.



If the change in the economic relationship between the hedged item and the hedging instrument is such that it leads to a termination of the hedging relationship and the risk management objective for the designated hedging relationship remains the same, the company assesses the possibility of revising the hedging relationship.

CASH FLOW HEDGES

Cash flow hedges are triggered when the objective of the hedge is to limit exposure to the risk of cash flow variability attributable to a recognised asset or liability, firm commitments, or highly likely planned transactions.

In a cash flow hedge related to a recognised asset or liability or a highly probable forecast transaction or firm commitment, the amount of the reserve is charged to profit or loss in the same periods in which the hedged cash flows have an effect on profit (loss) for the year and in the same item impacted by the cash flows themselves. In a cash flow hedge associated with a highly probable forecast transaction or firm commitment that subsequently results in the recognition of a non-financial asset or non-financial liability, the Company, upon recognising the asset or liability, derecognises the amount from the reserve for expected cash flow hedges and includes it directly in the carrying amount of the asset (to the extent of the recoverable amount) or liability. If, however, a negative reserve is not expected to recover all or part of the loss in one or more future years, the Company immediately recognises the reserve (or the part of the reserve) that it does not expect to recover in the income statement for the year.

AMOUNTS EXPRESSED IN FOREIGN CURRENCIES OUTSIDE OF THE EUROZONE

Monetary assets and liabilities in foreign currencies are recorded at the spot exchange rate on the closing date of the financial year; the resulting exchange rate profits or losses are charged to the profit and loss account and any net profit is set aside in a special non-distributable reserve until realised. Assets and liabilities in non-monetary currencies are recorded at the exchange rate prevailing at the time of their acquisition.

SEVERANCE INDEMNITY

This represents the actual debt accrued to employees in accordance with the law and applicable employment contracts, taking into account all remuneration of an ongoing nature.

The provision corresponds to the total of the individual indemnities accrued in favour of employees as at the balance sheet date, net of advances paid, and is equal to the amount that would have been payable to employees had they terminated their employment on that date.

Following the changes made to the TFR by Law No. 196 dated 27 December 2006 No. 196 ("Legge Finanziaria 2007") and subsequent implementing Decrees and Regulations, the accounting criteria applied to severance indemnities accrued as at 31 December 2006 and those accrued as of 1 January 2007, have been modified as of financial year 2007, in accordance with the procedures set forth in the applicable regulations. As a result of the entry into force of the complementary pension reform (Legislative Decree 252/2005) for companies with at least 50 employees, the severance indemnity accrued up to 31 December 2006 remained with the company, whilst the amounts accrued as of 1 January 2007, as a result of the choices made by employees, were allocated to complementary forms of pension provision or transferred by the company to the Treasury Fund managed by the INPS.

ACCRUALS AND DEFERRALS


Accrued income and expenses represent portions of income and expenses of the financial year that will manifest themselves financially in subsequent years. Prepayments and deferrals represent portions of costs and income, respectively, that have had a financial manifestation during the financial year or in previous financial years but which are accrued in one or more subsequent financial years. Therefore, only portions of costs and income common to two or more financial years are entered under these headings. the extent of which varies according to physical or economic time.

At the end of each year, it is ascertained whether the conditions that led to the initial recognition and, if necessary, valuation adjustments to financial assets are made. Specifically, in addition to the passage of time, for accrued income the presumed realisable value is considered, whilst for prepaid expenses, the existence of the future economic benefit related to the deferred costs is considered.

FACTORING

Receivables assigned to factoring companies without recourse (without recourse) are removed from the balance sheet when:

- a) the contractual rights to the cash flows from the credit are extinguished (in part or in full); or
- b) the title of the contractual rights on the cash flows deriving from the receivable is transferred, and all the risks inherent to the receivable are essentially also transferred.



When the receivable is derecognised as a result of an assignment transaction involving the transfer of substantially all risks, the difference between the consideration and the carrying amount of the receivable at the time of assignment is recognised in the income statement under Financial Expenses.

RISKS, COMMITMENTS AND GUARANTEES

Guarantees disclosed in the Notes to the Financial Statements are stated at nominal value.

REVENUE RECOGNITION

Revenues from sales of products are recognised at the time of transfer of ownership, which is normally identified with the delivery or shipment of the goods and/or transfer of the sale and related risks to the buyer.

Revenues of a financial nature and those deriving from the provision of services are recognised on an accrual basis.

INCOME TAX

Current taxes are calculated on the basis of a realistic forecast of taxable income for the year, determined in accordance with tax legislation, and applying the tax rates in force at the balance sheet date.

The related tax liability is recognised in the balance sheet at nominal value, net of payments on account, withholdings and tax credits that can be offset and for which reimbursement has not been requested. If payments on account, withholdings and credits exceed the taxes due, the related tax credit is recognised.

TAX CONSOLIDATION

The Group companies adhere to a 'National Tax Consolidation Scheme' (pursuant to Article 117 et seq. of the Consolidated Income Tax Act). With this approach, the tax base for IRES purposes is transferred to the parent company. The contribution recognises a consolidation income or expense in the financial statements of the individual companies participating in the consolidation.

DEFERRED TAXES (PRE-PAID)

Deferred and prepaid taxes are determined on differences of a temporary nature between taxable and reported results.

They are calculated on the basis of the rates in force at the time the temporary differences arise and are updated to reflect the rate in use at the end of each financial year.

Deferred tax assets are only recognised when there is a reasonable expectation of future economic results that may lead to their recovery.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Events occurring after the end of the financial year that change conditions that already existed at the balance sheet date and require changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognised in the financial statements, in accordance with the accrual basis of accounting, to reflect the effect that these events have on the balance sheet and on the financial and economic results at the end of the financial year. Events occurring after the end of the financial year that modify situations existing at the date of the financial statements, but that do not require a change in the values of the financial statements, in accordance with the reference accounting standard, as they pertain to the following financial year, are not recognised in the financial statements but are illustrated in the management report when necessary for a more complete understanding of the company's situation. The time limit within which the event must occur in order for it to be taken into account is the date on which the Directors prepared the draft financial statements, except in cases where events occur between that date and the date scheduled for approval of the financial statements by the Shareholders' Meeting that make it necessary to amend the draft financial statements.

RELATIONS WITH PARENT COMPANIES, SUBSIDIARIES, ASSOCIATED COMPANIES AND RELATED COMPANIES

Transactions with parent companies, subsidiaries, associated companies and related companies and significant events occurring after the end of the financial year are set out in the Report on Operations. However, we provide a summary for 2022:

	Receivables	Payables	Revenue	Costs
Sammontana Finanziaria S.r.l.	591,890 (**)	2,308,261(*) (***)	343,903	2,464
Gelfrigo S.r.l.	-	-	-	-
Immobiliare Industriale S.r.l.	-	216,980	134,501	1,479,052
Fattoria La Leccia S.agr. a r.l.	-	124,997	4,800	114,674
Bagnoli Ice Cream Ltd. (Shanghai) (****)	-	-	-	-
Sammontana Holding Hong Kong (****)	200,000	-	-	-
Total	791,890	2,650,238	483,204	1,596,190

* of which Euro 2,260,210 cash pooling to Sammontana Finanziaria S.r.l.

** of which Euro 448,201 IRES credit for tax consolidation

*** of which Euro 48,051 cash pooling Transfrigo to Sammontana Finanziaria S.r.l.

**** for the reasons for exclusion from the scope of consolidation, please refer to the "Scope of Consolidation" section of these Notes to the Financial Statements.

BALANCE SHEET

INTANGIBLE FIXED ASSETS

Intangible fixed assets	31.12.2022	31.12.2021	Change
Development Costs	829,429	1,201,598	-372,169
Industrial patent rights and intellectual property rights	3,295,014	3,093,036	201,978
Permits, licences, trademarks and similar rights	32,879,627	36,368,829	(3,489,202)
Goodwill	6,014,194	7,032,731	(1,018,537)
Other	457,259	588,468	(131,209)
Total	43,475,523	48,284,662	(4,436,970)

Appended to the Notes to the Financial Statements are the changes in intangible assets and related provisions recorded during financial year 2022 (Appendix 1).

In this financial year, approximately Euro 0.42 million in development costs were capitalised at cost, which, net of amortisation and the remainder of the previous year's capitalisations, amounted to approximately Euro 1.2 million as at 31 December 2021.

No development costs were capitalised during this financial year.

As in the previous year, these cost capitalisations essentially concern costs for wages, salaries and various materials related to the development of specific products that will ensure interesting economic and financial prospects over time.

The item "Industrial patent and intellectual property rights" includes the cost value for the purchase of ownership and user licences relating to the new Microsoft Dynamics AX integrated system. The increase in the year is to be regarded as attributable for completeness to the above.

The item "Concessions, licences, trademarks and similar rights" includes the Tre Marie brand, amortised over 20 years and with a residual value as at 31 December 2021 of Euro 16.7 million, recorded following the allocation of the deficit arising from the merger of GranMilano S.p.A. into Sammontana S.p.A., which took place in 2010, with an initial value of Euro 43.5 million.

The annual amortisation rate for this brand is Euro 2.7 million.

In addition, this item also includes the Sammontana brand, revalued in financial year 2020, with an initial value of Euro 23.5 million, which remains, in the current year, at Euro 22.33 million.

The item 'Goodwill' specifically comprises:

- Euro 5.2 million from the residual value of the deficit generated in financial year 2010 (totalling Euro 15.02 million) from the merger of GranMilano S.p.A. into Sammontana S.p.A. Annual amortisation quota: Euro 750,000;
- Euro 206 thousand from the residual value of the deficit generated in 2010 (totalling Euro 589 thousand) from the merger of GranMilano Distribuzione S.r.l. in Sammontana S.p.A. Annual amortisation quota: Euro 30 thousand;
- Euro 240,000 from the residual value of the deficit generated in financial year 2017 (totalling Euro 360,000) from the acquisition of the Bassignani Srl business unit. Annual amortisation quota: Euro 20 thousand;
- for Euro 691 thousand from the residual value of the deficit generated in financial year 2020 (totalling Euro 830 thousand) from the acquisition of the Ocre Srl business unit. Annual amortisation quota: Euro 46 thousand;
- Euro 333 thousand from the residual value of the deficit generated in financial year 2020 (totalling Euro 400 thousand) from the acquisition of the Pittigel Srl business unit. Annual amortisation quota: Euro 22 thousand.

The amortisation of the goodwill values shown above is spread over a period of 20 years. The period is representative of the time horizon within which intangible assets are expected to be recovered on the basis of the cash flows from the merged companies. The period also takes into account the valuations made by the Company at the time of the acquisition.

The 'other' intangible assets include values for leasehold improvements.

Amortisation of intangible assets totalling Euro 7 million was effected in financial year 2022.

It should be noted that no monetary revaluations and departures from civil law valuation criteria have been performed on intangible assets still recorded in the Company's financial statements as at 31 December 2022.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31.12.2022	31.12.2021	Change
Land and buildings	48,469,766	58,896,204	(10,426,438)
Plant and machinery	43,157,803	44,797,508	(1,639,705)
Industrial and commercial equipment	28,169,400	28,622,348	(452,948)
Other assets	2,756,418	2,506,113	250,305
Assets under construction and advances	6,658,146	1,751,403	4,906,743
Total	129,211,533	136,573,576	(7,362,043)

Attached to these Notes to the Financial Statements are the changes in tangible assets and related provisions recorded during the financial year 2022 (Appendix 2).

Please refer to the Report on Operations for comments and details on the investments made during the year.

Depreciation of tangible assets totalling Euro 24.6 million was recorded in financial year 2022.

The item 'Land and Buildings' includes all buildings where industrial activities are conducted.

Revaluations of assets made in previous years

The tangible fixed assets recorded in the Company's financial statements as at 31 December 2022 on which monetary revaluations were made in previous years and departures from the statutory valuation criteria.

Statutory revaluations	Law 576/1975	Law 72/1983	Law 413/1991	Law 2/2009
Land and buildings	15,037	347,488	2,409,940	50,277,514
Plant and machinery	25,733	891,229	0	0
Other assets	737	62,200	0	0
Total	41,507	1,300,917	2,409,940	50,277,514

FINANCIAL FIXED ASSETS

Financial fixed assets	31.12.2022	31.12.2021	Changes
Equity investments	106,273	106,273	0
Receivables from others	1,421,774	1,576,826	(155,052)
Total	1,528,047	1,683,099	(155,052)

Equity investments

Equity investments	31.12.2022	31.12.2021	Changes
Unconsolidated subsidiaries	65,078	65,078	0
Gelfrigo S.r.l.	0	0	0
Sammontana Holding Hong Kong	65,078	65,078	0
Other companies	41,194	41,194	0
Consorzio Italia del Gusto	2,500	2500	0
Golf La Vecchia Pievaccia S.p.A.	12,395	12395.04	0
Golf Club Alta Badia	10,329	10329	0
CONAI	4,047	4047.37	0
Consortium 8 Gallery	519	519	0
Banco Popolare	11,404	11404	0
Total	106,272	106,272	0

The aforementioned shareholdings are held by the parent company Sammontana S.p.A..

Investments in non-consolidated subsidiaries

As previously reported, the company Gelfrigo S.r.l., under the complete control of the parent company Sammontana S.p.A., has not yet started operating. The corporate purpose includes the production, distribution and trade of fresh, preserved, refrigerated, frozen, deep-frozen food products and other ancillary activities.

In adherence to the provisions of Article 28 of Legislative Decree 127/1991, the Company was excluded from consolidation as it is irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

Equity investments were recorded at cost.

In financial year 2019, the Parent Company Sammontana S.p.A. established a wholly-owned subsidiary "Sammontana Holding Hong Kong Ltd" in Hong Kong. The company's object is the holding and trading of equity investments.

In adherence to the provisions of Article 28 of Legislative Decree. 127/1991, the Company was excluded from consolidation as it is irrelevant for the purposes of clarity and true and fair representation of the Group's economic and financial situation.

Equity investments were recorded at cost.

Also in financial year 2019, and for the sake of full disclosure, a company wholly owned by 'Sammontana' was incorporated in Shanghai, China. Holding Hong Kong Ltd'. The corporate purpose of 'Bagnoli Icecream Ltd' is the marketing of frozen bakery products and ice cream products on the Chinese market.

For the reasons for the exclusion of the Chinese companies from the scope of consolidation, please refer to the section 'Scope of Consolidation' of these Notes to the Financial Statements.

Company name City	Share capital	Shareholders' Equity	Profit (loss)	% investment	Book value
Gelfrigo S.r.l.	10,000	8,635	(1,439)	100.00%	0
Sammontana Holding (Hong Kong)	52,553	(16,913)	(22,385)	100.00%	65,079

Equity Investments in other companies

Shareholdings Other companies	31.12.2022
Consorzio Italia del Gusto	2,500
Golf La Vecchia Pievaccia S.p.A.	12,395
Golf Club Alta Badia	10,329
CONAI	4,047
Consortium 8 Gallery	519
Banco Popolare	11,404
Total	41,194

These are low-value equity investments recorded at cost.

Receivables from subsidiaries	31.12.2022	31.12.2021	Change
Financing v/Sammontana Hong Kong	200,000	100,000	100,000
Total	200,000	100,000	100,000

The receivable from Sammontana Hong Kong consists of a loan granted to the subsidiary in the amount of Euro 200,000. In the present year, an additional EUR 100,000 was granted for normal financing needs.

Other accounts receivable

The amount of sundry receivables from customers relates to advances paid to customers on the portion of the discount to be accrued on the volume of purchases made. This credit for branch and ho.re.ca customers is periodically offset against the year-end discount due to the customer by contract. The amount of this item, being directly proportional to the turnover for the financial year, is not precisely predictable.

The amounts refer almost entirely to the parent company Sammontana S.p.A..

DERIVATIVE FINANCIAL INSTRUMENT ASSETS

Information on derivative financial instruments

The item "Derivative Financial Instruments Receivable" includes the Mark to Market value of IRS contracts signed by the Company with Mediobanca, BNL, Credit Agricole and UniCredit.

For more information on derivative financial instruments, please refer to the section "Provisions for Risks and Charges" in this Information Note.

Derivative financial instrument assets	31.12.2021	Increases	Decreases	31.12.2022
Derivative financial instrument assets	0	2,675,263	0	2,675,263
Total	0	2,675,263	0	2,675,263

INVENTORIES

Inventories	31.12.2022	31.12.2021	Changes
Raw and ancillary materials	12,355,435	13,615,615	(1,260,180)
Technical material	9,992,972	7,597,600	2,395,372
Raw materials, consumables and supplies	22,348,407	21,213,215	1,135,192
Inventory depreciation provision MP and TECHNICAL	(3,461,075)	(1,150,000)	(2,311,075)
Finished products, goods and semi-finished products	39,644,409	35,075,231	4,569,178
Inventory write-down provision PF	(6,550,000)	(3,250,000)	(3,300,000)
Total	51,981,741	51,888,446	93,295

As regards the valuation criteria for Raw Materials and Finished Products, please refer directly to the general valuation criteria written at the head of these notes to the financial statements.

Compared with the previous year, the increase in raw material prices and energy costs led to the decision to adopt prudent policies of depreciation, given also the expectation that these costs will be 'recovered' in the following year and thus at the net realisable value of these assets. As previously mentioned, given the increase in the gross value of inventories and the variability of the market environment also described in the Report on Operations, it was deemed appropriate to adjust the net value of inventories for the purpose of a proper valuation of closing inventories.

The inventories are entirely attributable to the parent company Sammontana SpA.

RECEIVABLES

Receivables	31.12.2022	31.12.2021	Changes
Trade receivables	65,844,373	53,432,165	12,412,208
Receivables from parent companies	697,538	546,398	151,140
Tax credits	10,166,532	17,297,155	(7,130,623)
Prepaid taxes	7,850,741	6,959,798	890,943
Other accounts receivable	5,524,002	4,279,591	1,244,411
Total	90,083,186	82,515,107	7,568,079

The balance is broken down as follows:

Receivables	Within 12 months	After 12 months	After 5 years	Total
Trade receivables	63,883,004	1,961,370	0	65,844,373
Receivables from parent companies	697,538	0	0	697,538
Tax credits	10,166,532	0	0	10,166,532
Prepaid taxes	7,850,741	0	0	7,850,741
Other accounts receivable	5,524,002	0	0	5,524,002
Total	88,121,817	1,961,370	0	90,083,186

Trade receivables

Trade receivables	31.12.2022	31.12.2021	Changes
Customers	71,548,845	57,140,920	14,407,925
Provision for bad debts	(5,704,471)	(3,708,755)	(1,995,717)
Total	65,844,373	53,432,165	12,412,208

During the year, the provision for bad debts recorded the following changes:

Provision for bad debts	Fund pursuant to Article 2426 Civil Code	Fund pursuant to Article 71 Presidential Decree	Total
Balance as at 31.12.2021	3,457,411	251,344	3,708,755
Utilisations for the year	(316,169)	(251,344)	(567,512)
Provision for the year	2,250,000	313,229	2,563,229
Balance as at 31.12.2022	5,391,242	313,229	5,704,471

In particular, the provision is made up of approximately Euro 5.4 million of allocations, subject to tax recovery, made in previous years and in the current year, following a prudential logic pursuant to Article 2426 of the Italian Civil Code, consistent with the results of the specific analyses performed on credit quality. The remainder (Euro 313,000) originates from the provision made pursuant to Article 106 of Presidential Decree 917/1986 and equal to 0.50% of the total gross amount of trade receivables recognised in the financial statements as at 31 December 2022. This distinction has been maintained in order to ensure a better understanding of the calculation of deferred tax assets.

For a more complete assessment of the extent of trade receivables and the associated risk, account should also be taken of the receivables, recorded under financial fixed assets, as sundry receivables from customers (approximately Euro 0.9 million). For the benefit of a complete understanding of the receivables area, it should be noted that the parent company Sammontana S.p.A. made revolving assignments of receivables to factoring companies in the amount of approximately Euro 55 million during the year. As at 31 December 2022, there were factored receivables still to be collected amounting to approximately Euro 5 million.

Receivables from parent companies

Receivables from parent companies	31.12.2022	31.12.2021	Changes
Trade receivables:			
- <i>Sammontana S.p.A.</i>	143,355	135,250	8,105
- <i>Transfrigo S.r.l.</i>	0	5,373	(5,373)
Other receivables			
- <i>Sammontana S.p.A.</i>	503,583	390,429	113,154
- <i>Transfrigo S.r.l.</i>	50,599	15,346	35,253
Total	697,538	546,398	151,139

Receivables of about Euro 143 thousand arising from contracted commercial relations and just over Euro 500 thousand for IRES credits from tax consolidation with Sammontana Finanziaria S.r.l. are reported.

Receivables from companies managed by the parent companies

There are no receivables from companies subject to the control of parent companies.

Tax credits

Tax credits	31.12.2022	31.12.2021	Changes
VAT receivables	6,232,465	14,492,426	(8,259,961)
Receivables for IRAP	0	263,399	(263,399)
Other receivables	3,934,067	2,541,330	1,392,737
Total	10,166,532	17,297,155	(7,130,623)

In 2022, the parent company Sammontana S.p.A. again had a significant VAT credit of about Euro 6.2 million.

The item Other Receivables consists mainly of the tax credit yet to be used in offsetting for Electricity (about Euro 1.6 million) and other tax credits for smaller amounts (mainly related to new purchases of capital goods 4.0 and research and development).

Deferred tax assets

Prepaid taxes	31.12.2022	31.12.2021	Changes
Prepaid tax assets IRES	7,067,890	6,236,418	831,472
Prepaid tax assets IRAP	782,851	723,380	59,471
Total	7,850,741	6,959,798	890,944

Deferred tax assets are recognised on the basis of the tax rates in force, corresponding to the rates that are expected to apply at the time these differences are reversed, in accordance with the principle that provides for their recognition only if there is reasonable certainty of their recoverability in subsequent years.

For details of deferred tax assets and liabilities, please refer to the relevant comment in the income statement.

Receivables due from others

Receivables from others recorded an amount of Euro 5.5 million and the breakdown of this item is shown in the following table:

Receivables due from others	31.12.2022	31.12.2021	Changes
Receivables from employees	(2,447)	46,422	(48,870)
Advances to suppliers	43,004	30,544	12,461
Receivable from Conai for reimbursement FY 2022	113,632	189,620	(75,987)
Receivables from agents	23,657	15,350	8,307
Receivables from factoring companies	5,002,986	3,141,100	1,861,886
Receivables from social security institutions	218,169	374,459	(156,290)
Other credits	125,000	482,097	(357,097)
Total	5,524,002	4,279,591	1,244,411

SHORT-TERM FINANCIAL ASSETS

There were no non-current financial assets as at 31 December 2022.

LIQUID ASSETS

Cash and cash equivalents	31.12.2022	31.12.2021	Changes
Bank and postal deposits	36,967,400	35,031,595	1,935,805
Cash and other valuables on hand	358,668	112,351	246,317
Total	37,326,068	35,143,946	2,182,122

The balance represents cash and cash equivalents and the existence of cash and valuables on the closing date of the financial year.

The item 'cash on hand' refers mainly to payments made by branches in the last days of the year 2022 and credited by banks in the first days of 2023.

Please refer to the cash flow statement for further analysis.

ACCRUED INCOME AND PREPAYMENTS

Accrued income and deferred charges	31.12.2022	31.12.2021	Changes
Prepayments on commercial costs	1,401,758	625,134	776,624
Various deferred charges	1,917	1,168	749
Accrued income	11,091	2,952	8,139
Total	1,414,766	629,254	785,512

Prepaid expenses on commercial costs include the portion of contributions recognised in advance to customers for contracts with a term of several years.

There are no accrued income and prepaid expenses over 5 years.

SHAREHOLDERS' EQUITY

Changes in Equity (Amounts in thousands of Euro)

Description	Share capital	Revaluation reserve	Legal reserve	Other reserves	Merger surplus reserve	Reserve for the hedging of expected cash flows	Undivided profit reserve	Profit (loss) for the year	Shareholders' Equity
Balances as at 31 December 2021 consolidated	21,600	48,955	4,320	59,863	1,550	(227)	844	5,274	142,179
Allocation of the 2021 result				3,464			(190)	(5,274)	(2,000)
Result for the period								5,190	5,190
Reserve to cover expected cash flows						2,259			2,259
Balances as at 31 December 2022 consolidated	21,600	48,955	4,320	63,327	1,550	2,033	654	5,190	147,628

The share capital consists of 21,600,000 Ordinary Shares with a nominal value of Euro 1 each and 3 Special Shares subscribed in 2019 with a nominal value of Euro 1 each.

On 28 May 2022, the Ordinary Shareholders' Meeting resolved to distribute a dividend of Euro 3,000,000 by withdrawing this amount from the extraordinary reserve.

Shareholders' Equity Reconciliation Statement (Amounts in thousands of Euro)

Description	Shareholders' equity as at 31 December 2022	Financial year result 2022
Shareholders' equity and profit as reported in the financial statements of the parent company	151,958	5,404
Reversal of book value of consolidated equity investments	(3,845)	
Share of net assets and results of consolidated equity investments	2,529	73
Consolidation difference + Trademark net of depreciation	(3,970)	(360)
Deferred tax liabilities on trade mark	956	73
Reversal of intra-group margins net of tax effect	0	0
Total consolidation entries	147,629	5,190
Third-party shareholders' equity	0	0
Group Shareholders' Equity	147,628	5,190
Shareholders' Equity Total	147,628	5,190

The reserve for expected cash flow hedges includes changes in the fair value of derivative financial instruments generated in the context of expected cash flow hedges, net of tax effects. This reserve, according to the provisions of Article 2426, paragraph 1, no. 11-bis of the Italian Civil Code, is not considered in the calculation of shareholders' equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447.

PROVISIONS FOR RISKS AND CHARGES

The item "Provisions for Risks and Charges" can be broken down into the aggregates shown in the table below, and the changes for the year are shown below.

Provisions for liabilities and charges	31.12.2022	31.12.2021	Changes
For pensions	2,455,889	2,320,480	135,409
For taxes	654,215	90,834	563,381
For derivative financial instruments liabilities	0	298,378	(298,378)
Other	1,391,316	862,394	528,922
Total	4,501,420	3,572,086	929,334

For pensions and similar obligations	31.12.2021	Increases	Decreases	31.12.2022
Funds in favour of agents	2,087,980	209,145	(73,736)	2,223,389
Fund in favour of the Board of Directors	232,500	0.00	0.00	232,500
Total	2,320,480	209,145	(73,736)	2,455,889

The provision for agents' termination indemnity includes the debt of the Parent Company Sammontana S.p.A. in favour of agents, determined in accordance with the National Collective Labour Agreement for agents and representatives.

The provision for termination indemnity includes the debt still owed by the Parent Company to the members of the Board of Directors.

Provisions for taxes can be broken down into the aggregates shown in the table below:

For taxes	31.12.2021	Increases	Decreases	31.12.2022
IRES deferred tax	87,741	642,063	77,288	652,517
IRAP deferred tax	3,093	0	1,395	1,699
Total	90,834	642,063	78,682	654,215

Provisions for taxes include deferred taxes determined on an accrual basis. Deferred taxes were determined by applying the prevailing rates to deferred capital gains and accelerated depreciation.

The increase in 2022 is due to deferred taxation calculated on the basis of the positive MTM of derivative contracts related to outstanding bank loans, accounted for using the cash-flow edge method.

The item "Provisions for financial instruments payable" included in the previous year the Mark to Market value of the IRS contracts signed by the company with BNL, UniCredit and Mediobanca in 2020 and with Credit Agricole in 2021:

Derivative financial instruments liabilities	31.12.2021	Increases	Decreases	31.12.2021
Derivative financial instruments liabilities	298,378	642,063	298,378	642,063
Total	298,378	642,063	298,378	642,063

Pursuant to Article 2427-bis of the Italian Civil Code and in application of OIC 32, the Notes to the Financial Statements provide the main information on the instruments:

Information on existing hedging contracts	BNL	Unicredit
<i>Contract type</i>	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
<i>Purpose</i>	Hedging against interest rate variability risk	Hedging against interest rate variability risk
<i>Original amount (euro)</i>	10,000,000	13,000,000
<i>Start date</i>	30-Apr-20	06-Jul-20
<i>Expiry Date</i>	30-Apr-25	31-Jul-24
<i>Mark to market as at 31 December 2022</i>	258,000	266,153

Information on existing hedging contracts	Mediobanca	Credit Agricole
<i>Contract type</i>	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
<i>Purpose</i>	Hedging against interest rate variability risk	Hedging against interest rate variability risk
<i>Original amount (euro)</i>	25,000,000	15,000,000
<i>Start date</i>	11-Dec-20	27-Oct-21
<i>Expiry Date</i>	11-Dec-25	31-Dec-26
<i>Mark to market as at 31 December 2022</i>	990,926	1,160,185

The item 'Other' in the Provisions for liabilities and charges changed as follows:

Other	31.12.2021	Increases	Decreases	31.12.2022
Provisions for liabilities and charges	862,394	550,000	(21,079)	1,391,315
Total	862,394	550,000	(21,079)	1,391,315

The purpose of the "Provision for risks and charges" is to protect the Company from losses resulting from pending litigation, insufficient insurance coverage and contingent liabilities of various kinds.

The increases for the year relate to prudential allocations for lawsuits.

All amounts refer to the parent company Sammontana S.p.A.

SEVERANCE INDEMNITY

Severance indemnity	TOTAL
Amount as at 1 January 2022	6,024,078
Utilisations for the year	(751,450)
Transfers F/Category/Treasury	(3,163,900)
Operating accrual	3,753,449
Amount as at 31 December 2022	5,862,178
Net change for the year	(161,901)

PAYABLES

Payables are valued at their nominal value and are composed as shown below. For a more extensive discussion, please refer to the Report on Operations.

Payables	31.12.2022	31.12.2021	Changes
Payables to banks	109,373,778	113,131,495	(3,757,717)
Trade payables	49,662,627	51,518,125	(1,855,498)
Payables to parent companies	2,304,330	4,009,615	(1,705,285)
Payables to companies subject to the control of parent companies	341,977	558,786	(216,809)
Tax payables	4,519,491	2,575,528	1,943,963
Payables to social security institutes	3,828,278	4,314,914	(486,636)
Other payables	29,673,602	28,834,165	839,437
Total	199,704,083	204,942,628	(5,238,545)

Below is a breakdown of payables by maturity:

Payables	Within 12 months	After 12 months	After 5 years	Total
Payables to banks	35,708,543	73,665,235	0	109,373,778
Trade payables	49,662,627	0	0	49,662,627
Payables to parent companies	2,304,330	0	0	2,304,330
Payables to companies subject to the control of parent companies	341,977	0	0	341,977
Tax payables	4,519,491	0	0	4,519,491
Payables to social security institutes	3,828,278	0	0	3,828,278
Other payables	29,673,602	0	0	29,673,602
Total	126,038,848	73,665,235	0	199,704,083

Payables to banks

Below is information on medium- to long-term financing:

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
INTESA SAN PAOLO	2020	2025	25,000,000	8,333,333	16,666,667
Total			25,000,000	8,333,333	16,666,667

The loan of Euro 25 million was taken out in financial year 2020 for normal corporate financing needs. Repayment will take place in six instalments of Euro 4.2 million in financial years 2023, 2024 and 2025.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
Mediobanca	2020	2025	17,500,000	7,500,000	10,000,000
Total			17,500,000	7,500,000	10,000,000

The loan of Euro 25 million was taken out in the financial year 2020 for normal operating needs.

Repayment will take place in four instalments in 2023 (for Euro 7.5 million); 2024 (for Euro 5 million) and 2025 (for Euro 5 million).

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
Credit Agricole	2021	2026	15,000,000	2,500,000	12,500,000
Total			15,000,000	2,500,000	12,500,000

The loan of Euro 15 million was taken out in the previous year for normal corporate financing needs.

Repayment will take place in two instalments in 2023 (for Euro 2.5 million); 2024 (for Euro 3.5 million); 2025 (for Euro 4.3 million) and 2026 (for Euro 4.7 million).

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
MPS	2020	2025	6,666,667	2,222,222	4,444,444
Total			6,666,667	2,222,222	4,444,444

The Euro 10 million loan, contracted in financial year 2020, is intended to support the company's normal source-use balance due to business activity.

The next principal repayments are scheduled for 2023 (Euro 2.2 million), 2024 (Euro 2.2 million) and 2025 (for the remaining Euro 2.2 million).

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
Credito Emiliano	2021	2026	4,800,000	1,194,609	3,605,391
Total			4,800,000	1,194,609	3,605,391

The loan of Euro 4.8 million was taken out in the previous year for normal corporate financing needs. Repayment will take place in sixteen instalments starting in the financial year 2023 and ending in 2026.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
BPM	2020	2024	5,746,348	2,862,420	2,883,928
Total			5,746,348	2,862,420	2,883,928

In financial year 2020, the company obtained, through BPM, a loan from the European Investment Bank for a total of Euro 10 million. With the amount, the company aims to support its investments in fixed assets despite the Covid period. The repayment plan sees the repayment of the last four instalments in 2023 and 2024 for approximately Euro 2.9 million each year.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
BPM	2022	2027	10,000,000	2,222,222	7,777,778
Total			10,000,000	2,222,222	7,777,778

The loan of Euro 10 million was taken out during the year for normal corporate financing needs. Repayment will take place in nine instalments starting in the financial year 2023 and ending in 2027.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
UNICREDIT	2020	2024	9,100,000	5,200,000	3,900,000
Total			9,100,000	5,200,000	3,900,000

The loan taken out in 2020 with UniCredit was contracted to finance the company's normal operations. The repayment schedule provides for repayment in the last two years: 2023 for Euro 5.2 million and 2024 for a further Euro 3.9 million.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
BNL - BNPP	2020	2025	5,555,556	2,222,222	3,333,334
Total			5,555,556	2,222,222	3,333,334

The loan taken out in 2020 with BNL was also contracted to finance the normal operation of the company. The repayment plan provides for repayment in the last three years: 2023 to 2024 with disbursement of approximately Euro 2.2 million for each year and 2025 with repayment of the remaining Euro 1.1 million.

	Year of disbursement	Year of maturity	Balance as at 31.12.2022	Short-term part	Medium- to long-term part
DEUTSCHE BANK	2022	2027	10,000,000	1,250,000	8,750,000
Total			10,000,000	1,250,000	8,750,000

The loan of Euro 10 million was taken out during the year for normal corporate financing needs. The next capital repayments are scheduled for 2023 (Euro 1.3 million), from 2024 to 2026 (Euro 2.5 million for each year) and in 2027 (for the remaining Euro 1.3 million).

Please note that the tables above show the nominal value of the loans and that, for some of them, a lower amount is reported in the balance sheet, due to the dictates of the amortised cost criterion.

Interest expenses on loans pertaining to the financial year but with future financial manifestations amounting to approximately Euro 180,000.

Covenants

The main loan agreements provide, in line with market practice for borrowers of similar credit standing, for compliance with:

- financial parameters (financial covenants) under which the Company undertakes to comply with certain contractually defined levels of financial ratios, the most significant of which, relates net financial debt to the Gross Operating Margin (EBITDA), measured on the consolidated Sammontana Group perimeter according to definitions agreed with the financing counterpart;

- negative pledge commitments under which the Company may not create security interests or other encumbrances on corporate assets;
- *pari passu* clauses, under which loans will have the same priority in repayment as other financial liabilities, and change of control clauses, which are triggered in the event of loss of corporate control by the majority shareholder;
- limitations on extraordinary transactions that the Company may carry out.

It should also be noted that for three loans (Credit Agricole, BNL and BPM) the interest rate is linked to the measurement of certain KPIs, Sustainability indicators, relating to the reduction of CO₂ emissions and plastic packaging in the total amount of packaging used.

The measurement of financial covenants and other contractual commitments is constantly monitored by the Group. According to the findings as at 31 December 2022, all parameters were met.

All of the above transactions refer to the parent company Sammontana S.p.A..

Trade payables

They are recorded net of trade discounts; cash discounts are recorded at the time of payment. The nominal value of these debts was adjusted for returns or rebates (billing adjustments) to the extent of the amount defined with the counterparty.

The amount decreased slightly (by approximately Euro 1.7 million) from the previous year to approximately Euro 49.5 million.

Payables to parent companies

The payable to the parent company Sammontana Finanziaria S.r.l. by Sammontana S.p.A. and Transfrigo S.r.l. is broken down as follows:

Payables to parent companies	31.12.2022	31.12.2021	Changes
Financial payables:			
- Sammontana cash pooling	2,260,210	2,429,998	(169,588)
- Transfrigo cash pooling	48,051	55,783	(7,732)
Trade payables			
- Sammontana business relations	0	1,523,834	(1,523,804)
Total	2,308,261	4,009,615	(1,701,124)

The payable to the parent company Sammontana Finanziaria S.r.l. refers mainly to negative cash pooling balances of approximately Euro 2.2 million in the hands of Sammontana S.p.A.

Payables for enterprises subject to the control of parent companies

Payables to companies subject to control of parent companies	31.12.2022	31.12.2021	Changes
Immobiliare Ind.le	216,980	433,376	(216,396)
Fattoria la Leccia Arl	124,997	125,410	(413)
Total	341,977	558,786	(216,809)

These payables represent trade payables to the companies Immobiliare Industriale S.r.l. and Fattoria La Leccia Soc. Agricola r.l.

Tax payables

This item includes only tax liabilities that are certain and certain to be paid, as tax liabilities are probable or uncertain in amount or date of payment. out-of-period, or for deferred taxes, entered under item B.2 of liabilities (Provision for taxes).

The amount, approximately Euro 4.5 million, consists of approximately Euro 2 million in withholding taxes on salaries and professional fees paid in January 2023, about Euro 530 thousand in substitute tax payables and the remainder in other miscellaneous withholding taxes, Euro 386 thousand in IRAP payables and Euro 1.4 million in other tax payables.

Tax payables	31.12.2022	31.12.2021	Changes
Sammontana S.p.A.	4,504,849	2,565,209	1,939,639
Transfrigo S.r.l.	14,642	10,319	4,323
Total	4,519,491	2,575,528	2,941,983

Payables to pension and social security institutes

This item includes liabilities for personnel, agent and work accident insurance contributions.

Other payables

Other payables	31.12.2022	31.12.2021	Changes
Trade receivables	22,851,728	20,640,924	2,210,805
From staff	6,552,586	6,552,058	528
Other accounts receivable	269,288	1,641,183	(1,371,895)
Total	29,673,602	28,834,165	839,437

Other amounts due to customers refer to 'year-end bonuses' linked to the achievement of sales targets. During the year, some of these were recognised in order to reduce both the actual exposure of customers and the year-end provisions.

In addition, this item also includes the reclassification of 'debt' customer balances in the amount of Euro 5.5 million.

Payables to personnel consist mainly of:

- Approximately Euro 3 million from payables to employees for deferred remuneration (additional months' pay, accrued and untaken holidays) and related contributions;
- Euro 2.4 million from salaries for December 2022 paid in January 2023.

ACCRUED EXPENSES AND DEFERRED INCOME

Accrued liabilities and deferred income	31.12.2022	31.12.2021	Changes
Accrued liabilities	0	832	(832)
Total	0	832	(832)

There are no accrued liabilities beyond five years.

INCOME STATEMENT

PRODUCTION VALUE

Core production	31.12.2022	31.12.2021	Changes
Revenues from sales and services	484,263,531	387,532,740	96,730,791
Change in product inventories	1,269,178	4,802,756	(3,533,578)
Other revenues and income	13,684,491	6,572,080	7,112,411
Total	499,217,200	398,907,576	100,309,624

Revenues from sales and services

Revenues from sales and services	31.12.2022	31.12.2021	Changes
Sale of goods	481,282,727	385,317,493	95,965,234
Sale of accessories	2,874,404	2,108,847	765,557
Supply of services	106,400	106,400	0
Total	484,263,531	387,532,740	96,730,791

The sale of accessories mainly relates to the sale of advertising material for Euro 2.4 million and shop equipment for Euro 481 thousand.

Intercompany services are virtually unchanged from 2021.

Revenue by geographical area	Sales	Services	Total
Italy	466,228,343	106,400	466,334,743
Abroad	17,928,789	0	17,928,789
Total	484,157,131	106,400	484,263,531

The turnover achieved in Italy accounts for about 96% of the total turnover. Turnover developed with foreign customers is mainly made up of sales in Germany and Austria for approximately Euro 5.8 million, for Euro 3 million for those made in the UK, approximately Euro 3.2 million for those made in Eastern European countries. Sales in Australia of just under Euro 1 million are also highlighted.

Changes in inventories of products under construction, semi-finished and finished products

At the end of the year, changes in inventories decreased by approximately Euro 3.5 million. This variation is explained the prudential provision made by the Company for Euro 3.3 million, already mentioned in these Notes in the "Inventories" section.

Other revenues and income

The breakdown of other revenues are shown in the table below:

Other revenues and income	31.12.2022	31.12.2021	Changes
Leases	42,272	42,272	0
Capital gains on asset sales	46,597	54,580	(7,984)
Distribution and generic cost recovery	575,772	764,350	(188,578)
Insurance recoveries	107,058	122,565	(15,507)
Revenues from the sale of other materials	978,903	837,749	141,155
Operating subsidies	201,144	120,407	80,737
Revenues from energy balances	716,860	977,347	(260,487)
Contingent assets	2,837,466	878,025	1,959,441
Other	8,178,419	2,774,784	5,403,635
Total	13,684,491	6,572,080	5,413,457

For details on contingent assets, please refer to the section in the Report on Operations on non-recurring charges/income. The item 'Other' essentially consists of tax credits for energy, training, capital goods, etc., amounting to approximately Euro 7.3 million and logistics contributions to suppliers amounting to approximately Euro 450,000.

The tax credits are in the hands of the parent company Sammontana S.p.A. for the full amount.

COST OF PRODUCTION

Cost of production	31.12.2022	31.12.2021	Changes
Raw & secondary materials, consumables	207,489,344	152,247,787	55,241,557
Services	156,375,216	132,758,022	23,617,194
Use of leased assets	10,910,799	9,336,145	1,574,654
For personnel	76,645,012	72,969,132	3,675,880
Depreciation of non-current intangible assets	7,371,365	7,427,599	(56,234)
Depreciation of property, plant and equipment	24,862,884	22,292,533	2,570,351
Write-down of receivables current assets	2,563,229	900,000	1,663,229
Change in inventories of raw materials	1,175,882	(1,778,262)	2,954,144
Provisions for future risks and charges	550,000	28,669	521,331
Other operating costs	5,859,554	3,375,855	2,483,699
Total	493,803,285	399,557,480	94,245,805

Costs for raw materials, consumables and goods

Raw & secondary materials, consumables	31.12.2022	31.12.2021	Changes
Raw material	166,091,525	119,671,704	46,419,821
Goods	27,132,156	19,199,350	7,932,806
Consumables	6,333,777	6,822,544	(488,767)
Advertising materials	4,550,351	3,534,310	1,016,042
Other purchases	3,381,534	3,019,879	361,655
Total	207,489,344	152,247,787	55,241,557

These are mainly costs incurred for the purchase of raw materials for the production of ice cream and frozen pastries.

Costs for goods mainly relate to the purchase of ice cream, pastry products, savoury snacks and ready meals from third parties.

The total cost, which increased compared to the previous year for raw materials and goods, is directly related to the item 'sales revenue'. Please refer to the report on operations for further details.

It should be noted that, during the financial year, the costs for the purchase of raw materials increased significantly due to the post covid inflationary rebound.

Costs for services

Services	31.12.2022	31.12.2021	Changes
Utilities	19,837,088	9,844,379	9,992,709
Administrative services	2,538,826	2,351,630	187,196
Transport and storage	42,842,243	35,781,740	7,060,503
Commercial services and consultancy	1,124,929	973,334	151,595
Commissions and agent costs	9,434,172	8,840,146	594,027
Commercial costs Dealers	18,198,541	15,301,714	2,896,827
Advertising Costs	7,776,407	11,134,771	(3,358,364)
Commercial costs other distribution channels	33,881,245	30,818,772	3,062,473
Miscellaneous commercial contributions	137,985	231,018	(93,032)
Industrial services	13,193,136	8,944,336	4,248,800
Maintenance	2,701,641	2,346,811	354,830
Other services	4,709,002	6,189,371	(1,480,369)
Total	156,375,216	132,758,022	23,617,194

The item 'Dealer Sales Costs' contains the contributions paid to our sales network for distribution services.

The cost incurred for advertising represents about 4.9% of the total expenditure for 'Services' and shows a decrease from the previous year (8.3%).

Administrative services include the remuneration of the Directors (approximately Euro 394,000), the Board of Statutory Auditors (Euro 47,000) and for auditing (approximately Euro 95,000).

The item 'Industrial Services' includes both costs for technical consultancy (Euro 1.1 million) and costs for waste disposal and other environmental charges (approximately Euro 0.85 million).

Almost all of the costs described above refer to the parent company Sammontana S.p.A..

Costs for the use of leased assets

Use of leased assets	31.12.2022	31.12.2021	Changes
Rental Liabilities	5,353,598	5,046,275	307,323
Rental of industrial equipment	28,800	28,800	0
Vehicle Rental	1,630,872	1,461,167	169,705
Leases of Sundry Assets	2,847,672	1,764,827	1,082,845
Leases	2,636	5,272	(2,636)
Other costs	1,047,220	1,029,804	17,416
Total	10,910,798	9,336,145	1,574,653

The cost for the use of third-party assets increased slightly compared with the previous year.

It should be noted that the leasing of motor vehicles is essentially represented by the fees paid for the so-called "motor vehicle lease". "long-term rental" of cars and that "other costs" relate to royalties payable for the exploitation of trademarks owned by others and software rental fees. There was a more noticeable increase in 'leasing of sundry goods'.

These charges are almost entirely attributable to the parent company Sammontana S.p.A..

Personnel costs

Personnel costs	31.12.2022	31.12.2021	Changes
Salaries and wages	48,028,920	45,893,465	2,135,455
Social security contributions	15,556,897	15,208,122	348,775
Severance indemnity	3,753,449	3,332,802	420,647
Other staff costs	9,305,746	8,534,743	771,003
Total	76,645,012	72,969,132	3,675,880

This item includes all salary and social security expenses incurred for employees, including bonuses, merit improvements and category transitions, contingency bonuses, charges borne by the company for the supplementary pension fund (Alifond), the cost of untaken holidays and provisions required by law and by collective agreements.

Personnel costs under the headings 'Wages and Salaries', 'Social Security Charges' and 'Termination Indemnity' increased compared with the previous year, due to increased production requirements, as did 'Temporary Work'.

Data on employment and staff training

Employees	31.12.2022	31.12.2021
Executives	26	25
Office workers	408	400
Manual workers	613	578
Total	1,047	1,003

Average number of employees	2022	2021
Executives	26	23
Office workers	418	409
Manual workers	734	717
Total	1,178	1,149

The workforce as at 31 December 2022 comprises 50 employees operating in the branches spread across the country, with the remaining units operating at the headquarters in Empoli (approximately 560 units), Cognola ai Colli (221 units) and Vinci (202 units).

In addition to the above, the 14 units of Transfrigo S.r.l. should be considered. The seasonal nature of sales and, therefore, of production activity, required the hiring of staff under seasonal fixed-term contracts during the year, amounting to 309 units, mainly with manual-worker qualifications.

The salaried staff was supplemented with 1 intern. The national labour contract applied is that of the food industry sector and that of industry executives for Sammontana S.p.A., and that of the National Collective Bargaining Agreement Shipment of Goods sector for Transfrigo S.r.l..

Staff breakdown	Executives	Managers	Office workers	Manual workers
Men	25	37	217	451
Women	1	2	152	167
Average age	55	53	44	46
Work seniority < 2 years	1	2	77	82
Work seniority 2 < 5 years	2	1	83	90
Work seniority 6 < 12 years	5	1	65	86
Work seniority > 12 years	18	35	144	352

Amortisation and depreciation rate of intangible assets and property, plant and equipment

Amortisation and depreciation has been calculated on the basis of the useful life of the asset and its utilisation in the production phase and the related obsolescence process.

Depreciation and amortisation of tangible and intangible assets for financial year 2022 amounted to Euro 31.2 million, a slight increase compared with 2021 of approximately Euro 29.7 million.

We report these values analytically below:

Amortisation and depreciation	31.12.2022	31.12.2021	Changes
Amortisation of Intangible fixed assets	7,371,365	7,427,599	(56,234)
Amortisation of Property, Plant and Equipment	24,862,884	22,292,533	2,570,351
Total	32,234,249	29,720,132	2,514,117

Write-downs of receivables included in current assets and cash and cash equivalents

As mentioned in the section on receivables, 0.50% of the amount of trade receivables recognised in the financial statements as at 31 December 2022 was set aside in accordance with Article 106 of Presidential Decree 917/1986 for a value of approximately Euro 313,000.

In addition, the parent company, as a matter of prudence, made an additional provision of approximately Euro 2.25 million.

The write-down of receivables is entirely attributable to the parent company Sammontana S.p.A..

Change in inventories of raw, ancillary and consumable materials

Closing inventories of raw and ancillary materials as at 31 December 2022 increased by approximately Euro 2.9 million. This value includes a prudential write-down of Euro 1.3 million.

Allocations to risks provisions

A provision for legal risks in the amount of Euro 550,000 is recognised in the income statement.

Other operating costs

Other operating costs	31.12.2022	31.12.2021	Changes
Trade or professional membership	314,645	293,871	20,774
Donations	45,000	78,102	(33,102)
Entertainment expenses	282,932	207,066	75,866
Municipal Property Tax (IMU)	524,899	600,173	(75,274)
Other taxes and fees	923,163	902,651	20,512
Penalties, fines and penalties	45,941	44,626	1,315
Other charges	3,722,974	1,249,365	2,473,609
Total	5,859,554	3,375,855	2,483,699

Membership contributions' contain various accounting items, most of which refer to specific tax charges and costs related to trade associations (approximately Euro 314,000).

Other taxes and fees mainly consist of advertising tax (approximately Euro 280,000) and stamp and registration tax.

'Other Expenses' essentially includes tax charges of approximately Euro 1.4 million and Euro 0.85 million for capital losses on the disposal of capital assets (of which over Euro 330,000 related to the disinvestment of the Milan property).

The above items essentially relate entirely to the Parent Company.

FINANCIAL INCOME AND BORROWING COSTS

Net financial income and charges	31.12.2022	31.12.2021	Changes
Investment income	182	58	125
Other financial income	742,378	594,496	147,882
Interest and other financial charges	(1,679,327)	(1,592,454)	(86,873)
Exchange rate gains/losses	(34,905)	34,618	(69,523)
Total	(971,672)	(963,283)	(8,389)

Other financial income is broken down as follows:

Other financial income	31.12.2022	31.12.2021	Changes
Bank and postal interest	259,921	216,789	43,132
Other revenues	482,457	377,707	104,750
Total	742,378	594,496	147,882

The item 'other income' essentially includes interest income on the Group's cash pooling management.

Interest and other financial charges are broken down as follows:

Interest and other financial charges	31.12.2022	31.12.2021	Changes
Bank interest	57,609	52,095	5,514
Interest on loans	1,529,554	1,194,715	334,839
Interest on loans/bonds	0	261,062	(261,062)
Other charges	92,165	84,583	7,582
Total	1,679,327	1,592,454	86,873

The value increased slightly, mainly due to the increase in interest expenses on loans taken out by the Parent Company in the present and past years.

As at 31 December 2022, foreign currency items generated the following exchange rate differences:

Exchange rate gains/losses	31.12.2022	31.12.2021	Changes
Exchange rate profits	23,822	90,639	(66,817)
Exchange rate losses	(58,728)	(56,021)	(2,706)
Total	(34,905)	34,618	(69,523)

INCOME TAX FOR THE YEAR

On the subject of taxes, we report a 'negative' IRAP tax burden in the financial year 2022 of approximately Euro 0.84 million. IRES, on the other hand, showed a positive balance of approximately Euro 0.55 million. It should be noted that Sammontana SpA, by adhering to the 'Consolidato Fiscale Nazionale' (pursuant to Article 117 et seq. of the Consolidated Income Tax Act), contributes a negative taxable base to the parent company Sammontana Finanziaria S.r.l. This contribution recognised a tax consolidation income of Euro 549,053, given that, despite the positive result of operations, non-taxable income of significant amounts emerged at the tax level, such as tax credits already mentioned in the Report on Operations.

PREPAID AND DEFERRED TAXATION

Deferred taxes were calculated taking into account the cumulative amount of all temporary differences, based on the effective tax rate of the last financial year.

Deferred tax assets have been recognised as there is a reasonable certainty of the existence, in the years in which the relevant temporary differences will reverse, of taxable income not less than the amount of the differences that will be reversed.

The balance of deferred tax assets and liabilities shows a positive balance of approximately Euro 1.04 million.

OTHER INFORMATION

Commitments, guarantees given and contingent liabilities not shown in the Balance Sheet.

MEMORANDUM ACCOUNTS

Issued guarantees	31.12.2022	31.12.2021	Changes
Bank guarantees issued by third parties in the interest of the Company	33,239,022	20,830,234	12,408,788
Total	33,239,022	20,830,234	12,408,788

The main guarantees provided by third parties on behalf of the Group were issued by banks and insurance companies and related to input VAT refunds obtained.

Revenues or costs of a significant type or bearing

Pursuant to Article 2427, Section 13 of the Italian Civil Code, it is noted that no revenue and cost items of exceptional magnitude or incidence were recorded.

Information pursuant to Article 1, paragraph 125 of Law no. 124 dated 4 August 2017

In relation to the provisions of Article 1, paragraph 125 of Law 124/2017, concerning the obligation to give evidence in the Notes to the Financial Statements of any sums of money received during the financial year by way of grants, contributions, paid appointments and in any case economic advantages of any kind from public administrations.

Contributions in the current year SAMMONTANA	31.12.2022
G.S.E. subsidies	24,222
Total	24,222

Operating subsidies	31.12.2022
Fuel tax credit contributions	59,717
Tax credit on new investments	116,196
Total	175,913

Corporate Crisis Discipline and the Insolvency Code

In light of the regulation of business crisis and insolvency (Legislative Decree 14/2019), the directors of the parent company, through appointed management, monitor compliance with the parameters set out by law. The supporting documentation is also provided to the parent company's control body within the legally prescribed periodic deadlines.

Directors' remuneration and auditors' fees

2022 fees

Administrative Bodies	404,00
Board of Statutory Auditors	47,000
Auditing firm	100,000

Statutory audit

<i>Company</i>	<i>Duration of assignment</i>
PricewaterhouseCoopers S.p.A.	approval of financial statements 2024

The fees due to the auditing firm for the statutory audit of the separate and consolidated financial statements amounted to Euro 100,000 (of which Euro 5,000 referred to the separate financial statements of Transfrigo S.r.l.).

The accompanying Tables 1 and 2 on changes in intangible and tangible assets complete the Notes to the Financial Statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Although 2023 should have definitively overcome the Covid-19 emergency, it will be characterised by high inflation that will affect consumption even of primary goods.

A further effect will be the rise in interest rates as a result of monetary policies to combat inflation itself.

Furthermore, uncertainty persists as to what further repercussions the evolution of the war that started in February 2022 with Russia's invasion of Ukraine may have.

However, the parent company, Sammontana S.p.A., is closely monitoring the negative impacts on the supply chain in terms of fluctuations in raw material and energy prices, continuing to refrain from fully offloading the higher costs it will have to incur onto sales prices.

FINAL CONSIDERATIONS

These Consolidated Financial Statements, comprising the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

Empoli, 30 March 2023

The Chairman of the Board of Directors
of the Parent Company Sammontana S.p.A.

Marco BAGNOLI







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APPENDICES

APPENDIX 1

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS

Intangible fixed assets	31.12.2021	Increases 2022	Decreases 2022	Depreciation 2022	31.12.2022
Development costs	1,201,598	0	0	(372,169)	829,429
Industrial Patent and Intellectual Property Rights	3,093,036	2,377,701	0	(2,175,723)	3,295,013
Permits, licences, trademarks and similar rights	36,368,829	114,917	0	(3,604,119)	32,879,627
Goodwill	7,032,731	0	0	(1,018,537)	6,014,194
Long-term costs	186,590	60,490	0	(62,410)	184,670
Leasehold improvements	401,878	9,122	0	(138,411)	272,589
Other	588,468	69,612	0	(200,821)	457,259
Intangible fixed assets under construction	0	0	0	0	0
Total	48,284,662	2,562,230	0	(7,371,369)	43,475,523

APPENDIX 2

TABLE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31.12.2021	Increases 2022	Decreases 2022	Depreciation 2022	Utilisations 2022	31.12.2022
Land and buildings	58,896,204	745,940	(27,852,105)	(2,025,188)	18,704,915	48,469,766
Plant and machinery	44,797,508	9,534,812	(8,950,862)	(11,066,410)	8,842,755	43,157,803
Industrial and commercial equipment	28,622,348	11,014,178	(4,382,230)	(10,940,232)	3,855,337	28,169,400
Other tangible assets	2,506,113	1,083,494	(844,777)	(831,054)	842,642	2,756,418
Fixed assets under construction and advances	1,751,404	4,906,741	0	0	0	6,658,145
Total	136,573,577	27,285,165	(42,029,974)	(24,862,884)	32,245,649	129,211,533







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