



GRUPPO
ORSERO

2022 FINANCIAL REPORT

Contents

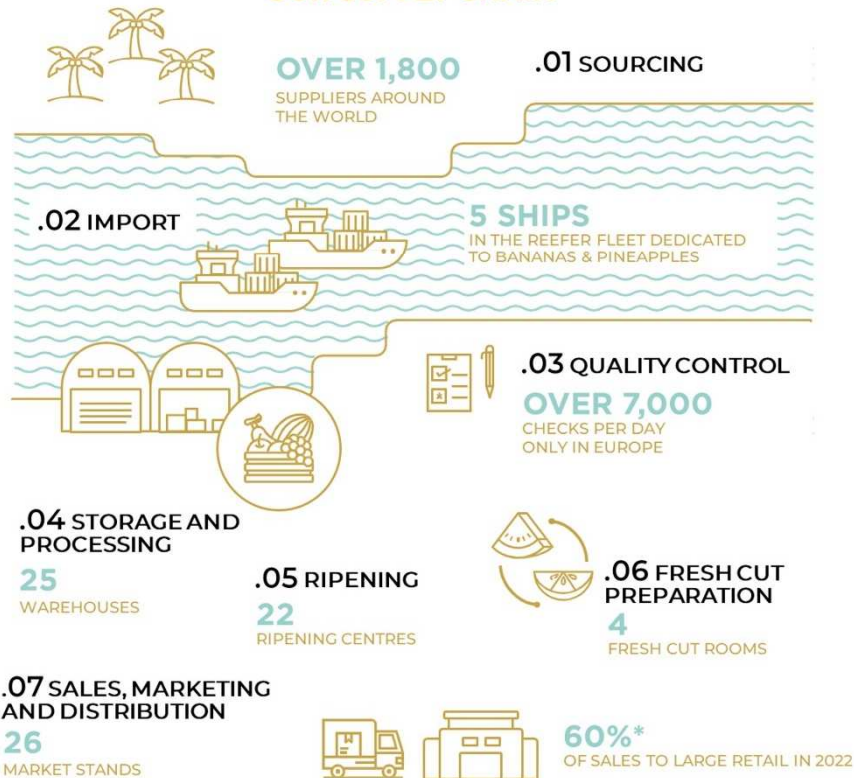
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BUSINESS MODEL

FROM ALL FOUR CORNERS OF THE PLANET TO YOUR TABLE, IN EVERY SEASON

The world has changed since we first started working in the fresh fruit and vegetable section, but one **essential principle** has remained the same for us. Our **constant focus on quality**. We now manage and monitor the entire **value chain**, allowing us to achieve excellence and ensure safety and security at every stage and thus maintaining the freshness and quality of our products.

OUR SUPPLY CHAIN



*aggregate value of sales in the Group's European Distribution division.

Key economic, equity and financial data

Economic data:

Thousands of €	31.12.2022	31.12.2021
Net sales	1,196,284	1,069,776
Adjusted EBITDA*	76,058	52,929
% Adjusted EBITDA	6.4%	4.9%
Adjusted EBIT	45,699	25,526
EBIT	39,942	23,125
Profit/loss	32,460	18,508
Profit/loss attributable to non-controlling interests	195	219
Profit/loss attributable to Owners of Parent	32,265	18,290
Adjusted profit/loss	36,948	19,093

* Adjusted EBITDA: it's determined by adding to the Operating Result (EBIT) the amounts for depreciation, amortization, and provisions, and excluding non-recurring costs/income and costs related to the Top management incentives

Equity data:

Thousands of €	31.12.2022	31.12.2021
Net Invested Capital	268,862	260,199
Capital and reserves attributable to Parent Company	201,090	175,186
Non-Controlling Interest	393	668
Total Shareholders' Equity	201,483	175,854
Net Financial Position	67,379	84,346

Main Indicators:

	31.12.2022	31.12.2021
Group ROE	19.11%	11.66%
ROI	17.00%	9.81%
Net Financial Position/Total Shareholders' Equity	0.33	0.48
Net Financial Position/Adjusted EBITDA	0.89	1.59
Main indicators without IFRS 16 effect		
Net Financial Position/Total Shareholders' Equity	0.13	0.26
Net Financial Position/Adjusted EBITDA	0.41	1.00

Cash flow data:

Thousands of €	31.12.2022	31.12.2021
Profit/loss	32,460	18,508
Cash flow from operating activities	54,870	55,083
Cash flow from investing activities	(31,073)	(33,351)
Cash flow from financing activities	(10,012)	(7,177)
Increase/decrease in cash and cash equivalent	13,786	14,555
Net cash and cash equivalents, at beginning of the year	55,043	40,489
Net cash and cash equivalents, at end of the year	68,830	55,043

Economic and equity data and indicators without the effect of IFRS 16:

Thousands of €	31.12.2022	31.12.2021
Adjusted EBITDA	62,269	45,266
% Adjusted EBITDA	5.2%	4.2%
Financial income and expense (Without exchange rate differences)	(2,637)	(2,437)
Total Shareholders' Equity	202,120	176,596
Net Financial Position	25,805	45,285
Main indicators		
Net Financial Position/Total Shareholders' Equity	0.13	0.26
Net Financial Position/Adjusted EBITDA	0.41	1.00

The tables above provide initial preliminary details of the Group business trend in 2022, fully described later on in the dedicated sections of this report.

ESEF Financial Statements

The Group has prepared the Consolidated Financial Statements as at December 31, 2022 in the single electronic reporting format (ESEF) by applying the provisions of Delegated Regulation (EU) 2019/815 endorsed by the legislature with Italian Law no. 21 of February 26, 2021, which converted Italian Decree Law 183/2020 ("Milleproroghe" Decree).

Orsero S.p.A. corporate information.

Registered Office:

Orsero S.p.A.
Via Vezza D'Oglio 7,
20139 Milan, Italy

Legal data:

Share capital (Euro): 69,163,340
No. of ordinary shares with no par value: 17,682,500
Tax ID and Milan Register of Companies enrollment no.: 09160710969
Milan Chamber of Commerce enrollment no. R.E.A. 2072677
Company website www.orserogroup.it

Composition of Orsero S.p.A. corporate bodies

Orsero S.p.A., Parent Company of the Orsero Group, adopted the “traditional system” of management and control.

Board of Directors¹:

Paolo Prudenziati	Non-Executive Chair
Raffaella Orsero	Deputy Chair, Chief Executive Officer (CEO)
Matteo Colombini	Chief Executive Officer (Co-CEO, CFO)
Carlos Fernández Ruiz	Director
Armando Rodolfo de Sanna ²	Independent Director
Vera Tagliaferri ²	Independent Director
Laura Soifer ²	Independent Director
Elia Kuhnreich ³⁴	Independent Director
Riccardo Manfrini ³⁴	Independent Director

Board of Statutory Auditors⁵:

Giorgio Grosso ⁴	Chairman
Michele Paolillo	Statutory Auditor
Elisabetta Barisone	Statutory Auditor
Michele Graziani ⁴	Alternate Auditor
Paolo Rovella	Alternate Auditor

Control and Risks Committee⁶:

Vera Tagliaferri	Chair
Armando Rodolfo de Sanna	Member
Riccardo Manfrini	Member

Remuneration and Appointments Committee⁶:

Armando Rodolfo de Sanna	Chair
Vera Tagliaferri	Member
Paolo Prudenziati	Member

Related Parties Committee⁶:

Laura Soifer	Chair
Vera Tagliaferri	Member
Elia Kuhnreich	Member

Independent Auditors:

KPMG S.p.A.

¹ The Board of Directors, consisting of nine members, was appointed by the Shareholders' Meeting on April 30, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.

² Declared, on submission of the list for the appointment of the Board of Directors, that he/she meets the independence requirements set forth in Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance (“TUF”) and Art. 3 of the Corporate Governance Code of listed companies.

³ Declared, on submission of the list for the appointment of the Board of Directors, that he/she meets the independence requirements set forth by law and the articles of association.

⁴ Taken from the list submitted jointly by funds managed by Praude Asset Management Limited.

⁵ The Board of Statutory Auditors, consisting of three statutory auditors and two alternates, was appointed by the Shareholders' Meeting on April 30, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.

⁶ The members of the Remuneration and Appointments, Related Parties and Control and Risks Committees were appointed by the Board of Directors on May 6, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.

Group Structure



Summary representation of the Group. For a complete list of Group companies, please refer to the paragraph "Consolidation principles and area" of the Notes.

Alternative performance indicators

In this annual financial report, certain economic/financial indicators are presented and analyzed that are not defined as accounting measures by IAS-IFRS, but which make it possible to discuss the Group's business. These figures, explained below, are used to comment on the performance of the Group's business in the sections "Key economic, equity and financial data", "Directors' Report on Operations" and in the "Notes", in compliance with the provisions of the Consob Communication of July 28, 2006 (DEM 6064293) and subsequent amendments and supplements (Consob Communication no. 0092543 of December 3, 2015 implementing the ESMA/2015/1415 guidelines). The alternative performance indicators listed below should be used as a supplement to those provided in accordance with IAS-IFRS to assist users of the financial report in better understanding the Group's economic, equity and financial performance. It should be emphasized that the criterion used by the Group may not be the same as that adopted by other groups and thus the figure obtained may not be comparable with that determined by these other groups.

The definitions of the alternative performance indicators used in the Annual Report are as follows:

EBIT: the operating result.

Adjusted EBITDA: the operating result (EBIT) including depreciation, amortization, and provisions, however excluding non-recurring costs/income and costs related to Top Management incentives.

Adjusted EBIT: the operating result excluding non-recurring costs/income and costs related to Top Management incentives.

Current profit/loss for the year: used for a comparison in terms of total consolidated result, represents the profit/loss net of non-recurring income and expense, inclusive of the relative taxes. As such, this indicator provides useful and immediate information on the profit trends for the year without considering non-recurring components.

Fixed assets: calculated as the algebraic sum of the following items: goodwill, intangible assets other than goodwill, property, plant and equipment, investments accounted for according to the equity method, non-current financial assets, deferred tax assets. Any fair value of hedging derivatives included in the item "non-current financial assets" should be excluded from these items.

Commercial Net working capital: calculated as the algebraic sum of inventories, trade receivables and trade payables.

Other receivables and payables: the algebraic sum of the following items: current tax assets, other receivables and other current assets, non-current assets held for sale, other non-current liabilities, deferred tax liabilities, provisions, employee benefits liabilities, current tax liabilities, other current liabilities and liabilities directly associated with non-current assets held for sale. Any fair value of hedging derivatives and current financial assets included in the item "other receivables and other current assets" should be excluded from these items.

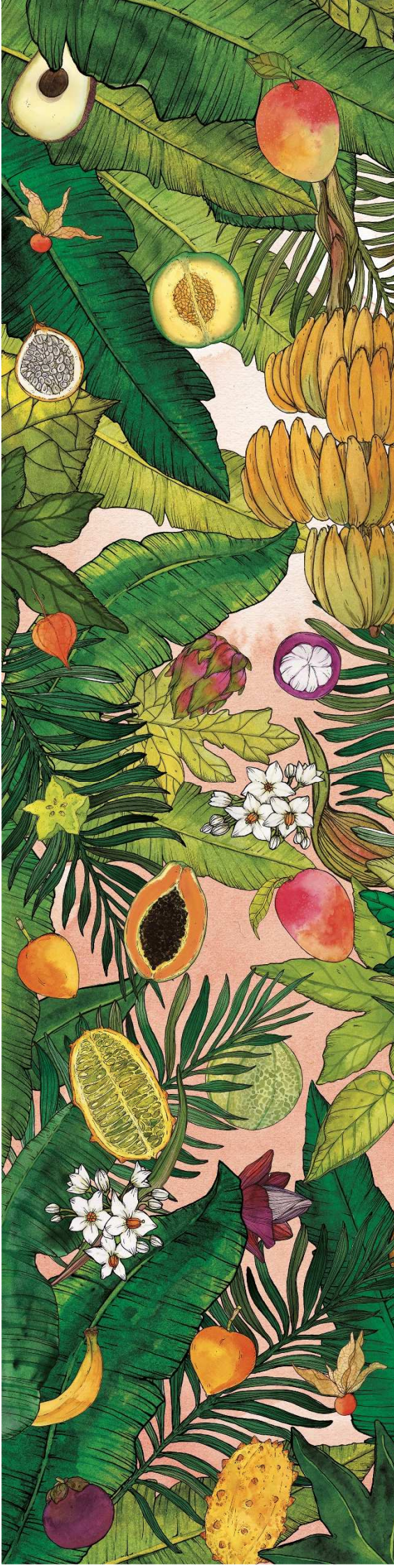
Net working capital: is calculated as the algebraic sum of trade net working capital and other receivables and payables.

Net invested capital (NIC): calculated as the algebraic sum of commercial net working capital, fixed assets, and other receivables and other payables, as defined above. This indicator represents the capital "Requirements" necessary for the company's operation at the reporting date, financed through the two components, Capital (Shareholders' Equity) and Third-party Funds (Net Financial Position).

Net financial position (NFP), or also "Total Financial Indebtedness" in the ESMA definition: calculated as the algebraic sum of the following items: cash and cash equivalents, non-current/current financial liabilities, which also include payables associated with acquisition prices still to be paid and the positive/negative fair value of hedging derivatives and current financial assets recorded under the item "other receivables and other current assets".

ROI: calculated as the ratio between Adjusted EBIT and Net invested capital.

Group ROE: calculated as the ratio between the profit/loss attributable to the Owners of Parent and the shareholders' equity attributable to Owners of Parent net of the profit for the year.



Directors' Report on Operations

Significant events during the year

The most significant events that took place during 2022 are described below, consisting mainly of (i) continued monitoring of the economic situation in light of the evolution of the conflict in Ukraine and the impacts relating to the Covid-19 pandemic, (ii) the resolutions of the Shareholders' Meeting of April 28 regarding the distribution of the dividend on the 2021 result, (iii) the authorization to purchase and dispose of treasury shares, (iv) the termination of the Orsero 2020-2022 LTI Plan, (v) the appointment of new Top Management for Hermanos Fernández López S.A. and Eurofrutas, (vi) the purchase of shares in Tirrenofruit S.r.l. and Agricola Azzurra price adjustment, (vii) Capexo and Blampin acquisitions, and (viii) new medium-term financing taken out to support the above acquisitions.

Effects of the conflict in Ukraine and the Covid-19 pandemic

The year 2022 began in the shadow of widespread uncertainty concerning possible cost-related inflationary risks within the post-Covid global recovery, and about the impacts that such effects might have on end consumer demand trends and thus on the actual strength of the recovery itself. Since February 24, the outbreak of the conflict in Ukraine has radically exacerbated the situation, generating even more severe impacts on the growth of commodity prices due to the explosion of energy and raw material costs and on the growth outlooks of world economies, particularly those of Europe due to their heavy dependence on Russian gas supplies.

In this context, the Group's activities have not - at least so far - been affected to any significant extent that would cause a business disruption, both because of the absence of direct relations with countries in conflict and because of the nature of its business related to the marketing of essential food products. Without a doubt there was a marked increase in energy and transportation costs during the period, but to a large extent it was possible to incorporate it within the sale prices of our goods and services, so it did not significantly affect the Group's profitability and thus call into question the going concern assumption or the successful outcome of operations with respect to the estimates made by management.

On the other hand, with respect to Covid-19, albeit in the face of a changed context that has turned out to be less critical than the last two years, the Group companies continued to be committed to applying the required safeguards and precautions to employees and third parties both in warehouses and markets as well as in offices, in order to reduce the health risk of contagion. All personnel, both internal and external, have continued to fully collaborate, to ensure the effective handling of our products within the warehouses. In economic terms, up to the end of 2022, the costs associated with the purchase of personal protection equipment and sanitization services totaled Euro 73 thousand.

The Group's management is carefully monitoring operations from the financial and commercial as well as the organizational standpoint, including the treasury situations relating to collections from customers and any aid measures in favor of businesses under discussion by the governmental authorities of each country.

FY 2022 Guidance

On February 1, 2022, the Board of Directors, based on the approved Budget projections for FY 2022, announced its Guidance with reference to the key economic and financial indicators forecast for FY 2022 in continuity with what was already done for FY 2020 and 2021 as part of the broader strategy of implementing increasingly smooth and effective communication with the Group's stakeholders. It should be noted that at the time of approval of the results for the first half of 2022, the Board of Directors updated the FY 2022 Guidance on consolidated results, revising upwards the initial estimates for revenue, Adjusted EBITDA, Net Profit and ultimately the amount of investments.

The results contained in this document confirm the full achievement of the Guidance announced to the market.

Distribution of the ordinary dividend

The Shareholders' Meeting of April 28, 2022 approved the allocation of profit for the year 2021 of Euro 7,011 thousand as proposed by the Board of Directors and in particular the distribution of an ordinary monetary dividend of Euro 0.30 per share, gross of withholding tax, for each existing share entitled to receive a dividend, thus excluding from the calculation 327,514 treasury shares held by the company, for a total dividend of Euro 5,206 thousand. The ex-dividend date was May 9, 2022, the record date was May 10 and payments began on May 11, 2022.

Resolution on the remuneration policy

The Shareholders' Meeting of April 28, 2022 approved with an advisory vote pursuant to the law, with a percentage of 94.31% votes in favor and no votes against, the Remuneration Report (Section II) on the compensation paid in 2021.

Authorization to purchase and dispose of treasury shares

The Shareholders' Meeting of April 29, 2021 authorized the Board of Directors to purchase and dispose of Orsero ordinary treasury shares, subject to revocation of the previous authorization for the portion not executed, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, and Article 132 of Italian Legislative Decree 58/1998 as amended (the Consolidated Law on Finance, or "TUF") and the relative implementing provisions. The renewal of this authorization is intended to confirm the possibility for the Company to have a useful strategic investment opportunity available for all purposes permitted by the applicable provisions, including therein the purposes set out in Art. 5 of Regulation (EU) no. 596/2014 (Market Abuse Regulation or "MAR"), and in the practices permitted by law under Art. 13 of the MAR, when applicable. In line with the prior authorization, the new authorization is for a period of 18 months for the purchase, including in several tranches, of a maximum number of shares which, taking account of the shares of the Company held in the portfolio from time to time, does not, on the whole, exceed a maximum of Euro 2 million. The authorization to dispose of treasury shares has no time limitation. Purchases can be made at a unit consideration of no more than 20% lower and no more than 10% higher than the arithmetic mean of the official prices recorded by Orsero shares on the MTA market in the 10 open stock market days prior to the individual transaction. Under the program launched on January 11, 2022, 25,000 shares were purchased for a total value of Euro 273 thousand and at an average price of Euro 10.914.

The Shareholders' Meeting of April 28, 2022 renewed the authorization to purchase treasury shares, for a period of 18 months and for a maximum value of Euro 4 million. On June 10, 2022, a new treasury share purchase program was initiated for a maximum of 150,000 shares and a maximum value of Euro 2,000,000 in connection with which, as at June 30, an additional 55,537 shares were purchased for a value of Euro 667 thousand and at an average price of Euro 12.010. In July Orsero completed the purchase of 150,000 treasury shares, announced in early June, adding 94,463 shares to the 383,051 shares held as at June 30. As a result of this transaction, as of the date of this report the company therefore holds 477,514 treasury shares, equal to 2.70% of the share capital.

Top Management incentive remuneration - 2020-2022 LTI Plan and 2022 Top Managers incentives

In line with the best market practices adopted by listed companies at national and international level, the Company believes that remuneration plans linked to share value performance are an effective incentive and loyalty tool for key players in order to maintain and improve performance and contribute to the growth and success of companies. The adoption of remuneration plans linked to share performance also responds to the recommendations of the Corporate Governance Code, Art. 6 of which recognizes that these types of plans represent a suitable instrument for

aligning the interests of executive directors and managers with strategic responsibilities of listed companies with those of shareholders, allowing the pursuit of the priority objective of creating value over the medium to long term. The establishment of incentive remuneration mechanisms is expressly required by stock exchange regulation for companies belonging to the STAR segment of the MTA. The “2020-2022 Long-Term Monetary Incentive Plan” therefore aims to stimulate the maximum alignment of Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders in the medium-long term. In particular, it makes it possible to pursue the following objectives: 1) to reward the short- and long-term performance of the Orsero Group as well as strengthen the alignment between the interests of management and those of shareholders, directing behavior towards the sustainability of performance and the achievement of defined objectives; 2) to develop retention policies aimed at retaining key corporate resources and encouraging them to remain with the Group; 3) to develop policies to attract talented managerial and professional figures. The Plan recognizes within the remuneration structure of the beneficiaries a monetary economic incentive related to the achievement of certain performance and value creation objectives for shareholders, subject to the fulfillment of the access conditions (“Gate”) and the continuation of employment with the Orsero Group. Although the Plan does not provide for the assignment of financial instruments, but rather only the attribution of monetary incentives, it does establish that a part of these incentives shall be indexed to the yield of the Company's securities, which is why the Plan itself is subject to the rules set out in Article 114-bis of the TUF for plans that provide for the assignment of financial instruments, as applicable. For details about the Plan, please refer to the governance section of the website <https://www.orserogroup.it/governance/remunerazione/>.

As already pointed out in previous reports, the deferred LTI bonus for Top Management requires a special form of accounting which, in accordance with IFRS 2, breaks down the cost of the bonuses accrued in each year of the Plan on the basis of the “vesting period” of (i) three years until December 31, 2022 for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2023, and (ii) four years, for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2024. As a result of this method of accounting, which causes the cost for the deferred bonus accrued in 2020 to be spread over the three and four years of the vesting period, that of 2021 over two and three years and that of 2022 over one and two years, there is a clear effect of accelerating the economic impact on the accounts for the three-year period 2020-2022, as well as differentiation regarding the amounts for the LTI deferred bonus, as indicated each year in the Remuneration Report.

With reference to the 2022 financial year, the bonuses accrued by Top Management represent a cost of Euro 1,926 thousand divided into Euro 891 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 1,035 thousand for LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the “vesting period”, and indexed to the performance of the Orsero share price). As described in detail separately below, against a cost for the LTI accrued in financial year 2022 of Euro 1,380 thousand, due to the accounting system mentioned above, the cost accounted for in the income statement, including accruals relating to the LTI bonus for financial years 2020 and 2021, amounts to Euro 2,142 thousand.

Taking into account the mechanism described above, the cost of Top Management incentives accrued in 2022, therefore inclusive of the accruals relating to the LTI bonus for financial years 2020-2021, totaling Euro 3,033 thousand, is calculated as follows:

- Euro 891 thousand for the MBO portion payable after approval of the 2022 financial statements;
- Euro 210 thousand for the portion of the 2020 LTI bonus payable in 2023;
- Euro 157 thousand for the portion of the 2020 LTI bonus payable in 2024;
- Euro 444 thousand for the portion of the 2021 LTI bonus payable in 2023;
- Euro 296 thousand for the portion of the 2021 LTI bonus payable in 2024;
- Euro 690 thousand for the portion of the 2022 LTI bonus payable in 2023;
- Euro 345 thousand for the portion of the 2022 LTI bonus payable in 2024.

It should be noted that for all of the 2020, 2021 and 2022 LTI bonus shares, the revaluation has already been taken into account, to the maximum extent of 40% provided for by the Plan, based on the increase in the share price recorded over the three-year period, also including the value of dividends distributed, as per the Orsero 2020-2022 LTI Plan Regulation.

Appointment of new top management of Hermanos Fernández López S.A. and Eurofrutas

As part of the strategic project to reorganize its activities in the Iberian Peninsula, the Top Management in Spain and Portugal were renewed with the appointment of Feliciano Freiria as CEO of Hermanos Fernández López and João Antunes as CEO of Eurofrutas, both wholly owned subsidiaries of the Orsero Group. The appointments were made by leveraging the Group's internal talent and resources, with a view to the continuity of the Orsero project and with the aim of developing new synergies between the businesses in Spain and Portugal. The new CEOs will aim to continue to develop the business in a sustainable, efficient and profitable manner, working together to make the two countries increasingly integrated from both a business and distribution perspective. To this end, Christophe Laffon (Commercial Director of Fernandez) and Josep Segarra (Fernandez's Key Product Manager) have joined the Board of Directors of Eurofrutas and will assist the new CEO in defining commercial and sourcing strategies aimed at the progressive integration and synergy of operations within the Iberian Peninsula.

Purchase of shares in Tirrenofruit S.r.l. and Agricola Azzurra price adjustment

In May an 8% in the share capital of the distribution company Tirrenofruit S.r.l. was acquired, with an outlay of Euro 1,160 thousand, in addition to the 8% already acquired in the previous year. This transaction, alongside the investment in the company Agricola Azzurra in the second half of 2021 and commented on in the last Financial Statements, is part of the Group's efforts to strengthen its strategic presence with regard to the marketing of domestic fruit and vegetables with regard to the large retail channel.

With regard to Agricola Azzurra, it should be noted that the price adjustment calculated within 12 months of the acquisition date, amounting to Euro 1,033 thousand, was considered in valuing the equity investment according to the equity method, while the additional Euro 467 thousand recognized subsequently was instead recorded in the income statement as a final adjustment to "contingent consideration." Please also note that in the Orsero separate financial statements, on the basis of the application of the cost-based approach, the value of the equity investment in the Agricola Azzurra associate was increased by a total of Euro 1,500 thousand.

Capexo and Blampin acquisitions

In a press release dated July 27, the Group announced the signing of two exclusive agreements to purchase 100% of the company Capexo and 80% of Blampin Groupe, French companies active in the import and distribution of fruit and vegetable products. The former, with turnover of approximately Euro 66 million in 2021, is very active in the exotic fruits segment; the latter, with turnover of approximately Euro 195 million in 2021, is the top domestic operator in wholesale markets with 12 sales platforms covering the main French markets.

With these acquisitions, which are perfectly in line with the strategic policies announced by the Group, Orsero will significantly accelerate the growth of revenues and profitability of the Distribution Business Unit as a whole, achieving a strong strategic market positioning in France in terms of size, product range and sales channel coverage. Medium-term continuity of the current operational management is expected in both companies thanks to the retention of the selling partners within the companies' leadership teams.

The total investment for the two acquisitions amounts to approximately Euro 92 million between the direct outlay on the transfer of shares, earn-out payments linked to the achievement of a certain

level of results over the next few years and a purchase option for the additional tranche of Blampin Groupe shares as described below.

In a statement dated January 10, 2023, it was announced that the agreements had been entered into regarding the purchase of 100% of the share capital of Capexo and 80% of the share capital of Blampin. These transactions were finalized, according to the terms of the respective agreements, with the payment of the amounts agreed upon as “fixed consideration”, equal to Euro 32 million for the purchase of 80% of Blampin and “base consideration”, equal to Euro 33 million for 100% of Capexo, respectively. Both of the above payments were made partly through the use of the Group's available financial resources and partly through financing lines supporting M&A activities totaling Euro 56.7 million, which were provided as part of the medium-/long-term ESG-linked loan granted by a pool of banks last August 4. Both transactions also involve deferred “earn-out” consideration, respectively: (i) with regard to Blampin, up to a maximum of Euro 8 million, broken down into four equal annual tranches, subject to and based on the achievement of profitability targets (Adjusted EBITDA) set for the years 2023, 2024, 2025 and 2026, and (ii) with regard to Capexo, up to a maximum of Euro 11.6 million broken down into three equal annual tranches subject to and based on the achievement of profitability targets (Adjusted EBITDA) set for the financial years ending on June 30, 2023, 2024 and 2025.

It should also be recalled that as part of the Blampin transaction, a shareholding agreement (SHA) was entered into concerning post-acquisition governance (for more information, please refer to the December 22, 2022 press release) and the put & call option for the purchase of the sellers' remaining share of the share capital at the closing date, amounting to approximately 13.3%, to be exercised starting from 1/1/2027 and until 12/31/2028. The consideration for this acquisition can be currently estimated at approximately Euro 7 million. Please note that the remaining approximately 6.7% of Blampin's share capital will remain in the ownership of a group of Blampin Groupe managers. The acquired companies will be consolidated by Orsero as of January 1, 2023.

New medium-term loan taken out

To meet the financial commitments linked to the new acquisitions, Orsero took out a 2022-2028 medium/long-term ESG-linked loan from a pool of leading European banks (see press release of August 4) for a total of Euro 90 million. Part of the funding, in the amount of approximately Euro 33 million, has been allocated to repay the previous pool loan (outstanding debt of approx. 22 million) as well as to finance operating investments made by the Group, while the remainder was allocated to support the financial outlay linked to the two acquisitions described above. The loan has a variable interest rate pegged to the 6-month Euribor with no floor plus a margin also based on the evolution of several ESG indicators covered by the Strategic Sustainability Plan. With this transaction, the Group was able to lengthen the overall duration of the remaining medium-term debt relating to the 2018 pool loan to 2028, provide new financial resources for the continuation of its growth process and further focus loan relationships on a limited group of domestic and international banks with which it can maintain strategic and long-term relationships. The first tranche was disbursed on August 4, while the remaining two tranches were disbursed on January 9 and 10, 2023, respectively.

Other significant events during the year

Investments during the period

During 2022 investments were made in intangible assets other than goodwill and in property, plant and equipment for a total of Euro 29,314 thousand, including Euro 15,352 thousand for “rights of use” pursuant to IFRS 16, primarily connected to the extension of container rental contracts, renewals and the stipulation of new contracts for stands and sales points in markets, as well as adjustments to rents due to inflation.

Initiative against food waste

It has always been part of the Orsero Group's philosophy to pursue the following principle: “To defend the value of every single product and follow best practices to avoid the waste of a precious

resource like food" and therefore it has formed a partnership with the European Food Banks Federation (FEBA) in order to recover unsold products that are still edible every day, giving new value to food. Surplus fruit and vegetables from warehouses in Italy, Spain, France, Greece and Portugal which are no longer marketable for reasons other than food safety, are collected by the Food Banks of each country as well as charitable associations, to be distributed to a network of charitable organizations. During the year, the Group's distribution companies donated a total of nearly 623 tons of fruit and vegetable products with a corresponding cost value of Euro 606 thousand.

Analysis of the economic and financial situation of Orsero Group

The Separate Financial Statements for Orsero and the Consolidated Financial Statements for Orsero Group as at December 31, 2022 were prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including all International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the previous Standing Interpretations Committee (SIC). Additionally, in compliance with the provisions issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005, the indications have been considered as given in Consob Resolution no. 15519 of July 27, 2006, setting out "Provisions on financial statements", Consob Resolution 15520 of July 27, 2006, setting out "Amendments and supplements of the Issuers' Regulation adopted by Resolution no. 11971/99", Consob Communication no. 6064293 of July 28, 2006, setting out "Corporate disclosures required in compliance with Art. 114, paragraph 5 of Italian Legislative Decree no. 58/98", communication DEM/7042270 of May 10, 2007 and Bank of Italy/Consob/Isvap document no. 2 of February 6, 2009. The disclosure also responds to the requests set forth in CONSOB's March 18 warning notice, which refers back to the ESMA communication of the previous March 14, urging issuers to provide adequate and timely disclosure on the current and foreseeable effects that the conflict in Ukraine is having and/or is expected to have on the economic and financial situation of issuing companies. This report was prepared in accordance with Art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, and financial situation as well as the performance of Orsero Group, as a whole and in the various sectors in which it operates. For the purpose of preparing the separate and consolidated financial statements, the option was exercised, as granted by current legislation on financial statements, of presenting a single report on operations that accompanies both the separate and consolidated financial statements of the Parent Company ("Orsero"), giving more prominence, unless otherwise indicated, to the phenomena at Group level.

The consolidated financial statements show a profit for the year of Euro 32,460 thousand (at December 31, 2021: Euro 18,508 thousand), of which Euro 32,265 thousand attributable to Owners of Parent (at December 31, 2021: Euro 18,290 thousand), after depreciation, amortization and provisions for Euro 30,358 thousand (at December 31, 2021: Euro 27,402 thousand), net non-recurring charges for Euro 5,758 thousand, other investment income/expenses for Euro 483 thousand (negative) and the pro-rata result of the companies consolidated with the equity method of Euro 2,041 thousand.

The Orsero Separate Financial Statements show profit of Euro 7,261 thousand (as at December 31, 2021: profit of Euro 7,011 thousand), after depreciation, amortization and provisions for Euro 708 thousand (as at December 31, 2021: Euro 567 thousand) and accounted for dividends from subsidiaries of Euro 19,632 thousand, the associates of Euro 707 thousand and net non-recurring charges for Euro 4,129 thousand (as at December 31, 2021: charges for Euro 1,618 thousand).

Below is a breakdown of the main income statement items, almost all identifiable in the financial statements with the exception of the "Adjusted EBITDA", which is the main performance indicator used by the Group, "Adjusted EBIT" and the "Adjusted profit/loss for the period", defined in the

“Alternative performance indicators” section. It should be noted that all the figures shown include the effects of the application of IFRS 16.

Thousands of €	31.12.2022	31.12.2021
Net sales	1,196,284	1,069,776
Adjusted EBITDA	76,058	52,929
Adjusted EBIT	45,699	25,526
Operating result (EBIT)	39,942	23,125
Financial income	321	352
Financial expense and exchange rate differences	(5,690)	(3,665)
Other investment income/expense	(483)	4
Share of profit/loss of associates accounted for using equity method	2,041	1,019
Profit/loss before tax	36,131	20,835
Profit/loss	32,460	18,508
Profit/loss attributable to non-controlling interests	195	219
Profit/loss attributable to Owners of Parent	32,265	18,290
Adjusted profit/loss	36,948	19,093

The Group's performance in 2022 was largely positive and highly satisfactory in terms of the overall result achieved, which improves on that of the previous year thanks to the excellent result of the Shipping sector and the performance of the Distribution sector, which managed to essentially maintain the very positive trend of the previous year, recovering in terms of profitability in the fourth quarter what it had suffered during the summer quarter due to record peaks in energy costs.

Moreover, to properly interpret the data, it should be noted that for the Shipping sector there was a very favorable situation in 2022 that combined the growth of maritime freight rates with the revaluation of the dollar against the euro (the dollar constituting the reference currency for maritime activity), while for the Distribution sector the performance achieved, slightly lower in terms of Adjusted EBITDA (3.2% of sales versus 3.5%) than that of 2021, actually represents an excellent result in light of the current economic situation and the fact that 2021 benefited from a very positive market situation for some important product campaigns so that it was possible for the results to surpass average historical performance.

For the Distribution sector, the impact of operating energy costs amounted to Euro 14,617 thousand, compared to Euro 7,030 thousand in 2021 (+107.9%) while the value of the dollar increased against the Euro - with the exchange rate going from an average of 1.183 USD/Euro in 2021 to the current 1.053 - which had its impact in determining the margins of the banana product, significantly increasing its supply cost. In contrast, the same currency effect plays into the determination in Euro of the margins of the Shipping business, in which as mentioned above the dollar is the reference currency with regard to all revenues but only a portion of operating costs.

Adjusted EBITDA, totaling Euro 76,058 thousand, marked an increase of Euro 23,129 thousand compared to 2021, and the profit for the period of Euro 32,460 thousand increased by Euro 13,952 thousand, essentially linked to the better operating performance⁷.

As anticipated in the previous report to the Financial Statements for the year 2021, it is necessary to point out how the improvement in Adjusted EBITDA was significantly affected by the recovery - in accordance with IFRS 16 - of the cost of chartering the fifth ship used by the shipbuilding

⁷ The improvement of Euro 13,952 thousand results from the better operating performance by Euro 23,129 thousand, higher amortization, depreciation and provisions by Euro 2,956 thousand, higher net financial expenses and foreign exchange differences by Euro 2,056 thousand, higher taxes by Euro 1,344 thousand, a lower overall net result for income from investments, profit from investments accounted for at equity and non-recurring items by Euro 2,821 thousand.

company, amounting to Euro 5,400 thousand, with, however, a negative effect on the result for the period limited to Euro 35 thousand as it is more than offset by a higher expense in terms of amortization and depreciation and financial expenses.

Net sales totaled Euro 1,196 million, up Euro 126.5 million (+11.8%) on the previous year, with growth in both Distribution (+9.1%) due to the increase in unit sales prices, essentially linked to inflation, and, more significantly, Shipping (+37.2%) due to the increase in freight rates, including the higher value of the cost of fuel passed on to customers as a result of the BAF (Bunker Adjustment Factor) clause and the USD/Euro exchange rate.

Thousands of €	31.12.2022	31.12.2021
"Distribution" Sector	1,091,696	1,000,459
"Shipping" Sector	142,423	103,825
"Holding & Services" Sector	11,590	10,576
Net Sales Inter-sector	(49,426)	(45,084)
Net Sales	1,196,284	1,069,776

Geographical information

The analysis of information shows details of the Group's revenues, divided up into the main geographical areas (thereby meaning those in which the company that generated the revenue is based) for 2022 and 2021, showing the Group's eurocentric nature.

Thousands of €	31.12.2022	31.12.2021	Change
Europe	1,147,389	1,020,241	127,149
<i>of which Italy</i>	<i>538,233</i>	<i>470,255</i>	<i>67,978</i>
<i>of which France</i>	<i>190,456</i>	<i>200,673</i>	<i>(10,217)</i>
<i>of which Iberian Peninsula</i>	<i>388,645</i>	<i>323,177</i>	<i>65,468</i>
Latin America and North America	48,894	49,535	(641)
Total Net sales	1,196,284	1,069,776	126,508

As shown in the table, Europe represents the center of the Orsero Group's activities, while non-European revenue is linked to activities carried out in Mexico, relating to the production and marketing/export of avocados, and Costa Rica, to support the sourcing of bananas and pineapples and their transport to Europe. Finally, please note that for Group revenues, the currency component is insignificant, given that the revenues of distributors, apart from the Mexican company, are all in euros.

The table below provides a reconciliation of the Adjusted EBITDA, used by the Group's management team as a performance indicator monitored on a consolidated level, with the profit/loss presented in the income statement.

Thousands of €	31.12.2022	31.12.2021
Profit/loss	32,460	18,508
Income tax expense	3,671	2,327
Financial income	(321)	(352)
Financial expense and exchange rate differences	5,690	3,665
Other investment income/expense	483	(4)
Share of profit/loss of associates and joint ventures accounted for using equity method	(2,041)	(1,019)
Operating result	39,942	23,125
Amortization of intangible and depreciation tangible assets	28,114	24,994
Accruals of provision	2,245	2,408
Top Management incentives	3,033	1,753
Non-recurring income	-	(1,909)
Non-recurring expense	2,725	2,557
Adjusted EBITDA	76,058	52,929

The following table shows the sector results in terms of Adjusted EBITDA, highlighting the above-mentioned better performance of the Shipping sector, which rose from Euro 24,407 thousand to Euro 48,292 thousand, while Distribution recorded a drop from Euro 35,437 to Euro 35,017 thousand. In order to correctly interpret the data, it should be borne in mind that the activities of the Shipping sector are strategically linked to the Distribution sector, for which it transports volumes of fruit (bananas and pineapples) which account for roughly 50% of the carrying capacity on the Central American-Mediterranean route. It was precisely in order to cover this strategic aspect of the logistics chain that in the mid-1980s the Group had the first four Cale Bianche reefer units built, which were replaced a decade later by the current, larger Cale Rosse.

Lastly, please note that the Adjusted EBITDA of Euro 76,058 thousand was impacted by the IFRS 16 reclassification of Euro 13,788 thousand, while in 2021, that impact amounted to Euro 7,663 thousand. It should be noted how this difference is affected by the fifth ship charter component of Euro 5,400 thousand, as already noted, linked to the fact that this charter falls for the years 2022 and 2023 within the scope of cost recovery in accordance with IFRS 16, as it is a two-year charter, whereas for the year 2021 it was excluded since the charter was agreed upon on an annual basis. The Holding & Services sector is mainly represented by the Parent Company Orsero S.p.A., flanked on a lesser scale by the companies operating in customs services, most of which are provided to third parties, and IT services, mainly inter-company. The result measured by Adjusted EBITDA is typically negative, as the Parent Company determines its result according to the dividends collected.

Thousands of €	31.12.2022	31.12.2021
"Distribution" Sector	35,017	35,437
"Shipping" Sector	48,292	24,407
"Holding & Services" Sector	(7,251)	(6,916)
Adjusted EBITDA	76,058	52,929

The following table instead compares Adjusted profit for the two years, net of the respective tax effects, highlighting the overall impact of non-recurring items that are mainly related to the incentives for Top Managers, M&A costs for the acquisitions of the two French companies described above, litigation costs, employee profit sharing of the Mexican companies and the costs linked to Covid-19. Within the item "Other non-recurring items," the most significant component

relates to the reversal of Euro 489 thousand of tax credits on R&D activities, which had been used in previous years and for which a voluntary reversal was recognized, as described later on.

Thousands of €	31.12.2022	31.12.2021
Profit/loss	32,460	18,508
Top Management incentives	2,305	1,332
M&A expenses	1,180	-
Sale of warehouses	-	(1,170)
Contingent profit for reversal of deferred tax accruals	-	(1,202)
Covid-19 costs	55	164
Other non-recurring profit/loss	947	1,461
Adjusted profit/loss	36,948	19,093

As regards the Statement of financial position, the main data used and reviewed periodically by Management for the purpose of making decisions regarding resources to be allocated and evaluation of results is presented.

Thousands of €	31.12.2022	31.12.2021
Fixed Assets	254,120	251,161
Commercial Net Working Capital	31,657	30,156
Other current assets/(liabilities)	(16,915)	(21,118)
Net Invested Capital	268,862	260,199
Total Shareholders' Equity	201,483	175,854
Net Financial Position	67,379	84,346

The main changes in the financial structure at December 31, 2022 compared to December 31, 2021, which will be extensively analyzed in the notes to the financial statements, are primarily linked to:

- increase in fixed assets by Euro 2,958 thousand, attributable for the most part to Euro 29,314 thousand in investments made in intangible and tangible assets (of which the IFRS 16 component for new and renewed lease agreements is Euro 15,352 thousand) and Euro 2,193 thousand in acquisitions of equity investments in associates valued with the equity method, in addition to the positive result of such investments of Euro 2,041 thousand, offset by Euro 28,114 thousand in depreciation and amortization and Euro 885 thousand in disposals;
- moderate increase in commercial net working capital of Euro 1,501 thousand, due to the significant increase in turnover, mitigated by a careful working capital management policy implemented by the management;
- an improvement in the Net Financial Position of Euro 16,967 thousand due to the positive operating performance, which more than offset the investments made during the period in plant and machinery and equity investments, as well as the purchase of treasury shares and the payment of dividends by the Parent Company.

The summary representation of the Group's financial statements at December 31, 2022 through the main indicators highlights the good capital and financial structure of the Group, also within an "IFRS 16 compliant" context.

	31.12.2022	31.12.2021
Net Financial Position/Total Shareholders' Equity	0.33	0.48
Net Financial Position/Adjusted EBITDA	0.89	1.59
Main indicators without IFRS 16 effect		
Net Financial Position/Total Shareholders' Equity	0.13	0.26
Net Financial Position/Adjusted EBITDA	0.41	1.00

Note that the Net Financial Position as specified below is calculated in full compliance with the ESMA recommendation:

	Thousands of €	31.12.2022	31.12.2021
A	Cash	68,830	55,043
B	Cash equivalents	10	21
C	Other current financial assets	1,666	1,356
D	Liquidity (A + B + C)	70,506	56,420
E	Current financial debt *	(7,303)	(15,499)
F	Current portion of non-current financial debt **	(29,486)	(27,019)
G	Current financial indebtedness (E + F)	(36,789)	(42,518)
H	Net current financial indebtedness (G - D)	33,717	13,903
I	Non-current financial debt ***	(76,096)	(68,248)
J	Debt instruments	(25,000)	(30,000)
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I + J + K)	(101,096)	(98,248)
M	Total financial indebtedness (H + L)	(67,379)	(84,346)

* Debt instruments are included, but the current portion of non-current financial debt is excluded.

** includes payables for rental and lease agreements under IFRS 16 for Euro 11,740 thousand at December 31, 2022 and Euro 10,669 thousand at December 31, 2021.

*** Debt instruments are excluded. Includes payables for rental and lease agreements under IFRS 16 for Euro 29,834 thousand at December 31, 2022 and Euro 28,392 thousand at December 31, 2021.

Shareholders' equity and Treasury shares

The share capital at December 31, 2022 of the Parent Company Orsero, fully paid in, consists of 17,682,500 shares without par value for a value of Euro 69,163,340; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's shareholders' meeting. The shareholders' equity as at December 31, 2022 increased when compared to December 31, 2021 due primarily to the profit attributable to shareholders of the parent in 2022.

The statement of changes in shareholders' equity provides all information explaining the changes taking place during the year.

At December 31, 2022, Orsero held 477,514 treasury shares, equal to 2.70% of the share capital, for a value of Euro 4,788 thousand, shown as a direct decrease in shareholders' equity.

In the course of 2022, the Parent Company acquired a total of 175,000 treasury shares at an average price of Euro 12.66 per share for Euro 2,215 thousand.

As at December 31, 2022, the Group does not hold, directly or indirectly, shares in parent companies and it did not acquire or sell shares in parent companies during the year.

Commentary on performance of the business sectors

This section provides information on the Group's performance as a whole and in its various sectors by analyzing the main indicators represented by Net sales and Adjusted EBITDA. The information required by IFRS 8 is provided below, broken down by "operating segment". The operating segments identified by the Orsero Group are identified as the business sectors that generate net sales and costs, the results of which are periodically reviewed by the highest decision-making level for the assessment of performance and decisions regarding the allocation of resources. The Group's business is divided into three main sectors:

- Distribution Sector
- Shipping Sector
- Holding & Services Sector

The table below provides a general overview of the performance of the different sectors in the two-year period 2022-2021. Please note that the data and comments on the sectors given below show the results of only companies that are consolidated on a line-by-line basis; information is given on the performance of associates further on in the notes.

Thousands of €	Distribution	Shipping	Holding & Services	Orsero / eliminations	Total
Net sales 31.12.2022 [A]	1,091,696	142,423	11,590	(49,426)	1,196,284
Net sales 31.12.2021 [B]	1,000,459	103,825	10,576	(45,084)	1,069,776
Net sales change [A] - [B]	91,237	38,598	1,014	(4,342)	126,508
Adj.EBITDA 31.12.2022 [A]	35,017	48,292	(7,251)	-	76,058
Adj.EBITDA 31.12.2021 [B]	35,437	24,407	(6,916)	-	52,929
Adj.EBITDA change[A] - [B]	(420)	23,884	(336)	-	23,129
NFP 31.12.2022 [A]	N.d.	N.d.	N.d.	N.d.	67,379
NFP 31.12.2021 [B]	N.d.	N.d.	N.d.	N.d.	84,346
NFP change [A] - [B]					(16,967)

We would now like to comment on the trends of the individual operating sectors, referring to the Notes for all the details of the various investees and the consolidation criteria adopted. Note that the following figures have been determined based on the accounting standards of consolidation in accordance with International Accounting Standards and Group standards and for that reason may be different from those that may be deduced from the individual statutory financial statements filed by the companies.

Distribution Sector

Thousands of €	31.12.2022	31.12.2021
Net Sales	1,091,696	1,000,459
Gross commercial margin *	127,962	116,217
% Gross commercial margin	11.72%	11.62%
Adjusted EBITDA	35,017	35,437
% Adjusted EBITDA	3.21%	3.54%

* The "Gross sales margin, "also called the contribution margin, represents the difference between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus incoming and outgoing transport costs, customs duties and packaging costs).

In this sector of activity, companies are involved in the import and distribution of fresh fruits and vegetables from many countries around the world, at any time of the year, in the relevant regions, in addition to the companies located in Mexico dedicated to the production and export of avocados in the US and the EU. The Distribution sector companies are located and operate on the markets of Mediterranean Europe (Italy, France, Iberian Peninsula and Greece) and Mexico.

The widespread presence in the regions, with specialized platforms in the processing and storage of fresh products, allows the Company to serve both traditional wholesalers/markets and large retail (GDO), with different mixes in different Countries depending on the higher (e.g. France) or lower (e.g. Spain) incidence of GDO on these markets. Overall, GDO sales in 2022 account for around 60% of the aggregate sales of European distribution companies, basically in line with the previous year.

With large retail, there are framework agreements that govern the main specifications and features of the product being delivered while, as a rule, the volumes and prices of the products are defined on a weekly basis, following the dynamics of the market. Suppliers, selected in some of the world's most important production areas, guarantee the offer of a full range of products available 365 days a year.

The table above differs from the summary tables of the other sectors shown below in that it includes a specific indicator for the distribution sector, the "gross sales margin", also referred to as the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The "gross sales margin" represents the difference between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus incoming and outgoing transport costs, customs duties and packaging costs) where it is considered that these costs represent most of the costs incurred by the company and therefore the positive or negative changes in the gross sales margin tend to be reflected almost entirely on the profit or loss for the year.

The import and sale of bananas and pineapples is one of the Group's main activities as a whole because of the importance and weight of these items within the range of fruit and vegetables and the fact, not inconsiderable in terms of stability of the operational cycle, of their availability throughout the year. The Group supplies bananas and pineapples as a result of long-term relationships established with the most important producers based in the Central American countries. Bananas and pineapples are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.

The conflict in Ukraine and the tail end of the Covid pandemic with their impacts on generalized increases in prices, particularly energy, have had an upward impact on the industry's cost structure, which it has at least been possible to partially transfer to sale prices. As for energy costs, these increased from Euro 7,030 thousand in 2021 to Euro 14,617 thousand currently, while the gradual strengthening of the dollar had an effect on the purchase costs (in euros) of bananas, which represent a substantial portion of the range marketed by the Group. Of these sales, a good portion is to large retail, which uses the banana product for promotional purposes to stimulate customers to make department purchases, also on the basis of prices set in advance. Overall, however, profitability as measured by Adjusted EBITDA, at 3.21% of sales (or even 2.80% excluding the IFRS 16 effect), albeit lower than last year as mentioned above, appears to be aligned with normal industry trends. In addition to the above, the difference compared to last year was caused by the trends of certain product campaigns, namely that of avocados in France, which by contrast was exceptionally positive in 2021, which were penalized by the presence of a greater supply of Northern Hemisphere products that drove the market to less profitable price levels. In terms of geography, the lower profitability concerned activities in France, the decline of which, however, was offset by the better performance achieved on the Iberian Peninsula and in Greece and Mexico due, respectively, to the better performance of the marketing of the Canary Island

banana, the recovery of tourist activity and the favorable situation created in the U.S. market for the avocado product.

Shipping Sector

Thousands of €	31.12.2022	31.12.2021
Net Sales	142,423	103,825
Adjusted EBITDA	48,292	24,407
% Adjusted EBITDA	33.91%	23.51%

The Shipping sector reflects the activities linked to the maritime transport of bananas and pineapples of Central American production, carried out mainly with owned ships, the four reefer units "Cala Rosse" which were joined by a fifth ship under a freight contract starting in 2019, which connect, on the basis of a 35-day travel schedule, Central America with the Mediterranean, thereby allowing punctual arrival of fresh fruit in European markets on a weekly basis.

The sector achieved excellent performance in 2022, linked on one hand to the volumes transported of both fruit and dry containers on the west-bound route from the Mediterranean to Central American countries, with a full capacity utilization for nearly all trips, but above all to the increase in average market freight rates and the favorable evolution of the dollar exchange rate, the currency in which maritime freight rates are typically denominated. Due to the presence of the BAF ("Bunker Adjustment Factor") clause in transport contracts, the income statement was not penalized by the increase in fuel costs. As previously reported, the improvement in Adjusted EBITDA compared to 2021 was significantly supported by the recovery - in accordance with IFRS 16 - of the cost of chartering the fifth ship, amounting to Euro 5,400 thousand, which on the other hand did not have a significant effect on the result (negative by Euro 35 thousand) as it was fully offset by higher costs for amortization and depreciation and financial expenses.

Holding & Services Sector

Thousands of €	31.12.2022	31.12.2021
Net Sales	11,590	10,576
Adjusted EBITDA	(7,251)	(6,916)

This sector includes the activities related to the Parent Company as well as the activities of providing services in customs and in the IT sector, carried out by some smaller companies.

The Adjusted EBITDA of the sector typically has a negative sign, because, in view of the Parent Company's nature as a holding company, the income and ultimately the profit or loss for the year are tied to the dividends received from Group companies.

Analysis of the economic and financial situation of the Parent Company Orsero

The Orsero annual financial statements at December 31, 2022 show profit of Euro 7,261 thousand (2021: profit of Euro 7,011 thousand), after depreciation, amortization and provisions for Euro 708 thousand (2021: Euro 567 thousand), dividends collected for Euro 20,339 thousand and total non-recurring expenses recorded for Euro 4,129 thousand, of which Euro 2,575 thousand linked to Top Management incentives.

The following are details of the main income statement items:

Thousands of €	31.12.2022	31.12.2021
Net Sales	2,358	2,129
Adjusted EBITDA	(8,018)	(7,887)
Adjusted EBIT	(8,726)	(8,455)
Operating result (EBIT)	(12,855)	(10,073)
Financial income	223	221
Financial expense and exchange rate differences	(2,082)	(1,939)
Dividends*	20,339	16,943
Other investment income/expense*	(175)	(7)
Profit/loss before tax	5,450	5,145
Profit/loss	7,261	7,011

*Included in the "Other investment income/expense"

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs, expenses for specialized consulting and promotional expenses of the brand are the most significant components, which result in a negative Adjusted EBITDA value; therefore, the discussion in relation to the consolidated income statement is much more relevant.

Adjusted EBITDA showed a negative change of Euro 130 thousand. There was an increase in revenues during the year, attributable exclusively to incidental re-billing of expenses incurred on behalf of third parties, as per contractual provisions. General and administrative costs increased by Euro 854 thousand, relating mainly to promotional and marketing costs (Euro 539 thousand) and miscellaneous costs subject to the re-billing described above, which increased by Euro 285 thousand. During the year, charges relating to the acquisitions of the two shareholdings in the French companies, Blampin Groupe and Capexo, in the amount of Euro 1,553 thousand and Euro 2,575 thousand in net expenses linked to management's MBO/LTI incentives, were recorded as non-recurring expenses.

As regards the Statement of financial position, the main data used and reviewed periodically by Management for the purpose of making decisions regarding resources to be allocated and evaluation of results is presented.

Thousands of €	31.12.2022	31.12.2021
Fixed Assets	177,297	173,818
Net Working Capital	3,531	10,856
Net Invested Capital	180,828	184,674
Total Shareholders' Equity	150,228	149,503
Net Financial Position	30,600	35,171
Net Financial Position/Total Shareholders' Equity	0.20	0.24

The increase in fixed assets is mainly due to the capital contribution in Eurofrutas for Euro 2,000 thousand and the overall Agricola Azzurra price adjustment for Euro 1,500 thousand.

The decrease in Net Working Capital essentially reflects the change in the position of treasury current accounts ("Cash pooling") from a credit situation of Euro 459 thousand to a current debit situation of Euro 906 thousand; in addition to this change, trade working capital also decreased due to lower trade receivables from Group companies and the increase in the item other payables, due to the recognition of the bonus for Top Managers.

The change in Shareholders' equity between 2022 and 2021 takes into account the effect of the result for the year, the purchase of treasury shares, the payment of the dividend, the change in the reserve for derivatives and the adjustment of the actuarial reserve related to employee benefits.

Reconciliation between the results and shareholders' equity of the Parent Company and the Group

The reconciliation schedule for the results and shareholders' equity of the Parent Company and the analogous consolidated values are provided below:

Thousands of €	Share capital and reserves at 31.12.2022	Profit/loss 2022	Total Shareholders' equity at 31.12.2022
Orsero S.p.A. (Parent company)	142,967	7,261	150,228
The difference between the carrying amount and the corresponding equity	(50,356)	-	(50,356)
Pro-quota gains/losses achieved by subsidiaries	-	47,305	47,305
Pro-quota recognition of associated companies consolidated using the equity method	(282)	1,574	1,292
Dividends distributed by consolidated companies to the Parent company	23,830	(23,830)	-
Consolidation differences	47,355	-	47,355
Elimination of capital gain and/or other transactions carried out by subsidiaries	5,311	(45)	5,266
Total Group equity and net profit attributable to Parent company	168,825	32,265	201,090
Minority interests and net profit attributable to non-controlling interests	198	195	393
Total shareholders' equity and profit/loss	169,023	32,460	201,483

Risk profiles of the business, control systems, environment

The Orsero Group's business is focused on the import, sourcing and distribution of fresh fruit and vegetables, which over time have been joined by activities in the maritime transport and service sectors.

Strategic and operational risks

Operational risks

The Group is exposed to operational risks linked to the use of ships and storage plants, quality control, ripening and processing plants and these consist of the risk of losses caused by errors, breaches, downtime and damage, caused by internal processes, personnel, systems or external events. Should such circumstances arise, considering the medium-level likelihood of such, a risk would be run that may have a significant negative impact on the Group's economic, equity and financial position. The risk is considered of medium relevance. Orsero Group's activities are characterized by the need to ensure the optimal preservation of fruit throughout the whole source path to the final market and the regularity of supply. For this purpose, the Orsero Group uses its own fleet, represented by four reefer ships and the chartered ship that transport bananas and pineapples from Central America to the Mediterranean weekly and the warehouses where bananas are ripened and the fruit is stored, and is able to maintain control over the cold chain for the entire time. From an operational perspective, a newly identified risk factor relates to the regulatory framework regarding the environmental impacts of shipping. Indeed, the shipbuilding

company will have to align with a regulatory framework aimed at reducing the environmental impacts generated by ships. This legislation, which is still under discussion, calls for reporting fossil fuel consumption as early as 2023 and the resulting CO₂ emissions, which will need to be offset by methods that are still being discussed in the appropriate European institutional forums. The Group will have to come into compliance with the new regulatory framework that will involve all global operators for European Community IN/OUT traffic, and like all others will be subject to an additional cost that could have an even major impact on margins net of the ability of operators to pass on all or part of the higher cost to end customers.

In addition, a type of risk that has now become central to risk assessment is cyber risk, which has increasingly involved, and involves, public and private companies and organizations, with major impacts on their operations. The Group has taken note of the threat from cyber crime and is seeking to protect itself by activating and implementing all possible procedures (aimed at people) and hardware and software tools to protect its data and systems from undue intrusion in order to keep them operating normally.

Risks connected with the performance of results and economic margins

The Orsero Group recorded oscillations in the performance of its margins and economic results, connected with the performance of the various fruit campaigns held by the distributors during the year and the performance of the ship-owning business and the import of bananas and pineapples, which is usually more variable. It cannot be excluded that oscillations and reductions in the results and margins may also take place in the future and this may have very significant impacts on the Group's economic, equity and financial position. The likelihood of this occurring is considered "medium". Please note that the margins of the Distribution sector are characterized on one hand by the volatility of imports due to factors that are not completely under the Company's control, such as the trend in production and imports into Europe of bananas and pineapples, and, on the other hand, by Distribution, which due to its intrinsic characteristics and being differentiated in the various countries of Mediterranean Europe, usually shows limited variations in trends. The Shipping sector is more volatile, due to factors that are not entirely under the Company's control, such as: (i) the performance of the shipping charter market, in particular as regards the reefer transport segment; (ii) the performance of fuel prices; (iii) the onset of events that can impact the normal provision of the shipping service, such as, by way of example, unfavorable atmospheric events or operating difficulties in the cargo loading or unloading ports due to strikes; and (iv) fluctuation in the exchange rate. In order to mitigate this risk, the Group constantly monitors its business, seeking to interpret the dynamics and find effective, efficient solutions. During the past two years the risk connected with shipping activities was mitigated by the Group by means of actions to hedge fuel cost fluctuations, both direct (reinstatement of BAF clauses in transport contracts) and indirect (hedging via derivatives), the chartering of a fifth ship, which lengthened round-trip times from 28 to 35 days, thus permitting fuel savings and less stress on the vessels, as well as the expansion of the customer base.

The focus on and further investment made in the core distribution business, which provides for excellent stability in industrial margins, also helped to mitigate this type of risk, which, however, in light of the current macroeconomic situation (geopolitical context, energy situation, declining consumption, environmental regulations) presents a risk profile in terms of the macroeconomic environment that has certainly increased compared to December 31, 2021.

Risk connected with procurement difficulties and the volatility of commodity prices

The Orsero Group business, represented by the import and distribution of fruit and vegetables, is very much dependent on the procurement of certain products, such as bananas, pineapples, avocado, etc. and the fluctuation of the related purchase prices, particularly in consideration of product availability and the risks linked to the absence of any formalized short- or longer-term contracts with most of its suppliers. There is also a risk that the Group may be unable to transfer any higher purchase prices of products onto the prices of sale applied on the reference markets. Should such circumstances arise, considering the medium-level likelihood of such, they may have a significant negative impact on the Group's equity and/or financial position. This risk is considered of medium relevance. The quality and quantity of the supply of these products, and the availability

and sustainability of the purchase price of the goods marketed by the Orsero Group, which, by nature, are perishable, may be impacted by factors that are difficult for it to predict or control. In particular, procurement conditions are extremely sensitive to the climatic factor (periods of drought or excessive rainfall, storms or hail on plantations), as well as soil conditions or the presence of weeds or parasites that determine the higher or lower availability of products, and consequently, their purchase price. The change in the prices of raw materials is generally handled through the pricing policy of the products for sale. To address these issues, the Orsero Group is implementing a strategy of diversifying its sources, both in terms of geographical supply areas as well as suppliers, in order to mitigate and offset any product shortages during the various seasons (or “campaigns”) for the products. For the Orsero Group, one of the priorities has always been developing relations with suppliers, many of whom have established consolidated relationships over time, thus guaranteeing the consistency of the necessary procurement and possible mediation of purchase prices. Also in this sector, the consequences of the economic slowdown on a global scale combined with the rise in cost inflation and interest rate hikes approved by central banks could translate into serious problems for production companies, jeopardizing their ability to meet the demand for fruit and vegetable products in terms of volume.

Risks connected with shipping in regard to fuel

With regards to the shipping business, the fuel used to power the ships is one of the main cost factors of the Shipping sector (as at December 31, 2022, the cost for fuel purchases accounted for 30% of Shipping sector revenues). Historically, major fluctuations have been recorded in the price of the bunker, impacting the increase in costs incurred for purchasing the fuel used to power the ships and, consequently, the Group's result. There is therefore a risk that very significant (or repeated) fluctuations in the cost of fuel may only partly be covered by the hedges implemented by the Group and that in the event of contracts not including BAF clauses, the rise in bunker prices may generate a negative impact on the profitability of charters to customers. The likelihood of these circumstances occurring, is considered “medium”. In order to manage the risk of cost fluctuations, linked to fluctuations in the price of oil, the Orsero Group, in line with the practice of the shipping sector, stipulates, where possible and based on agreements reached with customers, transport contracts with the “bunker adjustment factor” (BAF) clause that allows an adjustment of the transport price depending on the increase or decrease of the bunker price. It should also be noted that to reduce the risk of significant price fluctuations, the Orsero Group generally stipulates hedging contracts for part of its bunker consumptions according to the best strategies identified. As already mentioned, the strategies adopted in the last two years have allowed for the significant mitigation of this type of risk. As with the previous risk factors, the risk situation at the “macro” level has certainly increased in comparison with previous years, especially due to global geopolitical risks that directly impact the valuations of assets like oil.

Risk connected with the transport of third-party operator products

Through Cosiarma, the Group uses part of the capacity of its ships to also carry products pertaining to third party operators. There is therefore a risk connected with failure to renew such cargo contracts or with the renewal of such contracts but at more onerous conditions. Such circumstances, which are classed as “medium” probability, may have very significant negative effects on the Group's economic, equity and financial position. The risk described is considered as of medium/high relevance. Additionally, Cosiarma has a reduced customer base, precisely due to the market on which it operates, whose relations are generally regulated by annual contracts; this makes for uncertainty as to the continuation of such relations and the potential renewal at their expiry dates. Potential negative impacts cannot be excluded on the business and economic results and the Group's equity and financial position, in the event of failure to stipulate one or more contracts, without there being equal replacement traffic or in the event of renewals at less remunerative contractual conditions. The management constantly monitors its customer portfolio, paying careful attention to their needs and maintaining contact with the main operators with a view to potentially improving the quantity and quality (price) of the cargo carried. As already mentioned, the expansion of the customer base over the last two years has helped to mitigate this type of risk.

Risks associated with dependence on distribution channels

The Orsero Group's turnover depends significantly on sales to both Large Retail ("GDO") and traditional wholesalers. In particular, in FY 2022, the Orsero Group's turnover from GDO was approximately 60% of total aggregated revenues of the European Distribution companies. The Group is exposed to risks relating to the potential interruption of relations with its customers, or a worsening of such relations as compared with the situation as at the reference date. Should such circumstances occur (considered unlikely), this would entail a risk of a significant negative impact on the Group's economic, financial and equity position. This risk is considered of medium relevance. It should be noted that contracts with the GDO are governed by framework agreements, which regulate the main specific characteristics of the product being delivered. Except for specific cases, product volumes and prices are defined on a weekly basis, also in order to manage some factors not necessarily related to the product such as the Euro/Dollar exchange rate or the cost of oil that affects the transport cost. In this context, the Orsero Group has always responded with a strategy aimed at increasing its size and with a continuous effort to adapt and improve efficiency, while maintaining the objective of safeguarding the basic economic efficiency of its operations. Since 2012, the marketing of bananas and pineapples under its own brand has represented an effective strategic response from a structured and mature group to a radical change in the mechanisms of its core business. The Orsero Group is well aware of the risk associated with this challenge but believes that it is balanced by a unique opportunity to create over time a name and an Italian quality brand able to stand on the market and compete with the major multinationals in the sector. The acquisition of Blampin Groupe, the strong leading French operator in the wholesale markets with turnover of nearly Euro 200 million, allows the Group to notably rebalance its turnover between large retail and traditional markets, effectively leading to a decrease in this type of risk.

Risk linked to the evolution of energy prices

The main type of risk and uncertainty is linked to the evolution of energy prices - even though today it is declining compared to the peaks recorded in 2022 - regarding which it is difficult to make an estimate since although the Group does not operate in an extremely energy-intensive sector and even considering the fact that sale price dynamics in the Distribution BU have to date made it possible to absorb most of the price increases, the future scenario could result in a depletion of the flexibility and elasticity of demand with respect to prices, thus leading to a decline in consumption and/or the inability to recover further energy price increases by means of the product pricing policy. We do not believe that the European energy situation is likely to have a significant impact on the Group's ability to continue to operate as a going concern. However, a further scenario deterioration could have an even significant impact on the profitability of the Group's core businesses.

Financial risks

In going about its business, the Orsero Group is exposed to financial risks connected with its operations; more specifically, it is exposed to the credit risk, the liquidity risk and the market risk (including the foreign exchange risk, the interest rate risk and the price risk). Financial risks are handled in accordance with specific organizational rules that regulate and manage the same and the control of all transactions making up the companies' financial and/or trade assets and liabilities.

Risks associated with credit

The Orsero Group is exposed to credit risk, mainly deriving from commercial relations with its customers and, in particular, any delays or non-payments by such, which, should such occur, may have negative effects on the Group's economic, equity and financial position. The onset of circumstances connected with the credit risk is considered unlikely to occur. Considering the foregoing, this risk is considered of little relevance. As at December 31, 2022, the Group's provision for bad debts of Euro 11,644 thousand accounts for 8.9% (2021: 9.4%) of the Orsero Group's gross trade receivables. It should also be noted that this measure reflects the need expressed in the tax

systems of the various countries to not reverse non-performing loans until completion of the envisaged bankruptcy proceedings, thereby "inflating" the book values with receivables that have already been fully impaired.

The management monitors the commercial credit risk using formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and has also stipulated suitable, specific insurance policies with leading counterparties.

Liquidity risk

The Group manages liquidity risk with a view to ensuring the presence, on a consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. The Group constantly monitors forecast cash flows, available credit facilities, loan repayment plans, available liquid funds and any financial needs of subsidiaries, in order to identify the most appropriate ways by which to guarantee the most efficient management of financial resources.

Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial plain vanilla IRS hedge has been activated on the main ones (2022-2028 pool loan for an original figure of Euro 90 million, but disbursed in the amount of Euro 33.3 million at December 31, 2022, and 2020-2029 pool loan originally for Euro 15 million, in addition to the 2021-2027 Credit-Agricole loan for Euro 5.5 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the option was chosen for an entirely fixed rate structure. As at December 31, 2022, the interest rate hedges hedge approximately 43.2% of medium and long-term variable rate bank loans, thereby meaning that approximately 66.3% of the Group's entire medium/long-term bond and bank debt is at fixed rate. It is stressed that, in the Group's opinion, such choices have turned out to be highly satisfactory in light of the recent and expected increases in the reference rates in Europe.

Foreign exchange risk

The Orsero Group is exposed to the risk of changes in foreign exchange rates (in particular US dollars), for currencies that differ from that used to express commercial and financial transactions, for which it adopts hedging strategies in order to mitigate/avoid negative effects on the economic, equity and financial position. The Group operates, particularly in the Distribution sector, purchasing goods in US dollars and then importing them and selling in euros on the South European markets. On the other hand, in the Shipping Sector, revenues in US dollars are higher than costs incurred in euros, thus limiting in part the Group's currency balance, which is in any event naturally exposed to the US dollar. Over the last two years a growing number of European large retail chains have begun to request fixed annual prices in auctions for bananas, one of the main products marketed by the Group and one of the few that are purchased at a fixed price in USD. For this reason, in the presence of fixed sale prices in euros, the impact of fluctuations in the USD/euro exchange rate has become more significant than in past years, when exchange rate risk represented a risk with a low probability of occurrence and relevance. As things currently stand, in order to deal with the increased level of risk, the Group has adopted:

- a medium/long-term strategy to reduce the weight of bananas in the basket of products marketed by the Group,
- implemented a hedging strategy on the USD/EUR exchange rate with the aim of returning risk levels to those existing prior to the last two years.

Despite the actions taken as outlined above, we cannot exclude any significant and/or sudden changes to the USD/EUR exchange rate could have immediate negative impacts on the Group's economic, equity, and financial situation. Together with the Treasury and Sales Offices, the

management team constantly monitors changes in exchange rates so as to promptly take any corrective action offering guarantees for the Group.

Risks associated with loan agreements and the debenture loan

The Orsero Group has medium-term loan contracts in place with some of the leading banks. These include financial covenants, mandatory early repayment clauses where certain hypotheses of default, termination, withdrawal or application of the acceleration clause or cross default, should arise. The Group is therefore exposed to the risk of having to repay its financial debt early, if such hypotheses should occur; this may determine very significant negative effects on the economic, equity and financial position of the parent company and/or Group. The onset of such circumstances has been considered of medium probability of occurrence and significant relevance. Please note that the three main financial payables of the Group are the (i) variable rate pool loan for Euro 33.3 million (Euro 90 million counting the disbursements made in January 2023), maturing on June 30, 2028, on which there is an overall fixed rate swap hedge covering 32%, (ii) the variable rate pool loan for an original figure of Euro 15 million, maturing on December 31, 2029, on which there is an overall fixed rate swap hedge for 85% of the nominal amount and (iii) the debenture loan for Euro 30 million, maturing on October 4, 2028, at a fixed rate. Please note that as at the date of the presentation of this financial report, the Group has fulfilled the financial covenants and obligations envisaged by the loan contracts and debenture loan; the Group's management constantly monitors the performance of financial covenants in order to verify that they are respected. The improvement in the Group's financial position over the past two years has helped to mitigate this type of risk, also thanks to the further strengthening of the Group's results.

Risks connected with the adequacy of the provisions for risks and charges and the current dispute

The Group is exposed to the risk of having to cover, should it lose its case, expenses deriving from litigation currently not covered by provisions recognized in the financial statements; this circumstance could have significant effects on the Group's economic, equity and financial position. Where said circumstances should arise (considered as medium probability), this would entail a risk of significant impact on the Orsero Group's economic, equity and financial position. The risk described is considered of medium relevance.

However, the recognition of a provision for risks depends on the likelihood of losing a dispute to which an entity is party.

The Group's management team constantly monitors the onset and evolution of any disputes, also through the support offered by legal advisors, to ensure that the best, most appropriate action is taken to protect the Group.

Legal and compliance risks

Risks associated with potential environmental damages

The Orsero Group is exposed to the risk of serious failures or breakdowns of ships, plants, facilities and/or machinery that could result in a slowdown in the Orsero Group's activities, damages to third parties, accidents or environmental damage. The Orsero Group, through dedicated offices, continues all the activities needed to ensure respect for the environment, as well as optimization of the use of energy sources and natural resources.

Risks associated with the administrative liability of legal entities

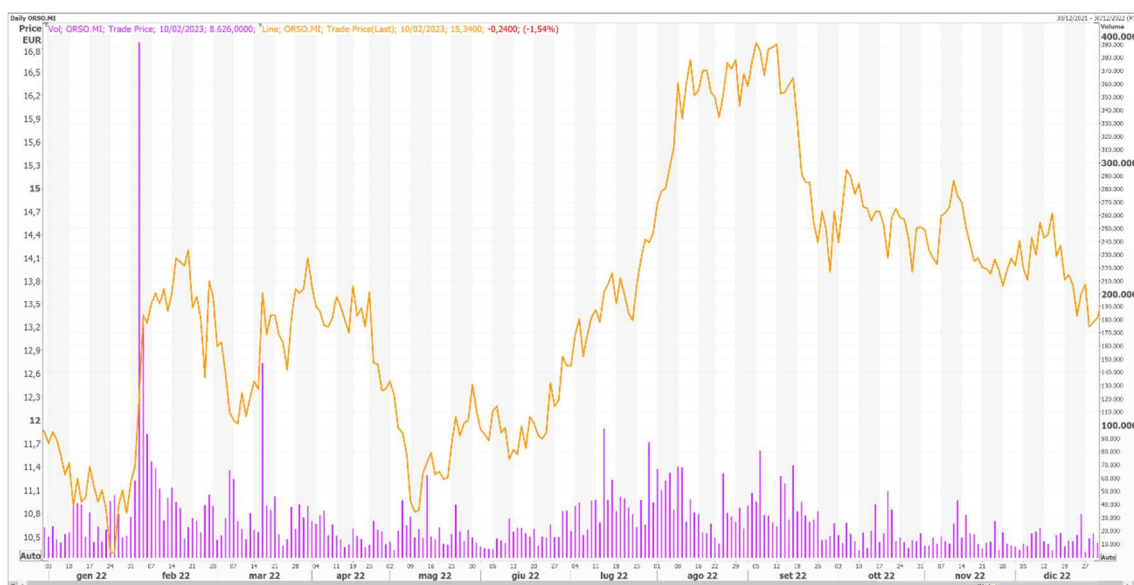
The Group is exposed to the risk of incurring the administrative liability of legal entities envisaged by Italian Legislative Decree 231 and any sanctions envisaged by said same Decree (or other similar applicable local regulations), due to a potential assessment of the inadequacy of the model adopted, in accordance with said Decree, by the Parent company and Italian subsidiaries and/or the failure to apply a similar model by the Group's foreign companies. The onset of such circumstances, which is considered unlikely to occur, would, however, entail a risk that may have negative effects on the Group's economic, equity and financial position. Starting in 2010, the Orsero Group (formerly GF Group) has applied the organizational model and the code of ethics

and appointed the ethical committee as provided by the Italian Legislative Decree of June 8, 2011, in addition to the supervisory body, in order to ensure compliance with the prescribed conditions of fairness and transparency in the conduct of business, safeguarding the company's position and image, shareholders' expectations and employees' work. The model is a valuable tool for raising awareness among all those who work on behalf of the Orsero Group so that they ensure proper and consistent conduct in carrying out their activities and a means of preventing the risk of committing crimes. The Model 231 and the Code of Ethics are available for consultation from the corporate governance section of the website www.orserogroup.it.

Other information

Share performance

On the trading day of December 30, 2022, the Orsero share price was Euro 13.32, a 13.8% increase from its initial listing on January 3 of Euro 11.70. The stock market capitalization at December 30, 2022 was Euro 235.5 million (Euro 209.5 million at December 30, 2021).



The following table summarizes the main data relating to the shares and stock market at December 31, 2022.

Share and Stock Exchange Data	Year 2022
First price (01/03/2022)	11.70
Maximum annual price	17.34
Minimum annual price	10.05
Closing price (12/30/2022)	13.32
Average daily volume (no. of shares)	28,288
No. of shares in circulation	17,682,500
Stock-Exchange Capitalization	235,530,900

Significant shareholders

Below is a list of shareholders with an investment in excess of 5% (considering the classification of the Issuer as an SME in accordance with Art. 1, paragraph 1, letter w-quater.1 of Italian Legislative

Decree no. 58/1998, as subsequently amended and supplemented (the "Consolidated Law on Finance" or "TUF")), as resulting from the Consob communications received in accordance with Art. 120 of the TUF and other information available to the Company.

Shareholder's name ⁽¹⁾	Number of shares	% on the total share capital
FIF Holding S.p.A.	5,899,323	33.36%
Grupo Fernandez S.A.	1,180,000	6.67%
Praude Asset Management Ltd. ⁽³⁾	1,746,792	9.88%
Global Portfolio Investments S.L. ⁽²⁾	1,014,440	5.74%
First Capital S.p.A.	980,010	5.54%

(1) Updated situation at October 12, 2022

(2) The reporting company placed at the top of the chain of control is Indumenta Pueri S.L..

(3) Includes shareholdings managed by Praude Asset Management Ltd. and held by the following parties: Hermes Linder Fund SICAV Plc.; PRAUDE FUNDS ICAV; Altinum Funds Sicav Plc.; Plavis Gas SRL.

Corporate governance

The Group follows the new Corporate Governance Code published in January 2020, which is addressed to all companies listed on the Electronic Stock Market managed by Borsa Italiana. In compliance with the regulatory obligations, the "Corporate Governance Report" is drawn up once a year, which, in addition to providing a general description of the Group's corporate governance system, also gives information on the ownership structures and adherence to the individual provisions of the Corporate Governance Code and observance of the relevant commitments. Below is a summary description of the main components of corporate governance. For a more analytical description of the elements comprising corporate governance, reference is made to a reading of the complete document on the Annual Report, available from the Governance section of www.orserogroup.it. More specifically, reference is made to the above document for information about the internal control system, aimed at managing risks relating to the financial disclosure pursuant to Art. 123-bis of the TUF.

Board of Directors

The Parent Company's Board of Directors in office as at the date of the approval of these financial statements numbers 9 members; it was appointed by the Ordinary Shareholders' Meeting on April 30, 2020 and will remain in office until the date of approval of the financial statements as at December 31, 2022.

Board of Statutory Auditors

The Board of Statutory Auditors in office as at the date of approval of these financial statements was appointed by the Ordinary Shareholders' Meeting held on April 30, 2020, and it will remain in office until the date of approval of the financial statements as at December 31, 2022.

Financial disclosure and relations with Shareholders

In order to maintain a constant dialog with its shareholders, potential investors, and financial analysts, and in adherence with the Consob recommendation, Orsero S.p.A. has established the Investor Relator function. This role ensures continuous information between the Group and financial markets. Economic and financial data, institutional presentations, official press releases, and real-time updates on the share price are available on the Group's website in the Investor Relations section.

2022 Sustainability Report - Consolidated Non-Financial Statement prepared in accordance with Italian Legislative Decree no. 254/2016

In compliance with the provisions of Italian Legislative Decree no. 254/2016, the Group has supplemented corporate reporting with the 2022 Sustainability Report - Consolidated Non-Financial Statement prepared in accordance with Italian Legislative Decree 254/2016. This document is made available to the public on the website www.orserogroup.it at the same time as the 2022 Annual Financial Report, of which this document is an integral part. This document includes all information concerning the environment and personnel for the entire Group.

Tax consolidation

All Italian subsidiaries, with the exception of the ship-owning company Cosiarma, participate in the "tax consolidation" system headed by Orsero, pursuant to Articles 117 et seq. of the TUIR Tax Code, and a similar system is in place in France between AZ France and its French subsidiaries.

Workforce

The Notes provide an indication of the staff employed by the Group at December 31, 2022 and 2021.

Safety and protection of the health of workers

On the subject of safety and protection of workers' health, in order to cope with the impact of the Covid-19 epidemic, the Group introduced the necessary precautions with regard to employees and third parties in warehouses and markets as well as in offices. The companies implemented the safety protocols outlined by the Authorities to regulate entries and interpersonal contact within their operating platforms and offices, carry out the necessary sanitization activities and provide personal protection equipment. It should be noted that an excellent result was achieved on injury reduction due to training, supervision and awareness-raising activities, thus raising the focus on the subject. More details are provided in the sustainability report.

Environment

In line with a responsible approach, the Group is committed to limiting all of the environmental impacts generated by its activities. During the year, the plan of interventions initiated to boost energy efficiency in the warehouses continued to be implemented (installation of inverters, photovoltaic systems, LED lights) and the focus on responsible use of resources was confirmed. This approach is expressed through careful monitoring of water consumption, virtuous scrap and waste management and encouraging the use of more circular packaging (favoring recyclable, compostable or recycled materials), with a view to continuous improvement.

Research & Development

Considering the nature of the Orsero Group business, there was no basic or applied research carried out; however, as already indicated in the previous Reports, in the course of 2022 the Group basically completed its implementation and engineering of the main integrated information and management system for the Italian companies, to meet the specific needs of the distribution sector, with innovative economic/financial planning instruments.

With reference to this situation, it should be noted that the company Fruttital has within legal terms decided to participate in the voluntary research and development tax credit repayment procedure set forth in Article 5, paragraphs 7 to 12, of Decree Law No. 146 of October 21, 2021, converted, with amendments, by Law No. 215 of December 17, 2021 ("Penalty protection"). In this regard, the tax credits in question amounting to a total of Euro 652 thousand accrued in previous years (2016-2018 three-year period) against a complex project for the development of a new,

innovative corporate ERP system for the sector in which Fruttital operates, and therefore in full compliance with the reference regulations. However, acknowledging the emergence of a highly restrictive interpretation framework by the Italian Revenue Agency that is fueling a significant degree of litigation with the tax authorities, warning elements underlying the legislation pursuant to Decree Law 146/2021, for reasons of prudence Fruttital has decided to participate in the penalty protection system that provides for the repayment of tax credits without interest and penalties in three annual installments starting in December 2023 rather than in a single payment in December 2023.

Information pursuant to Art. 1, paragraph 125 of Italian Law no. 124 of August 4, 2017

In accordance with Art. 1, paragraph 125 of Italian Law no. 124 of August 4, 2017 and Art. 3-quater, paragraph 2 of Italian Decree Law no. 135 of December 14, 2018, please note that some of the Group's Italian companies benefit from the aids for which publication is mandatory in the National State Aid Register.

Art. 36 of the Consob Market Regulation (adopted by Consob Resolution no. 16191/2007 as subsequently amended)

As described in the notes, the Group holds investments in some companies located outside Europe and in regard to the regulatory provisions pursuant to the title, please note that as at December 31, 2022, there were no companies coming under the scope of application of the regulatory provisions of Art. 36 of the Market Regulation, i.e. an amount of assets and revenues that exceeds 2% and 5% of the consolidated assets and revenues and the sum of all non-European companies, as a whole, is less than 10% the consolidated assets and 15% the consolidated revenues.

Art. 37 of the Consob Market Regulation

Please note that as at December 31, 2022, FIF Holding does not manage and coordinate the Parent Company Orsero in accordance with Art. 2497 of the Italian Civil Code, and, therefore, the regulatory provisions of Art. 37 of the Market Regulation do not apply.

Management and coordination

Orsero S.p.A. is not managed or coordinated pursuant to Article 2497 et seq. of the Italian Civil Code. The company FIF Holding does not manage or coordinate Orsero S.p.A. insofar as the latter operates under corporate and entrepreneurial autonomy, with autonomous capacity for negotiating relations with customers and suppliers and defining its strategic guidelines, organization and development, without any interference; FIF Holding also does not carry out any centralized Group duties; the Orsero Board of Directors operates autonomously and FIF purely performs the role of reference shareholder.

All direct and indirect Italian subsidiaries of Orsero S.p.A. have fulfilled publishing obligations laid down by Art. 2497-bis of the Italian Civil Code, indicating that Orsero S.p.A. is the subject managing and coordinating them.

Transactions with related parties

In accordance with the provisions of the Regulation adopted by Consob with resolution no. 17221 of March 12, 2010 and subsequent amendments, Orsero S.p.A. has adopted a Procedure for Transactions with Related Parties, approved by the Board of Directors on February 13, 2017 and most recently amended on May 12, 2021, which is available on the Group's website <https://www.orserogroup.it/governance/procedure-societarie/>.

The Related Party Procedure identifies the principles the Company follows in order to ensure transparency and substantive and procedural fairness of transactions with related parties carried out by the Parent Company, directly or through subsidiaries. It aims to monitor and track the

necessary information about transactions in which directors and senior managers have a personal interest and related party transactions, in order to control and, where necessary, authorize, them. The main Group activities, carried out at market prices with related companies, regard commercial relationships for the supply of fruits and vegetables and port services, as well as office leasing. On the other hand, as concerns related parties that are individuals, these are essentially employment and/or collaboration relationships.

It should be noted that during 2022 no related party transactions were implemented other than those that are part of the Group's ordinary course of business. With reference to dealings with related parties, please refer to the details provided in the Notes.

Investments during the year

Period Group investments made in intangible assets other than goodwill and in property, plant and equipment amounted to a total of Euro 29,314 thousand, including Euro 15,352 thousand for "rights of use" pursuant to IFRS 16. The following tables show the investments made during the year (excluding IFRS 16 renewals, for which reference should be made to the specific table in Chapter 3 of the Notes to the Financial Statements) and their breakdown by sector.

Description	Country	Thousands of €
Renovation of the Rungis warehouse	France	2,523
New ERP	Italy, France, Spain	2,504
Enlargement and refitting of the Alverca site	Portugal	1,581
Renovation of cooling and ripening rooms	Spain, France	1,003
Renovation of the Verona warehouse	Italy	643
New operating and headquarter offices in Milan	Italy	586
New equipment (Granadilla)	Spain	352
Upgrade vessels	Italy	217
Others		4,553
Total investments (No IFRS 16)		13,962

INVESTMENTS				
Thousands of €	"Distribution" Sector	"Shipping" Sector	"Holding & Services" Sector	Total
Intellectual property rights	2,221	-	-	2,221
Concessions, licenses and trademarks	416	-	5	421
Assets in progress and advances	68	10	8	86
Other intangible assets	23	-	1	24
Total investments in Intangible assets other than Goodwill	2,728	10	14	2,752
Land and buildings	8,401	112	212	8,725
Plantations	-	-	-	-
Plant and machinery	3,405	955	78	4,437
Industrial and commercial equipments	72	5,706	2	5,780
Other tangible assets	2,366	179	1,087	3,631
Assets in progress and advances	3,989	-	-	3,989
Total investments in Property, plant and equipment	18,232	6,951	1,379	26,562
Total investments	20,960	6,962	1,393	29,314

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2022 the Company did not implement any atypical and/or unusual transactions as defined in that Communication, except for the above-mentioned acquisitions of Capexo and Blampin, which will take effect as of January 1, 2023 and for which consultancy and due diligence costs totaling Euro 1,553 thousand were incurred.

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2022, the Group incurred costs relating to non-recurring transactions. In accordance with Consob Communication 15519 of February 28, 2005, please note that the item "Other operating income/expense" includes Euro 5,758 thousand in non-recurring costs; for the details, please refer to Note 26 "Other operating revenues/costs" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Right to opt out of the obligation to publish an information document in the event of significant transactions

Please note that on September 9, 2019, the Company's Board of Directors resolved to apply the derogation envisaged by Art. 70, paragraph 8 and Art. 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SME

As regards the definition of SMEs, as per Article 1, paragraph 1, letter w-quater. 1) of the TUF, it is noted that as at this reporting date, the Company comes under the scope of this definition given that, on the basis of the verification performed on the financial statements closed as at December 31, 2022, the simple average of daily capitalizations calculated with reference to the original price, recorded during the corporate year, as envisaged by Art. 2-ter, point 1, letter (a) of the Issuers' Regulation, totals less than the Euro 500 million threshold, insofar as the above-specified capitalization comes to approximately Euro 240 million on the basis of an average price of Euro 13.55 per share.

Personal data protection

The Orsero Group has taken action to best fulfill the obligations envisaged by EU Regulation 679/2016, instituting a series of procedures aimed at guaranteeing constant conformity with the provisions of the law and a high degree of confidentiality of customer information, in accordance with the provisions of GDPR 679/2016.

The processing carried out by the Orsero Group is based on lawfulness, correctness, transparency, limitation of purpose, data minimization, precision, storage limitation, integrity and confidentiality, as well as the new standard of accountability introduced by the Regulation.

The company has implemented organizational, physical and logical security measures to guarantee the protection of personal data in compliance with the provisions of EU Regulation 2016/679 and Italian Legislative Decree no. 2003/196.

The Group has established the position of Chief Information Officer in order to ensure the security of the Group's information, thus defining a strategy to protect all corporate assets, limiting any possible cyber risk. This figure has become indispensable in view of the increasing importance of "cyber security", covering a fundamental function in guaranteeing the security of the Group, in line with the new European regulations concerning the protection of information systems, networks and data.

Significant events after 2022 year-end close

In this regard, please note the finalization of the acquisitions of 80% of the share capital of Blampin and 100% of the share capital of Capexo, as already described extensively in this report and in the press releases promptly issued at the time. The acquired companies will be consolidated by Orsero as of January 1, 2023. With respect to the above transactions, the two remaining tranches of the ESG-linked pool loan were disbursed for a total amount of Euro 56.7 million.

Regarding the appointment of a new Board of Directors, guidance on its future size and composition has been made available to the shareholders.

Other than the above, there are no other particularly significant events as at the date of this Report. With reference to the latest developments in the international geopolitical situation, the Group's management continues to monitor their developments with the aim of maintaining an efficient import and distribution logistics chain and preserving its cost-effectiveness.

Outlook for the Orsero Group

The Group's priority continues to be the sustainable growth of its business, by both external and internal channels; with regard to the latter, we believe it is important to emphasize that despite the current difficult economic situation, regular procurement from suppliers, as well as logistics and goods transportation activities that ensure business continuity, have been confirmed to date. The Group is well aware of the uncertainty of the general economic landscape linked to the macroeconomic situation resulting from the conflict in Ukraine and the ensuing effects that it may have in the immediate future. However, even in the face of the current European context dominated by the energy crisis and the resulting possible impact on the consumption of food which is still difficult to quantify, the Group remains confident in the potential for growth and resilience of its business in the medium to long term thanks to its strong competitive positioning on essential goods and solid financial structure and the management's constant commitment to controlling costs and improving the efficiency of the production organization. Thus, the Group's commitments to the timely reporting of business performance to its stakeholders are confirmed, in addition to those relating to ESG issues to create and develop a sustainable business and operating environment in the medium to long term as outlined in the strategic sustainability plan.

Financial Statements as at December 31, 2022 of Orsero S.p.A. - Proposed resolution

Shareholders,

Following your review of the financial statements as at December 31, 2022, we propose:

- 1) approving the financial Statements as at December 31, 2022 of Orsero S.p.A.;
- 2) allocating the 2022 profit of Euro 7,261,081 as follows:
 - Euro 363,055 to the legal reserve;
 - Euro 876,280.90 to the extraordinary reserve; and
 - with regard to the remaining amount of Euro 6,021,745.10, equal to 82.93% of the profit, to be allocated to the Company's shareholders as a dividend, and therefore for a unit amount of Euro 0.35 (excluding the 477,514 treasury shares held in the Company's portfolio), with an ex-dividend date of May 8, 2023 (ex-date), the date of entitlement to payment, pursuant to Article 83-terdecies of Italian Legislative Decree no. 58/1998, as amended, (Consolidated Law on Finance, or "TUF") (record date) of May 9, 2023 and date for payment of the dividend of May 10, 2023.


On behalf of the Board of Directors
The Chairman
Paolo Prudenziati



Consolidated Financial Statements as at December 31, 2022

Consolidated Financial Statements

Consolidated statement of financial position⁸⁹

Thousands of €	NOTES	31.12.2022	31.12.2021
ASSETS			
Goodwill	1	48,245	48,245
Intangible assets other than Goodwill	2	10,020	9,022
Property, plant and equipment	3	163,967	164,407
Investments accounted for using the equity method	4	19,397	14,753
Non-current financial assets	5	5,626	6,243
Deferred tax assets	6	8,323	8,492
NON-CURRENT ASSETS		255,578	251,161
Inventories	7	47,357	43,333
Trade receivables	8	119,107	113,677
Current tax assets	9	16,929	11,254
Other receivables and other current assets	10	14,156	14,182
Cash and cash equivalents	11	68,830	55,043
CURRENT ASSETS		266,378	237,489
Non-current assets held for sale		-	-
TOTAL ASSETS		521,957	488,650
Share Capital		69,163	69,163
Other Reserves and Retained Earnings		99,661	87,733
Profit/loss attributable to Owners of Parent		32,265	18,290
Equity attributable to Owners of Parent	12	201,090	175,186
Non-controlling interests	13	393	668
TOTAL EQUITY		201,483	175,854
LIABILITIES			
Financial liabilities	14	101,096	98,248
Other non-current liabilities	15	735	1,057
Deferred tax liabilities	16	4,593	4,081
Provisions	17	5,759	5,326
Employees benefits liabilities	18	8,297	9,761
NON-CURRENT LIABILITIES		120,479	118,473
Financial liabilities	14	36,789	42,518
Trade payables	19	134,807	126,854
Current tax liabilities	20	4,730	4,142
Other current liabilities	21	23,669	20,811
CURRENT LIABILITIES		199,995	194,324
Liabilities directly associated with non-current assets held for sale		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		521,957	488,650

⁸ The notes commenting on the individual items are an integral part of these Consolidated Financial Statements

⁹ In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

Consolidated income statement ¹⁰¹¹

Thousands of €	NOTES	Year 2022	Year 2021
Net sales	22-23	1,196,284	1,069,776
Cost of sales	24	(1,077,434)	(975,562)
Gross profit		118,850	94,214
General and administrative expense	25	(75,831)	(71,071)
Other operating income/expense	26	(3,077)	(19)
Operating result		39,942	23,125
Financial income	27	321	352
Financial expense and exchange rate differences	27	(5,690)	(3,665)
Other investment income/expense	28	(483)	4
Share of profit/loss of associates and joint ventures accounted for using equity method	28	2,041	1,019
Profit/loss before tax		36,131	20,835
Income tax expense	29	(3,671)	(2,327)
Profit/loss from continuing operations		32,460	18,508
Profit/loss from discontinued operations	-	-	-
Profit/loss for the period		32,460	18,508
Profit/loss attributable to non-controlling interests		195	219
Profit/loss attributable to Owners of Parent		32,265	18,290

Euro	NOTES	Year 2022	Year 2021
Earnings per share "Base" in Euro	31	1.867	1.045
Earnings per share "Fully Diluted" in Euro	31	1.867	1.045

¹⁰ The notes commenting on the individual items are an integral part of these Consolidated Financial Statements

¹¹ In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

Consolidated statement of comprehensive income ¹²¹³

Thousands of €	NOTES	Year 2022	Year 2021
Profit/loss for the period		32,460	18,508
Other comprehensive income that will not be reclassified to profit/loss, before tax	18	1,060	77
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	29	(212)	(30)
Other comprehensive income that will be reclassified to profit/loss, before tax	14	(341)	2,556
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	29	(55)	(496)
Comprehensive income		32,913	20,615
Comprehensive income attributable to non-controlling interests		195	219
Comprehensive income attributable to Owners of Parent		32,717	20,397

¹² The notes commenting on the individual items are an integral part of these Consolidated Financial Statements

¹³ In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

Consolidated cash flow statement 14151617

Thousands of €	NOTES	Year 2022	Year 2021
A. Cash flows from operating activities (indirect method)			
Profit/loss		32,460	18,508
Adjustments for income tax expense	29	3,671	2,327
Adjustments for interest income/expense	27	3,760	3,301
Adjustments for provisions	24-25	2,245	2,408
Adjustments for depreciation and amortization expense and impairment loss	24-25	28,114	24,994
Change in inventories	7	(4,024)	(8,002)
Change in trade receivables	8	(5,971)	1,473
Change in trade payables	19	7,953	13,942
Change in other receivables/assets and in other liabilities		(4,455)	3,491
Interest received/(paid)	27	(3,883)	(3,352)
(Income taxes paid)	29	(5,000)	(4,007)
Cash flow from operating activities (A)		54,870	55,083
B. Cash flows from investing activities			
Purchase of property, plant and equipment	3	(26,562)	(28,546)
Proceeds from sales of property, plant and equipment	3	687	6,716
Purchase of intangible assets	1-2	(2,828)	(2,678)
Proceeds from sales of intangible assets	1-2	31	110
Purchase of interests in investments accounted for using equity method	4	(5,394)	(8,941)
Proceeds from sales of investments accounted for using equity method	4	751	362
Purchase of other non-current assets	5-6	-	(1,159)
Proceeds from sales of other non-current assets	5-6	2,243	784
(Acquisitions)/disposal of investments in controlled companies, net of cash		-	-
Cash Flow from investing activities (B)		(31,073)	(33,351)
C. Cash Flow from financing activities			
Increase/decrease of financial liabilities	14	(8,736)	(4,225)
Drawdown of new long-term loans	14	54,217	27,348
Pay back of long-term loans	14	(48,661)	(27,534)
Capital increase and other changes in increase/decrease	12-13	980	2,459
Disposal/purchase of treasury shares	12-13	(2,215)	(1,631)
Dividends paid	12-13	(5,595)	(3,594)
Cash Flow from financing activities (C)		(10,012)	(7,177)
Increase/decrease in cash and cash equivalents (A ± B ± C)		13,786	14,555
Cash and cash equivalents at 1° January 22-21	11	55,043	40,489
Cash and Cash equivalents at 31 December 22-21	11	68,830	55,043

¹⁴ The notes commenting on the individual items are an integral part of these Consolidated Financial Statements

¹⁵ In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

¹⁶ The data relating to the acquisition/sale of subsidiaries, net of liquid funds, is evidenced in the paragraph on "Changes in the scope of consolidation during the year and thereafter"

¹⁷ Refer to Notes 9-10-15-16-17-18-20-21 for the item "Changes in other receivables/assets and other payables/liabilities".

Consolidated statement of changes in shareholders' equity¹⁸

Thousand of € Notes 12-13	Share Capital*	Treasury shares*	Reserve of shareholding acquisition costs*	Legal reserve	Share premium reserve	Reserve of exchange diff.es on translation	Reserve of remeasurements of defined benefit plans	Reserve of cash flow hedges	Reserve of share- based payments	Other reserves	Retained earnings	Profit/loss, attributable to Owners of parent	Equity attributable to Owners of parent	Non- controlling interests	Total equity
December 31, 2020	69,163	(942)	(153)	396	77,438	(2,879)	(1,297)	(931)	-	(5,081)	11,685	12,217	159,617	494	160,111
Allocation of the profit/loss	-	-	-	251	-	-	-	-	-	1,256	10,711	(12,217)	-	-	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease through transfers equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(3,506)	-	(3,506)	(88)	(3,594)
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	48	-	-	-	-	-	48	-	48
Other comprehensive income net of tax, cash flow hedges bunker	-	-	-	-	-	-	-	298	-	-	-	-	298	-	298
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	-	-	300	-	-	-	-	300	-	300
Other comprehensive income net of tax, cash flow hedges exchange rates	-	-	-	-	-	-	-	1,302	-	-	-	-	1,302	-	1,302
Purchase of treasury shares	-	(1,631)	-	-	-	-	-	-	-	-	-	-	(1,631)	-	(1,631)
Increase/decrease through share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	160	(23)	-	-	(4)	336	-	469	43	512
Profit/loss for the period	-	-	-	-	-	-	-	-	-	-	-	18,290	18,290	219	18,508
December 31, 2021	69,163	(2,572)	(153)	647	77,438	(2,719)	(1,272)	969	-	(3,829)	19,225	18,290	175,186	668	175,854

¹⁸ The notes commenting on the individual items are an integral part of these Consolidated Financial Statements

Thousand of € Notes 12-13	Share Capital**	Treasury shares**	Reserve of shareholding acquisition costs**	Legal reserve	Share premium reserve	Reserve of exchange diff.es on translation	Reserve of remeasurements of defined benefit plans	Reserve of cash flow hedges	Reserve of share- based payments	Other reserves	Retained earnings	Profit/loss, attributable to Owners of parent	Equity attributable to Owners of parent	Non- controlling interests	Total equity
December 31, 2021	69,163	(2,572)	(153)	647	77,438	(2,719)	(1,272)	969	-	(3,829)	19,225	18,290	175,186	668	175,854
Allocation of the profit/loss	-	-	-	351	-	-	-	-	-	1,454	16,485	(18,290)	-	-	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease through transfers equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(5,206)	-	(5,206)	(389)	(5,595)
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	848	-	-	-	-	-	848	-	848
Other comprehensive income net of tax, cash flow hedges bunker	-	-	-	-	-	-	-	(504)	-	-	-	-	(504)	-	(504)
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	-	-	1,291	-	-	-	-	1,291	-	1,291
Other comprehensive income net of tax, cash flow hedges exchange rates	-	-	-	-	-	-	-	(1,118)	-	-	-	-	(1,118)	-	(1,118)
Purchase of treasury shares	-	(2,215)	-	-	-	-	-	-	-	-	-	-	(2,215)	-	(2,215)
Increase/decrease through share- based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(65)	(1)	-	-	(4)	612	-	543	(81)	462
Profit/loss for the period	-	-	-	-	-	-	-	-	-	-	-	32,265	32,265	195	32,460
December 31, 2022	69,163	(4,788)	(153)	997	77,438	(2,784)	(425)	638	-	(2,378)	31,116	32,265	201,090	393	201,483

Certification of the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

1. The undersigned Giacomo Ricca, Corporate Accounting Reporting Officer of the Orsero Group, taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998, hereby certifies:
 - the adequacy, considering the Company's characteristics, and
 - the effective application of administrative and accounting procedures for the preparation of the consolidated financial statements during the period closed as at December 31, 2022.
2. No significant issues arose.
3. It is further certified that:
 - 3.1 The consolidated financial statements:
 - a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
 - b) coincide with the underlying books and accounting records;
 - c) provide a true and correct representation of the financial position of the issuer and the group of companies included in the scope of consolidation.
 - 3.2 The Report on Operations, prepared in a single format for both the separate and consolidated financial statements, contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group of companies included in the scope of consolidation and a description of the main risks and uncertainties they are subject to.

Milan, March 14, 2023

Giacomo Ricca

Corporate Accounting

Notes to the Consolidated Financial Statements as at December 31, 2022

General information

Orsero S.p.A. (the "Parent company" or the "Company" and, together with its subsidiaries, the "Group" or the "Orsero Group") is a company with its shares listed on the Euronext STAR Milan Market since December 23, 2019. Orsero S.p.A. is a company with legal personality, organized under the laws of the Republic of Italy. The registered office of the Parent Company and, thus, of the Group is Via Vezza d'Oglio 7, Milan, Italy. The Orsero Group boasts a consolidated presence both directly and indirectly through its subsidiaries and/or associates in Europe, Mexico and Latin America, although it mainly operates in Europe.

As at December 31, 2022, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.

The Group's business is focused on the import and distribution of fruit and vegetables, identifying three business units: Distribution, Shipping and Holding & Services.

Form and content of the consolidated financial statements and other general information

Statement of compliance with the IFRS and preparation criteria

These Group Consolidated Financial Statements as at December 31, 2022, prepared on the basis that the Parent Company and its subsidiaries continue to operate as a going concern, were prepared in accordance with Art. 2 and 3 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Consolidated financial statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS".

In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.

The Group's consolidated financial statements are presented in Euro, the functional currency in economies in which the Group mainly operates, and the amounts indicated on the consolidated accounting schedules and the notes are stated in thousands of euros. These consolidated financial statements are compared with last year's consolidated financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied from January 1, 2022". It should be noted, in fact, that the accounting standards applied are in line with those adopted in preparing the consolidated statement of financial position at December 31, 2021, as well as the 2021 income

statement, in accordance with IFRS. With regard to the comparability of data, it should be noted that since October 1, 2021, the company Agricola Azzurra S.r.l. has been consolidated with the equity method and as of January 1, 2022, on a smaller scale, the associated company Tirrenofruit S.r.l. has also been consolidated with the equity method, while the merger as of January 1, 2022 of Moncada Frutta S.r.l. into Fruttital S.r.l. and the merger as of July 1, 2022 of Fruttital Firenze S.r.l. into Fruttital S.r.l., as part of the rationalization and simplification of the Group's operating structure in Italy, are irrelevant in terms of the scope of consolidation.

The consolidated financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets, derivative instruments and inventories of fruit stock ripening, measured at fair value. Please also note that the directors have prepared the consolidated financial statements in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, high profitability, and soundness of the equity and financial structure achieved.

The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose.

Assets and liabilities are stated separately, without netting.

On March 14, 2023, the Board of Directors of the Parent Company approved the draft separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. To prepare the consolidated financial statements, the financial statements as at December 31, 2022 of the Parent Company Orsero S.p.A. and its subsidiaries and associated companies included in the scope of consolidation were used, as detailed below, approved by the respective Boards and/or Management Bodies. The consolidated financial statements as at December 31, 2022 were audited by KPMG S.p.A.

Content and form of the consolidated financial statements

The Consolidated Financial Statements consist of the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and these notes, applying the provisions of IAS 1 "Presentation of the financial statements". The Group has adopted the following consolidated financial statements:

- consolidated statement of financial position, which divides assets, liabilities and equity as well as classifying assets and liabilities as current and non-current;
- consolidated income statement, in which costs are presented using the "allocation" classification, a structure considered more representative than presentation by type;
- consolidated statement of comprehensive income, which reports revenue and cost items that are not recognized in profit (loss) for the year as required or permitted by IFRS;
- consolidated statement of cash flows, presented using the "indirect method";
- consolidated statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows the Group's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner. The form chosen is, in fact, consistent with internal reporting and management. Please also remember that with its Resolution no. 15519 of July 27, 2006, Consob asked that the accounts given in the financial statements should highlight, if of significant value, any additional sub-items to those already specifically required by IAS 1 and the other international accounting standards, so as to highlight separately from the items of reference, the amount of all related party transactions and positions, as well as, insofar as regards the income statement, the positive or negative items of income deriving from non-recurring or unusual transactions. This information requested has been included in Notes 26 and 34 and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Consolidation principles and area

These consolidated financial statements include not only the financial statements of the Parent Company but also the line-by-line consolidation of the financial statements of the companies over which it has direct or indirect control. The Group also has equity investments in associates and other businesses, all entered as non-current assets. These equity investments are recorded using either the equity method or cost of purchase/subscription, including any ancillary costs.

Subsidiaries and consolidation criteria

Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group. Control over subsidiaries exists, as defined by standard IFRS 10, when the Parent Company is exposed to variable returns or has rights over such returns, deriving from its relationship with them and, at the same time, has the capacity to impact such returns, exercising its power over these entities; this above all consists of having the majority of the votes that can be cast and a dominant influence in the ordinary shareholders' meeting. The existence of control is reassessed whenever facts and circumstances indicate that there are changes to one of these defining elements of control. The consolidated accounting positions are prepared as at December 31, i.e. as at the reference date of the consolidated accounting position; they are generally those specifically prepared and approved by the Boards of Directors of the individual companies, duly rectified, where necessary, to standardize them with the Parent Company's accounting standards and make them consistent with the international accounting standards IAS/IFRS. Inactive subsidiaries, for which the specific dynamic of the consolidation means that no significant effects are seen, and those comprising insignificant fixed assets, both in terms of investments and equity and economic values, are excluded from the line-by-line consolidation. These businesses are instead measured using the criteria applied for equity investments in other companies.

Equity investments in subsidiaries are detailed in the paragraph on "List of companies consolidated on a line-by-line basis", whilst any changes in investment shares are explained in the paragraph on "Changes to the consolidation area made during the year and thereafter". The consolidation method used is line-by-line. The criteria adopted for line-by-line consolidation are described below. The assets and liabilities, expenses and income of the fully consolidated entities are assumed line by line, attributing to minorities, where applicable the portion of equity and of net profit/loss for the year due to them; these portions are shown separately in the context of equity (under "Non-controlling interests") and of the income statement ("profit/loss attributable to non-controlling interests"). The book value of the equity investments held by the Parent company and/or other companies of the Group is eliminated against the corresponding portion of shareholders' equity of the subsidiaries, assuming for the individual elements of assets and liabilities the current value at the date of acquisition of control. The positive difference between the carrying amount of the consolidated equity investments and the corresponding equity, adjusted to take into account the carrying amount as at the date of asset and liability acquisition, is attributed to the asset item "Goodwill"; if instead the difference is negative, it is recognized in the income statement as required by IFRS 3. The residual difference is recognized in such a way that the consolidated financial statements present:

- the Share capital, Legal reserve and Share premium, if any, of the Parent Company;
- the other specific reserves (i.e. Reserve of exchange rate differences translation, Reserve of remeasurements of defined benefit plans, etc.) also at the level of the consolidated financial statements;
- retained earnings, representing the reserves of undivided profits and losses of the subsidiaries, modified where appropriate, to reflect consolidation adjustments.

The profit and loss deriving from the sale of investments in consolidated companies are allocated to equity attributable to Owners of Parent as transactions with shareholders for the amount corresponding to the difference between the price of sale and the corresponding portion of consolidated equity sold. If the sale results in the loss of control and, therefore the deconsolidation of the equity investment, the difference between the price of sale and the corresponding portion of consolidated shareholders' equity sold is noted as profit or loss on the income statement. Inter-group balances and transactions, including any unrealized gains towards third parties deriving from relations entertained with Group companies, are derecognized net of the related tax effect, if significant. Unrealized losses are not derecognized if the transaction provides evidence of a reduction in value of the asset transferred. Please therefore note that with the consolidation procedure, credit and debt relations existing as at the reporting date between consolidated companies are derecognized, as are income and expense deriving from transactions implemented between Group companies consolidated on a line-by-line basis; the dividends received from companies consolidated using the line-by-line method are reversed, as is impairment booked on equity investments on the period financial statements. The elimination of inter-company items described above also includes any debits or credits of Italian consolidated subsidiaries with respect to the Parent Company as regards Corporate Income Tax (IRES). The Parent Company, along with all Italian subsidiaries, with the exception of the ship-owning company which has opted for the tonnage tax, adhere to the tax consolidation system established by Orsero pursuant to articles 117 et seq. of the Consolidated Income Tax Act, and a similar system has been activated in France for AZ France and its subsidiaries, Postifruit and Fruttica. The consolidated financial statements of Orsero are prepared in Euro as it represents the functional currency of the Parent Company Orsero and of all the companies included in the scope of consolidation, with the exception of:

- the Argentina-based company Rost Fruit S.A.;
- the Costa Rica-based companies Simbarica S.r.l. and Orsero Costa Rica S.r.l.;
- the Colombia-based company Simbacol S.A.S.;
- the Chile-based company Hermanos Fernández Chile S.A.;
- the Mexico-based companies Comercializadora de Frutas S.A.C.V. and Productores Aguacate Jalisco S.A.C.V.

The individual financial statements of each company belonging to the Group are prepared in the currency of the primary economic context in which it operates (functional currency). The conversion of the items of financial statements denominated in currencies other than the Euro is carried out applying current exchange rates at the end of the year. The income statement items are instead converted at average exchange rates of the year. Exchange rate conversion differences resulting from the comparison of the initial equity converted at current exchange rates and the same converted at historical exchange rates, are recognized under equity item "Reserve of exchange rate differences on translation". The exchange rates used for the conversion into Euro of the financial statements of foreign subsidiaries, prepared in local currency, are shown in the following table:

	31.12.2022	Year 2022	31.12.2021	Year 2021
Argentine Peso	188.503	188.503	116.362	116.362
Costa Rican Colon	631.449	680.724	727.107	734.860
Colombian Peso	5,172.47	4,473.28	4,598.68	4,430.33
Mexican Peso	20.8560	21.1870	23.1440	23.9840
Chilean Peso	913.820	917.830	964.350	898.497

Associated companies and other companies

Associates are those over which the Group exerts significant influence, which is assumed to exist when the equity investment ranges between 20% and 50%. In the consolidated financial statements, equity investments in these types of companies are valued using the equity method. In application of this method, the shares of the results are recorded in the consolidated financial statements from the date on which the significant influence begins until the date on which it ends, and the book value of these investments is aligned with the shareholders' equity of the companies, adjusted where necessary to reflect the application of IFRS, as well as any higher values attributed to assets and/or goodwill as determined at the time of the acquisition, with a process similar to that used for acquisitions of controlling interests.

Should the portion attributable to the Group of the loss recognized by an associate exceed the carrying amount of the investment (therefore, if the equity is negative), the value of the investment is set to zero, and the share of additional losses is not recognized, except and to the extent in which the Group is obliged to take responsibility for it due to legal or implicit obligations of the investee, in which case it will be recognized in a specific provision. Dividends are always eliminated in full. In the case of investee companies whose currencies are different from the Euro, the valuation is carried out by applying year-end exchange rates, with any differences arising from the translation of initial shareholders' equity items at current closing exchange rates compared with those applied at the end of the previous year posted directly to consolidated shareholders' equity. Significant shareholdings in associated companies are tested for impairment.

There are no significant restrictions on the capacity of associates valued at equity to transfer funds to the investor, to pay dividends or repay loans or advances. These equity investments are detailed in the paragraph on "List of companies consolidated using the equity method", whilst any changes in them are explained in the paragraph on "Changes in the consolidation area made during the year and thereafter".

Minor associated companies are excluded from consolidation with the equity method, since their consolidation does not produce significant effects. These businesses are instead measured using the criteria applied for equity investments in other companies.

The latter is a residual category, which includes companies in which the Group holds minority interests and over which it exercises no influence. These investments, which are immaterial in value, are valued at purchase or subscription cost, deemed representative of the relative fair value.

Disclosure on equity investments in other companies

The consolidated financial statements must be prepared in accordance with IFRS 12 "Disclosure of Interests in Other Entities", which includes all the disclosure provisions previously included in IAS 27 related to the consolidated financial statements as well as all the disclosures of IAS 31 and IAS 28 related to the equity investments of a company in subsidiaries, joint ventures, associates and structured vehicles and also provides for new disclosure cases. The purpose of the standard is to require an entity to disclose information that allows users of the financial statements to assess the nature and risks of its investments in other entities and the effects of such investments on the statement of financial position, on the economic result and on financial flows.

Scope of consolidation

The consolidation area is specifically detailed and is accompanied by further information as required by legislation, in particular IFRS 10 and 12 and Arts. 38 and 39 of Italian Legislative Decree no. 127/91, in these notes. Below are the lists of companies consolidated using the line-by-line method, as they are directly or indirectly controlled, and of those valued using the equity method and those valued at cost.

List of companies consolidated on a line-by-line basis

Name	Head office	Investment percentage			Share Capital	Net profit*	Currency
		Direct	Indirect	Interest held by			
AZ France S.A.S.	Cavaillon (France) - 56, Avenue JP Boitelet	100.00%			3,360,000	(51,013)	€
Bella Frutta S.A.	Atene (Greece) - 4 Tavrou Str., Ag. Ioannis Rentis	100.00%			1,756,800	825,176	€
Comercializadora de Frutas S.A.C.V.	Tinguindin (Mexico) - Carretera Zamora-Los Reyes km. 37,5		100.00%	AZ France S.A.S.	3,299,376	11,583,172	pesos
Cosiarma S.p.A.	Genova (Italy) - via Operai 20	100.00%			2,600,000	33,236,263	€
Eurofrutas S.A.**	Alverca (Portugal) - Estrada principal Casal das Areias 205	100.00%			1,100,753	(1,302,272)	€
Fresco Ships' A&F S.r.l.	Vado Ligure (Italy) - Via Trieste, 25	100.00%			258,000	271,977	€
Fruttica S.A.S.***	Cavaillon (France) - 89, Chemin du Vieux Taillades		100.00%	Postifruits S.A.S.	100,000	942,038	€
Fruttital S.r.l.	Milano (Italy) - Via Vezza D'Oglio 7	100.00%			5,000,000	4,129,463	€
Galandi S.r.l.	Firenze (Italy) - Via S. Allende 19 G1	100.00%			500,000	92,857	€
Thor S.r.l.	Milano (Italy) - Via Vezza D'Oglio 7	100.00%			10,000	31,590	€
Orsero Produzione S.r.l.	Milano (Italy) - Via Vezza D'Oglio 7	100.00%			100,000	(21,848)	€
GF Solventa S.L.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83		99.96%	Hermanos Fernández López S.A.	50,000	7,685	€
GP Frutta S.r.l.***	Canicattì (Italy) - Via S. Sammartino 37		100.00%	Postifruits S.A.S.	10,000	(21,820)	€
Hermanos Fernández López S.A.	Cox (Alicante) - Avenida de la Industria, s/n P.I. San Fernando	100.00%			258,911	4,445,469	€
Hermanos Fernández Chile S.p.A.	Santiago de Chile, comuna Providencia - Andrés de Bueñalida 22		100.00%	Hermanos Fernández López S.A.	10,000,000	14,798,874	pesos
Isa Platanos S.A.	Ctra. General del Norte - La Vera 23, 38300 -La Orotava (Santa Cruz de Tenerife)		100.00%	Hermanos Fernández López S.A.	641,430	395,562	€
Kiwisol LDA**	Folgosa (Portugal) - Rua de Santo Ovidio 21		99.75%	Eurofrutas S.A.	523,738	(54,603)	€
Orsero Costa Rica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutico La Sabana Edificio torre 1		100.00%	Cosiarma S.p.A.	215,001,000	281,853,601	colones
Orsero Servizi S.r.l.	Milano (Italy) - Via Vezza D'Oglio 7	100.00%			100,000	(59,470)	€
Postifruits S.A.S.***	Cavaillon (France) - 89, Chemin du Vieux Taillades		100.00%	AZ France S.A.S.	7,775	1,071,930	€
Productores Aguacate Jalisco S.A.C.V.	Ciudad Guzman (Mexico) - Constitucion 501 Centro C.P. 49000		70.00%	Comercializadora de Frutas S.A.C.V.	12,646,666	13,525,987	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentine) - Corrientes 330 - 6° 6'12"	80.00%	20.00%	GF Produzione S.r.l.	24,096,320	1,868,400	pesos
Simba S.p.A.	Milano (Italy) - Via Vezza D'Oglio 7	100.00%			200,000	2,548,470	€
Simbacol S.A.S.	Medellin (Colombia) - Carr. 25 1 A SUR 155 OF 1840		100.00%	Simba S.p.A.	50,172,500	40,000,000	pesos
Simbarica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutico La Sabana Edificio torre 1		100.00%	Simba S.p.A.	100,001,000	(4,975,460)	colones

* Results of the companies indicated in accordance with international accounting standards

** Companies that are part of the Eurofrutas consolidated group; separate financial statement data indicated in accordance with international accounting standards

*** Companies that are part of the Fruttica consolidated group; separate financial statement data indicated in accordance with international accounting standards

List of companies valued using the equity method

Name	Head office	Investment percentage			Share Capital	Currency
		Direct	Indirect	Interest held by		
Agricola Azzurra S.r.l.	Via Salvador Allende 19, Florance	50.0%			200,000	€
Tirrenofruit S.r.l.	Via Salvador Allende 19, Florance		16.0%	Orsero Produzione S.r.l.	500,000	€
Fruport Tarragona S.L.	Moll de Reus Port de Tarragona (Spain)	49.0%			82,473	€
Bonaoro S.L.	Ctra. General del Norte - La Vera 23, 38300 -La Orotava (Santa Cruz de Tenerife)		50.0%	Hermanos Fernández López S.A.	2,000,000	€
Moño Azul S.A.	Moño Azul s.a.c.i y A., Buenos Aires, Tucumán 117, Piso 8º, Argentine.		19.19%	Fruttital S.r.l.	367,921,764	pesos

List of other associated companies:

Name	Head office	Investment percentage			Share Capital	Currency
		Direct	Indirect	Interest held by		
Citrumed S.A.	Bouargoub (Tunisia) Borj Hfaïedh - 8040		50.0%	AZ France S.A.S.	1.081.000	dinari
Decofrut Bcn S.L.	Barcellona (Spagna) - Calle Sicilia 410		40.0%	Hermanos Fernández López S.A.	20.000	€

The associates mentioned above have marginal levels of activity in relation to the size of the Group and are entered at purchase or subscription cost, which is considered representative of the related fair value that is reduced for any impairment losses.

Business combinations

Business combinations are recognized in compliance with IFRS 3 according to the “acquisition method”, which entail the recognition in the consolidated financial statements of assets and liabilities of the combined company as if they had been individually acquired. The consideration paid in a business combination is measured at fair value, determined as the sum of the fair values at the acquisition date, of the assets transferred by the acquiring company to the former shareholders of the acquired company, of the liabilities incurred by the acquiring company for these assets, and equity interests issued by the acquiring company. With respect to the above, it should be noted that the other classes of assets and liabilities (such as deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or capital instruments related to share-based payments of the company acquired and assets and liabilities held for sale) are instead allocated according to their reference standard. The costs related to the acquisition are recorded as expenses in the periods in which they are incurred. In the event of business combinations that occur in stages, the investment previously held by the Group in the acquired company is restated at fair value on the date control is acquired, and any resulting profit or loss is recognized in the income statement. Goodwill is recognized on the date the Group assumes control of the entity and is measured as the difference between:

- the consideration paid,
- the net value, at the acquisition date, of the identifiable assets acquired and the liabilities assumed, measured at fair value.

If the fair value of the net identifiable asset acquired is greater than the consideration paid, the resulting difference is recognized in the income statement as income deriving from the transaction, on the acquisition date, after verifying if the fair value of the acquired assets and liabilities is correct. If, at the end of the year in which the business combination took place, the initial recognition of a business combination is incomplete, it must be recognized using provisional values. Adjustments to the provisional values recorded at the acquisition date are recognized retroactively to reflect the new information obtained on the facts and circumstances at the acquisition date that, had they been known, would have affected the measurement of the amounts recognized on that date. The measurement period lasts for 12 months from the acquisition date. Any contingent consideration defined in the business combination agreement is measured at the acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of the calculation of goodwill. Any subsequent changes to that fair value, which can be classified as adjustments occurring during the measurement period, are included in goodwill, retrospectively. After the initial recognition, goodwill is measured at cost net accumulated amortization and write-downs. The methodological process used for the first line-by-line consolidation of the acquired companies as required by the reference accounting standards is provided below. The acquisitions were recorded in compliance with IFRS 3 on the business combinations that envisage conformity in the phases provided for in applying the acquisition method:

- determination of the date control is acquired,
- determination of the total consideration for the acquisition,
- recognition and measurement of identifiable assets acquired and liabilities assumed,
- recognition and measurement of goodwill or any profit generated by an acquisition at favorable prices,
- definition of Cash Generating Units and allocation of goodwill,
- definition of the measurement period, determination of the elements included in the business combination transaction, including ancillary costs to the acquisition.

Changes in the consolidation area made during the year and thereafter

It should be noted that since October 1, 2021, therefore with only the final quarter impacting the 2021 result, the company Agricola Azzurra S.r.l. has been consolidated with the equity method and as of January 1, 2022, on a smaller scale, the associated company Tirrenofruit S.r.l. has also been consolidated with the equity method, while the merger as of January 1, 2022 of Moncada Frutta S.r.l. into Fruttital S.r.l. and the merger as of July 1, 2022 of Fruttital Firenze S.r.l. into Fruttital S.r.l., as part of the rationalization and simplification of the Group's operating structure in Italy, are irrelevant in terms of the scope of consolidation.

Following the above transaction, the corporate structure (in a summary version, but more representative) is more streamlined and direct as shown below:


SHIPPING

COSIARMA
-ITALY-

ORSERO CR
-COSTA RICA-


DISTRIBUTION

FRUTTITAL
-ITALY-

GALANDI
-ITALY-

AGRICOLA AZZURRA
-ITALY 50%-

SIMBA
-ITALY-

SIMBACOL
-COLOMBIA-

H.NOS FERNÁNDEZ LÓPEZ
-SPAIN-

AZ FRANCE
-FRANCE-

FRUTTICA
-FRANCE-

EUROFRUTAS
-PORTUGAL-

BELLA FRUTTA
-GREECE-

COMM. DE FRUTA ACAPULCO
-MEXICO-

BONAORO
-SPAIN 50%-


HOLDING & SERVICES

ORSERO SPA
-ITALY-

FRESCO FORW. AGENCY
-ITALY-

ORSERO SERVIZI
-ITALY-

FRUPOINT
-SPAIN 49%-

Valuation criteria

Below are the main criteria adopted for the preparation of the consolidated financial statements at December 31, 2022; the valuation criteria are applied uniformly to the Parent Company and to all consolidated companies. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. Please note that in preparing the consolidated financial statements as at December 31, 2022, the same consolidation standards and the same measurement criteria were applied as used to prepare the consolidated financial statements as at December 31, 2021, with the exception of what is set forth in the section "Accounting standards, amendments and IFRS and IFRIC interpretations applied from January 1, 2022".

Goodwill

If businesses are acquired, the assets, liabilities and potential liabilities acquired and identifiable are booked at current (fair) value, as at the date of acquisition. The positive difference between the price paid for the acquisition and the interest held by the shareholders of the Parent Company in the present value of the assets and liabilities acquired is classified as "Goodwill". Any negative difference (badwill) is instead recognized in the income statement at the time of acquisition. Goodwill is posted as an asset with an undefined useful life and is not subject to amortization, and the recoverability of the recognized value is verified at least annually and in any case when events occur that may lead to an impairment, taking into account the criteria set out in IAS 36. Impairment is recognized in the income statement and is not subsequently reinstated. In the event of the disposal of a subsidiary, the net value of goodwill attributable to it is included in the determination of the capital gain or loss from the disposal. In order to determine the impairment testing, goodwill is considered as allocated to the individual cash generating units (or "CGUs") representing the financially-independent business units through which the Group operates.

Intangible assets other than goodwill

Intangible assets other than goodwill are assets that are not physical, identifiable, controlled by the Group, and that can produce future economic benefits.

Intangible assets other than goodwill are recognized as assets in accordance with IAS 38 - Intangible Assets, when they are identifiable, it is likely that their use will generate future economic benefits and the cost can be reliably determined. These assets are stated at purchase or production cost, inclusive of all ancillary expenses incurred, and amortized on a straight-line basis over their useful lives. Intangible assets with definite useful life are amortized systematically from the time the asset is available for use for the period of their expected usefulness. The useful life is reviewed annually and any changes, where necessary, are made with prospective application. The recoverability of their value is verified according to the criteria set forth in IAS 36. Costs incurred subsequently are capitalized only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are allocated to profit and loss during the year in which they are incurred.

Costs incurred internally for the development of new products and services (mainly software costs) are intangible assets generated internally, recognized as assets only if all of the following conditions are met: existence of technical feasibility and intention to complete the asset so as to make it available for use or sale, the Group's ability to use or sell the asset, existence of a market for products and services resulting from the asset or its usefulness for internal purposes, existence of adequate technical and financial resources to complete the development and sale or internal use of the products and services that result from it, reliability of the cost recognition attributable to the asset during its development. Capitalized development costs, where existing, include only expenses incurred that can be attributed directly to the development process and are amortized on a systematic basis from the beginning of production over the estimated product / service life. Research costs are charged to the income statement in the year in which they are incurred.

Patents and intellectual property rights are mainly related to application software licenses, which are amortized on a straight-line basis over their contractual useful life. Concessions, licenses and trademarks are essentially related to the fees paid for the exercise of commercial activities located within the general markets and amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period. These expenses are recognized as assets in accordance with IAS 38 "Intangible Assets", when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

Assets in progress and advances include the balance of investments in assets not yet in service at year-end and therefore not subject to amortization, but are subject to impairment testing, as required by IAS 36.

Other intangible assets purchased or produced internally are recognized as assets, if existing, in accordance with IAS 38 (Intangible Assets), when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

Other intangible assets recognized as a result of the acquisition of a company are recognized separately from goodwill if their current value can be determined reliably.

Property, plant and equipment

Property, plant and equipment are assets that are physical, identifiable, controlled by the Group, and that can produce future economic benefits. Tangible assets purchased or produced internally are recognized as assets in accordance with IAS 16 - Property, Plant and Equipment, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. They are recorded at historical cost of purchase, production or transfer, including the ancillary expenses required to make the asset available for use deducted from the cumulative accumulated depreciation and any write-downs made to adjust their value to the expected lower future utility. Subsequent costs are only capitalized when it is likely that the relative future economic benefits will be received by the Group.

Depreciation is calculated on the basis of economic/technical rates related to the expected useful life of the assets, the most representative of which are:

<i>Category</i>	<i>Useful life</i>
Land	Not depreciated
Buildings	20 – 33 years
Ships	29/30 years
Plants	7 – 10 years
Vehicles	4 – 5 years

In the event there is an impairment, the asset is written down, regardless of the depreciation already recorded; in subsequent periods if the reasons for the write-down are no longer valid, it is restored to its original value, net of accumulated depreciation that would have been allocated, had impairment not been applied, or the recoverable value, if lower. The recoverability of their value is verified according to the criteria set forth in IAS 36. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net book value of the asset and are recognized in the income statement for the year.

Any financial expense incurred for the purchase or production of tangible assets for which a certain period of time normally passes to make the asset ready for use is capitalized and amortized throughout the useful life of the class of assets to which it refers, while all other financial expenses are booked as profit and loss in the year in which they are incurred.

The costs of routine maintenance are fully recognized in the income statement while costs of an incremental nature are allocated to the assets to which they refer and are depreciated in proportion to their residual useful life. If leasehold improvements meet the capitalization requirements, they are classified under tangible assets and depreciated on the basis of the duration of the lease contract. In the presence of legal or implied obligations for the dismantling and removal of assets from sites, the carrying amount of the asset includes the estimated (discounted) costs to be incurred at the time of abandonment of the structures, recognized in counter-entry under a specific provision.

When tangible assets consist of several significant components with different useful lives, depreciation is calculated and carried out separately for each component. Costs relating to cyclical maintenance of ships are recorded as assets as separate component of the main asset in the year in which they are incurred and are included in the depreciation process, taking into account an appropriate useful life.

Land is not subject to depreciation, even if purchased in conjunction with a building.

Leasing

The Group has a number of rental, lease and operating lease agreements in place for the use of warehouses, offices, vehicles, containers, machinery and other minor assets owned by third parties. The contracts are typically entered into for from 3 to 20 or more years, but they may have an extension option. The contractual terms are individually negotiated and contain a broad array of different terms and conditions.

Starting from January 1, 2019, following the initial application of IFRS 16, the Group has recognized for all of those lease agreements, with the exception of short-term ones (i.e., lease agreements with a duration of 12 months or less which do not contain a purchase option) and those concerning low-value assets (i.e., with a unit value of lower than USD 5 thousand), a right of use at the start date of the lease, corresponding to the date on which the underlying asset is available for use. Lease payments relating to short-term and low-value contracts are recognized in the income statement as costs on a straight-line basis throughout the term of the lease.

Rights of use are valued at cost net of depreciation; the value assigned to the rights of use corresponds to the amount of the lease liabilities recognized, plus initial direct costs incurred, the

lease payments settled at the contract start date or previously, recovery costs, net of any lease incentives received. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the term of the lease, rights of use are depreciated on a straight-line basis throughout the term of the agreement. If the lease transfers ownership of the underlying asset to the Group, at the end of the lease term, it is expected that the purchase option will be exercised or, alternatively, the right of use will be amortized during the useful life of the underlying asset, determined on the same basis as that of the category of Property, plant and equipment to which it belongs. The value of the right of use is also reduced by any impairment losses and adjusted to reflect any changes deriving from subsequent measurements of the lease liability.

The financial liability for the lease is recognized at the date on which the agreement begins for a total value equal to the present value of the lease payments to be made over the term of the agreement, determined by using an appropriate interest rate (borrowing rate) based on the financial market conditions at the moment, the term of the lease, the currency and the company's standing.

The lease payments due included in the measurement of its liabilities include:

- fixed payments;
- variable payments which depend on an index or rate, measured initially using an index or a rate as at the start date;
- the amounts expected to be paid by way of guarantee over the residual value; and
- the exercise price of a purchase option, which the Group can reasonably expect to exercise, the payments due for leasing in an optional renewal period if the Group has the reasonable certainty that the renewal option will be exercised, and the penalty for early termination of the lease, unless the Group is reasonably certain that the lease will not be terminated early.

After the start date, the amount of liabilities for lease agreements increases to reflect the interests accrued and decreases to reflect the payments made. Each lease payment is broken down between the repayment of the principal on the liability and the financial cost. The latter is recognized in the income statement throughout the term of the agreement to reflect a constant interest rate on the residual debt of the liability for each period. The rules laid out in IFRS 16 - Leases apply to sub-leases and lease agreement amendments.

Contracts are included in or excluded from the application of the standard on the basis of detailed analyses carried out at individual agreement level and in line with the rules set forth in the IFRSs. The term of the lease is calculated considering the non-cancellable period of the lease as well as the periods covered by the agreement extension option if it is reasonably certain that it will be exercised, or any period covered by an option for the termination of the lease agreement, if it is reasonably certain that it will not be exercised. The Group evaluates if it is reasonably certain that it will or will not exercise the extension or termination options taking into account all the relevant factors that generate an economic incentive with respect to such decisions. The initial valuation is reviewed if a significant event takes place or there is a change in characteristics influencing the valuation itself which are under the control of the Group.

The marginal interest rates defined by the Group are revised on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined to simulate a theoretical marginal interest rate consistent with the contracts being assessed. The most significant elements considered in adjusting the rate are the credit-risk spread of each country observable in the market and the different term of the lease agreements. Interest rates set forth within the lease agreements are rare. Incentives for leases received by no later than the date on which the agreement begins are allocated as a direct reduction from the value of the right of use. Lease incentives agreed upon during the term of the contract are considered amendments of the original agreement measured at the amendment date, with a resulting impact of an equal value on the value of the right of use as well as the lease liability.

In the statement of financial position, the Group shows the right of use that does not meet the definition of investment property under "Property, plant and equipment" and the lease liability

under "Financial liabilities", in the current and non-current liabilities sections depending on their maturity.

Impairment and write-offs

At each reporting date, the Group reviews the book values of its intangible assets and property, plant and equipment to determine whether there is any indication of impairment. If they are found to be impaired, the asset's recoverable value is estimated in order to determine the extent of the write-down. Should it be impossible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently, whenever there is an indication that the asset may have been subject to impairment. The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a pre-tax rate that reflects current market valuations of the value of capital and the specific risks connected to the asset. If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. The impairment is recognized in the income statement. When it is no longer necessary to maintain an impairment, the carrying value of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment. The write-back is immediately recognized in the income statement.

The chapter on impairment testing details the procedure applied to validate the amounts of goodwill booked and the intangible and tangible assets held by the Group companies.

Investments accounted for with the equity method

These consist of shareholdings in associated companies measured at equity as reported in the chapter "Consolidation principles and area".

Non-current financial assets

This item includes equity investments in associated companies not valued at equity and those in other companies, as described in the chapter "Consolidation principles and area". The item also includes medium-term receivables, contributions to be received, security deposits and the like, all valued at nominal value that normally coincides with the realizable value. For more information on their posting and measurement, please refer to the information given in the paragraph below, entitled "(Non-current/current) financial assets".

Inventories

Inventories of fruits and vegetables, raw and ancillary materials and consumables are valued at the lower of the purchase or manufacture cost, determined according to the FIFO configuration, and the realization value that can be seen on the market as at the reporting date. The cost includes accessory expenses net of commercial discounts and, for finished products or those in progress, the cost of manufacture; it includes raw materials, direct labor and other costs directly related to production, as well as the reversal of indirect production costs that can reasonably be traced to production in conditions of normal use of production capacity. The write-down value is eventually adjusted for a specific provision to account for write-downs for obsolescence and slow turnover that may affect packaging materials.

Biological assets

Biological Assets include fruit at its stage of maturity on the plant (in the Group's case, avocados) that is produced in Orsero's agricultural areas. IAS 41 is applied for biological assets, which provides that inventories of fruit on plants must be measured at fair value less estimated sales costs unless fair value can be determined reliably. IAS 41 assumes that fair value can be measured reliably for most biological assets; however, if a quoted price in an active market is not available at the time of initial recognition or alternative fair value measurements are judged unreliable, then the asset is measured at cost less accumulated depreciation and impairment.

(Non-current and current) financial assets

Financial assets must be recognized initially at the trading date, i.e. when the Group becomes party to the contractual clauses of the financial instrument, and must be classified on the basis of the business model of the Group that holds them and considering the cash flows of these assets. IFRS 9 envisages the following types of financial instruments, depending on measurement:

- financial assets measured at amortized cost;
- financial assets at fair value with changes recognized in the income statement;
- financial assets at fair value with changes recognized in the comprehensive income statement.

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement, of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated. Financial assets are derecognized when the contractual rights to their cash flows expire.

The financial assets measured at amortized cost are those assets held within the framework of a business model whose objective is to collect cash flows over time represented solely by payments of principal and the related accrued interest. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment, taking into consideration foreseeable future losses. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Therefore, interest is calculated in relation to the cash value over time and the credit risk associated to the instrument during that particular period of time. Receivables and other financial assets measured at amortized cost are shown on the balance sheet net of the related provision for doubtful debt. Interest income, exchange gains and losses and impairment losses are booked to the period income statement, as are any gains or losses from derecognition from the accounts.

Financial assets at fair value through other comprehensive income are those financial assets held as part of a business model whose objective is to collect cash flows over time from both principal and interest payments at the various maturities and from the sale of those assets.

These assets entail the recognition of changes in the instrument's fair value amongst other components of comprehensive income, in shareholders' equity. The cumulative amount of changes in fair value, allocated to the equity reserve that includes other components of comprehensive income, is reversed on the income statement when the instrument is derecognized.

The financial assets that are not measured at amortized cost and/or at fair value through other comprehensive income are measured at fair value through profit or loss. It should be noted that, at the moment of initial recognition, the entity can irrevocably designate the financial asset as measured at fair value booked to profit (loss) for the year. All derivatives are included. Net profit and loss, including dividends or interest received, is noted in the period income statement.

It should be noted that equity instruments must always be measured at fair value, given that as they are not characterized by secure and constant cash flows, they are not compatible with the amortized cost method. The financial instrument which represents principal and which is held for strategic reasons and not for trading purposes is therefore measured at fair value, whose variations are booked to the statement of comprehensive income. The dividends relating to said instruments are booked to the income statement, while changes booked to the comprehensive income statement cannot be reclassified to the income statement.

Please note that financial assets and liabilities are offset and the amount deriving from the offsetting presented in the statement of financial position when, and only when, the Group currently has a legal right to offset said amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Trade, tax and other receivables

Trade, tax and other receivables are initially recognized at fair value, equating to the price of the relative transaction insofar as there is no significant loan component and thereafter according to the amortized cost method, net of impairment.

IFRS 9 defines a new impairment model for such assets, with the aim of providing information that is useful to readers of the financial statements in regard to the related expected losses. According to this model, the Group measures receivables adopting an expected loss approach in lieu of the IAS 39 framework, which is typically based on the measurement of the incurred losses observed. For trade receivables, the Group takes a Simplified approach to measurement, which does not require the recording of periodic changes to the credit risk, as much as it does the booking of an expected credit loss calculated over the entire life of the receivable (known as the "Lifetime Expected Credit Loss"). More specifically, the policy adopted by the Group envisages the stratification of trade receivables into categories according to the number of days past due, defining the provision on the basis of past experience of losses on loans, rectified to take into account specific provisional factors referring to creditors and the economic environment. The credit risk must be revalued at the reporting date also for those financial assets whose cash flows have been renegotiated or modified. Trade receivables are written down entirely if there is no reasonable expectation that they will be collected, or where commercial counterparties are inactive. The book value of the asset is reduced by the use of a provision for doubtful debt and the amount of the loss is recognized to the income statement.

At each reporting date, the Group must, therefore, recognize in the income statement as profit or loss due to impairment the accumulated changes in expected losses over the entire life of the receivable. This valuation must be made for trade receivables. The expected credit losses of the financial instrument must reflect a target or weighted amount, the time value of money and the reasonable and demonstrable information available.

When collection of the price is deferred beyond normal commercial terms applied to the customer, the credit is discounted at a suitable market rate. The item "Other receivables and other current assets" also includes accruals and deferrals relating to portions of costs and income spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

Cash and cash equivalents

This item includes cash and amounts held in on-demand post office/bank current accounts (including fees payable and receivable accrued as at the reporting date) and entered at nominal value, which usually coincides with fair value.

Assets held for sale, disposal groups and discontinued operations

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered principally through sale rather than continuous use are not amortized and are measured at the lower of their carrying amount and fair value less costs to sell; any difference that is revealed is allocated to profit and loss as impairment. Any gains or losses recognized as the result of measuring non-current assets (or disposal groups), classified as "held for sale" in accordance with IFRS 5, at fair value less costs to sell are classified under "Other operating income/expense" or "Other investment income/expense" depending on whether they are specific assets or equity investments.

A "disposal group" is a group of assets to be disposed of together as a group in a single transaction together with the liabilities directly associated with those assets that will be transferred in that transaction. Discontinued operations, on the other hand, consist of a significant portion of the Group, such as an important independent business division representing an activity or geographical area of activity, or a subsidiary bought exclusively for the purpose of reselling it.

The figures for non-current assets held for sale, disposal groups and discontinued operations are shown on two specific lines in the balance sheet: non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

The net economic results arising from discontinued operations, and only discontinued operations, pending the disposal process, any gains or losses on disposal and the corresponding comparative figures for the previous year or period are recognized in a specific line of the income statement: "Profit/loss from discontinued operations".

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified at fair value through profit and loss when it is held for trading, represents a derivative or is designated as such at the time it is first booked. Financial liabilities measured at fair value through profit or loss are measured at fair value with any changes, including interest expense, noted on the income statement. Other financial liabilities are measured thereafter at amortized cost, using the effective interest rate criterion. Interest expense and foreign exchange gains/(losses) are booked on the income statement, as are any gains or losses deriving from derecognition.

The Group proceeds to derecognize a financial liability when the obligation specified in the contract has been fulfilled or canceled.

Financial liabilities are entered under current and non-current financial liabilities, other non-current liabilities, trade payables, current tax liabilities and other current liabilities. Current and non-current financial liabilities include bond payables, bank loans, current account overdrafts, liabilities due to other lenders (namely leasing, factoring and payables in accordance with IFRS 16), liabilities for hedging derivatives and the price balance on acquisitions.

Financial payables, apart from derivatives, are initially carried at cost, which is approximately the equivalent of fair value, net of costs incurred for the transaction. Thereafter, any difference between the cost and value of repayment throughout the term of the loan, using the effective interest method. Loans are classified as current liabilities unless the Group has the unconditional right to defer the termination of this liability at least twelve months after the reference date. As regards leasing and liabilities in accordance with IFRS 16, reference is made, for measurement, to the paragraph entitled "Leasing" of these Notes, while for derivatives, please refer to the paragraph on "Derivative financial instruments and hedging".

As regards other non-current liabilities, trade payables, current tax liabilities and other current liabilities, they are entered at nominal value, which is believed to represent their extinguishing value; please note that these items do not include a significant portion of financing.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value on the date on which they are stipulated. Thereafter, this fair value is periodically reviewed and any changes booked to the period statement of comprehensive income. They are recognized as assets when the fair value is positive and as a liability when it is negative. Embedded derivatives are separated out from the primary contract and booked separately when the primary contract is not a financial asset and when certain criteria are met. The Group carries out transactions with derivative instruments with a view to hedging the risk of fluctuations in the prices of commodities, interest rates and exchange rates. Derivatives are classified, consistently with IFRS 9, as hedging instruments when:

- the hedging relationship consists solely of admissible hedging instruments and admissible hedged elements;
- At the inception of the hedging relationship there is a designation and formal documentation of the hedging relationship, the Group's risk management objectives and the hedging strategy;
- the hedge ratio satisfies all the requirements of effectiveness (existence of an economic relationship between the hedged element and the hedging instrument, credit risk that does not dominate the value changes that result from that economic relationship, the hedging relationship is the same as that determined by the quantity of the hedged element that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge said quantity of hedged element).

When derivatives hedge the risk of fluctuation in the fair value of the underlying asset (fair value hedges), they are measured at fair value with the effects of the change in value of the instrument intended to offset the change, typically in the opposite direction, in the value of the hedged underlying asset, recognized in profit or loss. When derivatives hedge the risk of changes in the cash flows of the underlying asset (cash flow hedge), the effective portion of changes in the fair value of the derivatives is initially recognized in equity (accounted through "other comprehensive income") and subsequently recognized in the income statement, consistently with the economic effects of the hedged transaction.

Changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging for IAS/IFRS purposes are recognized in the income statement.

Treasury shares

Treasury shares are booked as a reduction of shareholders' equity. Their original cost and any economic effects from any subsequent sale are equally recorded as changes in equity.

Provisions

The Group recognizes provisions for current, legal or implicit obligations associated with past events (current and non-current) in the item provisions for risks and charges, provided that two precise conditions are met: (i) there is a high probability that, over time, the Group's resources will need to be used to meet such obligations and (ii) a reliable estimate can be made of the amount of the obligations in question. The allocations reflect the best possible estimate based on the information available. The provisions are then reviewed at each reference date and potentially adjusted to reflect the best current estimate; any changes in estimate are reflected in the income statement of the period in which the change occurred. When the financial effect of time is significant and the payment dates of the obligations can be estimated, the provision is discounted using a rate that reflects the current valuation of the cost of money in relation to time. The increase in the provision related to the time elapsed is recorded in the income statement under "Financial income and Financial expenses and exchange rate differences".

In the event of lawsuits, the amount of the provisions is determined according to the risk assessment, in order to determine the probability, timing and amounts concerned. When the liability relates to property, plant and equipment (such as the dismantling and reclamation of sites), the provision is

recognized as a counter-entry to the asset to which it refers and recorded in the income statement through the depreciation process.

The Notes to the financial statements provide information on significant contingent liabilities represented by:

- possible (but unlikely) obligations arising from past events whose existence will only be confirmed if one or more future events occur that are not entirely under the control of the company;
- current obligations arising from past events whose amount cannot be estimated reliably or whose fulfillment may not be onerous.

Employee benefits

Short-term benefits

Short-term employee benefits are accounted for in the income statement during the period in which they are employed.

Post-employment benefits

Employees of Group companies are assigned benefits on termination or post-employment that can be defined contribution or defined benefit pension plans and other long-term benefits, according to the conditions applied locally in the countries in which the companies operate. The relative liability, net of any assets used for the plan, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued as at the reference date (the "projected unit credit" method). The liability is recognized on an accruals basis throughout the period for which the right is accrued and measured by an independent actuary for all Group companies.

The accounting of pension plans and other post-employment benefits depends on their nature. Defined contribution plans are post-employment benefits on which basis the Group companies pay fixed contributions to a legally different entity on a mandatory, contractual or voluntary basis, without there being any legal or implicit obligation to make additional payments if the entity does not have sufficient assets to pay all pension benefits accrued in relation to the work carried out this year and previous years. The contributions to be paid are recorded on the income statement through accruals accounting and classified amongst payroll costs.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to finance provisions for defined benefit pension plans and the related annual cost noted on the income statement are determined on the basis of independent actuarial valuations using the projected unit credit method, according to one or more factors such as age, years of service and future remuneration envisaged. Actuarial gains and losses relative to defined benefits plans deriving from changes in the actuarial hypotheses and adjustments based on past experience, are noted immediately in the period in which they arise in the statement of comprehensive income and are never carried as profit and loss in subsequent periods. Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains, reduced by the fair value of plan assets, where such exist. Any net assets determined by applying this calculation are entered up to the amount of the actuarial losses and the cost relating to past performance, not recognized previously, as well as the current value of repayments available and the reductions of future contributions to the plan. Costs relating to defined benefits plans are classified under payroll and related costs apart from costs relating to the increase of the current value of the obligation deriving from the approach to the time when benefits classified amongst financial expense, fall due.

As regards the Italian companies, severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code, was considered up until December 31, 2006 a defined benefits plan. The regulation of this provision has been significantly altered by Italian Law no. 296 of December 27, 2006 ("2007 Financial Law") and subsequent Decrees and Regulations. More specifically, the new provisions have required, for companies with a workforce in excess of 50 employees as at the date on which the reform is introduced, to consider severance indemnity a

defined benefits plan only for portions accrued as at January 1, 2007 (and not yet liquidated as at the reporting date); after that date, it is considered as equivalent to a defined contribution plans. Consequently, the portions of severance indemnity accrued after that date take on the nature of defined contribution plans, except, therefore, for actuarial estimating components used to determine the accrued cost. The portions of severance indemnity accrued as at December 31, 2006 remain valued as defined benefits plan, according to actuarial procedures, with the calculation, however, excluding the component relative to future salary increases.

Share-based payments

The 2020-2022 LTI Plan for directors and employees recognizes a monetary incentive related to the achievement of certain performance and shareholder value creation objectives, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Group. The Plan also provides for a portion of these incentives to be indexed to Parent Company share performance. Services rendered and liabilities assumed were measured at fair value in accordance with IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period, with a counter-entry as a payable recognized in "Other current liabilities". Also see in the Directors' Report on Operations the section entitled "Top Management incentive remuneration".

Revenues and costs

Revenues are generated primarily by three "core" sectors such as the Distribution sector (activities dedicated to the distribution of fruit and vegetables), the Shipping sector (dedicated to maritime transport, primarily of bananas and pineapples), and the Holding & Services sector (provision of services in the customs area, the IT sector and holding coordination activities).

The Group recognizes revenues when (or gradually as) it fulfills the performance obligation by transferring the promised good or service to the customer. The asset is transferred when (or gradually as) the customer acquires control of it (capacity to decide the use of the asset and derive substantially all remaining benefits from it). At the same time, the Group is entitled to claim payment for the service rendered.

Transactions between goods and services of a similar nature and value, as they are not representative of sales transactions, do not determine the recognition of revenues and costs.

According to IFRS 15, the Group must recognize as revenue the price of the transaction assigned to the performance obligation, considering all the terms of the contract and its commercial procedures. The price of the transaction is the amount of the consideration to which the Group expects to be entitled in exchange for the transfer of promised goods and services to the customer, excluding the amounts collected on behalf of third parties. The consideration may include fixed or variable amounts or both.

Financial revenues are recognized on an accrual basis. Income and expenses are recorded in accordance with the accrual principle, with the appropriate recognition, where necessary, of the related accruals and deferrals.

Capital and operating contributions

Contributions are recognized when it is reasonably certain that they will be received and that all conditions for attaining them will be met. Contributions to "capital account" are recognized in the balance sheet as an adjustment to the recognition value of the asset to which they relate. Contributions in "operating account" are recognized as income and are distributed systematically in the various years as compensation of the related costs. In order to ensure a correct economic representation, contributions are recognized in the income statement gradually, in relation to the dynamics of amortization relating to the investments made, for which the contributions are received. For the fixed assets covered by the contribution, the correlation is respected each year between the cost represented by amortization and the portion of capital contribution recognized in the income statement in an amount equal to the amortization. The contributions obtained in

respect of investments made in capitalized fixed assets are entered as liabilities under "Other non-current liabilities" and "Other current liabilities".

Financial income, financial expense and exchange differences

Financial income includes interest on bank and postal deposits, exchange rate gains and differences and financial income deriving from the discounting of receivables related to sales deferred beyond the year. Interest income is recognized in the income statement at maturity, at the effective rate of return.

Financial expenses include interest expense on financial liabilities, calculated using the effective interest method, exchange rate losses and differences. They are also recognized in the income statement at maturity.

Dividends

Dividends received are recognized when, after the resolution of the Shareholders' Meeting is passed, the right to receive the payment is established, typically coinciding with the collection; those distributed by companies included in the scope of consolidation, subsidiaries as well as associated companies measured at equity, are reversed with counter-entry under "Retained earnings".

Period income tax, deferred tax assets and liabilities

Current taxes are determined on the basis of the estimate of taxable income in accordance with the provisions in force, taking into account the applicable exemptions, tax receivables and the effects of adherence to the "tax consolidation". Income taxes are recognized in the income statement, except when they pertain to items directly charged from or credited to an equity reserve, the tax effect of which is recognized directly in equity, in which case they are reported in the statement of comprehensive income.

The consolidated financial statements include the allocation of deferred assets and liabilities related to temporary differences connected to the adjustments made to the financial statements of consolidated companies for adjustment to the Group's homogeneous accounting standards and to the temporary differences between the statutory results and the related taxable income. In addition, they include deferred assets and liabilities, if any, arising from temporary deductible and taxable differences between the carrying amount of assets and liabilities and the resulting recognition for tax purposes, as well as consolidation adjustments. Deferred tax assets are recognized in the financial statements, calculated on the basis of the tax rates applicable in the period when the deferral is realized only if their future recovery is probable. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are offset when it is legally possible and when such deferred taxes are linked to taxes due to the same tax authority and the Parent Company is willing to settle current tax assets and liabilities on a net basis. All Italian subsidiaries, with the exception of the ship-owning company which has opted for the tonnage tax, adhere to the tax consolidation system established by Orsero pursuant to articles 117 et seq. of the Consolidated Income Tax Act, and a similar system has been activated in France for AZ France and its subsidiaries, Postifruit and Fruttica.

Conversion criteria for foreign currency items

Costs and revenues denominated in currencies other than the Euro, as well as investments in technical fixed assets and equity investments, are accounted for using the historical changes at the dates of the related transactions. Receivables and payables in foreign currency are initially recorded based on historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued at December 31. Related exchange rate gains and losses are recognized in the income statement.

Earnings per share

Earnings/loss per share are calculated by dividing the profit/loss for the year attributable to the Owners of Parent by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares. To calculate diluted earnings/loss per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

Use of estimates, risks and uncertainties

The preparation of the consolidated financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed. The main estimates for which the use of subjective valuations by the management is most required are typically used for:

- determination of provisions for bad debts and any other asset write-downs;
- calculation of the fair value of biological assets;
- acquisitions of companies and the relative determination of fair value for the identification of the value of goodwill, also on a provisional basis;
- definition of the useful life of non-current assets and related depreciation and amortization;
- allocations for provisions for environmental risks and for liabilities related to litigation of a legal and fiscal nature; in particular, the valuation processes relate both to determining the degree of probability of conditions that may entail a financial outlay and the quantification of the relevant amount;
- calculation of deferred tax assets, the recognition of which is supported by the Group's profitability prospects resulting from the expected profitability of the business plans and the forecast of composition of the "tax consolidation";
- verification of the value of intangible assets, tangible assets and equity investments based, with regard to the estimate of the value in use, on the use of financial plans drawn up based on a series of assumptions and hypotheses regarding future events that will not necessarily occur. Similar estimating processes are required when reference is made to the presumable realizable value due to the uncertainty inherent in each trade.

Impairment test

IAS 36 specifies that at the end of each reporting period an entity shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether the aforesaid indication exists, the Group shall consider the presence of any "impairment indicators", as required by paragraph 12 of IAS 36. An impairment loss shall be recognized in the income statement when the book value of an asset or cash-generating unit exceeds its recoverable amount. The book values of the Company's assets are in any case measured at the reference date of the annual financial statements. Intangible assets with an indefinite useful life are tested at least annually and every time there is an indication of a possible impairment to determine whether impairment exists.

The Group tested the book value of net invested capital at December 31, 2022, identifying the following as cash-generating units:

- the various countries in which the Group operates (Italy, France, Iberian Peninsula, Greece and Mexico), considering the close ties between the resident distributors.
- the company Cosiarma, to verify the value retention of naval assets.

The solidity of the values of said CGUs is verified by comparing the book values with the values in use, equal to the sum of discounted cash flows for the three-year period 2023-25 and the terminal value that the management estimates the individual CGUs will be able to generate. For Cosiarma, whose specific characteristics mean that it is inappropriate to calculate a terminal value, cash flow is related to the residual useful life of the ships, presently set as December 31, 2029.

The cash flows were estimated using data from the 2023 Budget on the basis of which the data for the years 2024 and 2025 were determined, as well as the Terminal Value data. For Cosiarma alone, on the other hand, estimated Adjusted EBITDA, Capex and NIC figures were used, again including adjustments relating to IFRS 16 for the entire period until December 31, 2029. The value of amortization and depreciation has been calculated in such a way so that the value of the vessels at the end of 2029 is equal to their scrap value. In preparing the impairment test, the 2023 Budget figures approved at the Board of Directors' meeting on February 2, 2023 were used.

For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment. For the 2022 impairment test, as in the previous year, an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	"g" rate
Italy CGU	7.97%	0.85%
France CGU	7.47%	1.00%
Iberian Peninsula CGU	7.86%	1.00%
Greece CGU	9.78%	1.00%
Mexico CGU	11.98%	0.50%
Cosiarma CGU	13.90%	-

The results of the calculations showed the extensive head-room between the book value of the CGUs, consisting of their respective Net Invested Capital ("NIC") and values in use, represented by the Enterprise Values:

Thousands of €	WACC	"g" rate	Enterprise Value	Cons. NIC	Head-room
- Italy	7.97%	0.85%	100,726	93,115	7,611
- France	7.47%	1.00%	45,299	28,531	16,768
- Iberian Peninsula	7.86%	1.00%	75,562	68,097	7,465
- Greece	9.78%	1.00%	5,726	2,289	3,437
- Mexico	11.98%	0.50%	12,674	5,325	7,349
- Cosiarma	13.90%	-	87,780	44,313	43,467

Please note that the "Cons. NIC" values are the sums of the NIC of the various companies belonging to the CGUs, less the costs of the investments held in companies belonging to the same CGU and increased by goodwill and/or other adjustments made at the time of acquisition, as calculated in the consolidated financial statements.

The sensitivity analysis was carried out highlighting, on the basis of impairment testing data, how much Adjusted EBITDA should reduce, without prejudice to the parameters of WACC and "g" rate to zero the head-room of the various CGUs, just like the WACC should come in at that value, without prejudice to the values of Adjusted EBITDA and "g" rate, to zero the head-room and the same for the "g" rate, without prejudice to the Adjusted EBITDA and WACC values. The table below summarizes the results of this test.

CGU	Adjusted EBITDA	WACC	"g" rate
- Italy	-5.94%	8.56%	0.16%
- France	-27.85%	11.63%	-4.25%
- Iberian Peninsula	-5.37%	8.57%	0.17%
- Greece	-34.10%	16.70%	-7.80%
- Mexico	-72.90%	26.84%	-26.00%
- Cosiarma	-47.60%	45.40%	-

Similar testing was performed for the separate financial statements of Orsero S.p.A., in which case the values compared are those of the Equity Value as compared with the respective carrying values of the equity investments. Mexico does not appear in this table because the companies are investees of AZ France.

Thousands of €	WACC	"g" rate	Equity Value	Cost of equity investment	Head-room
- Italy	7.97%	0.85%	65,444	55,549	9,895
- France	7.47%	1.00%	48,611	21,466	27,145
- Iberian Peninsula	7.86%	1.00%	57,690	46,407	11,283
- Greece	9.78%	1.00%	8,009	2,505	5,504
- Cosiarma	13.90%	-	111,164	31,849	79,315

The relative sensitivity test follows (for Cosiarma N.s. indicates a value unrealistically higher than 100%):

CGU	Adjusted EBITDA	WACC	"g" rate
- Italy	-7.72%	8.76%	-0.07%
- France	-45.10%	18.57%	-16.00%
- Iberian Peninsula	-8.11%	9.00%	-0.32%
- Greece	-54.50%	33.25%	-34.50%
- Cosiarma	-86.80%	N.s.	-

Other information

Segment reporting

Within the Group, several segments can be identified differently, which provide a homogeneous group of products and services (business segment) or which supply products and services within a given geographic area (geographic segment).

More specifically, in the Orsero Group, three areas of business have been identified:

- Distribution Sector: this sector is a group of companies engaged in the import and distribution of fruit and vegetables in the territories for which they are responsible. The Group's distribution companies are based and operate mainly in the Italian, French, Iberian Peninsula and Greek markets, in addition to the business basically focusing on exports of the Mexican companies.
- Shipping Sector: this sector is a group of companies mainly engaged in the maritime transport of bananas and pineapples;

- Holding & Services Sector: this sector represents a residual sector that includes companies engaged in the provision of services related to customs, information technology, and holding coordination activities.

In compliance with the provisions of IFRS 8, segment information is given in the dedicated paragraph under "Segment reporting" (Note 22).

Management of financial risk

IFRS 7 requires additional information to evaluate the significance of financial instruments in relation to the Group's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures implemented by the Management for the different types of financial risk (liquidity, market and credit), to which the Group is exposed (foreign exchange, interest rate, bunker).

The Group operates in the trade of commodities that is impacted by various elements that can, in turn, affect the Group's economic, equity and financial performance. These factors are managed through hedges or corporate policies aimed at mitigating any impacts of such elements on corporate results. The Group is exposed to the following financial risks in going about its business:

- liquidity risk, with reference to the availability of financial resources and access to the credit market;
- market risk, including the foreign exchange risk, interest rate risk and price risk;
- credit risk, relating to above all commercial relations with customers.

The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk, foreign exchange and bunker risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury Manager with the Corporate Accounting Reporting Officer and approved by the CEOs.

Please note that the risks mentioned above are constantly monitored, taking action with a view to dealing with and limiting the potential negative effects through the use of appropriate policies and, in general, where deemed necessary, also through specific hedges. This section provides reference qualitative and quantitative information on the incidence of such risks on the Group, in addition to the information provided in the relevant section of the Report on Operations. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

Liquidity risk

The Group manages liquidity risk with a view to ensuring the presence, on a consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. Credit facilities, even if negotiated on a Group level, are granted for individual companies. The Group has also financed its investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development.

Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 4 of Decree Law 198/2021), which requires payments of perishable assets to be made within 30 days of the end of the delivery period. This means that collection and payment terms are relatively short, precisely due to the type of assets marketed. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations. In addition, in June 2021 the Group activated a policy with a leading bank for an even better and more flexible management of its working capital.

The table below offers an analysis of deadlines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other payables in place as at December 31, 2022.

Thousands of €	Balance at December 31, 2022	Within 1 year	1-5 years	Over 5 years
Bond payables	30,000	5,000	20,000	5,000
Medium- to long- term bank loans (Non-current/Current)	56,643	11,805	39,430	5,408
Other lenders (Non-current/Current)	2,364	940	1,423	-
Other lenders (Non-current/Current) ex IFRS 16	41,574	11,740	12,793	17,040
Non-current liabilities for derivative (Non-current/Current)	619	619	-	-
Bank overdrafts	3,933	3,933	-	-
Other current lenders short term	1,051	1,051	-	-
Payables for price balance on acquisitions (Non-current/Current)	1,700	1,700	-	-
Other non-current liabilities	735	-	735	-
Trade payables	134,807	134,807	-	-
Current tax liabilities	4,730	4,730	-	-
Other current liabilities	23,669	23,669	-	-
Non-current/current liabilities at 31.12.2022	301,825	199,995	74,381	27,449

It is reported that all amounts indicated in the table above represent values determined with reference to the residual contract end dates. The Group expects to cope with these commitments using cash flow from operations.

Foreign exchange risk

The Group is exposed to the risk of changes in foreign exchange rates (in particular US dollars), for currencies that differ from that used to express commercial and financial transactions. In particular, in the Distribution sector it purchases part of its goods (fruit) in US dollars to then import them and sell them in euros in Southern European markets. On the other hand, in the Shipping Sector, revenues in US dollars are higher than costs incurred in euros, thus limiting in part the Group's currency balance, which is in any event naturally exposed to the US dollar. Over the last two years a growing number of European large retail chains have begun to request fixed annual prices in auctions for bananas, one of the main products marketed by the Group and one of the few that are purchased at a fixed price in USD. Therefore, in the presence of fixed sale prices in euros, and therefore exchange rate risk, the Group has implemented a hedging strategy with forward purchases, while for the remainder of sales not subject to pre-established sale prices, it has chosen not to adopt any hedges insofar as the prices of sales in euros are defined every day or every week with customers, and this significantly dilutes any effects deriving from the fluctuation of exchange rates and helps to maintain flexibility, a fundamental element in the fruit and vegetable marketing sector. The Group, for sales whose price has not been defined, believes that this operating procedure is consistent with the commercial dynamics of the sector and the most appropriate to minimize the impact of fluctuations in the EUR/USD exchange rate.

Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial plain vanilla IRS hedge has been activated on the main ones (2022-2028 pool loan for an original figure of Euro 90 million (disbursed to the

extent of Euro 33.3 million) and 2020-2029 pool loan originally for Euro 15 million, in addition to the 2021-2027 Credit-Agricole loan for Euro 5.5 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the option was chosen for an entirely fixed rate structure. As at December 31, 2022, the interest rate hedges hedge approximately 43.2% of medium and long-term variable rate bank loans, thereby meaning that approximately 66.3% of the Group's entire medium/long-term bond and bank debt is at fixed rate. It is stressed that, in the Group's opinion, such choices have turned out to be highly satisfactory in light of the recent and expected increases in the reference rates in Europe.

Please note that at December 31, 2022, two hedging contracts are in place, stipulated by the Parent Company with two banks in accordance with the Pool Loan Agreement, which contain a cross default clause that entitles the related bank to terminate and/or withdraw from (as applicable) the related hedging contract, in the event of significant default by subsidiaries, parents and/or joint ventures, with the concept of control regulated by the possession of the majority of votes.

Sensitivity analysis on interest rates

In 2022, the Group's net financial position decreased from Euro 84,346 to Euro 67,379 thousand, of which the component recognized according to IFRS 16 is Euro 41,574 thousand. Below is the ratio of debt to equity as at December 31, 2022 and December 31, 2021. Please note that the financial covenants existing on the bond and pool loans must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of IFRS 16 for the entire term of said loans.

Thousands of €	31.12.2022	31.12.2021
Net financial debt	67,379	84,346
Total shareholders'equity	201,483	175,854
Ratio	0.33	0.48
Main indicators without IFRS 16 effect		
Net financial debt	25,805	45,285
Total shareholders'equity	202,120	176,596
Ratio	0.13	0.26

The table below shows the decreased incidence during the period of fixed-rate debt or variable-rate debt hedged by IRSs, due to the new Euro 33.3 million Orsero pool loan taken out, on which the incidence of hedging, inherited from the old loan paid off during the year, is proportionally lower. The incidence of said debt on total "onerous" debt is also indicated, thereby meaning not only bank debt and the debenture loan but also: (i) short-term bank debt; (ii) finance lease payables; and (iii) factoring, all essentially variable rate. As compared with gross financial debt, as shown in the financial statements, "non interest-bearing" payables are excluded, like the mark-to-market positions on derivatives, the price shares to be paid on acquisitions made and payables linked to the application of IFRS 16.

Thousands of €	31.12.2022	31.12.2021
Total medium- to long- term bank/bond loans (A)	86,643	83,058
of which fixed rate	57,440	67,964
Percentage - fixed rate	66.3%	81.8%
of which floating rate	29,203	15,094
Percentage - floating rate	33.7%	18.2%
Total other onerous debt (B)	7,348	18,207
Total onerous debt (A+B)	93,991	101,265
Percentage - fixed rate	61.1%	67.1%
Percentage - floating rate	38.9%	32.9%

As at December 31, 2022, total interest-bearing debt declined by approximately Euro 7 million compared to the previous year, mainly due to less use of short-term lines. Within the medium/long-term bank debt, the portion of Euro 22.2 million is represented by variable rate loans hedged by means of derivatives, amounting to 50.7% of the nominal debt: please note that this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spreads, envisaged contractually if the ratio between Net Financial Position and Adjusted EBITDA should take a turn for the worse.

The table below shows the breakdown of financial expense for the two-year period according to nature, whilst below that the table relating to the sensitivity analysis illustrates what the effect would have been, in relation to interest linked to medium/long-term bank loans, of the higher expenses that would have arisen in 2022 in the event of a higher level of interest rates by between 25 and 100 basis points:

Thousands of €	31.12.2022	31.12.2021
Evolution of financial charges		
- on fixed rate bond/bank loans	(1,150)	(1,179)
- on fixed rate bank loans through derivative	(573)	(645)
- on floating rate bank loans	(284)	(235)
- on bank overdrafts and other financial liabilities	(768)	(547)
- amortizing interests	(184)	(184)
Total	(2,959)	(2,789)

Thousands of €	31.12.2022	31.12.2021
Actual expense on floating rate bank loans	(284)	(235)
+ 25 bp	(39)	(43)
+ 50 bp	(79)	(86)
+ 75 bp	(122)	(130)
+ 100 bp	(164)	(173)

Price volatility risk of fruit and vegetable commodities

Operating in a sector of agricultural commodities, which by nature are exposed to the variability of the quantities produced as a result of exogenous factors such as, for example, weather and environmental events beyond the control of the industry operators, the Group manages two situations connected with agricultural commodities: procurement and purchase price of raw materials. The first element is the most sensitive and, therefore, the Group diversifies its product portfolio as much as possible, through the number of items marketed, the supplier base and the country of origin. In thus doing, the concentration of the risk of product shortages for individual

items and supplies is mitigated and the product portfolio is balanced with respect to any production shortages of specific items and/or origins. The second situation regards the variation of prices of commodities purchased, which is handled through the pricing policy of products on sale. The two dimensions are, in fact, closely linked insofar as the daily or weekly definition of prices of sale allows for the adjustment of any price changes during procurement, up or down. Volatility is also handled by the Group using the methods whereby relations are regulated with suppliers, in whose regard operations very often take place with commission account or sales account schemes. In short, the price paid to the supplier for the products purchased is defined according to the price of product sale; this situation effectively considerably dilutes the price volatility risk on commodities.

Price volatility risk of fuels for ships

The bunker (fuel) used for the owned ships is the main commodity subject to pricing volatility, to which the Group - and more specifically the Shipping Sector - is exposed, with consequent potential fallout (negative or positive) on the Group's economic results. Considering the high degree of volatility of the oil and derivatives (including those used as fuel for the owned ships) market reference indexes, the Group employs two forms of hedging: financial, forward purchasing the bunker over a six-monthly or annual time frame for a percentage that varies between 20% and 30% of the estimated consumption (corresponding in essence to the transport service provided to Group companies. Indeed, it should be recalled that ships are used approximately 50% for imports of volumes of bananas and pineapples marketed directly by the Group, referred to as "captive use"). The second part is managed through the definition of commercial contracts with third party customers, which include a "BAF" ("Bunker Adjustment Factor") clause aimed at restoring balance to fluctuations in fuel prices, by adding or taking away from the tariff agreed annually with the shipping service customer, an economic value that neutralizes or in any case mitigates fuel price fluctuations. In thus doing, the fuel price evolution has a less significant impact on the Group's results and such as to be able to be kept under control. The market context has historically seen the application of BAF clauses in refrigerated shipping and there are no suggestions that the possibility of stipulating such contracts with third party customers should cease to apply nor that it may become difficult to find suitable financial hedges on the oil market. Below is an analysis that shows how the ship fuel price impacts the results of the Shipping Sector in the reference period.

Thousands of €	31.12.2022	%	31.12.2021	%
Total bunker's cost	42,691	29.97%	26,026	25.07%
Net sales Shipping sector	142,423		103,825	

Risk linked to the evolution of energy prices

The main type of risk and uncertainty is linked to the evolution of energy prices - even though today it is declining compared to the peaks recorded in 2022 - regarding which it is difficult to make an estimate since although the Group does not operate in an extremely energy-intensive sector and even considering the fact that sale price dynamics in the Distribution BU have to date made it possible to absorb most of the price increases, the future scenario could result in a depletion of the flexibility and elasticity of demand with respect to prices, thus leading to a decline in consumption and/or the inability to recover further energy price increases by means of the product pricing policy. We do not believe that the European energy situation is likely to have a significant impact on the Group's ability to continue to operate as a going concern. However, a further scenario deterioration could have an even significant impact on the profitability of the Group's core businesses.

Credit risk

The Group is exposed to credit risk, mainly deriving from commercial relations with its customers and, in particular, any delays or non-payments by such, which, should such occur, may have negative effects on the Group's economic, equity and financial position. The Group operates with

a very extensive customer base comprising the large retail channel and “traditional” wholesaler and retailer customers. In consideration of the heterogeneous nature of the customer base, particularly on a European level, the Group adopts risk hedging policies through credit insurance policies with leading international companies. The Group also adopts risk management policies aimed at interrupting supplies if past-due credit thresholds should be reached, connected with aging and/or amount. Such actions allow the Group to record a very negligible loss on loans in respect to total turnover and one that remains basically constant over time. Additionally, in consideration of the type of assets in which the Group is involved (primary and basic consumer goods for the western diet) and the stability of the sales channels, no changes are expected in the customer base such as to impact the current dimension of credit risk.

The table below provides a breakdown of trade receivables as at December 31, 2022, grouped by past-due, net of the provision for bad debts:

Thousands of €	31.12.2022	Not due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue over 120 days
Gross Trade receivables	130,751	75,830	29,530	10,914	714	13,764
Provision for bad debts	(11,644)	(16)	-	-	(32)	(11,597)
Trade receivables	119,107	75,814	29,530	10,914	683	2,167

The high amount of the provisions for bad debts stems from the specific tax need not to derecognize receivables that are now “lost” and written-off entirely until completion of the related bankruptcy proceedings (insolvency, arrangements with creditors), as otherwise the tax deductibility of the losses, ceases.

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2022, the Group incurred costs and income relating to non-recurring transactions.

In accordance with Consob Communication 15519 of February 28, 2005, please note that the item “Other operating income/expense” includes Euro 5,758 thousand in non-recurring costs; for the details, please refer to Note 26 “Other operating income/expense” and Annex 2 “Financial statements tables stated in accordance with Consob Resolution 15519/2006”.

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2022 the Company did not implement any atypical and/or unusual transactions as defined in that Communication, except for the above-mentioned acquisitions of Capexo and Blampin, which will take effect as of January 1, 2023 and for which consultancy and due diligence costs totaling Euro 1,553 thousand were incurred.

Accounting standards, amendments and IFRS interpretations applied from January 1, 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting from January 1, 2022:

On May 14, 2020, the IASB published the document “Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets

as well as Annual Improvements 2018-2020" with a view to making some specific improvements to those standards.

Accounting standards, IFRS and IFRIC amendments and interpretations published, but not yet adopted by the European Union at December 31, 2022

On January 23, 2020, the IASB published several amendments to IAS 1. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current" establishes that a liability is classified as current or non-current on the basis of the rights existing at the reporting date. Furthermore, it establishes that the classification is not impacted by the entity's expectation of exercising its rights to defer the settlement of the liability. Lastly, it is clarified that this settlement refers to the transfer to the counterparty of cash, capital instruments, other assets or services. The amendments are applicable to financial statements relating to years starting on January 1, 2023.

On February 12, 2021, the IASB published several amendments to IAS 1. The document "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies" with the objective of providing information on relevant accounting policies rather than significant accounting policies. The amendments are applicable to financial statements relating to years starting on January 1, 2023.

On February 12, 2021, the IASB published several amendments to IAS 8. In the document "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" the amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are applicable to financial statements relating to years starting on January 1, 2023.

On May 7, 2021, the IASB published several amendments to IAS 12 (Income Taxes) to clarify how to account for deferred taxes on transactions such as leases and decommissioning obligations. The amendments are applicable to financial statements relating to years starting on January 1, 2023.

Any impacts that the accounting standards, amendments and interpretations that will soon be applied may have on the Group's financial reporting are currently being analyzed and assessed.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating, where appropriate, any possible effects of changes in the scope of consolidation.

NOTE 1. Goodwill

Goodwill was recorded for Euro 48,245 thousand (Euro 48,425 thousand at December 31, 2021).

Thousands of €	Goodwill
Carrying amount at December 31, 2020	48,426
<i>Change of year:</i>	
Investments	-
Disposal	(181)
Reclassification and impairment losses	-
Change of consolidation scope	-
Translation differences	-
Carrying amount at December 31, 2021	48,245
<i>Change of year:</i>	
Investments	-
Disposal	-
Reclassification and impairment losses	-
Change of consolidation scope	-
Translation differences	-
Carrying amount at December 31, 2022	48,245

The item shows the amount paid by the Group over the book value of the company's business units and/or equity of the companies acquired and subsequently incorporated. The residual value of the item in question is verified at least annually or if specific events or circumstances occur that may indicate an impairment, by analyzing the profitability of the acquired business units using impairment tests.

Goodwill at December 31, 2022 refers:

- Euro 720 thousand for Nuova Banfrutta S.r.l. (company incorporated into Fruttital S.r.l., in 2017): specifically, this value derives mainly from the acquisition of Ferfrutta S.r.l.;
- for Euro 171 thousand to Az France S.A.S.;
- to differences in consolidation for the acquisitions of Eurofrutas S.A. and Nuova Banfrutta S.r.l. (company merged by incorporation into Fruttital S.r.l. in 2017). The acquisition of the former refers to the 50% recorded in 2013 and with residual value at December 31, 2014 equal to Euro 1,440 thousand, while the latter was acquired in 2010 and has a residual value of Euro 1,375 thousand.
- for Euro 9,978 thousand to Hermanos Fernández López S.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,992 thousand to Galandi S.p.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;

- for Euro 17,300 thousand to Fruttital Firenze S.p.A. (now merged into Fruttital S.r.l.): this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,250 thousand relating to the 2019 acquisition of Sevimpor S.L. (now merged into Hermanos Fernández López S.A.);
- for Euro 9,294 thousand relating to the 2019 acquisition of the Fruttica Group;
- for Euro 3,309 thousand relating to the 2019 acquisition of Fruttital Cagliari S.r.l. (now merged into Fruttital S.r.l.): this value derives from the acquisition of the residual 75%, also including the amount recorded pursuant to IFRS 3 for the 25% stake acquired previously;
- for Euro 1,417 thousand relating to the 2020 acquisition of 50% of Moncada Frutta S.r.l. (now merged into Fruttital S.r.l.), also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously.

Pursuant to IAS 36, the result of the impairment testing, conducted using the information available to date and reasonable estimates of the evolution of the invested capital, demonstrated that the values of the main companies mentioned above were consistent with the respective book values, and consequently, with the accounting value of equity used in the consolidation, thus no write-downs in the consolidated financial statements were required.

For impairment testing, goodwill has been allocated to various countries (Italy CGU, France CGU, Iberian Peninsula CGU) and within these in relation to that calculated during the acquisition by the various companies.

Thousands of €	31.12.2022	31.12.2021
Italy	26,113	26,113
France	9,465	9,465
Iberian Peninsula	12,668	12,668
Goodwill	48,245	48,245

As regards the solidity of values, see the comment on impairment testing given under the relevant paragraph in the section on measurement criteria.

NOTE 2. Intangible assets other than goodwill

Thousands of €	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	3,843	11,145	3,335	882	19,206
Accumulated amortization	(2,745)	(8,360)	-	(838)	(11,943)
Carrying amount at December 31, 2020	1,098	2,785	3,335	45	7,263
<i>Change of year:</i>					
Investments	73	309	2,280	16	2,678
Disposal - carrying amount	-	-	-	-	-
Disposal - accumulated amortization	-	-	-	-	-
Reclassification - carrying amount	(1)	76	-	(1)	75
Reclassification - accumulated amortization	-	(4)	-	1	(3)
Changes of consolidated companies - Carrying amount	-	-	-	-	-
Changes of consolidated companies - accumulated amortization	-	-	-	-	-
Amortization	(544)	(427)	-	(19)	(990)
Carrying amount	3,914	11,530	5,615	898	21,958
Accumulated amortization	(3,288)	(8,792)	-	(856)	(12,936)
Carrying amount at December 31, 2021	626	2,739	5,615	42	9,022

Thousands of €	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	3,914	11,530	5,615	898	21,958
Accumulated amortization	(3,288)	(8,792)	-	(856)	(12,936)
Carrying amount at December 31, 2021	626	2,739	5,615	42	9,022
<i>Change of year:</i>					
Investments	2,221	421	86	24	2,752
Disposal - Carrying amount	(1,068)	(91)	-	-	(1,158)
Disposal - accumulated amortization	1,068	60	-	-	1,128
Impairment losses - Carrying amount	-	-	-	-	-
Impairment losses - Accumulated amortization	-	-	-	-	-
Recovery of Impairment losses - Carrying amount	-	-	-	-	-
Recovery of Impairment losses - Accumulated amortization	-	-	-	-	-
Reclassification - carrying amount	5,258	352	(5,535)	2	77
Reclassification - accumulated amortization	-	-	-	-	-
Changes of consolidated companies - Carrying amount	-	(1)	-	-	(1)
Changes of consolidated companies - accumulated amortization	-	-	-	-	-
Amortization	(1,257)	(517)	-	(25)	(1,799)
Carrying amount	10,325	12,211	167	924	23,627
Accumulated amortization	(3,478)	(9,249)	-	(881)	(13,607)
Carrying amount at December 31, 2022	6,848	2,962	167	43	10,020

In 2022, intangible assets other than goodwill rose by Euro 998 thousand primarily as a result of investments of Euro 2,752 thousand, reclassifications for Euro 77 thousand, partially offset by amortization of Euro 1,799 thousand, and disposals for a net amount of Euro 31 thousand.

It should be noted that in the period in question, no changes in estimates were made in assessing the useful life of intangible assets other than goodwill or in the choice of the amortization method and no internal or external indicators of impairment of intangible assets were identified.

No intangible assets other than goodwill were reclassified as "Assets held for sale".

Intellectual property rights

The item shows costs incurred in connection with the software programs and licenses the Group has obtained; the change of Euro 6,222 thousand refers primarily to investments of Euro 2,221

thousand and reclassifications of Euro 5,258 thousand, partially offset by amortization of Euro 1,257 thousand. It should be noted that the amount relating to reclassifications is due to the substantial conclusion of the implementation and engineering phase of the main integrated information and management system by the Italian companies, aimed at meeting the special needs of the distribution sector and providing innovative economic/financial planning tools.

Concessions, licenses and trademarks

This line item essentially reflects the amount paid as concession for the exercise of commercial activities (warehouses and points of sale) located within general markets, amortized based on the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period, and commercial trademarks, amortized over 10 years. The increase of Euro 224 thousand reflects mainly investments of Euro 421 thousand and reclassifications of Euro 352 thousand, partially offset by amortization of Euro 517 thousand and disposals of Euro 31 thousand.

Assets in progress and advances

The item reflects investments made during the year and not yet operational at the end of the period in the amount of Euro 86 thousand and reclassifications of Euro 5,535 thousand essentially referring to the conclusion of the implementation and engineering of the new integrated E.R.P. system already described extensively above.

Other intangible assets

This is a residual category that includes expenses incurred for the development of internal programs, amortized according to the respective periods of use.

NOTE 3. Property, plant and equipment

Thousands of €	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	123,093	2,227	276,840	13,333	23,095	848	439,435
Accumulated depreciation	(42,199)	(598)	(207,404)	(6,009)	(16,643)	-	(272,853)
Balance at December 31, 20	80,894	1,629	69,437	7,324	6,451	848	166,582
<i>Change of year:</i>							
Investments	7,766	-	13,596	1,312	3,135	2,736	28,546
Disposal - Carrying amount	(9,396)	-	(7,413)	(1,578)	(2,833)	-	(21,219)
Disposal - accumulated depreciation	3,448	-	6,915	1,576	2,482	-	14,421
Reclassification - carrying amount	(7)	887	(234)	-	8	(717)	(63)
Reclassification - accumulated depreciation	-	(310)	313	-	-	-	3
Changes of consolidated companies - Carrying amount	-	-	-	-	-	-	-
Changes of consolidated companies - accumulated depreciation	-	-	-	-	-	-	-
Translation differences - carrying amount	73	41	142	2	20	-	279
Translation differences - accumulated depreciation	(34)	(16)	(71)	(2)	(14)	-	(137)
Depreciation	(6,086)	(233)	(12,599)	(2,784)	(2,303)	-	(24,005)
Carrying amount	121,529	3,155	282,931	13,069	23,425	2,867	446,977
Accumulated depreciation	(44,871)	(1,157)	(212,845)	(7,219)	(16,478)	-	(282,570)
Balance at December 31, 21	76,659	1,998	70,086	5,850	6,947	2,867	164,407

Thousands of €	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	121,529	3,155	282,931	13,069	23,425	2,867	446,977
Accumulated depreciation	(44,871)	(1,157)	(212,845)	(7,219)	(16,478)	-	(282,570)
Balance at December 31, 21	76,659	1,998	70,086	5,850	6,947	2,867	164,407
<i>Change of year:</i>							
Investments	8,725	-	4,437	5,780	3,631	3,989	26,562
Disposal - Carrying amount	(2,365)	-	(918)	(3,215)	(2,077)	-	(8,575)
Disposal - accumulated depreciation	2,141	-	642	3,215	1,723	-	7,721
Reclassification - carrying amount	733	-	2,210	(408)	(3)	(2,610)	(78)
Reclassification - accumulated depreciation	-	-	(326)	244	24	-	(57)
Changes of consolidated companies - Carrying amount	-	-	-	-	-	-	-
Changes of consolidated companies - accumulated depreciation	-	-	-	-	-	-	-
Translation differences - carrying amount	153	120	270	5	86	-	634
Translation differences - accumulated depreciation	(75)	(48)	(148)	(5)	(56)	-	(332)
Depreciation	(6,312)	(211)	(14,476)	(2,908)	(2,408)	-	(26,315)
Carrying amount	128,776	3,275	288,931	15,231	25,062	4,246	465,521
Accumulated depreciation	(49,116)	(1,416)	(227,153)	(6,672)	(17,196)	-	(301,554)
Balance at December 31, 22	79,660	1,859	61,778	8,559	7,866	4,246	163,967

At December 31, 2022, tangible assets totaled Euro 163,967 thousand, marking a net decline of Euro 440 thousand compared to the balance as at December 31, 2021 as a result of:

- investments of Euro 26,562 thousand, broken down as follows: "Distribution" for Euro 18,232 thousand (of which Euro 8,637 thousand for rights of use), "Shipping" for Euro 6,951 thousand (of which Euro 6,566 thousand for rights of use), "Services" for Euro 1,379 thousand (of which Euro 149 thousand for rights of use);
- depreciation for the period, Euro 26,315 thousand;
- reclassifications for a net amount of Euro 135 thousand;
- asset disposals for a net amount of Euro 854 thousand;
- increase due to the net exchange rate effect of Euro 302 thousand, essentially referring to the assets of the Mexico-based companies due to the Mexican Peso which went from 23.144 Pesos/Euro at December 31, 2021 to 20.856 Pesos/Euro as at December 31, 2022.

Land and buildings

The change in the year recorded a total net increase of Euro 3,001 thousand, resulting primarily from investments for Euro 8,725 thousand, exchange rate differences for Euro 79 thousand and reclassifications of Euro 733 thousand, partially offset by depreciation of Euro 6,312 thousand and disposals of Euro 224 thousand. Investments amounting to Euro 8,725 thousand essentially concerned the refurbishment and expansion of the Alverca warehouse, renovation work on the new Milan office and modernization work on the Rungis warehouse, in addition to Euro 8,024 thousand for new contracts, rather than renewals and/or expansions, for warehouse and office leases subject to IFRS 16. It should be noted that the main investment linked to IFRS 16 accounting is related to the renewal of the Spanish concession relating to Almacén 4 at the Mercabarna site. Within this category, the value of land amounted to Euro 13,337 thousand, stated on the basis of the original sale and purchase deeds where existing or separated from the general purchase price of the building on the basis of percentages close to 20%.

Plantations

The item in question saw a decrease of Euro 139 thousand, linked to depreciation for the year of Euro 211 thousand, partially offset by the revaluation of the Mexican peso, for a net amount of Euro 72 thousand.

Plant and machinery

This line item includes cold rooms, banana ripening rooms, plants for product calibration and packaging, fruit storage and packaging facilities (Distribution sector) and ships (Shipping sector). There was a net decrease for the year of Euro 8,308 thousand mainly related to the volume of depreciation amounting to Euro 14,476 thousand, higher than the amount of investments of Euro 4,437 thousand. Investments for the year related for Euro 3,405 thousand to the Distribution segment and mainly involved renovations and improvements at the warehouses in Rungis, Alverca, Granadilla and Verona, in addition to the normal investments to upgrade equipment at the Group's various warehouses, and for Euro 955 thousand to the Shipping sector, of which Euro 748 thousand linked to IFRS 16 and Euro 207 thousand for upgrades on ships. There was an increase of Euro 1,884 thousand due to reclassifications of plant and machinery that came into operation during the year, a positive effect of Euro 122 thousand for foreign exchange differences and disposals of Euro 276 thousand.

The management has tested the values of the four Cale Rosse units for impairment based the foreseeable future performance of the business and did not identify any need to adjust the values of the ships.

Industrial and commercial equipment

In this sector (essentially consisting of the container fleet of the Shipping company), the increase of Euro 2,708 thousand is essentially related to investments of Euro 5,780 thousand, partially offset by depreciation of Euro 2,908 thousand.

Other tangible assets

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc.

The increase of Euro 919 thousand during the period mainly reflects the effect of investments for Euro 3,631 thousand and exchange rate differences of Euro 29 thousand, offset by depreciation of Euro 2,408 thousand and disposals for a net amount of Euro 354 thousand.

Assets in progress and advances

The increase in this item of Euro 1,378 thousand is due to the recognition of Euro 3,989 thousand in investments, mainly connected with the refurbishment and expansion of the Alverca, Dos Hermanas, Granadilla and Rungis warehouses. This change was partially offset by a reduction of Euro 2,610 thousand due to the entry into service of assets linked to the modernization of buildings and plant and machinery at the Portuguese, French and Spanish sites.

At December 31, 2022, the Group verified that there were no internal or external indicators of possible impairment for its property, plant and equipment. Consequently, the value of Property, plant and equipment has not been subject to impairment testing.

Leasing – IFRS 16

The Group has applied IFRS 16 as of January 1, 2019 using the modified retrospective method and in accordance with it has recorded the “Right of use” under “Property, plant and equipment” within each category to which it belongs. To complement the information provided in the table above, details are provided below of changes in the amount of rights of use recognized by the Group for the years 2021 and 2022.

Thousands of €	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	26,397	307	11,092	2,690	40,486
Accumulated depreciation	(6,485)	(163)	(4,413)	(1,108)	(12,170)
Balance at December 31, 20	19,913	143	6,679	1,582	28,317
<i>Change of year:</i>					
Changes of consolidated companies	-	-	-	-	-
Investments	5,400	9,910	1,233	1,135	17,677
Disposal - Carrying amount	(2,138)	-	(1,346)	(691)	(4,175)
Disposal - accumulated depreciation	1,487	-	1,346	649	3,482
Reclassification - Carrying amount	-	-	-	-	-
Reclassification - accumulated depreciation	-	-	-	-	-
Depreciations	(3,514)	(82)	(2,656)	(731)	(6,983)
Carrying amount	29,659	10,216	10,979	3,135	53,988
Accumulated depreciation	(8,511)	(245)	(5,723)	(1,191)	(15,670)
Balance at December 31, 21	21,148	9,971	5,255	1,944	38,318
<i>Change of year:</i>					
Changes of consolidated companies	-	-	-	-	-
Investments	8,024	748	5,706	874	15,352
Disposal - Carrying amount	(1,973)	(133)	(3,215)	(748)	(6,069)
Disposal - accumulated depreciation	1,811	133	3,215	736	5,896
Reclassification - Carrying amount	-	-	-	-	-
Reclassification - accumulated depreciation	-	-	-	-	-
Depreciations	(3,662)	(5,380)	(2,814)	(704)	(12,560)
Carrying amount	35,710	10,831	13,470	3,261	63,271
Accumulated depreciation	(10,361)	(5,492)	(5,323)	(1,158)	(22,334)
Balance at December 31, 22	25,348	5,339	8,147	2,102	40,937

At December 31, 2022, the financial liability associated with the application of IFRS 16 amounted to Euro 41,574 thousand (compared to Euro 39,061 thousand at December 31, 2021), against increases of Euro 15,352 thousand for new contracts entered into in 2022, and decreases of Euro

12,659 thousand for payments for the period and Euro 179 thousand for reductions due to the suspension of lease/rental contracts.

At December 31, the current weighted average rate on contracts was 3.49%.

For the Group, the application of IFRS 16 has a significant impact in terms of net financial position and Adjusted EBITDA, given the existence of numerous warehouse and fruit and vegetable market point of sale concession and/or rental agreements, as well as operating leases on the fifth ship and on the reefer container fleet used by the ship-owning company, with an impact on Adjusted EBITDA in 2022 of Euro 13,788 thousand compared to Euro 7,663 in 2021. It should be noted, as previously reported, that the entry of the fifth vessel had no effect on the Adjusted EBITDA for the year 2021 as the costs and revenues relating to it are all attributable to 2022.

NOTE 4. Investments accounted for using the equity method

Thousands of €	Agricola Azzurra S.r.l.	Tirrenofruit S.r.l.	Moño Azul S.A.	Bonaoro S.L.U.	Fruport Tarragona S.L.	Total
Balance at 31.12.2021	7,544	-	3,346	1,566	2,297	14,753
Profit/loss	1,165	275	111	24	466	2,041
Investments	1,033	1,160	-	-	-	2,193
Disposals	-	-	-	-	-	-
Dividends	-	-	-	-	(707)	(707)
Other Changes	-	1,160	(29)	(14)	-	1,117
Balance at 31.12.2022	9,742	2,594	3,429	1,575	2,056	19,397

The table shows the increase in investments accounted for using the equity method of Euro 4,644 thousand, originating mainly from accounting for the company Tirrenofruit S.r.l. at equity, which was previously entered under other investments within the category "Non-current financial assets." Indeed, on May 31, 2022, an additional 8% stake was acquired in the distribution company Tirrenofruit S.r.l. for a value of Euro 1,160 thousand with a view to strengthening the Group's strategic positioning with respect to the marketing Italian national fruit and vegetable products in the large retail channel. The significance of this financial investment, coupled with the commonality of purpose with the other shareholder – the same which also has a shareholding in Agricola Azzurra – underlies the recognition of this investment using the equity method.

The overall change in this balance sheet item was also caused by the distribution of dividends and the positive pro-rata results achieved during 2022 by the companies.

At December 31, 2022, dividends received from companies accounted for using the equity method amounted to Euro 707 thousand.

No indication of impairment has been seen for these equity investments.

With regard to Agricola Azzurra, it should be noted that the price adjustment calculated within 12 months of the acquisition date, amounting to Euro 1,033 thousand, was considered in valuing the equity investment according to the equity method, while the additional Euro 467 thousand recognized subsequently was instead recorded in the income statement as a final adjustment to "contingent consideration." Please also note that in the Orsero separate financial statements, on the basis of the application of the cost-based approach, the value of the equity investment in the Agricola Azzurra associate was increased by a total of Euro 1,500 thousand.

NOTE 5. Non-current financial assets

Thousands of €	31.12.2022	31.12.2021	Change
Investments in other companies	723	1,894	(1,171)
Other non-current financial assets	4,903	4,348	555
Non-current financial assets	5,626	6,243	(616)

At December 31, 2022, this item includes other minor investments measured at cost approximating fair value, security deposits as well as other medium-term receivables from third parties and associates. The decrease in "Investments in other companies" is, as mentioned, the effect of the reclassification of the Tirrenofruit shareholding to equity investments valued according to the equity method, while "Other non-current financial assets" shows an increase of Euro 555 thousand mainly related to the recognition of the positive value, amounting to Euro 1,459 thousand of the mark-to-market of interest rate hedging derivatives compared to a negative value as at December 31, 2021.

The category "Investments in other companies" includes the 50% share for a book value of Euro 300 thousand held by AZ France in the Tunisian company Citrumed S.A., active in the production of citrus fruits, with which AZ France has supply relationships governed by market conditions. Security deposits amounted to Euro 1,074 thousand, marking an increase of Euro 244 thousand from the previous year. On the other hand, other non-current receivables from third parties and associates recorded a decrease of Euro 1,147 thousand, most of which referring to the collection of installments falling due in 2022 related to the disposal of the Argentine assets carried out in 2018 and of Euro 821 thousand for the collection of the majority of the receivable from the Tunisian associated company.

Please refer to Note 34 for further details on changes in transactions with associates.

NOTE 6. Deferred tax assets

Thousands of €	31.12.2022	31.12.2021	Change
Deferred tax assets	8,323	8,492	(168)

Deferred tax assets are recognized with a prudential criterion when their recovery by means of future taxable amounts is deemed to be reasonable and probable; they can derive from the temporary differences between the value of the assets and liabilities reflected in the financial statements relative to their value for tax purposes as well as from the tax losses that can be carried forward to the following years.

Deferred tax assets as at December 31, 2022, amounting to Euro 8,323 thousand, are recognized in relation to the valuation of prior tax losses of the Italian and foreign companies, as well as cost and revenue taxability/deductibility time differences according to the respective tax regulations, for example increases in provisions for risks and write-downs on receivables, as well as IFRS transition entries, such as the determination of the liability for defined employee benefits, according to the actuarial methodology.

For more information on the breakdown and changes in this item, please refer to the table below and Note 29 "Income Taxes".

Thousands of €	31.12.2022	31.12.2021
Previous tax losses	5,397	5,020
Effect IAS 19	567	829
Depreciation/Goodwill/trademarks	571	598
Reductions in value and provisions	1,005	993
Financial derivatives	149	58
Others	635	994
Deferred tax assets	8,323	8,492

NOTE 7. Inventories

Thousands of €	31.12.2022	31.12.2021	Change
Raw materials, supplies and consumables	12,696	11,116	1,580
Biological Assets	54	130	(76)
Finished products and goods for resale	34,608	32,087	2,521
Inventories	47,357	43,333	4,024

Inventories of raw materials and consumables are represented essentially by the packaging materials used by the distribution companies and fuels, lubricants and spare parts of transport companies and are measured at FIFO. Biological assets refer to the company Productores Aguacate Jalisco S.A.C.V. in relation to fruit still ripening on the plant for Euro 54 thousand and Euro 130 thousand at December 31, 2022 and December 31, 2021, respectively, harvested and sold in the following months.

As at December 31, 2022 the value of inventories increased by Euro 4,024 thousand compared to the previous year, mainly due to the higher value of the final bunker inventories on ships caused by the higher unit price per ton of bunker, within raw materials and consumables for Euro 717 thousand, and higher exact year-end stocks of fruit in inventory, also due to the increased unit price values caused by inflation.

NOTE 8. Trade receivables

Thousands of €	31.12.2022	31.12.2021	Change
Trade receivables from third parties	130,094	123,969	6,126
Receivables from subsidiaries and associates of the Group not fully consolidated	439	1,098	(659)
Receivables from related parties	218	413	(194)
Provision for bad debts	(11,644)	(11,803)	158
Trade receivables	119,107	113,677	5,430

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for write-downs allocated over the years to cover bad or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy proceedings or out-of-court settlement attempts. There are no receivables due beyond five years. It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.

As at December 31, 2022 the item "Trade receivables" showed an increase of Euro 5,430 thousand linked to the rise in turnover and the different trends in collection volumes in the days immediately preceding and following December 31.

The balance of receivables due from related and associated Group companies mainly refers to normal trade receivables; an analysis of the positions is given in Note 34 on related parties.

The change in the provision for bad debts is reported below, which the Group prepares based on a realistic view of the actual recoverability of the individual receivables, as governed by IFRS 9 "Expected losses" and which is also inclusive of an amount of Euro 50 thousand relating to the more generic risk of non-collection of all financial assets posted to the financial statements. As at the reporting date, Euro 11.6 million are entered, of which the most part, almost Euro 8.4 million, assigned to the Portuguese, Greek and Spanish companies in view of past-due receivables and almost entirely written off in the over one year segment.

Thousands of €	Provision for bad debts
Balance at December 31, 2021	(11,803)
<i>Change of year:</i>	
Accruals	(572)
Utilizations	682
Others	48
Balance at December 31, 2022	(11,644)

The following is the breakdown of the receivables by geographical area:

Thousands of €	31.12.2022	31.12.2021	Change
Italy	57,832	56,635	1,197
EU countries	58,174	50,524	7,650
Non-Eu countries	3,101	6,517	(3,417)
Trade receivables	119,107	113,677	5,430

NOTE 9. Current tax assets

Thousands of €	31.12.2022	31.12.2021	Change
For value added tax	12,569	8,286	4,283
For income tax	4,360	2,968	1,392
Current tax assets	16,929	11,254	5,674

As at December 31, 2022, current tax assets increased by a total of Euro 5,674 thousand due to a different VAT credit of Euro 4,283 thousand and a higher income tax credit of Euro 1,392 thousand.

NOTE 10. Other receivables and other current assets

Thousands of €	31.12.2022	31.12.2021	Change
Advances to suppliers	5,635	4,391	1,244
Other receivables	5,085	5,527	(442)
Accruals and pre-payments	3,219	2,888	332
Current financial assets	217	1,377	(1,160)
Other receivables and other current assets	14,156	14,182	(26)

As at December 31, 2022, the item recorded an overall decrease of Euro 26 thousand due to the reduction in Current financial assets by Euro 1,160 thousand as a result of the recognition as at December 31, 2021 of positive mark-to-markets on bunker for Euro 504 thousand and on exchange rates for Euro 852 thousand, while as at December 31, 2022, the mark-to-market on exchange rates was negative and recorded under financial liabilities, while the derivative financial instrument on bunker was terminated as of December 31, 2022, with only a financial receivable collected in the

early days of January continuing to be recorded. In addition to this change, there was a decrease in Other receivables of Euro 442 thousand, partially offset by the increase in Advances to suppliers of Euro 1,244 thousand and Accruals and pre-payments of Euro 332 thousand.

As already noted in previous reports starting from the 2017 financial statements, the balance of "Other receivables" was not affected by the receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it has been entirely provisioned (Note 34).

The item "Accruals and pre-payments" refers to the normal allocations for the recognition and proper allocation of costs related to the following year, typically insurance expenses, leases, and interest.

NOTE 11. Cash and cash equivalents

Thousands of €	31.12.2022	31.12.2021	Change
Cash and cash equivalents	68,830	55,043	13,786

The balance reflects the current account balances of Group companies. The change in the item can be analyzed in detail in the cash flow statement.

NOTE 12. Shareholders' equity attributable to Owners of Parent

The share capital at December 31, 2022, fully paid in, consists of 17,682,500 shares without par value for a value of Euro 69,163,340; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's shareholders' meeting.

The change in shareholders' equity at December 31, 2022 compared to the previous December 31 essentially reflects the recognition of the result achieved during the year which was more than proportional to the decrease due to the dividend paid and the purchase of treasury shares.

At December 31, 2022, Orsero held 477,514 treasury shares, equal to 2.70% of the share capital, for a value of Euro 4,788 thousand, shown as a direct decrease in shareholders' equity. In the course of 2022, the Parent Company acquired a total of 175,000 treasury shares at an average price of Euro 12.66 per share for Euro 2,215 thousand.

As at December 31, 2022, the Group does not hold, directly or indirectly, shares in parent companies and it did not acquire or sell shares in parent companies during the year.

The amount of the share capital as at December 31, 2021, in compliance with the provisions of IAS 32, is to be considered net of treasury shares for Euro 2,572 thousand and costs for the purchase of equity investments for Euro 153 thousand, while as at December 31, 2022 it is to be considered net of treasury shares for Euro 4,788 thousand and costs for the purchase of equity investments for Euro 153 thousand.

The share premium reserve comes to Euro 77,438 thousand at December 31, 2022, whilst the legal reserve is Euro 997 thousand.

The reserve of exchange rate differences on translation incorporates all the foreign exchange differences deriving from the conversion of the financial statements of foreign operations. The change for the year amounts to Euro 65 thousand, the validation of which, together with the derivative mark-to-market spreads, is shown in the total amount of Euro 396 thousand in the statement of comprehensive income.

The reserve of cash flow hedges, recognized for Euro 638 thousand (positive), shows the change relating to the adjustment to fair value as at December 31, 2022 net of the tax effect with an indication thereof in the statement of comprehensive income of the derivative on the bunker, for Euro 504 thousand (negative effect due to the release of the provision recognized at December 31, 2021), the derivatives on interest rates for Euro 1,291 thousand (positive change) and the derivative on exchange rates for Euro 1,118 thousand (negative change due to the negative fair value), all accounted for with the cash flow hedging method.

The reserve of the remeasurements of defined benefits plans, established in compliance with the application of IAS 19, changed by Euro 848 thousand on December 31, 2021.

The Parent Company's Shareholders' Meeting of April 28, 2022, accepting the proposal of the Board of Directors, resolved to distribute a dividend of Euro 0.30 per share with a total payout of Euro 5,206 thousand. The ex-dividend date was May 9, 2022, the record date was May 10 and payments began on May 11, 2022.

The consolidated statement of changes in shareholders' equity, included in the consolidated financial statements to which reference is made, illustrates the changes between December 31, 2020 and December 31, 2021 and between December 31, 2021 and December 31, 2022, of the individual reserve items.

The following is a reconciliation as at December 31, 2022 between the Parent Company's equity and equity attributable to shareholders of the parent company and between the Parent Company's profit for the year and profit for the year attributable to shareholders of the parent company.

Thousands of €	Share capital and reserves at 31.12.2022	Profit/loss 2022	Total Shareholders' equity at 31.12.2022
Orsero S.p.A. (Parent company)	142,967	7,261	150,228
The difference between the carrying amount and the corresponding equity	(50,356)	-	(50,356)
Pro-quota gains/losses achieved by subsidiaries	-	47,305	47,305
Pro-quota recognition of associated companies consolidated using the equity method	(282)	1,574	1,292
Dividends distributed by consolidated companies to the Parent company	23,830	(23,830)	-
Consolidation differences	47,355	-	47,355
Elimination of capital gain and/or other transactions carried out by subsidiaries	5,311	(45)	5,266
Total Group equity and net profit attributable to Parent company	168,825	32,265	201,090
Minority interests and net profit attributable to non-controlling interests	198	195	393
Total shareholders' equity and profit/loss	169,023	32,460	201,483

In regard to the above reconciliation, please note the following:

- the derecognition of intergroup dividends relates to dividends paid by the subsidiaries consolidated on a line-by-line basis (Productores Aguacate Jalisco to Comercializadora de Frutas; Comercializadora de Frutas and Postifruit to AZ France; Fruttica to Postifruit; AZ France, Fruttital, Hermanos Fernández López, Cosiarma Fresco to Orsero), as well as the dividend of the associate Fruport to Orsero;
- the amounts relating to the effect of the derecognition of capital gains and/or other transactions implemented by subsidiaries, derive essentially from the year's intercompany transactions, in particular recognition of depreciation on the greater value attributed to the buildings entered by the company Hermanos Fernández López as determined during the acquisition.

Below is a list of shareholders with an investment in excess of 5% (considering the classification of the Issuer as an SME in accordance with Art. 1, paragraph 1, letter w-quater.1 of Italian Legislative Decree no. 58/1998, as subsequently amended and supplemented (the "Consolidated Law on Finance" or "TUF")), as resulting from the Consob communications received in accordance with Art. 120 of the TUF and other information available to the Company.

Shareholder's name ⁽¹⁾	Number of shares	% on the total share capital
FIF Holding S.p.A.	5,899,323	33.36%
Grupo Fernandez S.A.	1,180,000	6.67%
Praude Asset Management Ltd. ⁽³⁾	1,746,792	9.88%
Global Portfolio Investments S.L. ⁽²⁾	1,014,440	5.74%
First Capital S.p.A.	980,010	5.54%

(1) Updated situation at October 12, 2022

(2) The reporting company placed at the top of the chain of control is Indumenta Pueri S.L..

(3) Includes shareholdings managed by Praude Asset Management Ltd. and held by the following parties: Hermes Linder Fund SICAV Plc. ; PRAUDE FUNDS ICAV; Altinum Funds Sicav Plc.; Plavis Gas SRL.

NOTE 13. Non-controlling interests

The change in the item Non-controlling interests is due to the results for the year. Non-controlling interests in the capital of consolidated companies are now limited, as shown in the table below.

Consolidated company (Thousands of €)	% non-controlling interests	Capital and reserves	Profit/(Loss)	Equity non-controlling interests
Productores Aguacate Jalisco S.A.C.V.	30.00%	195	195	390
Kiwisol LDA	0.25%	3	-	3

NOTE 14. Financial liabilities

The financial liabilities disclosure provided below is combined, including both the non-current and current portion, in order to make it more immediately understandable.

The financial exposure is as follows:

Thousands of €	31.12.2022	31.12.2021	Change
Bond payables (over 12 months)	25,000	30,000	(5,000)
Non-current medium term bank loans (over 12 months)	44,838	37,728	7,110
Non-current other lenders (over 12 months)	1,424	1,888	(464)
Non-current other lenders (over 12 months) ex IFRS 16	29,834	28,392	1,442
Non-current liabilities for derivative (over 12 months)	-	240	(240)
Non-current payables for price balance on acquisitions (over 12 months)	-	-	-
Non-current financial liabilities	101,096	98,248	2,847
Bond payables (current)	5,000	-	5,000
Current medium term bank loans	11,805	15,329	(3,524)
Bank overdrafts	3,933	13,844	(9,911)
Current other lenders	940	1,020	(80)
Current other lenders ex IFRS 16	11,740	10,669	1,071
Other current lenders short term	1,051	1,455	(403)
Current liabilities for the derivatives	619	-	619
Current payables for price balance on acquisitions	1,700	200	1,500
Current financial liabilities	36,789	42,518	(5,729)

The change in FY 2022 of a total of Euro 2,882 thousand (between non-current and current) reflects the primary components, mostly related to medium-term loans, as detailed below:

- the payment by the Parent Company of the June 30 installment of Euro 5,455 thousand on the pool loan, along with Euro 47 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. It should be noted, as indicated in the following point, that this loan was fully repaid in the amount of Euro 21,746 thousand following the disbursement of the new 2022-2028 ESG linked loan. Please recall that at December 31, a hedge is still in place on 32.2% of that loan against interest rate fluctuations, for which the mark to market value is a positive Euro 283 thousand. Despite the full repayment of this loan, the hedging instrument still remained active to have a hedge for the new pool loan;
- new 2022-2028 ESG linked loan taken out for a total of Euro 90,000 thousand to meet financial commitments related to the new French acquisitions described above. As at December 31, 2022, only the first tranche of the new loan amounting to Euro 33,300 thousand had been disbursed (from which Euro 312 thousand relating to the amortized cost will be subtracted), intended for the repayment of the previous loan amounting to Euro 21,746 thousand (including Euro 72 thousand for the amortized cost) as well as for the financing of operating investments made by the Group. The remainder, disbursed on January 10, 2023, was intended to cover the financial outlay associated with the two French acquisitions. With respect to the first tranche, at December 31, 2022, the first installment of Euro 2,775 thousand was repaid, along with Euro 42 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date, which were fully respected.
- the payment of Euro 1,119 thousand in interest on the debenture loan of Euro 30,000 thousand (recall that the first principal installment will be due in October 2023). Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio of net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted;
- the recognition of an IRS hedge on the interest rate for 100% of the loan value, on the Credit Agricole loan in the amount of Euro 5,500 thousand. As at December 31, 2022 the mark-to-market value is a positive Euro 423 thousand;
- the payment of Euro 282 thousand for the installment falling due on the Credem loan;
- a new five-year loan agreement entered into with BPER for Euro 4,000 thousand;
- payment by Fruttital of the June 30 and December 31 installments of the pool mortgage loan totaling Euro 1,123 thousand (inclusive of the recognition of Euro 24 in implicit interest). At December 31, a hedge is in place on 85% of that loan against interest rate fluctuations, for which the mark to market value is a positive Euro 753 thousand. This loan is subject to respect for financial covenants, verified on an annual basis and fully respected at December 31;
- the regular payment by Fruttital of the installments falling due of the existing medium-term loans for a total of Euro 1,326 thousand;
- the regular payment by Cosiarma of the installments falling due on the existing loan for a total of Euro 498 thousand;
- the payment by Thor of the June 30 and December 31 installments of the mortgage loan totaling Euro 43 thousand;
- for AZ France S.A.S. a loan agreement for Euro 1,400 thousand entered into and the regular repayment of loan installments falling due for a total of Euro 918 thousand;
- for Hermanos Fernández López S.A the regular repayment at maturity of installments on outstanding loans totaling Euro 593 thousand;

- the regular repayment of the installments due for the Mexican company Comercializadora de Frutas for Euro 133 thousand;
- new finance leases taken out by Hermanos Fernández López S.A. amounting to Euro 452 thousand against payments on finance leases outstanding totaling Euro 825 thousand;
- the repayment of the installments set forth in the lease agreement by Fruttital for Euro 97 thousand;
- the payment of outstanding finance leases for the company Eurofrutas for Euro 87 thousand;
- a new lease agreement entered into by the Mexican company Productores Aguacate Jalisco for Euro 24 thousand and the regular repayment of lease installments for Euro 11 thousand;
- within the item other financial payables, the IFRS 16 component is equal respectively to Euro 41,574 thousand, of which Euro 15,352 thousand due to new contracts entered into in 2022, payments in the reference period for Euro 12,659 thousand and write-offs following the early termination of lease/rental contracts for Euro 179 thousand;
- with reference to mark-to-markets on hedging derivatives, there was a deterioration of the mark-to-market on exchange rate hedging of Euro 1,471 thousand (from positive Euro 852 thousand to negative Euro 619 thousand), a deterioration of Euro 297 thousand for bunker hedges (release of positive 2021 mark-to-market for Euro 504 thousand and the recognition of a financial receivable, collected in early January, for the conclusion of the hedge on December 31, 2022 for Euro 207 thousand) and an improvement of Euro 1,699 thousand relating to derivative instruments on interest rate hedging (from a total negative Euro 240 thousand to a positive Euro 1,459 thousand);
- with reference to the value of the price installments to be paid on acquisitions, which rose from Euro 200 thousand to the current Euro 1,700 thousand, note the recognition of Euro 1,500 thousand, paid in January 2023, as the balance of the price paid for the acquisition of the stake held in Agricola Azzurra, illustrated above.

Please note that the following loans have change of control clauses:

- Orsero bond loan for an original Euro 30 million, falling due in 2028;
- Orsero pool loan for an original amount of Euro 90 million, of which Euro 33.3 million disbursed as at December 31, 2022, and maturing in 2028;
- Orsero BPER loan for an original amount of Euro 4 million, falling due in 2027;
- Fruttital pool mortgage loan for an original Euro 15 million, falling due in 2029;
- La Caixa loan in Fruttital for an original Euro 2.6 million, falling due in 2023;
- Banque Populaire loans in AZ France for an original Euro 1.3 million, falling due in 2023 and 2024;
- Banque Populaire loan in AZ France for an original amount of Euro 1.4 million, falling due in 2027;
- Loans from Credit Lyonnais to AZ France originally amounting to Euro 1.8 million maturing in 2023 and 2025, in addition to the mortgage loan originally for Euro 1.65 million maturing in 2029;
- La Caixa loan in Hermanos Fernández López originally for Euro 0.5 million, falling due in 2024;
- Comercializadora de Frutas Acapulco regarding the opening of credit facilities on a Banamex revolving mortgage current account for USD 700 thousand, falling due in 2023.

The medium-term debt maturity with banks and other lenders as at December 31, 2021 and December 31, 2022 is detailed in the table below, broken down into current and non-current portions, with the latter further broken down into portions falling within/beyond five years.

Thousands of €	Total	2022	> 31.12.22		2023- 2026	> 31.12.26
Bond payables (non-current/current)	30,000	-	30,000	as follows:	20,000	10,000
Medium term bank loans (non-current/ current)	53,058	15,329	37,728		32,420	5,308
Other lenders (non-current/ current)	2,908	1,020	1,888		1,888	-
Other lenders (Non - current/ current) ex IFRS 16	39,061	10,669	28,392		18,130	10,261
Liabilities for the derivatives (non- current/current)	240	-	240		240	-
Bank overdrafts	13,844	13,844	-		-	-
Other current lenders short term	1,455	1,455	-		-	-
Payables for price balance on acquisitions (non-current/current)	200	200	-		-	-
Non-current/current financial liabilities at 31.12.2021	140,766	42,518	98,248		72,679	25,569

Thousands of €	Total	2023	> 31.12.23		2024- 2027	> 31.12.27
Bond payables (non-current/current)	30,000	5,000	25,000	as follows:	20,000	5,000
Medium term bank loans (non-current/ current)	56,643	11,805	44,838		39,430	5,408
Other lenders (non-current/ current)	2,364	940	1,423		1,423	-
Other lenders (Non - current/ current) ex IFRS 16	41,574	11,740	29,834		12,793	17,040
Liabilities for the derivatives (non- current/current)	619	619	-		-	-
Bank overdrafts	3,933	3,933	-		-	-
Other current lenders short term	1,051	1,051	-		-	-
Payables for price balance on acquisitions (non-current/current)	1,700	1,700	-		-	-
Non-current/current financial liabilities at 31.12.2022	137,884	36,789	101,096		73,646	27,449

Regarding the hedges taken out by the Group, it should be noted that as at December 31, 2022 there are:

- a hedge on interest rates relating to the pool loan disbursed in the amount of Euro 33.3 million, the mortgage loan originally amounting to Euro 15 million and the loan originally amounting to Euro 5.5 million, whose mark to market at the reporting date is positive and equal to Euro 1,459 thousand;
- a hedge on 2022 purchases of US dollars, with a negative mark to market of Euro 619 thousand.

It should be noted that there was a hedge on part of the ship-owning company's 2022 bunker consumption, the last adjustment of which, referring to December, was collected in early January in the amount of Euro 207 thousand.

Please note that in view of the loans granted, as at December 31, 2022, mortgages were posted on corporate assets, as follows:

- Fruttital S.r.l.: mortgage on three former NBI warehouses in Verona, Rome and Molfetta acquired in January 2020 for an amount equal to the residual value of the loan;
- AZ France S.A.S.: mortgage on the Solgne property in the favor of Credit Lyonnais for an amount equal to the residual loan value;
- Thor S.r.l.: mortgage on the Savona property in favor of the bank for an amount of Euro 505 thousand, equal to twice the residual debt.

- Comercializadora de Frutas Acapulco mortgage on land and buildings regarding the opening of credit facilities on a Banamex revolving mortgage current account for USD 700 thousand.

Please note that the pool loan contract and the bond loan envisage compliance with financial and equity covenants, summarized in the table below. Please note that the financial covenants existing on the bond and pool loans of the Parent Company must be counted, as envisaged by the relative contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of such loans. Such covenants were respected in full at the reporting date.

Thousands of €	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1,25	Yes
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net Financial Position / Adjusted EBITDA	<3/4*	Yes
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Adjusted EBITDA/ Net financial expenses	>5	Yes
Pool loan 90 M€ - Parent company (First tranche 33,3 M€)	2018-2024	Annually	Net financial position / Total Shareholders' Equity	<1,5	Yes
Pool loan 90 M€ - Parent company (First tranche 33,3 M€)	2018-2024	Annually	Net Financial Position / Adjusted EBITDA	<3,5	Yes
Medium term loan 15 M€ - Fruttital	2020-2029	Annually	Net financial position / Total Shareholders' Equity	<1,5	Yes
Medium term loan 15 M€ - Fruttital	2020-2029	Annually	Net Financial Position / Adjusted EBITDA	<3,0	Yes

* The first parameter must be respected in the annual verification and the second on a half-yearly basis

According to that required by Consob communication no. 6064293 dated July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 "Recommendation for the standardized implementation of the European Commission Regulation on information prospectuses", below is the net financial debt of the Group as at December 31, 2022.

Thousands of €		31.12.2022	31.12.2021
A	Cash	68,830	55,043
B	Cash equivalents	10	21
C	Other current financial assets	1,666	1,356
D	Liquidity (A + B + C)	70,506	56,420
E	Current financial debt*	(7,303)	(15,499)
F	Current portion of non-current financial debt **	(29,486)	(27,019)
G	Current financial indebtedness (E + F)	(36,789)	(42,518)
H	Net current financial indebtedness (G - D)	33,717	13,903
I	Non-current financial debt ***	(76,096)	(68,248)
J	Debt instruments	(25,000)	(30,000)
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I + J + K)	(101,096)	(98,248)
M	Total financial indebtedness (H + L)	(67,379)	(84,346)

* Debt instruments are included, but the current portion of non-current financial debt is excluded.

** includes payables for rental and lease agreements under IFRS 16 for Euro 11,740 thousand at December 31, 2022 and Euro 10,669 thousand at December 31, 2021.

*** Debt instruments are excluded. Includes payables for rental and lease agreements under IFRS 16 for Euro 29,834 thousand at December 31, 2022 and Euro 28,392 thousand at December 31, 2021.

The table below shows the change in liquidity for the year in relation to cash flows generated by operating, investing and financing activities as detailed in the cash flow statement.

Thousands of €	31.12.2022	31.12.2021
Cash flow from operating activities	54,870	55,083
Cash flow from investing activities	(31,073)	(33,351)
Cash flow from financing activities	(10,012)	(7,177)
Increase/decrease in cash and cash equivalent	13,786	14,555
Net cash and cash equivalents, at beginning of the period	55,043	40,489
Net cash and cash equivalents, at end of the period	68,830	55,043

In terms of changes in liabilities as a result of financing activities, information is provided that allows users of the financial statements to evaluate the changes that occurred in compliance with IAS 7.

Liabilities from financing activities thousands of €	31.12.2021	New loans	Repayments	Cash Flow	Derivatives	31.12.2022
Bond payables (over 12 months)	30,000	-	-	-	-	30,000
Non-current medium term bank loans	53,058	38,388	(34,803)	-	-	56,643
Non-current other lenders (over 12 months)	2,908	476	(1,020)	-	-	2,364
IFRS 16 Effect	39,061	15,352	(12,839)	-	-	41,574
Factor	1,455	1,051	(1,455)	-	-	1,051
Current liabilities for the derivatives	240	-	-	-	379	619
Bank overdrafts	13,844	-	-	(9,911)	-	3,933
Payables for price balance on acquisitions (non-current-current)	200	1,500	-	-	-	1,700
Current financial assets	(1,377)	-	-	(197)	(102)	(1,676)
Total	139,389	56,768	(50,116)	(10,108)	276	136,209
* Included in the "Other current lenders short term"						

NOTE 15. Other non-current liabilities

Thousands of €	31.12.2022	31.12.2021	Change
Other non-current liabilities	735	1,057	(322)

"Other non-current liabilities" amounted to Euro 735 thousand as at December 31, 2022, with a decrease of Euro 322 thousand relative to December 31, 2021, due to the reduction of deferred income for income and contributions expected to be released to the income statement in future years.

NOTE 16. Deferred tax liabilities

Thousands of €	31.12.2022	31.12.2021	Change
Deferred tax liabilities	4,593	4,081	511

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, resulting from adjustments made to individual financial statements of consolidated companies in accordance with homogeneous Group accounting standards and on temporary differences between the value of assets and liabilities recorded in the consolidated financial statements and their value for tax purposes. As at December 31, 2022, the item shows an increase of Euro 511 thousand, mostly related to the recognition of deferred taxes on the improved positive mark-to-market values of hedging derivatives with respect to interest rates and as a result of the actuarial valuation of the liability for employee benefits. For further details, reference is made to Note 29 "Income taxes".

NOTE 17. Provisions

Thousands of €	31.12.2022	31.12.2021	Change
Provision for the return of containers	3,545	2,686	859
Provisions for risks and charges	2,213	2,640	(426)
Provisions	5,759	5,326	433

The item "Provisions" includes provisions made on the basis of the disputes existing as at December 31, 2022 in the various Group companies, which are the result of accurate estimates made by the Directors, as well as the provision set up for the expected maintenance costs to be incurred when the containers used in shipping activities are returned at the end of the contract.

In 2022 the amount of provisions increased overall, essentially due to the additional amount recognized to the provision for the return of containers, of Euro 859 thousand. The allocations recognized in the provisions, which represent the estimate of future cash outflows prepared also based on historical experience, were not subject to actuarial valuation since the effect was considered negligible in the consolidated financial statements.

On the other hand, as regards the other provisions for risks and charges, the change during the year resulted from allocations of Euro 380 thousand against uses of Euro 806 thousand. A brief overview is provided below of the status of significant tax, civil and labor law disputes outstanding as at December 31, 2022, for most of which, as specified, no provisions have been made as a negative outcome is not considered likely in light of the opinions received from legal advisors. Indeed, IAS 37 establishes that directors must make provisions to the financial statements only if the risk is considered likely and quantifiable, with the purpose, therefore, of expressing the most truthful and correct situation, whilst for other risks which lack this characteristic, the international accounting standards exclude any provisioning for purely "prudent" reasons.

(a) Customs dispute

- As at the date of this Report, there are still outstanding disputes with the Savona Customs Agency for Simba and Fresco, concerning certain banana imports made by the Group in the years 1997 to 2000, which have been extensively reported on in the listing prospectus and in subsequent financial reports. Said disputes, downstream of the latest procedural developments, maintain a theoretical risk reduced to approximately Euro 2.9 million in customs duties and VAT, in addition to interest and ancillary costs, if necessary, to be calculated when the outcome of the proceedings is known, currently once again pending before the Regional Tax Commission. Please recall that in 2020 Simba took out an LBO policy aimed at covering the possible impact of an adverse outcome in the proceedings.
- Similar action was taken with regard to the provision for risks of Euro 1,600 thousand, which had been accounted for in the previous Reports to the 2019, 2020 and 2021 Financial Statements, concerning the order to pay in favor of the MEF and the Customs Agency a provisional amount of Euro 1,580,950.15, against which the Group promptly appealed. During the year, in July 2022 the Joint Divisions of the Court of Cassation partially upheld the appeal, setting aside the appealed judgment and referring the case to the Venice Court of Appeals, in a different composition, and the State's attorney continued the proceedings with *vocatio* in December 2023. However, as a matter of prudence and pending the next procedural steps, the company decided not to release the provision, reserving the right to do so during 2023.

(b) Tax dispute

- As at December 31, 2022, the Mexican subsidiary Comercializadora de Frutas Acapulco continues to be involved in a tax dispute that had originated following a tax audit on tax period 2013, covering income tax (ISR), Imposta Empresarial a Tasa Unica (IETU) and VAT. As already mentioned in past financial statements, the local tax authorities disputed the deductibility of some costs relating to the purchase, harvesting and transportation of fruit,

claiming about 70 million pesos in higher taxes and penalties (amounting to about Euro 3,400 thousand). The company has so far seen its claims recognized in the various levels of court, but the tax authorities have continued to file appeals and keep the litigation pending. The Company did not recognize any provision for risks on this dispute insofar as, with the support of local advisors, it considers its risk of losing remote.

- As at December 31, 2022, the Portuguese subsidiary Eurofrutas continues to be involved in a dispute concerning a tax assessment notice relative to 2014, through which the Portuguese tax administration ascertained presumptively greater revenues for Euro 1,677 thousand, which led to greater VAT including interest, for Euro 111 thousand. As noted in previous reports, the company had started a dispute against said assessment, with the suspension of payment of the amounts challenged; the results are still pending. The Company has not made any provision for risks on this dispute insofar as, with the support of local advisors, it considers the risk of losing remote.

(c) Civil dispute

As at the date of this Report, there are a number of civil disputes in progress, for insignificant amounts, the most significant of which are described below:

- As noted in the previous report as at December 31, 2022, the company Fruttital (into which Fruttital Firenze merged) continues to be involved in proceedings lodged by Sun World, also against CONAD and Tropicco S.r.l., which claimed the alleged infringement of a plant variety patent and a distinctive mark owned by the plaintiff and the alleged commission of acts of unfair competition pursuant to Article 2598 nos. 1, 2 and 3 of the Italian Civil Code, with respect to which at the hearing on October 11, 2022, the court deferred judgment in the case and therefore the outcome is pending.

During 2022, Fruttital was party to a series of lawsuits filed against it by various workers who had performed work under the contract between Fruttital S.r.l. and some cooperatives at the Fruttital warehouse in Milan. The claim made concerned a request for the establishment of a subordinate employment relationship, which Fruttital rejected, also because the warehouse was no longer operational, seeking a negotiated solution, which was found and implemented with the majority of the claimants, the cost of which was expensed. As at December 31, 2022, a minimal part of these disputes is still pending, against which a sum has been allocated to the provision for risks in line with the settlements finalized during the year. A similar situation has occurred for some employees of the cooperatives that operated at the Florence warehouse, with whom settlement agreements are expected to be reached, against which a provision has been recognized in the financial statements.

NOTE 18. Employee benefits liabilities

A statement of changes in the liabilities for employee benefits at December 31, 2022 is attached.

Thousands of €	Employees benefits liabilities
Balance at December 31, 2021	9,761
<i>Change of year:</i>	
Accruals	554
Benefits paid and transferred	(1,130)
Interest cost	(37)
Gain/losses resulting from changes in actuarial assumptions	(1,060)
Change of consolidation scope	-
Other changes	210
Balance at December 31, 2022	8,297

The Provision for employee benefits includes obligations for post-employment employee benefits and other long-term benefits. The methods whereby the benefits are guaranteed varies according to the legal, tax and economic conditions of the states in which the Group companies operate. The benefits are usually based on the employees' remuneration and length of service. Obligations refer to active employees. The liability relative to the provision for employee benefits refers to the Italian and foreign companies of the Group, in accordance with the various national regulations, and essentially includes employee severance indemnity accrued by employees in service at December 31, net of advances paid to employees. In accordance with IAS 19, the Provision for employee benefits is measured using the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of relevant events.

The main financial and demographic assumptions used in determining the present value of the liability relative to the Provision for employee benefits are described below.

Discount rate

Italy	Cosiarma, Fresco e Orsero Servizi 3,762%, Fruttital 3,599%, Orsero, Galandi e Simba 3,655%
France, Portugal	3.655%
Spain	Barcellona 3,702%, Alicante e Madrid 3,732%, Siviglia e Tarragona 3,762%,
Greece	3,599%
Mexico	Ibbox GEMX Aggregate 5-7 as of 30th December 2022_ Acapulco: 9,265%, Jalisco: 10,786%

Inflation rate

Italy	2023: 3,0%, 2024: 2,5%, 2025 and following: 2,0%
France, Greece, Spain, Portugal	Includes in the salary increases except Mexico
Mexico	n.a.

Mean withdrawal rate

Italy	Cosiarma e Simba 1,5%, Fresco 2,0%, Fruttital e Orsero Servizi 2,5%, Galandi 3,0% e Orsero 3,5%,
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Mean withdrawal amount rate

Italy	Simba 50,0%, Orsero 55,0%, Cosiarma, Fruttital, Galandi, Orsero Servizi e Fresco 70,0%
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Salary increases (included inflation)

Italy	Equal to inflation
Portugal, Spain, Mexico, Greece, France	2023: 3%, 2024: 2,5%, 2025 and following: 2,0%
Mexico	n.a.

Mortality rate

Italy	SIMF 2021
Mexico	Mexico Life Table 2019
Spain	Spanish Life Table 2020
Portugal	Portugal Life Table 2021
Greece	Greek Life table 2019
France	France Life Table 2020

Access to retirement

Italy	Minimum access requirements required by Monti-Fornier Law
Portugal, Spain, Mexico, Greece, France	Minimum access requirements required by the actual law

Probability of termination

Italy	Cosiarma 3,0%, Orsero Servizi 3,5%, Fresco 4,0%, Galandi 5,2%, Fruttital e Orsero 6,5% e Simba 8,0%
France	Cas général 10,00%, Cadres 10,00%, Agent de maîtrise 10,00%
Greece	White Collar 6,50%, Blue Collar 7,50%
Spain	Barcelona 4,5%, Alicante 5,5%, Tarragona 3,5%, Siviglia e Madrid 7,5%
Portugal	7,00%
Mexico	Acapulco 7,0%, Jalisco 6,5%

The equity adjustment for actuarial gains/losses includes an actuarial gain of Euro 1,060 thousand, including the tax effect of Euro 212 thousand linked to the increase in the interest rate curve compared to the previous year. The actuarial gains and losses are booked to shareholders' equity through the statement of comprehensive income, while the provision for the year is recorded in an appropriate item relating to "personnel costs".

NOTE 19. Trade payables

Thousands of €	31.12.2022	31.12.2021	Change
Payables to suppliers	131,432	123,028	8,404
Payables to subsidiaries and associates of the Group not fully consolidated	2,448	3,521	(1,072)
Payables to related parties	927	305	622
Trade payables	134,807	126,854	7,953

There are no trade payables with a residual maturity of more than 5 years recognized in the financial statements. As at December 31, 2022, there are no past-due payables of significant value. As at December 31, 2022, the net increase of the item amounted to Euro 7,953 thousand as a result of the increase by Euro 8,404 thousand of the value of payables to suppliers, Euro 622 thousand of payables to related parties, partly offset by the reduction by Euro 1,072 thousand of payables to subsidiaries and associates of the Group not fully consolidated.

It should be noted that the increase mainly relates to turnover growth in 2022 compared to December 31, 2021. Regarding the change in payables to Group companies, the reduction essentially relates to the lower payable to the Tunisian company Citrumed corresponding to the decrease (repayment) of the medium-term loan granted to it as previously reported.

The geographic breakdown of the payables is as follows:

Thousands of €	31.12.2022	31.12.2021	Change
Italy	71,230	70,093	1,137
EU countries	58,856	52,535	6,321
Non-Eu countries	4,721	4,226	495
Trade payables	134,807	126,854	7,953

NOTE 20. Tax liabilities

Thousands of €	31.12.2022	31.12.2021	Change
For value added tax (VAT)	718	468	251
For income tax of the year	1,415	1,842	(428)
For withholding tax	1,307	1,432	(124)
For indirect taxes and others	1,289	401	888
Current tax liabilities	4,730	4,142	588

As at December 31, 2022, this item had a balance of Euro 4,730 thousand, up compared to the balance at December 31, 2021 by a total of Euro 588 thousand, of which Euro 251 thousand for higher VAT payable and Euro 888 thousand for indirect taxes and others, partially offset by a reduction of Euro 428 thousand for a higher payable for the income taxes for the year and Euro 124 thousand for withholding taxes to be paid.

The increase in the item "For indirect taxes and others" is mainly represented by participation in the procedure for the reversal of the Research and Development tax credit relating to the company Fruttital referred to in the report.

There are currently no past due amounts related to the item in question.

NOTE 21. Other current liabilities

Thousands of €	31.12.2022	31.12.2021	Change
Social security contributions	3,474	3,392	82
Payables to personnel	12,213	10,190	2,023
Payables relating to operations on behalf of third parties	682	1,295	(613)
Other current payables	6,211	4,772	1,439
Accrued expenses and deferred income	1,089	1,162	(73)
Other current liabilities	23,669	20,811	2,858

As at December 31, 2022, the item "Other current liabilities" shows an increase of Euro 2,858 thousand, mainly due to the increase in the item payables to personnel for Euro 2,023, essentially related to the recognition of the LTI/MBO incentives for the year 2022 and the increase in the item other current payables for Euro 1,439 thousand mainly due to an increase in suspended revenues pertaining to the subsequent year in relation to the ship-owning company and premiums to customers to be paid by the distribution companies.

Payables to personnel relate to current items for December, as well as accrued and unused holidays, 13th and 14th month accruals, and year-end bonuses, inclusive of those institutionally due to the workforce of the French and Mexican companies on the basis of local regulations.

It should be noted that as at December 31, 2022 other current liabilities include payables to natural person related parties for a total of Euro 3,431 thousand linked to remuneration for employment, remuneration as members of the Board of Directors of the parent company and provisions for key manager MBO and LTI incentives.

NOTE 22. Segment reporting

Based on the current organizational structure of the Orsero Group, the information required by IFRS 8, broken down by "business segment", is shown below. The performances and trend of the three sectors in which the Group operates are monitored and mainly valued on the basis of revenues and Adjusted EBITDA; this latter parameter, though not defined by international accounting standards, is the indicator that shows the Group's true business performance. Adjusted EBITDA is calculated as the operating result (EBIT) less depreciation, amortization and provisions, non-

recurring costs/income, and costs associated with Top Management incentives. The parameter thus determined does not take into account financial income, financial expenses and foreign exchange differences, income taxes, other investment income/expenses and the share of profits/losses from investments accounted for using the equity method.

Thousands of € Year 2022	Distribution	Shipping	Holding & Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	1,091,640	99,891	4,753	-	1,196,284
Inter-segment net sales	56	42,533	6,837	(49,426)	-
Net sales of the sector	1,091,696	142,423	11,590	(49,426)	1,196,284
Adjusted EBITDA	35,017	48,292	(7,251)	-	76,058
Adjusted EBIT	19,199	34,850	(8,350)	-	45,699
Amortization and depreciation	(14,484)	(12,582)	(1,047)	-	(28,114)
Accruals of provision	(1,334)	(859)	(51)	-	(2,245)
Non-recurring income	-	-	72	(72)	-
Non-recurring expense	(1,570)	(59)	(4,201)	72	(5,758)
Financial income	210	66	232	(187)	321
Financial expense	(1,767)	(400)	(2,101)	187	(4,081)
Exchange rate differences	(1,643)	8	26	-	(1,609)
Share of profit from companies consolidated at equity	-	-	-	2,041	2,041
Revaluations of securities and investments	1	-	-	-	1
Devaluations of securities and investments	(1)	-	-	-	(1)
Intra-group dividends	-	-	19,839	(19,839)	-
Result of securities and investments negotiation	10	-	(25)	(467)	(483)
Profit/loss before tax	14,439	34,466	5,491	(18,265)	36,131
Income tax expense	(4,612)	(716)	1,658	-	(3,671)
Profit/loss for the period	9,827	33,749	7,149	(18,265)	32,460

Thousands of € at December 31, 2022	Distribution	Shipping	Holding & Services	Total
Total assets without investments in associates	341,935	103,491	271,797	717,223
Investments in associates	5,119	-	13,301	18,421
Total aggregate assets	347,054	103,491	285,098	735,643
Total aggregate liabilities	243,425	35,240	131,464	410,129
Total aggregate shareholders' equity	103,629	68,251	153,634	325,515

Thousands of € Year 2021	Distribution	Shipping	Holding & Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	1,000,412	64,815	4,548	-	1,069,776
Inter-segment net sales	47	39,010	6,027	(45,084)	-
Net sales of the sector	1,000,459	103,825	10,576	(45,084)	1,069,776
Adjusted EBITDA	35,437	24,407	(6,916)	-	52,929
Adjusted EBIT	20,300	13,122	(7,895)	-	25,526
Amortization and depreciation	(13,534)	(10,488)	(973)	-	(24,994)
Accruals of provision	(1,603)	(798)	(7)	-	(2,408)
Non-recurring income	1,839	-	151	(82)	1,909
Non-recurring expense	(2,586)	(33)	(1,773)	82	(4,310)
Financial income	191	53	249	(141)	352
Financial expense	(1,552)	(285)	(1,957)	141	(3,654)
Exchange rate differences	4	(40)	25	-	(11)
Share of profit from companies consolidated at equity	-	-	-	1,019	1,019
Revaluations of securities and investments	1	-	-	-	1
Devaluations of securities and investments	-	-	-	-	-
Intra-group dividends	-	-	16,943	(16,943)	-
Result of securities and investments negotiation	9	-	(7)	-	3
Profit/loss before tax	18,206	12,817	5,736	(15,923)	20,835
Income tax expense	(4,664)	685	1,652	-	(2,327)
Profit/loss for the period	13,542	13,502	7,387	(15,923)	18,508

Thousands of € at December 31, 2021	Distribution	Shipping	Holding & Services	Total
Total assets without investments in associates	328,952	83,916	245,541	658,409
Investments in associates	5,119	-	9,481	14,601
Total aggregate assets	334,072	83,916	255,022	673,009
Total aggregate liabilities	236,201	35,901	102,141	374,243
Total aggregate shareholders' equity	97,870	48,016	152,881	298,766

In compliance with what is indicated in IFRS 8, in the table above a disclosure is given on total assets, total liabilities, the amount of the investment in associates and, lastly, aggregate shareholders' equity by sector. It is specified that the sector data indicated in the notes should be read together with the performance indicators expressed in the directors' Report on Operations.

Main customer

It should be noted that there are no revenues from transactions with a single external customer equal to or greater than 10% of the Group's total net sales.

NOTE 23. Net sales

Thousands of €	31.12.2022	31.12.2021	Change
Revenues from sales	1,091,466	1,000,714	90,752
Revenues from services	104,817	69,062	35,756
Net Sales	1,196,284	1,069,776	126,508

At December 31, 2022, turnover was Euro 1,196,284 thousand, an increase of Euro 126,508 thousand compared to December 31, 2021. For a detailed analysis of sales, please refer to the single Report on Operations, in the section "Commentary on performance of the business sectors". Please note that Group revenues mainly derive from the sale of fresh fruit and vegetables from many of the world's countries, on the territories under its purview.

Geographical information

The analysis of the information by geographical area shows details of the Group's revenues, divided up into the main geographical areas (thereby meaning those in which the related Orsero Group company is based that generated the revenue) for FYs 2022 and 2021, showing the Group's substantially eurocentric nature.

Thousands of €	31.12.2022	31.12.2021	Change
Europe	1,147,389	1,020,241	127,149
<i>of which Italy</i>	538,233	470,255	67,978
<i>of which France</i>	190,456	200,673	(10,217)
<i>of which Iberian Peninsula</i>	388,645	323,177	65,468
Latin America and North America	48,894	49,535	(641)
Total Net sales	1,196,284	1,069,776	126,508

As shown in the table above, the Eurozone constituted the real heart of the Orsero Group business, whilst the revenues achieved in America derive from the activities carried out in Mexico, as well as those carried out in Costa Rica, Chile, Argentina and Colombia. The change in revenues from one year to the next for the European companies reflects changes in the volumes and average unit prices of the fruit and vegetables sold, to which it is necessary to add the revenues of the ship-owning company, which, being linked to the dollar (the currency in which maritime freight rates are typically denominated), are significantly affected by exchange rate fluctuations and the adjustment of freight rates on the basis of fuel cost fluctuations (BAF clause effect). For Latin America the variability is essentially linked to the trends in volumes and unit prices of avocado exports. Finally, please note that for Group revenues, the currency component is insignificant, given that the revenues of distributors, apart from the Mexican company, are all in euros.

NOTE 24. Cost of goods sold

The following table shows the cost of goods sold by allocation and by nature.

Thousands of €	31.12.2022	31.12.2021	Change
Raw materials and finished goods costs	769,439	721,561	47,878
Cost of commissions on purchases and sales	1,992	1,965	26
Transport and handling costs	163,483	138,335	25,148
Personnel costs	30,306	29,533	773
Depreciation and amortization	22,368	20,742	1,626
Accruals of provision	911	798	114
External production and maintenance costs	35,842	30,004	5,838
Energy costs	14,617	7,030	7,587
Bunker cost	42,691	26,026	16,665
Rental costs for ships and containers	4,228	6,121	(1,894)
Leases and rentals	1,075	1,127	(52)
Other costs	1,141	1,215	(75)
Other operating revenues and cost recoveries	(10,660)	(8,896)	(1,764)
Cost of goods sold	1,077,434	975,562	101,872

The increase in the cost of goods sold is linked to revenue growth, with a change less than proportional to the growth in revenues. For further details, please refer to what has already been commented on in the directors' Report on Operations. In addition to this, as set forth in the report on operations, there was a significant increase in energy and transportation costs, which to a large extent it was possible to incorporate within the sale prices of our goods and services without significantly affecting the Group's profitability.

The marked reduction in the cost for ship charters and container rentals is affected by the recovery under IFRS 16 of the cost of the fifth ship used by the ship-owning company (until the end of 2021 the principle was not applied as the charter was entered into on an annual basis), a cost that, moreover, is more than offset in the form of an increase in depreciation rates for the period.

With regard to this item, it should be noted that the increase of Euro 1,626 thousand contributed mainly to the above-mentioned accounting of depreciation pursuant to IFRS 16 on the fifth ship (Euro 5,329 thousand), partially offset by the reduction (Euro 3,645 thousand) of depreciation on the four owned ships resulting from the extension of their useful life to the end of 2029 decided at the beginning of this year.

Again, for the Shipping sector, the bunker cost increased due to rising fuel costs: as mentioned, this increase had little significant impact on the accounts of the ship-owning company, which, thanks to the application of the BAF (Bunker Adjustment Factor) clause, transfers changes in the cost of fuel to the customer.

Note that the item "Raw material and finished goods costs" comprises Euro 13,482 thousand of costs due to associates, valued at market value and included in the balances indicated in Note 34, to which reference is made.

Instead, the item "Transport and handling costs" comprises Euro 5,776 thousand to the Group's associated companies and Euro 3,543 thousand to related companies; these balances are also included in the details provided in Note 34.

The item "Other operating revenues and cost recoveries" comprises Euro 263 thousand in revenues from associates of the Group. For further details, reference is made to Note 34.

NOTE 25. Overheads and administrative costs

The table below details the overhead and administrative costs by allocation and by nature.

Thousands of €	31.12.2022	31.12.2021	Change
Corporate bodies fees	1,293	1,558	(265)
Professional, legal, tax and notary services	4,135	4,109	26
Commercial, advertising, promotional expenses	2,218	1,294	925
Personnel costs	41,902	40,434	1,468
Depreciation and amortization	5,746	4,252	1,493
Provisions	1,333	1,610	(277)
Costs for maintenance, external labor and various other services	7,622	6,832	790
Insurance expenses	2,182	1,884	298
Utilities	1,678	1,643	35
Travel expenses	1,388	1,176	213
Costs of company car fleet	840	821	19
Rental costs and various rentals	603	559	44
Service costs with associated and related companies	494	467	27
Other costs	3,007	3,034	(27)
Acquisition costs of stationery and material of consumption	429	428	1
Commission and guarantee expenses	960	969	(9)
General and administrative expense	75,831	71,071	4,760

The table shows an increase in overheads and administrative costs compared to the previous year, essentially in the components costs for maintenance services and for collaborations, commercial, advertising and promotional expenses, the latter related to a decision by the Group to invest more in initiatives that provide greater visibility. Regarding costs for maintenance and miscellaneous services, the increase is mainly related to higher costs incurred by the company dealing with shipping and customs services, which resumed full operations after the pandemic period. Labor costs rose significantly due to increases in both headcount and personnel profiles, especially regarding activities in Spain. Regarding the item provisions, please refer to what was previously described in Note 17. There was an increase in depreciation and amortization due to the investments made both of an operational nature and related to the application of IFRS 16 and the entry into operation in the new ERP system for the Italian companies.

The item "Service costs with associates and related companies" includes Euro 53 thousand to associated companies and Euro 441 thousand to related companies, while it should be noted that the figures relating to labor costs and compensation to corporate bodies for 2022 include costs of Euro 2,439 and 73 thousand relating to related parties who are individuals. For further details, reference is made to Note 34.

NOTE 26. Other operating income/expense

Thousands of €	31.12.2022	31.12.2021	Change
Other operating income	5,588	6,051	(463)
Other operating expenses	(8,666)	(6,070)	(2,595)
Total other operating income/expense	(3,077)	(19)	(3,058)

Annexed are details of the items "Other operating income" and "Other operating expenses" for the years 2022 and 2021 with separate indication of ordinary positions with respect to non-recurring items.

Thousands of euro	31.12.2022	31.12.2021	Change
Revenues from recovery of costs and insurance reimbursements	314	308	6
Plus values and contingent revenues in ordinary course of business	2,187	2,083	103
Others	3,088	1,751	1,336
Other ordinary operating income	5,588	4,143	1,445
Covid-19 income	-	64	(64)
Gains on disposal of intangible assets and materials	-	1,775	(1,775)
Others	-	70	(70)
Other non-recurring operating income	-	1,908	(1,908)

Other ordinary income, like the item "Other ordinary expenses" below, includes cost and revenue elements not already classified in the above sections of the income statement and elements such as contingent costs and revenues linked to previous years due to differences in estimates, which as such recur every year (for example, reversals of premiums received from and/or given to customers and suppliers, differences on insurance reimbursements collected compared to forecasts, etc.). They also include any contributions for operating expenses, capital gains and capital losses on current disposals of assets and the capitalization of costs linked to investment initiatives. In 2022, in particular, capitalization was recorded with reference to the progress status of the new ERP system implementation for Euro 772 thousand and Euro 890 thousand linked to the Energy Tax Credit recognized to the Italian distribution company by the supplier in compliance with the various legislative measures that have been issued during the year (most recently Decree Law 176/2022). For the 2022, the Group did not recognize any non-recurring income. The significant change in non-recurring revenues in 2022 compared to 2021 was caused by the recognition in the previous year of the gross capital gain of Euro 1,775 thousand as a result of the sale of the warehouse owned by Fruttital S.r.l. located in Milan, which was no longer part of the Group's operating strategies, and the photovoltaic plant located in Albenga.

Please note that the item "Other operating income" comprises Euro 19 thousand from associated companies and Euro 32 thousand from related companies.

Thousands of €	31.12.2022	31.12.2021	Change
Penalties, sanctions and costs for damage to third parties	(104)	(219)	115
Minus values and contingent losses in ordinary course of business	(2,803)	(1,541)	(1,262)
Other ordinary operating expenses	(2,908)	(1,760)	(1,148)
Top management incentives	(3,033)	(1,753)	(1,279)
M&A operations	(1,553)	-	(1,553)
Covid-19 costs	(73)	(300)	227
Others	(1,099)	(2,257)	1,158
Other non-recurring operating expenses	(5,758)	(4,310)	(1,448)

Given what is noted above with respect to the nature of the ordinary costs shown in this table, during 2022 there were deviations of Euro 1,148 thousand linked mainly to the recognition of costs for charitable donations of Euro 641 thousand, of which Euro 606 thousand for the approximately 623 tons of fruit and vegetables donated to food banks (year 2021 figure of donations to food banks not recognized). As regards non-recurring components, please note that at December 31,

2021 and December 31, 2022, the Group made allocations relating to Top Management incentives for Euro 1,753 thousand and Euro 3,033 thousand divided into Euro 891 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 2,142 thousand for LTI (deferred bonus component, payable in two tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the “vesting period”, and indexed to the performance of the Orsero share price). For further details, reference should be made to the “Top Management incentive remuneration - 2020-2022 LTI Plan and 2022 incentives” section of the directors' Report on Operations.

It should be noted that for all of the 2020, 2021 and 2022 LTI bonus shares, the revaluation has been taken into account, to the maximum extent of 40% provided for by the Plan, based on the increase in the share price recorded over the three-year period, also including the value of dividends distributed, as per the Plan Regulation. Euro 73 thousand in costs incurred to deal with the COVID-19 epidemic emergency were also recorded, in addition to Euro 1,553 thousand in M&A costs for the acquisitions of the two French companies.

The costs included in the “Other” category typically regard the cost of profit sharing for employees of the French and Mexican companies, as required by the relevant regulations, as well as the reversal of Euro 489 thousand in tax credits for Research & Development activities.

The item “Other operating expenses” does not include charges to associates, but includes Euro 2,118 thousand to related parties. For further details, reference is made to Note 34.

NOTE 27. Financial income, financial expense and exchange differences

The item “Financial income, financial expense and exchange differences” is broken down as follows:

Thousands of euro	31.12.2022	31.12.2021	Change
Financial income	321	352	(31)
Financial expense	(4,081)	(3,654)	(428)
Exchange rate differences	(1,609)	(11)	(1,597)
Financial income, financial expense, exchange differences	(5,369)	(3,313)	(2,056)

For each item shown in the above table please find herebelow the relevant break-down:

Thousands of €	31.12.2022	31.12.2021	Change
Interest income to third parties	273	278	(5)
Interest income to associates/related parties	12	33	(21)
Interest for IAS 19	37	42	(5)
Financial Income	321	352	(31)

Thousands of €	31.12.2022	31.12.2021	Change
Interest expenses from bank/bond	(2,911)	(2,643)	(269)
Interest expenses to third parties	(47)	(146)	99
Interest expenses IFRS 16	(1,123)	(864)	(259)
Financial expense	(4,081)	(3,654)	(428)

Thousands of €	31.12.2022	31.12.2021	Change
Realized exchange rate differences	(1,573)	(446)	(1,127)
Unrealized exchange rate differences	(36)	435	(471)
Exchange rate differences	(1,609)	(11)	(1,597)

Note the impact of exchange rate differences due mainly to the fluctuation of the Mexican peso and the dollar.

NOTE 28. Other investment income/expense and share of profit/loss of associates and joint ventures accounted for using equity method

Thousands of €	31.12.2022	31.12.2021	Change
Dividends	9	9	-
Share of profit from companies consolidated at equity	2,041	1,019	1,022
Revaluations of securities and investments	1	1	-
Devaluations of securities and investments	(1)	-	(1)
Result of securities and investments negotiation	(492)	(6)	(486)
Other investment income/expense and share of profit/loss of associates accounted for using equity method	1,558	1,023	535

The change in the amount of "Other investment income/expense" and in the share of profits/losses of investments accounted for using the equity method essentially refers to the pro-rata recognition of the results of associated companies consolidated using the equity method, as specified in detail in Note 4. The amount of the "Share of profit from companies consolidated at equity" is equal to Euro 2,041 thousand. This result shows an increase of Euro 1,022 thousand compared to the year 2021 linked to the investment in Tirrenofruit and the effect of the result for the entire year of the company Agricola Azzurra whereas in 2021 only the last quarter was counted.

It should be noted that within the item "Result of securities and investments negotiation" as at December 31, 2022, Euro 467 thousand is recorded as the final adjustment of the "contingent consideration" related to the definition of the price for the acquisition of Agricola Azzurra which occurred once the maximum term of 12 months had passed from the transaction date.

NOTE 29. Income tax expenses

Almost all Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with Articles 117 et seq. of the TUIR, and a similar system has been implemented in France by AZ France and its French subsidiaries.

The changes in taxes are summarized in the following table.

Thousands of €	31.12.2022	31.12.2021	Change
Current taxes for the year	(5,933)	(5,469)	(465)
income tax from statutory tax consolidation	2,393	1,934	459
Deferred taxes incomes and liabilities	(131)	1,207	(1,338)
Income tax expense	(3,671)	(2,327)	(1,344)

The increase in the amount of taxes compared to the previous year is due to the ship-owning company which, effective January 1, 2021, opted for the facilitated "tonnage tax" system for determining taxes, with the ensuing release of deferred taxes counted on the higher values of ships recorded in 2015 on the First Time Adoption of the IAS standards, with a benefit on the result for the year of Euro 1,202 thousand.

Thousands of €	2022 -Tax rate 24%		2021 -Tax rate 24%	
	Taxable	Tax rate 24%	Taxable	Tax rate 24%
Profit/loss before tax	36,131		20,835	
Theoretical tax		(8,672)		(5,000)
Tonnage Tax (2022)		7,838		2,843
Share of profit from companies consolidated at equity	(2,041)	490	(1,019)	245
Foreign companies for different tax rate		(198)		(286)
Taxed dividends from Group companies	23,830	(286)	18,452	(221)
Reversal of deferred tax accruals		-		1,429
Non imposable items/recoveries		(1,990)		(497)
Effective tax		(2,818)		(1,488)
Irap/Cvae taxes		(854)		(839)
Income tax expense in the consolidated financial statement		(3,671)		(2,327)
Effective rate		10.2%		11.2%

The table above details the reconciliation of theoretical and actual tax for the two years, clearly showing the differences, mostly related to the “tonnage tax”. A separate line shows the Irap and Cvae (France) taxes calculated on a different tax base. The table below shows the changes in the various deferred tax asset components by type.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2022	2021	2022	2021	2022	2021
Previous tax losses	5,397	5,020	377	29	-	-
Effect IAS 19	567	829	(149)	(43)	(87)	(30)
Depreciation/Goodwill/trademarks	571	598	(24)	(164)	-	-
Reductions in value and provisions	1,005	993	12	(124)	-	-
Financial derivatives	149	58	-	-	91	(301)
Others	635	994	(359)	158	-	-
Deferred tax assets	8,323	8,492	(144)	(144)	4	(331)

The following table shows the changes per type of the different components that affected deferred income tax.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2022	2021	2022	2021	2022	2021
Leasing	(1,749)	(1,728)	(21)	(108)	-	-
Warehouse revaluation	-	-	-	227	-	-
FV Warehouses Fernández	(1,755)	(1,820)	65	65	-	-
Ships depreciation	(298)	(297)	-	1,202	-	-
Financial derivatives	(350)	(204)	-	-	(146)	(194)
Effect IAS 19	(63)	-	(29)	-	(125)	-
Others	(378)	(31)	(2)	(34)	-	-
Deferred tax liabilities	(4,593)	(4,081)	13	1,351	(271)	(194)

As at December 31, 2022, there are no significant tax disputes in progress, apart from those mentioned previously in Note 17. There are no other significant amendments to the tax legislation between 2022 and 2021, with the exception of the reduction of the tax rate in France, which declined from 26.5% to 25% starting on January 1, 2022.

NOTE 30. Reconciliation of the Adjusted EBITDA with the period result

A reconciliation is provided of the Adjusted EBITDA, used by the Group's Management as a performance indicator monitored on a consolidated level, with the profit/loss for the year presented in the income statement.

Thousands of €	31.12.2022	31.12.2021	Change
Profit/loss for the period	32,460	18,508	13,952
Income tax expense	3,671	2,327	1,344
Financial income	(321)	(352)	31
Financial expense and exchange rate differences	5,690	3,665	2,025
Other investment income/expense	483	(4)	487
Share of profit/loss of associates and joint ventures accounted for using equity method	(2,041)	(1,019)	(1,022)
Operating result (EBIT)	39,942	23,125	16,817
Amortization and depreciation	28,114	24,994	3,119
Accruals of provision	2,245	2,408	(163)
Top Management incentives	3,033	1,753	1,280
Non-recurring income	-	(1,909)	1,909
Non-recurring expense	2,725	2,557	168
Adjusted EBITDA*	76,058	52,929	23,129

* It should be noted that the Adjusted EBITDA as at December 31, 2022 of Euro 76,058 thousand (Euro 52,929 thousand as at December 31, 2021) incorporates the improvement effect from the application of IFRS 16 "leases" for Euro 13,788 thousand (Euro 7,663 thousand as at December 31, 2021). This improvement effect is almost entirely offset by higher depreciation and amortization of Euro 12,560 thousand (Euro 6,983 thousand as at December 31, 2021) and financial expenses of Euro 1,123 thousand (Euro 864 thousand as at December 31, 2021).

NOTE 31. Earnings per share

The basic earnings per share are calculated, in accordance with IAS 33, dividing the Group's portion of the profit by the average number of shares outstanding during the period. The "Fully Diluted" earnings per share are calculated dividing the profit attributable to Owners of Parent by the average number of outstanding shares including special shares and warrants, in both cases excluding treasury shares in the portfolio.

Value in €	2022	2021
Profit/loss attributable to Owners of Parent	32,264,921	18,289,521
Average number of outstanding shares during the period	17,282,156	17,509,951
Earnings per share "base" in euro	1.867	1.045
Average number of outstanding shares during the period	17,282,156	17,509,951
Average number of special shares and warrant	-	-
Diluted average number of outstanding shares during the period	17,282,156	17,509,951
Earning per share "Fully Diluted" in euro	1.867	1.045

NOTE 32. Disclosures on financial instruments - additional disclosures

The table below shows a detailed analysis of the assets and liabilities envisaged by IFRS 7, in accordance with the categories envisaged by IFRS 9 for 2022 and 2021.

Thousands of euro	Balance at 31.12.2022	Assets at amortized cost	Assets at FV, with change recognized in PL*	Assets at FV, with change recognized in CI*	Liabilities measured at amortized cost	Liabilities at FV with change recognized in the CI*
Financial assets						
Investments in other companies	723	723	-	-	-	-
Other non-current financial assets	4,903	3,445	-	1,459	-	-
Trade receivables	119,107	119,107	-	-	-	-
Current tax assets	16,929	16,929	-	-	-	-
Other receivables and other current assets	14,156	14,146	10	-	-	-
Cash and cash equivalent	68,830	68,830	-	-	-	-
Financial assets	224,647	223,178	10	1,459	-	-
Financial liabilities						
Financial liabilities of which:						
Bond payables	(25,000)	-	-	-	(25,000)	-
Non-current medium term bank loans (over 12 months)	(44,838)	-	-	-	(44,838)	-
Non-current other lenders (over 12 months)	(1,424)	-	-	-	(1,424)	-
Non-current other lenders (over 12 months) ex IFRS 16	(29,834)	-	-	-	(29,834)	-
Non-current liabilities for derivative (over 12 months)	-	-	-	-	-	-
Non-current payables for price balance on acquisition (over 12 months)	-	-	-	-	-	-
Bond payables (Current)	(5,000)	-	-	-	(5,000)	-
Current medium term bank loans	(11,805)	-	-	-	(11,805)	-
Bank overdraft	(3,933)	-	-	-	(3,933)	-
Current other lenders	(940)	-	-	-	(940)	-
Current other lenders ex IFRS 16	(11,740)	-	-	-	(11,740)	-
Other current lenders short term	(1,051)	-	-	-	(1,051)	-
Current liabilities for derivative	(619)	-	-	-	-	(619)
Current payables for price balance on acquisition	(1,700)	-	-	-	(1,700)	-
Other non-current liabilities	(735)	-	-	-	(735)	-
Trade payables	(134,807)	-	-	-	(134,807)	-
Current tax liabilities	(4,730)	-	-	-	(4,730)	-
Other current liabilities	(23,669)	-	-	-	(23,669)	-
Financial liabilities	(301,825)	-	-	-	(301,206)	(619)

* CI=Comprehensive income; PL=Income Statement; FV= Fair Value

Thousands of €	Balance at 31.12.21	Assets measured at amortized cost	Assets at FV with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at FV with changes recognized in the CI*
Financial assets					
Investments in other companies	1,894	1,894	-	-	-
Other non-current financial assets	4,348	4,348	-	-	-
Trade receivables	113,677	113,677	-	-	-
Current tax assets	11,254	11,254	-	-	-
Other receivables and other current assets	14,182	12,805	21	1,356	-
Cash and cash equivalent	55,043	55,043	-	-	-
Financial assets	200,399	199,022	21	1,356	-
Financial liabilities					
Financial liabilities of which:					
Bond payables	(30,000)	-	-	(30,000)	-
Non-current medium term bank loans (over 12 months)	(37,728)	-	-	(37,728)	-
Non-current other lenders (over 12 months)	(1,888)	-	-	(1,888)	-
Non-current other lenders (over 12 months) ex IFRS 16	(28,392)	-	-	(28,392)	-
Non-current liabilities for derivative (over 12 months)	(240)	-	-	-	(240)
Non-current payables for price balance on acquisition (over 12 months)	-	-	-	-	-
Current medium term bank loans	(15,329)	-	-	(15,329)	-
Bank overdraft	(13,844)	-	-	(13,844)	-
Current other lenders	(1,020)	-	-	(1,020)	-
Current other lenders ex IFRS 16	(10,669)	-	-	(10,669)	-
Other current lenders short term	(1,455)	-	-	(1,455)	-
Current liabilities for derivative	-	-	-	-	-
Current payables for price balance on acquisition	(200)	-	-	(200)	-
Other non-current liabilities	(1,057)	-	-	(1,057)	-
Trade payables	(126,854)	-	-	(126,854)	-
Current tax liabilities	(4,142)	-	-	(4,142)	-
Other current liabilities	(20,811)	-	-	(20,811)	-
Financial liabilities	(293,630)	-	-	(293,389)	(240)

* CI=Comprehensive income; PL=Income Statement; FV= Fair Value

It should be noted that among financial assets only "Other receivables and other current assets" include securities, i.e. financial instruments measured at fair value through profit or loss, and they also include the positive fair value of hedging derivatives through other comprehensive income. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value", while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders' equity reserve that constitutes the comprehensive

income statement. In this regard, it is noted that the Group has derivative contracts outstanding as at December 31, 2022 related to interest rate and exchange rate hedges, while as regards the bunker hedge, this was terminated as at December 31, 2022, as already reported in Notes 9 and 14. Indeed, as at December 31, 2022, a hedging instrument (swap) on the bunker was terminated, that the ship-owning company had activated in order to reduce and control the risks associated with changes in the price of the raw material and settled, for the part relating to the month of December 2022, in early January 2023. As at December 31, 2022, the portion settled in the initial days of January 2023 amounting to Euro 207 thousand was recognized under "Other receivables and other current assets".

As at December 31, 2022, there is an interest rate hedge in place linked to the Euro 90 million loan, Euro 33.3 million of which was disbursed, whose positive fair value amounts to Euro 283 thousand, booked to the item non-current financial assets, with a specially designated shareholders' equity reserve as contra-entry.

There is also a second interest rate hedge in place, linked to the loan of Euro 5.5 million, whose positive fair value amounts to Euro 423 thousand, booked to the item non-current financial assets, with a specially designated shareholders' equity reserve as contra-entry.

Finally, there is a third interest rate hedging instrument on the loan of Euro 15,000 thousand, held by Fruttital S.r.l., whose mark to market at the reporting date is positive and equal to Euro 753 thousand, recorded under non-current financial assets with a shareholders' equity reserve as contra-entry.

In addition, there is a hedge on purchases of USD, the mark to market of which is negative and equal to Euro 619 thousand, posted under the item Current financial liabilities with a shareholders' equity reserve as contra-entry.

NOTE 33. Disclosures on assets and liabilities measured at fair value

Several standards and disclosure requirements require the Group to measure the fair value of financial and non-financial assets and liabilities. Based on the requirements of IFRS 13 "Fair value measurement", the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, interest rate, USD purchase and bunker (terminated at December 31, 2022) hedging derivatives had been stipulated, as already described extensively;
- the fair value of non-current financial liabilities is obtained by discounting all future cash flows at the period-end conditions. In the current situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair values.

As regards trade and other receivables and payables, the fair value is equal to the book value, based on the consideration of their close expiry.

Fair value of non-financial instruments:

- for long-term biological assets, the cost method is used net of accumulated depreciation for the determination of the carrying amount;
- for current biological assets (agricultural product on the plant) fair value is used, i.e. the market value net of transportation costs.

It should be noted that, when third party information is used to determine the fair value, such as the prices of brokers or pricing services, the Group evaluates and documents the information obtained from third parties to support the fact that these evaluations comply with the provisions of IFRS, including the fair value hierarchy level in which to reclassify the associated valuation.

In the fair value measurement of an asset or liability, the Group uses observable market data as much as possible. Fair value is divided up into various hierarchical levels according to the input data used in the measurement techniques, as explained below.

- Level 1: the valuation techniques use prices listed (not adjusted) on an active market for identical assets or liabilities subject to valuation;
- Level 2: the valuation techniques consider inputs other than the previous prices, but that can, however, be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3: the techniques use inputs that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability comes under different fair value hierarchy levels, the entire valuation is inserted in the same input hierarchy level at a lower level which is significant for the entire valuation. The Group records transfers between the different levels of the fair value hierarchy at the end of the year in which the transfer took place.

Financial instruments

Derivatives, valued using techniques based on market data, are swaps on bunkers and exchange rates and IRSs on interest rates whose purpose is to hedge both the fair value of underlying instruments and cash flows. The most frequently applied valuation techniques include “forward pricing” and “swap” models, which use the calculations of the present value. The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of €	31.12.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Current financial assets	10	-	-	21	-	-
Hedging derivatives	-	1,459	-	-	1,356	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	(619)	-	-	(240)	-

Level 1 valuation was used for non-significant securities.

Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as bunker, exchange rates and interest rates that are quoted in active or observable markets on official rate curves. The financial asset measured with Level 2 as at December 31, 2022 relates to the positive fair value of the interest rate derivative, while the liability measured with Level 2 as at December 31, 2022 relates to the negative fair values of the exchange rate derivative.

Non-financial instruments

It is noted that there are non-financial instruments measured at fair value as at December 31, 2022, represented by biological assets of the Mexican production company.

NOTE 34. Transactions with related parties

The Company and the Group have enacted a conduct procedure related to transactions with related parties, both companies and natural persons, in order to monitor and trace the necessary information regarding transactions between Group companies as well as those in which directors and executives of the Parent Company have interests, for the purpose of their control and possible authorization. The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content. The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

Moreover, there is a fiscal relationship with the Parent company Orsero, as a result of the option exercised for the national tax consolidation system, governed by Articles 117 et seq. of the T.U.I.R., for almost all Italian companies, and a similar system has been activated in France by AZ France together with its French subsidiaries. Receivables and payables arising from such fiscal relationships are not interest-bearing. Transactions between the companies included in the scope of consolidation have been eliminated from the consolidated financial statements and have not been highlighted. It should be noted that during 2022 no related party transactions were implemented other than those that are part of the Group's ordinary course of business. Below is a summary of the items in the statement of financial position and income statement for transactions between the Group and related parties (other than those with the subsidiaries included in the line-by-line consolidation) in 2022. Transactions with the companies shown in the table are essentially of a commercial nature and relate to specific sectors of activity, while those with natural person related parties relate to existing employment relationships or to remuneration due in their capacity as directors and statutory auditors of the Board of Directors of the Parent Company.

Thousands of euro	Related parties as at December 31, 2022			
	Non-current receivables *	Trade receivables	Trade payables	Other current liabilities
Associates				
Moño Azul S.A.	84	-	(500)	-
Citrumed S.A.	186	26	-	-
Bonaoro S.L.	-	-	404	-
Decofruit S.L.	-	13	423	-
Fruport S.A.	-	13	605	-
Tirrenofruit S.r.l.	-	361	1,516	-
Agricola Azzurra S.r.l.	-	14	-	-
Total vs Associates	270	427	2,448	-
Related companies				
Nuova Beni Imm.ri	-	62	459	-
Business Aviation ¹	-	15	-	-
Immobiliare Ranzi	-	87	-	-
Argentina S.r.l.	-	11	-	-
Fif Holding S.p.A.	-	43	-	-
Transp Frigo solocanarias	-	-	153	-
Rocket Logistica SL	-	-	208	-
FersoTrans	-	-	107	-
Related parties physical persons	-	-	-	3,431
Total vs related parties	-	218	927	3,431
Total associates and related parties	270	645	3,375	3,431
Financial Statement	5,626	119,107	134,807	23,669
% of Financial Statement	4.8%	0.5%	2.5%	14.5%

* Within the "Non-current financial assets"

¹ Referred to the companies GF Aviation S.r.l., K-Air S.p.A..

Related parties as at December 31, 2022						
Thousands of €	Net sales	Other revenues/cost recoveries *	Other operating income /expense	Financial income	Trade expense *	General & admin.ve expense
Associates						
Moño Azul S.A.	102	-	-	2	(1,200)	(23)
Citrumed S.A.	-	71	-	9	(919)	-
Bonaoro S.L.	965	-	-	-	(1,979)	(18)
Decofruit S.L.	1	-	7	-	(423)	-
Fruport S.A.	17	-	-	-	(3,421)	(12)
Tirrenofruit S.r.l.	42	1	-	-	-	-
Agricola Azzurra S.r.l.	37	190	12	-	(11,315)	-
Total vs Associates	1,164	263	19	12	(19,258)	(53)
Related companies						
Nuova Beni Imm.ri	65	-	-	-	-	(119)
Business Aviation ¹	2	-	-	-	-	-
Immobiliare Ranzi	4	-	-	-	-	-
Argentina S.r.l.	2	-	-	-	-	-
Fif Holding S.p.A.	12	-	-	-	-	-
Transp Frigo solocanarias	-	-	-	-	(1,029)	-
Rocket Logistica SL	-	-	-	-	(1,417)	-
Grupo Fernandez	-	-	32	-	-	(280)
Immobiliare Pacuare	-	-	-	-	-	(42)
Fersotrans	-	-	-	-	(1,097)	-
Related parties physical persons	-	-	(2,118)	-	-	(2,513)
Total vs related parties	84	-	(2,085)	-	(3,543)	(2,954)
Total associates and related parties	1,249	263	(2,066)	12	(22,801)	(3,006)
Financial Statement	1,196,284	(1,077,434)	(3,077)	321	(1,077,434)	(75,831)
% of Financial Statement	0.1%	0.0%	67.1%	3.6%	2%	4.0%

* Within the "Cost of goods sold"

¹ Referred to the companies GF Aviation S.r.l., K-Air S.p.A..

Note that the item "Other receivables and other current assets" includes receivables from Argentina S.r.l. for Euro 8,000 thousand, fully written off.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

It should be noted that the relationships with associated and related companies laid out in the table concern the supply of fruit and vegetables (Agricola Azzurra, Tirrenofruit, Bonaoro, Citrumed, Moño Azul) or services (Fruport, Nuova Beni Immobiliari, Fersotrans, Grupo Fernandez, Transp Frigo solocanarias, Rocket Logistics), to mention the main ones.

The item "Non-current receivables" due from associates primarily reflects the loan provided to the Tunisian subsidiary Citrumed for the development of its business (production of oranges for the French market).

As mentioned above, costs to natural person related parties relate to the remuneration of employees and directors or statutory auditors of the Board of Directors of the Parent Company, in addition to Euro 2,118 thousand for the MBO/LTI incentives included in Other operating income/expense (non-recurring part).

For more details, refer to Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

NOTE 35. Share-based payments

As already noted above, the Company, in line with best market practices enacted by listed companies at domestic and international level, has adopted the "2020-2022 Long-Term Monetary Incentive Plan" which aims to stimulate the maximum alignment of Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders in the medium-long term. In particular, it makes it possible to pursue the following objectives: 1) to reward the short- and long-term performance of the Orsero Group as well as strengthen the alignment between the interests of management and those of shareholders, directing behavior towards the sustainability of performance and the achievement of defined objectives; 2) to develop retention policies aimed at retaining key corporate resources and encouraging them to remain with the Group; 3) to develop policies to attract talented managerial and professional figures. The Plan recognizes within the remuneration structure of the beneficiaries a monetary economic incentive related to the achievement of certain performance and value creation objectives for shareholders, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Orsero Group. Although the Plan does not provide for the assignment of financial instruments, but rather only the attribution of monetary incentives, it does establish that a part of these incentives shall be indexed to the yield of the Company's securities, which is why the Plan itself is subject to the rules set out in Article 114-bis of the TUF for plans that provide for the assignment of financial instruments, as applicable. For details about the Plan, please refer to the governance section of the website <https://www.orserogroup.it/governance/remunerazione/>.

With reference to the 2022 financial year, the incentives accrued by Top Management represent a cost of Euro 1,926 thousand divided into Euro 891 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 1,035 thousand for LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the "vesting period", and indexed to the performance of the Orsero share price). As described in detail separately below, against a cost for the LTI accrued in financial year 2022 of Euro 1,380 thousand, due to the accounting system mentioned above, the cost accounted for in the income statement, including accruals relating to the LTI incentives for financial years 2020 and 2021, amounts to Euro 2,142 thousand.

Taking into account the mechanism described above, the cost of Top Management bonuses accrued in 2022, therefore inclusive of the accruals relating to the LTI bonus for financial years 2020-2021, totaling Euro 3,033 thousand, is calculated as follows:

- Euro 891 thousand for the MBO portion payable after approval of the 2022 financial statements;
- Euro 210 thousand for the portion of the 2020 LTI bonus payable in 2023;
- Euro 157 thousand for the portion of the 2020 LTI bonus payable in 2024;
- Euro 444 thousand for the portion of the 2021 LTI bonus payable in 2023;
- Euro 296 thousand for the portion of the 2021 LTI bonus payable in 2024;
- Euro 690 thousand for the portion of the 2022 LTI bonus payable in 2023;
- Euro 345 thousand for the portion of the 2022 LTI bonus payable in 2024.

It should be noted that for all of the 2020, 2021 and 2022 LTI bonus shares, the revaluation has already been taken into account, to the maximum extent of 40% provided for by the Plan, based on the increase in the share price recorded over the three-year period, also including the value of dividends distributed, as per the Orsero 2020-2022 LTI Plan Regulation.

NOTE 36. Employees

The following table shows the number of employees as at December 31, 2022 and 2021.

	31.12.2022	31.12.2021	Change
Distribution Sector			
Number of employees	1,470	1,437	33
Shipping Sector			
Number of employees	150	149	1
Holding & Services Sector			
Number of employees	89	88	1
Number of employees	1,709	1,674	35

NOTE 37. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of €	31.12.2022	31.12.2021	Change
Guarantees issued in the interest of the Group	3,585	3,935	(350)
Guarantees issued to third parties	2,627	3,073	(446)
Total guarantees	6,212	7,008	(796)

Compared to the end of the previous year, guarantees decreased by Euro 796 thousand, essentially represented by the extinction of guarantees given in favor of third-party suppliers of the Group for Euro 446 thousand and, for Euro 350 thousand, in favor of associated companies, while the amount guaranteed to Customs and other local authorities remained basically unchanged.

We are not aware of any other disputes or proceedings that may have repercussions on the Group's economic and financial position, except for those already described in this financial report.

NOTE 38. Fees due to the Directors and the Board of Statutory Auditors

The following table details the remuneration for the members of the corporate bodies of Orsero S.p.A. in 2022.

Thousands of €	2022
Board of Directors	426
Board of Statutory Auditors	73

"Directors' fees" include remuneration from letters of appointment of Euro 300 thousand, committee remuneration of Euro 85 thousand and contributions for Euro 40 thousand.

NOTE 39. Significant events after December 31, 2022

In this regard, please note the finalization of the acquisitions of 80% of the share capital of Blampin and 100% of the share capital of Capexo, as already described extensively in this report and in the press releases promptly issued at the time. The acquired companies will be consolidated by Orsero as of January 1, 2023. With respect to the above transactions, the two remaining tranches of the ESG-linked pool loan were disbursed for a total amount of Euro 56.7 million.

Regarding the appointment of a new Board of Directors, guidance on its future size and composition has been made available to the shareholders.

Other than the above, there are no other particularly significant events as at the date of this Report. With reference to the latest developments in the international geopolitical situation, the Group's management continues to monitor their developments with the aim of maintaining an efficient import and distribution logistics chain and preserving its cost-effectiveness.

ANNEX 1. Information in accordance with Art. 149-duodecies of the Consob Issuers' Regulation

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2021 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Type of services - Thousands of €	Company that provided the service	Addressee	Fees for 2022
Audit (*)			
	Kpmg S.p.A.	Parent company	121
		Italian subsidiaries	112
	Kpmg Auditores S.L.	Foreign subsidiaries	80
Other services			
Tax declaration	Kpmg S.p.A.	Parent company	3
Tax declaration	Kpmg S.p.A.	Italian subsidiaries	19

(*) Includes the audit at December 31, 2022 and the limited review of the interim report as of June 30

ANNEX 2. Financial statements tables in accordance with Consob Resolution 15519/2006

Consolidated statement of financial position 2022 and 2021

Thousands of €	31.12.2022	of which related parties			
		Associates	Related	Total	%
ASSETS					
Goodwill	48,245	-	-	-	-
Intangible assets other than Goodwill	10,020	-	-	-	-
Property, plant and equipment	163,967	-	-	-	-
Investment accounted for using the equity method	19,397	19,397	-	19,397	100%
Non-current financial assets	5,626	586	-	586	10%
Deferred tax assets	8,323	-	-	-	-
NON-CURRENT ASSETS	255,578	19,983	-	19,983	8%
Inventories	47,357	-	-	-	-
Trade receivables	119,107	427	218	645	1%
Current tax assets	16,929	-	-	-	-
Other receivables and other current assets	14,156	-	-	-	-
Cash and cash equivalents	68,830	-	-	-	-
CURRENT ASSETS	266,378	427	218	645	0%
Non-current assets held for sale	-	-	-	-	-
TOTAL ASSETS	521,957	20,409	218	20,627	4%
Share Capital	69,163	-	-	-	-
Other Reserves and Retained Earnings	99,661	-	-	-	-
Profit/loss attributable to Owners of Parent	32,265	-	-	-	-
Equity attributable to Owners of Parent	201,090	-	-	-	-
Non-controlling interests	393	-	-	-	-
EQUITY	201,483	-	-	-	-
LIABILITIES					
Financial liabilities	101,096	-	-	-	-
Other non-current liabilities	735	-	-	-	-
Deferred tax liabilities	4,593	-	-	-	-
Provisions	5,759	-	-	-	-
Employees benefits liabilities	8,297	-	-	-	-
NON-CURRENT LIABILITIES	120,479	-	-	-	-
Financial liabilities	36,789	-	-	-	-
Trade payables	134,807	2,448	927	3,375	3%
Current tax liabilities	4,730	-	-	-	-
Other current liabilities	23,669	-	3,431	3,431	14%
CURRENT LIABILITIES	199,995	2,448	4,358	6,806	3%
Liabilities directly associated with assets held for sale	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	521,957	2,448	4,358	6,806	1%

Thousands of €	31.12.2021	of which related parties			
		Associates	Related	Total	%
ASSETS					
Goodwill	48,245	-	-	-	-
Intangible assets other than Goodwill	9,022	-	-	-	-
Property, plant and equipment	164,407	-	-	-	-
Investment accounted for using the equity method	14,753	14,753	-	14,753	100%
Non-current financial assets	6,243	1,407	-	1,407	23%
Deferred tax assets	8,492	-	-	-	-
NON-CURRENT ASSETS	251,161	16,160	-	16,160	6%
Inventories	43,333	-	-	-	-
Trade receivables	113,677	1,086	407	1,493	1%
Current tax assets	11,254	-	-	-	-
Other receivables and other current assets	14,182	-	-	-	-
Cash and cash equivalents	55,043	-	-	-	-
CURRENT ASSETS	237,489	1,086	407	1,493	1%
Non-current assets held for sale	-	-	-	-	-
TOTAL ASSETS	488,650	17,246	407	17,653	4%
Share Capital	69,163	-	-	-	-
Other Reserves and Retained Earnings	87,733	-	-	-	-
Profit/loss attributable to Owners of Parent	18,290	-	-	-	-
Equity attributable to Owners of Parent	175,186	-	-	-	-
Non-controlling interests	668	-	-	-	-
EQUITY	175,854	-	-	-	-
LIABILITIES					
Financial liabilities	98,248	-	-	-	-
Other non-current liabilities	1,057	-	-	-	-
Deferred tax liabilities	4,081	-	-	-	-
Provisions	5,326	-	-	-	-
Employees benefits liabilities	9,761	-	-	-	-
NON-CURRENT LIABILITIES	118,473	-	-	-	-
Financial liabilities	42,518	-	-	-	-
Trade payables	126,854	3,521	305	3,826	3%
Current tax liabilities	4,142	-	-	-	-
Other current liabilities	20,811	-	1,534	1,534	7%
CURRENT LIABILITIES	194,324	3,521	1,839	5,360	3%
Liabilities directly associated with assets held for sale	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	488,650	3,521	1,839	5,360	1%

**Consolidated income statement and Consolidated statement of comprehensive income
2022 and 2021**

Thousands of euro	Year 2022	of which related parties			
		Associates	Related	Total	%
Net sales	1,196,284	1,164	84	1,249	0%
Cost of sales	(1,077,434)	(18,995)	(3,543)	(22,538)	2%
Gross profit	118,850	-	-	-	-
General and administrative expense	(75,831)	(53)	(2,954)	(3,006)	4%
Other operating income/expense	(3,077)	19	(2,085)	(2,066)	67%
- of which non-recurring operating income	-	-	-	-	-
- of which non-recurring operating expense	(5,758)	-	(2,118)	(2,118)	37%
Operating result	39,942	-	-	-	-
Financial income	321	12	-	12	4%
Financial expense and exchange rate differences	(5,690)	-	-	-	-
Other investment income/expense	(483)	-	-	-	-
Share of profit/loss of associates accounted for using the equity method	2,041	-	-	-	-
Profit/loss before tax	36,131	-	-	-	-
Income tax expense	(3,671)	-	-	-	-
Profit/loss from continuing operations	32,460	-	-	-	-
Profit/loss from discontinued operations	-	-	-	-	-
Profit/loss for the period	32,460	-	-	-	-
Profit/loss attributable to non-controlling interests	195	-	-	-	-
Profit/loss attributable to Owners of Parent	32,265	-	-	-	-

Thousands of euro	Year 2022	of which related parties			
		Associates	Related	Total	%
Profit/loss for the period	32,460	-	-	-	-
Other comprehensive income that will not be reclassified to profit/loss, before tax	1,060	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	(212)	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	(341)	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(55)	-	-	-	-
Comprehensive income	32,913	-	-	-	-
Comprehensive income attributable to non-controlling interests	195	-	-	-	-
Comprehensive income attributable to Owners of Parent	32,717	-	-	-	-

Thousands of €	Year 2021	of which related parties			
		Associates	Related	Total	%
Net sales	1,069,776	788	170	958	0%
Cost of sales	(975,562)	(9,267)	(1,071)	(10,337)	1%
Gross profit	94,214	-	-	-	-
General and administrative expense	(71,071)	(30)	(4,161)	(4,191)	6%
Other operating income/expense	(19)	9	(1,193)	(1,184)	6155%
- of which non-recurring operating income	1,909	-	-	-	-
- of which non-recurring operating expense	(4,310)	-	(1,232)	(1,232)	29%
Operating result	23,125	-	-	-	-
Financial income	352	33	-	33	9%
Financial expense and exchange rate differences	(3,665)	-	-	-	-
Other investment income/expense	4	-	-	-	-
Share of profit/loss of associates accounted for using the equity method	1,019	-	-	-	-
Profit/loss before tax	20,835	-	-	-	-
Income tax expense	(2,327)	-	-	-	-
Profit/loss from continuing operations	18,508	-	-	-	-
Profit/loss from discontinued operations	-	-	-	-	-
Profit/loss for the period	18,508	-	-	-	-
Profit/loss attributable to non-controlling interests	219	-	-	-	-
Profit/loss attributable to Owners of Parent	18,290	-	-	-	-

Thousands of euro	Year 2021	of which related parties			
		Associates	Related	Total	%
Profit/loss for the period	18,508	-	-	-	-
Other comprehensive income that will not be reclassified to profit/loss, before tax	77	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	(30)	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	2,556	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(496)	-	-	-	-
Comprehensive income	20,615	-	-	-	-
Comprehensive income attributable to non-controlling interests	219	-	-	-	-
Comprehensive income attributable to Owners of Parent	20,397	-	-	-	-

Consolidated cash flow statement 2022 and 2021

Thousands of €	Year 2022	Of which related parties		
		Associates	Related	Total
A. Cash flows from operating activities (indirect method)				
Profit/loss for the period	32,460			
Adjustments for income tax expense	3,671	-	-	-
Adjustments for interest income/expense	3,760	(12)	-	(12)
Adjustments for provisions	2,245	-	-	-
Adjustments for depreciation/amortisation and impairment	28,114	-	-	-
Change in inventories	(4,024)	-	-	-
Change in trade receivables	(5,971)	659	189	848
Change in trade payables	7,953	(1,072)	622	(451)
Change in other receivables/assets and in other liabilities	(4,455)	-	1,897	1,897
Interest received/(paid)	(3,883)	12	-	12
(Income taxes paid)	(5,000)	-	-	-
Cash flow from operating activities (A)	54,870			
B. Cash flows from investing activities				
Purchase of property, plant and equipment	(26,562)	-	(312)	(312)
Proceeds from sales of property, plant and equipment	687	-	-	-
Purchase of intangible assets	(2,828)	-	-	-
Proceeds from sales of intangible assets	31	-	-	-
Purchase of interests in investments accounted for using equity method	(5,394)	(5,394)	-	(5,394)
Proceeds from sales of investments accounted for using equity method	751	751	-	751
Purchase of other non-current assets	-	-	-	-
Proceeds from sales of other non-current assets (Acquisitions)/disposal of investments in controlled companies, net of cash	2,243	1,981	-	1,981
	-	-	-	-
Cash Flow from investing activities (B)	(31,073)			
C. Cash Flow from financing activities				
Increase/decrease of financial liabilities	(8,736)	-	-	-
Drawdown of new long-term loans	54,217	-	-	-
Pay back of long-term loans	(48,661)	-	-	-
Capital increase and other changes in increase/decrease	980	-	-	-
Disposal/purchase of treasury shares	(2,215)	-	-	-
Dividends paid	(5,595)	-	-	-
Cash Flow from financing activities (C)	(10,012)			
Increase/decrease in cash and cash equivalents (A ± B ± C)	13,786			
Cash and cash equivalents at 1° January 2022-2021	55,043			
Cash and Cash equivalents at 31 December 2022-2021	68,830			

Thousands of €	Year 2021	Of which related parties		
		Associates	Related	Total
A. Cash flows from operating activities (indirect method)				
Profit/loss for the period	18,508			
Adjustments for income tax expense	2,327	-	-	-
Adjustments for interest income/expense	3,301	(33)	-	(33)
Adjustments for provisions	2,408	-	-	-
Adjustments for depreciation/amortisation and impairment	24,994	-	-	-
Change in inventories	(8,002)	-	-	-
Change in trade receivables	1,473	806	(117)	689
Change in trade payables	13,942	2,443	175	2,618
Change in other receivables/assets and in other liabilities	3,491	-	-	-
Interest received/(paid)	(3,352)	8	-	8
(Income taxes paid)	(4,007)	-	-	-
Cash flow from operating activities (A)	55,083			
B. Cash flows from investing activities				
Purchase of property, plant and equipment	(28,546)	-	(110)	(110)
Proceeds from sales of property, plant and equipment	6,716	-	-	-
Purchase of intangible assets	(2,678)	-	-	-
Proceeds from sales of intangible assets	110	-	-	-
Purchase of interests in investments accounted for using equity method	(8,941)	(8,941)	-	(8,941)
Proceeds from sales of investments accounted for using equity method	362	362	-	362
Purchase of other non-current assets	(1,159)	-	-	-
Proceeds from sales of other non-current assets	784	57	-	57
(Acquisitions)/disposal of investments in controlled companies, net of cash	-	-	-	-
Cash Flow from investing activities (B)	(33,351)			
C. Cash Flow from financing activities				
Increase/decrease of financial liabilities	(4,225)	-	-	-
Drawdown of new long-term loans	27,348	-	-	-
Pay back of long-term loans	(27,534)	-	-	-
Capital increase and other changes in increase/decrease	2,459	-	-	-
Disposal/purchase of treasury shares	(1,631)	-	-	-
Dividends paid	(3,594)	-	-	-
Cash Flow from financing activities (C)	(7,177)			
Increase/decrease in cash and cash equivalents (A ± B ± C)	14,555			
Cash and cash equivalents at 1° January 2021-2020	40,489			
Cash and Cash equivalents at 31 December 2021-2020	55,043			



Independent Auditor's Report



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(The accompanying translated consolidated financial statements of the Orsero Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Orsero S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Orsero Group (the "group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement and the statements of comprehensive income, the consolidated changes in equity and the consolidated cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Orsero Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Orsero S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: section "Valuation criteria" and note 1 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
<p>The Goodwill included in the consolidated financial statements at 31 December 2022 amounts to a total of €48.2 million.</p> <p>Goodwill is allocated to the cash-generating units ("CGU") of the Distribution sector by geographical area. In particular, goodwill is allocated to the CGU Italy for €12.6 million, the CGU Iberian Peninsula for €9.5 million and the CGU France for €9.5 million.</p> <p>In line with the procedure approved by the Orsero S.p.A.'s board of directors on 7 March 2023, the goodwill is tested for impairment at least annually and whenever there are triggering events, by comparing the carrying amounts of each CGU, including goodwill, to the related recoverable amounts.</p> <p>The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the individual CGU's expected cash flows over the three-year period 2023-2025.</p> <p>The expected operating cash flows were estimated on the basis of the 2023 budget, approved by the Board of Directors on 2 February 2023. The expected operating cash flows for the years 2024 and 2025 and for the terminal value have been determined on the basis of the operating result of year 2023.</p> <p>Impairment testing is complex and entails a high level of judgement, especially in relation to:</p> <ul style="list-style-type: none"> the expected operating cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates. 	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> updating our understanding of the process adopted to prepare the impairment tests and the forecasts set out in the update to the 2023-2025 plan; checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; analysing the reasonableness of i) the key assumptions used by the directors to identify the CGU, the criteria for the allocation of goodwill and to determine the related operating cash flows and ii) the valuation models adopted; checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements about goodwill and related impairment tests.



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Key audit matter	Audit procedures addressing the key audit matter
<ul style="list-style-type: none">the financial parameters used to calculate the discount rate. <p>For the above reasons and due to the materiality of the relevant caption, we believe that the recoverability of the carrying amounts of goodwill is a key audit matter.</p>	

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 24 April 2019, the shareholders of Orsero S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.



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Independent auditors' report
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Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.



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31 December 2022

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Orsero S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, this statement is subject of a separate attestation issued by other auditor.

Genoa, 30 March 2023

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit



Separate Financial Statements as at December 31, 2022

Parent Company Financial Statements

Statement of Financial Position ¹⁹²⁰

€	NOTES	31.12.2022	31.12.2021
ASSETS			
Intangible assets other than Goodwill	1	84,241	142,763
Property, plant and equipment	2	4,920,196	4,594,080
Equity investments	3	171,218,477	167,818,477
Non-current financial assets	4	719,219	35,333
Deferred tax assets	5	1,060,108	1,227,644
NON-CURRENT ASSETS		178,002,240	173,818,297
Receivables	6	53,680,893	40,200,367
Current tax assets	7	1,513,682	1,258,526
Other receivables and other current assets	8	687,265	342,356
Cash and cash equivalents	9	45,215,150	33,497,563
CURRENT ASSETS		101,096,990	75,298,812
Non-current assets held for sale		-	-
TOTAL ASSETS		279,099,230	249,117,109
Share Capital		69,163,340	69,163,340
Other Reserves and Retained Earnings		73,803,494	73,329,175
Profit/loss		7,261,081	7,010,854
EQUITY	10	150,227,915	149,503,369
LIABILITIES			
Financial liabilities	11	61,890,368	57,595,890
Provisions	12	-	123,171
Employees benefits liabilities	13	2,081,028	2,305,906
Deferred tax liabilities	14	169,293	-
NON-CURRENT LIABILITIES		64,140,689	60,024,967
Financial liabilities	11	14,636,484	11,087,976
Payables	15	44,366,256	24,781,288
Current tax liabilities	16	240,350	235,398
Other current liabilities	17	5,487,536	3,484,111
CURRENT LIABILITIES		64,730,626	39,588,773
Liabilities directly associated with non-current assets held for sale		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		279,099,230	249,117,109

¹⁹ The notes commenting on the individual items are an integral part of these Separate Financial Statements.

²⁰ In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Income Statement ²¹²²

€	NOTES	Year 2022	Year 2021
Net sales	18	2,358,308	2,129,386
Cost of sales		-	-
Gross profit		2,358,308	2,129,386
General and administrative expense	19	(11,386,028)	(10,532,005)
Other operating income/expense	20	(3,827,354)	(1,670,449)
Operating result		(12,855,074)	(10,073,068)
Financial income	21	223,353	221,244
Financial expense and exchange rate differences	21	(2,082,265)	(1,939,401)
Other investment income/expense	22	20,163,832	16,936,144
Profit/loss before tax		5,449,846	5,144,919
Income tax expense	23	1,811,234	1,865,934
Profit/loss from continuing operations		7,261,081	7,010,854
Profit/loss from discontinued operations		-	-
Profit/loss		7,261,081	7,010,854

Statement of comprehensive income

€		Year 2022	Year 2021
Profit/loss		7,261,081	7,010,854
Other comprehensive income that will not be reclassified to profit/loss, before tax	13	180,738	(44,841)
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	23	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	11	933,948	208,153
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	23	(224,148)	(49,957)
Comprehensive income		8,151,619	7,124,209

²¹ The notes commenting on the individual items are an integral part of these Separate Financial Statements.

²² In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Statement of cash flows²³²⁴

€	NOTES	Year 2022	Year 2021
A. Cash flows from operating activities (indirect method)			
Profit/loss		7,261,081	7,010,854
Adjustments for income tax expense	22	(1,811,234)	(1,865,934)
Adjustments for interest income/expense	20	2,082,265	1,939,401
Adjustments for dividends	21	(20,339,035)	(16,936,144)
Adjustments for depreciation and amortisation expense and impairment loss	18	708,197	567,322
Change in receivables	6	(13,480,527)	8,905,145
Change in payables	14	19,584,968	12,557,831
Change in other receivables/assets and in other liabilities	7-8-12-13-15-16	2,688,499	1,795,125
Interest received/(paid)	20	(1,729,972)	(1,725,739)
(Income taxes paid)	22	-	-
Dividends received	21	20,339,035	16,936,144
Cash flow from operating activities (A)		15,303,277	29,184,005
B. Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,192,350)	(2,356,152)
Proceeds from sales of property, plant and equipment	2	224,510	44,322
Purchase of intangible assets	1	(7,951)	(58,010)
Proceeds from sales of intangible assets	1	-	-
Purchase of interests in equity investments	3	(3,500,000)	(7,322,058)
Proceeds from sales of equity investments	3	100,000	222,536
Purchase of other non-current assets	4-5	-	-
Proceeds from sales of other non-current assets	4-5	189,036	101,032
(Acquisitions)/disposal of investments in controlled companies, net of cash	3-11	-	-
Cash Flow from investing activities (B)		(4,186,755)	(9,368,330)
C. Cash Flow from financing activities			
Increase/decrease of financial liabilities	11	318,047	(968,056)
Drawdown of new long-term loans	11	36,988,304	9,462,379
Pay back of long-term loans	11	(30,168,751)	(11,016,200)
Capital increase and other changes in increase/decrease	10	885,384	37,981
Disposal/purchase of treasury shares	10	(2,215,423)	(1,630,513)
Dividends paid	10	(5,206,496)	(3,505,997)
Cash Flow from financing activities (C)		601,065	(7,620,406)
Increase/decrease in cash and cash equivalents (A ± B ± C)		11,717,587	12,195,269
Cash and cash equivalents at 1° January 22-21	9	33,497,563	21,302,294
Cash and Cash equivalents at 31 December 22-21	9	45,215,150	33,497,563

²³ The notes commenting on the individual items are an integral part of these Separate Financial Statements.

²⁴ In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Prospetto di variazione del patrimonio netto ²⁵²⁶

€ - NOTA 10	Share Capital*	Treasury shares*	Reserve of shareholding acquisition costs*	Legal reserve	Share premium reserve	Reserve of cash flow hedges	Reserve of remeasurements of defined benefit plans	Reserve of share- based payments	Other reserves	Retained earnings	Profit/Loss	Total Equity
December 31, 2020	69,163,340	(941,902)	(153,461)	396,177	77,437,716	(331,905)	(611,770)	-	(5,080,106)	2,700,458	5,012,498	147,591,044
Allocation of the profit/loss	-	-	-	250,700	-	-	-	-	1,255,801	-	(1,506,501)	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(1,630,513)	-	-	-	-	-	-	-	-	-	(1,630,513)
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(44,841)	-	-	-	-	(44,841)
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	158,197	-	-	-	-	-	158,197
Dividends paid	-	-	-	-	-	-	-	-	-	-	(3,505,997)	(3,505,997)
Increase/decrease through share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	60	-	-	-	-	-	-	(3,823)	(71,611)	-	(75,374)
Profit/loss	-	-	-	-	-	-	-	-	-	-	7,010,854	7,010,854
December 31, 2021	69,163,340	(2,572,355)	(153,461)	646,877	77,437,716	(173,708)	(656,611)	-	(3,828,128)	2,628,847	7,010,854	149,503,369

²⁵ The notes commenting on the individual items are an integral part of these Separate Financial Statements.

²⁶ In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions and non-recurring expenses and income are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

€ - NOTA 10	Share Capital**	Treasury shares**	Reserve of shareholding acquisition costs**	Legal reserve	Share premium reserve	Reserve of cash flow hedges	Reserve of remeasurements of defined benefit plans	Reserve of share- based payments	Other reserves	Retained earnings	Profit/Loss	Total Equity
December 31, 2021	69,163,340	(2,572,355)	(153,461)	646,877	77,437,716	(173,708)	(656,611)	-	(3,828,128)	2,628,847	7,010,854	149,503,369
Allocation of the profit/loss	-	-	-	350,543	-	-	-	-	1,453,815	-	(1,804,358)	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(2,215,423)	-	-	-	-	-	-	-	-	-	(2,215,423)
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	180,738	-	-	-	-	180,738
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	709,801	-	-	-	-	-	709,801
Dividends paid	-	-	-	-	-	-	-	-	-	-	(5,206,496)	(5,206,496)
Increase/decrease through share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	(1,393)	-	(3,763)	-	-	(5,156)
Profit/loss	-	-	-	-	-	-	-	-	-	-	7,261,081	7,261,081
December 31, 2022	69,163,340	(4,787,778)	(153,461)	997,420	77,437,716	536,093	(477,266)	-	(2,378,076)	2,628,847	7,261,081	150,227,915

(*) Expression of the share capital according to IAS 32, net of treasury shares for €/000 2.572 and equity investments 'costs for €/000 153

(**) Expression of the share capital according to IAS 32, net of treasury shares for €/000 4.788 and equity investments 'costs for €/000 153

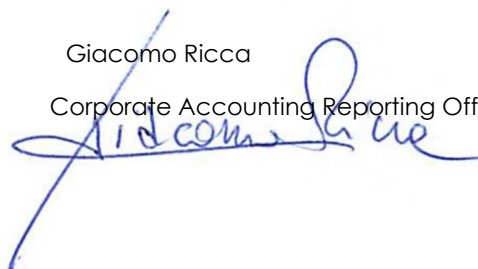
Certification of the Separate Financial Statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned Giacomo Ricca, Corporate Accounting Reporting Officer of Orsero S.p.A., taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998, hereby certifies:
 - the adequacy, considering the Company's characteristics, and
 - the effective application of administrative and accounting procedures for the preparation of the separate financial statements during the period closed as at December 31, 2022.
2. No significant issues arose.
3. It is further certified that:
 - 3.1 the separate financial statements:
 - a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
 - b) coincide with the underlying books and accounting records;
 - c) are suitable to give a true and fair view of the issuer's economic, equity and financial position.
 - 3.2 The Report on Operations, prepared in a single format for both the separate and consolidated financial statements, contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertainties it is subject to.

Milan, March 14, 2023

Giacomo Ricca

Corporate Accounting Reporting Officer

A handwritten signature in blue ink, appearing to read "Giacomo Ricca", written over a light blue horizontal line.

Notes to the Financial Statements as at December 31, 2022

Form and content of the Separate Financial Statements and other general information

Nature of the Company

Orsero S.p.A. (the "Parent Company" or the "Company") is a company organized under the laws of the Republic of Italy. The company represents the Parent Company of Orsero Group, whose activities have been extensively described in the pages above with regard to the single Report on Operations. The registered office of the Parent Company is Via Veza d'Oglio no. 7, Milan, Italy.

As at December 31, 2022, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.

As of December 23, 2019, Orsero ordinary shares are listed on the Euronext STAR Milan Market.

Statement of compliance and preparation criteria

These Separate Financial Statements as at December 31, 2022, prepared on the basis that the business continues to operate as a going concern, were prepared in accordance with Art. 4, paragraph 1 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Separate Financial Statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS". In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.

The Separate Financial Statements are prepared in euros, which is the functional currency of the economy in which Orsero operates; the amounts given in the accounting statements are in units of euros, whilst the data given in the notes, is in thousands of euros. These Separate Financial Statements are compared with last year's separate financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied from January 1, 2022" in the notes to the Consolidated Financial Statements.

The Separate Financial Statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets and derivative instruments, which are measured at fair value. Please also note that the Directors have prepared the Separate Financial Statements assuming that the business will continue operating as a going concern, in accordance with paragraphs 25 and 26 of the standard IAS 1; this is possible due to the strong competitive position of the Group and the profitability and solidity of the equity and financial structure

achieved. The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose. Assets and liabilities are stated separately, without netting.

On March 14, 2023, the Board of Directors of Orsero S.p.A. approved the draft separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. The Separate financial statements as at December 31, 2022 were audited by KPMG S.p.A.

Content and form of the Separate Financial Statements

The Separate Financial Statements consist of the statement of financial position, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these Notes, applying the provisions of IAS 1 "Presentation of the financial statements".

The Company has adopted the following financial statements:

- statement of financial position, which classifies assets and liabilities as current and non-current;
- income statement, in which costs are presented using the "allocation" classification, a structure considered more representative than presentation by type;
- comprehensive income statement, which reports revenue and cost items that are not recognized in profit/loss for the year as required or permitted by IFRS;
- cash flow statement, presented using the "indirect method";
- statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows the Parent Company's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner. The form chosen is, in fact, consistent with internal reporting and management.

Please also remember that with its Resolution no. 15519 of July 27, 2006, Consob asked that the accounts given in the financial statements should highlight, if of significant value, any additional sub-items to those already specifically required by IAS 1 and the other international accounting standards, so as to highlight separately from the items of reference, the amount of all related party transactions and positions, as well as, insofar as regards the income statement, the positive or negative items of income deriving from non-recurring or unusual transactions. This information, as requested, has been included in Annex 2 and Note 26 and in all notes to the Separate Financial Statements.

Management and coordination

The Company does not fulfill the requirements for being subject to management and coordination activities by the company FIF Holding S.p.A. pursuant to Art. 2497 bis of the Italian Civil Code. For more information, please refer to the directors' Report on Operations.

Valuation criteria

Below are the main criteria adopted for the preparation of the financial statements at December 31, 2022. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. It should be noted that in preparing the financial statements as at December 31, 2022, the same principles and accounting policies as those used in the preparation of the financial statements as at December 31, 2021 were applied.

Intangible assets other than goodwill

Intangible assets other than goodwill are assets that are not physical, identifiable, controlled and that can produce future economic benefits.

Intangible assets other than goodwill are recognized as assets in accordance with IAS 38 - Intangible Assets, when they are identifiable, it is likely that their use will generate future economic benefits and the cost can be reliably determined. These assets are stated at purchase or production cost, inclusive of all ancillary expenses incurred, and amortized on a straight-line basis over their useful lives. Intangible assets with definite useful life are amortized systematically from the time the asset is available for use for the period of their expected usefulness. The useful life is reviewed annually and any changes, where necessary, are made with prospective application. The recoverability of their value is verified according to the criteria set forth in IAS 36. Costs incurred subsequently are capitalized only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are allocated to profit and loss during the year in which they are incurred.

Patents and intellectual property rights are mainly related to application software licenses, which are amortized on a straight-line basis over their contractual useful life.

Concessions, licenses and trademarks essentially regard expenses for the use of software programs under license, amortized on average over a period of three years.

Assets in progress and advances include the balance of investments in assets not yet in service at year-end and therefore not subject to amortization, but are subject to impairment testing, as required by IAS 36.

Other intangible assets purchased or produced internally are recognized as assets in accordance with IAS 38 (Intangible Assets), when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

Property, plant and equipment

Property, plant and equipment are assets that are physical, identifiable, controlled by the company, and that can produce future economic benefits. Tangible assets purchased or produced internally are recognized as assets in accordance with IAS 16 - Property, Plant and Equipment, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. They are recorded at historical cost of purchase, production or transfer, including the ancillary expenses required to make the asset available for use deducted from the cumulative accumulated depreciation and any write-downs made to adjust their value to the expected lower future utility. Subsequent costs are capitalized only when it is probable that the related future economic benefits will flow to the company. Depreciation is calculated on the basis of economic/technical rates related to the expected useful life of the assets, the most representative of which are:

<i>Category</i>	<i>Useful life</i>
Land	Not depreciated.
Buildings	20 – 33 years
Plants	7 – 10 years
Vehicles	4 – 5 years
Furniture and fixtures	8 - 9 years
Electronic equipment	5 years

In the event there is an impairment, the asset is written down, regardless of the depreciation already recorded; in subsequent periods if the reasons for the write-down are no longer valid, it is restored to its original value, net of accumulated depreciation that would have been allocated, had impairment not been applied, or the recoverable value, if lower. The recoverability of their value is verified according to the criteria set forth in IAS 36. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net book value of the asset and are recognized in the income statement for the year.

Any financial expense incurred for the purchase or production of tangible assets for which a certain period of time normally passes to make the asset ready for use is capitalized and amortized throughout the useful life of the class of assets to which it refers, while all other financial expenses are booked as profit and loss in the year in which they are incurred.

The costs of routine maintenance are fully recognized in the income statement while costs of an incremental nature are allocated to the assets to which they refer and are depreciated in proportion to their residual useful life. If leasehold improvements meet the capitalization requirements, they are classified under tangible assets and depreciated on the basis of the duration of the lease contract. In the presence of legal or implied obligations for the dismantling and removal of assets from sites, the carrying amount of the asset includes the estimated (discounted) costs to be incurred at the time of abandonment of the structures, recognized in counter-entry under a specific provision.

When tangible assets consist of several significant components with different useful lives, depreciation is calculated and carried out separately for each component.

Land is not subject to depreciation, even if purchased in conjunction with a building.

Leasing

The Company has lease agreements in place for the use of offices and apartments for use as temporary accommodation. The contracts are typically entered into for from 3 to 20 or more years, but they may have an extension option. The contractual terms are individually negotiated and contain a broad array of different terms and conditions.

Starting from January 1, 2019, following the initial application of IFRS 16, the Company has recognized for all of those lease agreements, with the exception of short-term ones (i.e., lease agreements with a duration of 12 months or less which do not contain a purchase option) and those concerning low-value assets (i.e., with a unit value of lower than USD 5 thousand), a right of use - recognized under tangible assets - and a corresponding financial liability equal to the sum of the rent established in the contract, discounted according to an appropriate financial cost (borrowing rate) based on the company's standing, the term of the lease and the value of the cost of money when the contract is entered into.

Lease payments relating to short-term and low-value contracts are recognized in the income statement as costs on a straight-line basis throughout the term of the lease.

The value of rights of use decreases over time as a function of depreciation, which is calculated over the contractual term. Only if the lease transfers ownership of the underlying asset to the company at the end of the contract will the right of use be depreciated on the basis of the useful life of the underlying asset, in line with that of the same assets in its category.

After the start date, the amount of liabilities for lease agreements increases to reflect the interests accrued and decreases to reflect the payments made. Each lease payment is broken down between the repayment of the principal on the liability and the interest cost.

The term of the lease is calculated considering the non-cancellable period of the lease as well as the periods covered by the agreement extension option if it is reasonably certain that it will be exercised, or any period covered by an option for the termination of the lease agreement, if it is reasonably certain that it will not be exercised. The Company evaluates if it is reasonably certain that it will or will not exercise the extension or termination options taking into account all relevant factors. The initial valuation is reviewed if a significant event takes place or there is a change in characteristics influencing the valuation itself which are under the control of the Company.

In the financial statements, the Company shows the right of use under Property, plant and equipment and lease liabilities under Financial liabilities among non-current and current liabilities, depending on their maturity.

Impairment and write-offs

At each reporting date, the Company reviews the book values of its intangible assets and property, plant and equipment to determine whether there is any indication of impairment. If they are found to be impaired, the asset's recoverable value is estimated in order to determine the extent of the write-down. Should it be impossible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently, whenever there is an indication that the asset may have been subject to impairment. The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a pre-tax rate that reflects current market valuations of the value of capital and the specific risks connected to the asset. If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value and the impairment is recognized in the income statement. When it is no longer necessary to maintain an impairment, the carrying value of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment. The write-back is immediately recognized in the income statement.

The chapter on impairment testing details the procedure applied to validate the amounts of assets held by the Group companies.

Investments

Investments in subsidiaries and associates are valued at cost and reduced for any impairment losses. The positive difference, arising at the time of purchase, between the acquisition cost and the share of shareholders' equity at current values of the investee pertaining to the company is therefore included in the book value of the investment. Investments in subsidiaries and associated companies are subjected annually, or more frequently if necessary, to impairment testing. The valuation method used is based on the discounted cash flow or fair value, calculated as the amount obtainable from the sale of the investment in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. If there is evidence that these investments have suffered an impairment loss, this is recognized in the income statement as a write-down. In the event that the Company's share, if any, of the investee's losses exceeds the carrying amount of the investment, and the Company has the obligation or intention to cover them, the value of the investment is written off and the Company's share of further losses is recorded as a provision in liabilities. If, subsequently, the impairment is eliminated or reduced, a reversal of the impairment loss is recorded in the income statement within the limits of the cost.

It should be noted that with reference to variable and deferred payments ("contingent consideration") related to the acquisition of investments in subsidiaries, associates and joint ventures, the Company, for the purposes of the separate financial statements, opted to apply the "cost based approach" in line with what is defined in the IFRS "Conceptual Framework". Therefore, changes in the acquisition cost of equity investments relating to the measurement of "contingent consideration" are added to or deducted from the value of the equity investments. The alternative approach would have been to record them in the income statement in accordance with IFRS 9 and by analogy with what is set forth under IFRS 3 for consolidated financial statements. The approach followed by the Company, insofar as it can be defined as an "accounting policy election," will be prospectively followed for all future acquisitions in which this case arises.

In the section on impairment testing in the consolidated financial statements, the stability of the value of the equity investments held directly by Orsero has already been described.

Non-current/current financial assets

Non-current financial assets include items such as medium-term receivables, grants to be received and security deposits, all valued at nominal value, which normally coincides with their realizable value and are recorded at the time they are generated.

All other financial assets must be recognized initially at the trading date, i.e. when the Company becomes party to the contractual clauses of the financial instrument, and must be classified on the basis of the business model of the Company that holds them and considering the cash flows of these assets. IFRS 9 envisages the following types of financial instruments, depending on measurement:

- financial assets measured at amortized cost;
- financial assets at fair value with changes recognized in the income statement;
- financial assets at fair value with changes recognized in the comprehensive income statement.

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement, of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The Company determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated.

The Company must recognize a provision to cover losses for expected credit losses regarding financial assets measured at amortized cost or at fair value through other comprehensive income, assets deriving from contracts or commitments to disburse loans and financial guarantee contracts.

Financial assets are derecognized when the contractual rights to their cash flows expire or are transferred.

Financial assets measured at amortized cost are those assets held as part of a business model designed to obtain cash flows represented solely by payments of principal and interest. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment.

Financial assets at fair value through other comprehensive income are assets held as part of a business model designed to obtain cash flows from both the payment of principal and interest and the sale of the asset. These activities result in the recognition of changes in the fair value of the instrument in the statement of comprehensive income. The cumulative amount of the changes in fair value, entered in the shareholders' equity reserve, is reversed to the income statement upon derecognition of the instrument.

The financial assets that are not measured at amortized cost and that are not designated at fair value through other comprehensive income are measured at fair value through profit or loss. Net profit and loss, including dividends or interest received, is noted in the period income statement.

It should be noted that equity instruments must always be measured at fair value, given that as they are not characterized by secure and constant cash flows, they are not compatible with the amortized cost method.

Trade, tax and other receivables

Trade, tax and other receivables are initially recognized at fair value, equating to their price determined in the relative transaction insofar as there is no significant loan component; thereafter, they are measured according to the amortized cost method, net of impairment.

IFRS 9 defines a new impairment model for such assets, with the aim of providing information to readers of the financial statements in regard to the related expected losses. According to this model, the Company measures receivables adopting an expected loss approach in lieu of the IAS 39 framework, which is typically based on the measurement of the incurred losses observed. For trade receivables, the Company takes a simplified approach to measurement, which does not require the recording of periodic changes to the credit risk, as much as it does the booking of an expected credit loss calculated over the entire life of the receivable (known as the "Lifetime Expected Credit Loss").

The policy enacted by the Company envisages the stratification of trade receivables into categories according to the number of days past due, defining the provision on the basis of past experience of losses on loans, rectified to take into account specific provisional factors referring to creditors and the economic environment. The credit risk is measured at the reporting date also for those financial assets whose cash flows have been renegotiated or modified. Receivables are written down entirely if there is no reasonable expectation that they will be collected, or where counterparties are inactive. The book value of the asset is reduced by the use of a provision for doubtful debt and the amount of the loss is recognized to the income statement. When collection of the price is deferred beyond normal terms established, the credit is discounted at a suitable market rate.

The item "Other receivables and other current assets" also includes accruals and deferrals relating to portions of costs and income spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

The category also includes intercompany receivables from subsidiaries, associates and related parties with the clarification that receivables from subsidiaries include financial receivables relating to loans disbursed and the cash-pooling system established with Group companies as well as trade and tax receivables for those companies associated with the Parent Company in the national tax consolidation system.

Cash and cash equivalents

This item includes cash and amounts held in on-demand post office/bank current accounts (including fees payable and receivable accrued as at the reporting date) and entered at nominal value, which usually coincides with fair value.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified at fair value through profit and loss when it is held for trading, represents a derivative or is designated at such as the time it is first booked. Financial liabilities measured at fair value through profit or loss are measured at fair value with any changes, including interest expense, noted on the income statement. Other financial liabilities are measured thereafter at amortized cost, using the effective interest rate criterion. Interest expense and foreign exchange gains/(losses) are booked on the income statement, as are any gains or losses deriving from derecognition of the liability.

The Company proceeds to derecognize a financial liability when the obligation specified in the contract has been fulfilled or canceled.

Financial liabilities are entered under current and non-current financial liabilities, other non-current liabilities, payables, current tax liabilities and other current liabilities. Current and non-current financial liabilities include bond payables, bank loans, current account overdrafts, liabilities due to other lenders (namely leasing, factoring and payables in accordance with IFRS 16), liabilities for hedging derivatives and the price balance on acquisitions.

Financial liabilities, apart from derivatives, are initially carried at cost, which is approximately the equivalent of fair value, net of costs incurred for the transaction. Thereafter, any difference between the cost and value of repayment throughout the term of the loan, using the effective interest method. Loans are classified as current liabilities unless the Company has the unconditional right to defer the termination of this liability at least twelve months after the reference date. As regards leasing and liabilities in accordance with IFRS 16, reference is made, for measurement, to the paragraph entitled "Leasing" of these Notes, while for derivatives, please refer to the paragraph on "Derivative financial instruments and hedging".

As regards other non-current liabilities, payables, current tax liabilities and other current liabilities, they are entered at nominal value, which is believed to represent their extinguishing value; please note that these items do not include a significant portion of financing.

Similar to what was reported for receivables, Payables include intercompany payables to subsidiaries, associates and related parties with the clarification that payables to subsidiaries include financial payables relating to the cash-pooling system established with Group companies as well as trade and tax payables for those companies associated with the Parent Company in the national tax consolidation system.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value on the date on which they are stipulated. Thereafter, this fair value is periodically reviewed and any changes booked to the period statement of comprehensive income. They are recognized as assets when the fair value is positive and as a liability when it is negative. Embedded derivatives are separated out from the primary contract and booked separately when the primary contract is not a financial asset and when certain criteria are met. The Company carries out transactions with derivative instruments with a view to hedging the risk of fluctuations in the prices of commodities, interest rates and exchange rates. Derivatives are classified, consistently with IFRS 9, as hedging instruments when:

- the hedging relationship consists solely of admissible hedging instruments and admissible hedged elements;
- at the inception of the hedging relationship there is a designation and formal documentation of the hedging relationship, the Company's risk management objectives and the hedging strategy;
- the hedging relationship meets all effectiveness requirements.

When derivatives hedge the risk of fluctuation in the fair value of the underlying asset (fair value hedges), they are measured at fair value with the effects of the change in value of the instrument intended to offset the change, typically in the opposite direction, in the value of the hedged underlying asset recognized in profit or loss. When derivatives hedge the risk of changes in the cash flows of the underlying asset (cash flow hedge), the effective portion of changes in the fair value of the derivatives is initially recognized in equity (accounted through "other comprehensive income") and subsequently recognized in the income statement, consistently with the economic effects of the hedged transaction.

Changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging for IAS/IFRS purposes are recognized in the income statement.

Treasury shares

Treasury shares are booked as a reduction of shareholders' equity. Their original cost and any economic effects from any subsequent sale are equally recorded as changes in equity.

Provisions

The Company recognizes provisions for current, legal or implicit obligations associated with past events (current and non-current) in the item provisions for risks and charges, provided that two precise conditions are met: (i) there is a high probability that, over time, resources will need to be

used to meet such obligations and (ii) a reliable estimate can be made of their amount. The allocations reflect the best possible estimate based on the information available. The provisions are then reviewed at each reference date and potentially adjusted to reflect the best current estimate; any changes in estimate are reflected in the income statement of the period in which the change occurred. When the financial effect of time is significant and the payment dates of the obligations can be estimated, the provision is discounted using a rate that reflects the current valuation of the cost of money in relation to time. The increase in the provision related to the time elapsed is recorded in the income statement under "Financial income, financial expenses and exchange rate differences".

In the event of lawsuits, the amount of the provisions is determined according to the risk assessment, in order to determine the probability, timing and amounts concerned. When the liability relates to property, plant and equipment (such as the dismantling and reclamation of sites), the provision is recognized as a counter-entry to the asset to which it refers and recorded in the income statement through the depreciation process.

The Notes to the financial statements provide information on significant contingent liabilities represented by:

- possible (but unlikely) obligations arising from past events whose existence will only be confirmed if one or more future events occur that are not entirely under the control of the company;
- current obligations arising from past events whose amount cannot be estimated reliably or whose fulfillment may not be onerous.

Employee benefits liabilities

Short-term benefits

Short-term employee benefits are accounted for in the income statement during the period in which they are employed.

Post-employment benefits

The Company's employees receive benefits coincident with or subsequent to termination of employment, which may be either defined contribution or defined benefit pension plans. The relative liability, net of any assets used for the plan, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued as at the reference date (the "projected unit credit" method). The liability is recognized on an accruals basis throughout the period for which the right is accrued and measured by an independent actuary.

The accounting of pension plans and other post-employment benefits depends on their nature. Defined contribution plans are post-employment benefits on which basis the Company pays fixed contributions to a legally different entity on a mandatory, contractual or voluntary basis, without there being any legal or implicit obligation to make additional payments if the entity does not have sufficient assets to pay all pension benefits accrued in relation to the work carried out this year and previous years. The contributions to be paid are recorded on the income statement through accruals accounting and classified amongst payroll costs.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to finance provisions for defined benefit pension plans and the related annual cost noted on the income statement are determined on the basis of independent actuarial valuations using the projected unit credit method, according to one or more factors such as age, years of service and future remuneration envisaged. Actuarial gains and losses relative to defined benefits plans deriving from changes in the actuarial hypotheses and adjustments based on past experience, are noted immediately in the period in which they arise in the statement of comprehensive income and are never carried as profit and loss in subsequent periods. Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains, reduced by the fair value of plan assets, where such exist. Any net assets determined by applying this calculation are entered up to the amount of the actuarial losses and the cost relating to past performance, not recognized

previously, as well as the current value of repayments available and the reductions of future contributions to the plan. Costs relating to defined benefits plans are classified under payroll and related costs apart from costs relating to the increase of the current value of the obligation deriving from the approach to the time when benefits classified amongst financial expense, fall due.

As regards the Italian companies, severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code, was considered up until December 31, 2006 a defined benefits plan. The regulation of this provision has been significantly altered by Italian Law no. 296 of December 27, 2006 ("2007 Financial Law") and subsequent Decrees and Regulations. More specifically, the new provisions have required, for companies with a workforce in excess of 50 employees as at the date on which the reform is introduced, to consider severance indemnity a defined benefits plan only for portions accrued as at January 1, 2007 (and not yet liquidated as at the reporting date); after that date, it is considered as equivalent to a defined contribution plans. Consequently, the portions of severance indemnity accrued after that date take on the nature of defined contribution plans, except, therefore, for actuarial estimating components used to determine the accrued cost. The portions of severance indemnity accrued as at December 31, 2006 remain valued as defined benefits plan, according to actuarial procedures, with the calculation, however, excluding the component relative to future salary increases.

Share-based payments

The 2020-2022 LTI Plan for directors and employees recognizes a monetary incentive related to the achievement of certain performance and shareholder value creation objectives, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Group. The Plan also provides for a portion of these incentives to be indexed to Parent Company share performance. Liabilities assumed were measured at fair value in accordance with IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period, with a counter-entry as a payable recognized in "Other current liabilities". Also see in the directors' Report on Operations the section entitled "Top Management incentive remuneration".

Revenues and income

According to IFRS 15, revenues from services are recognized when the service is rendered, based on the stage of completion of the activity at the reporting date.

Dividend and interest income are recognized respectively:

- dividends, in the year in which they are collected;
- interest, applying the effective interest rate method.

Costs and expenses

Costs incurred are accounted for on an accrual basis.

Financial expenses include interest expense on financial liabilities, calculated using the effective interest method, exchange rate losses and differences. They are also recognized in the income statement at maturity.

Dividends

Dividends received are recognized when, after the resolution of the Shareholders' Meeting is passed, the right to receive the payment is established, typically coinciding with the collection.

Period income tax, deferred tax assets and liabilities

Current taxes are recognized and determined based on a realistic estimate of taxable income in accordance with tax regulations in force and taking account of any applicable exemptions and tax credits due.

Orsero and almost all Italian subsidiaries participate in the "tax consolidation" system in accordance with Articles 117 et seq. of the TUIR.

Deferred taxes are determined on the basis of taxable or deductible temporary differences between the book value of assets and liabilities and their tax value. They are classified as non-current assets and liabilities. A deferred tax asset is recognized if it is likely that taxable income will be realized against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is subject to periodic analysis and is reduced to the extent to which it is no longer likely that sufficient taxable income will be generated to allow for the benefit deriving from such deferred asset to be utilized.

Conversion criteria for foreign currency items

Costs and revenues denominated in currencies other than the Euro, as well as investments in technical fixed assets and equity investments, are accounted for using the historical changes at the dates of the related transactions. Receivables and payables in foreign currency are initially recorded based on historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued at December 31. Related exchange rate gains and losses are recognized in the income statement. If the conversion creates a net gain, this amount represents a reserve which cannot be distributed until it is actually realized.

Use of estimates, risks and uncertainties

The preparation of the financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or possibly in subsequent periods if the review concerns both the current and future periods.

The main estimates for which the use of subjective valuations by the management is most required were used, inter alia, for the valuation of subsidiaries and associated companies, deferred taxes, provisions and the fair value of financial instruments.

Impairment test of investments

IAS 36 specifies that at the end of each reporting period an entity shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether the aforesaid indication exists, the Company shall consider the presence of any "impairment indicators", as required by paragraph 12 of IAS 36. An impairment loss shall be recognized in the income statement when the book value of an asset or cash-generating unit exceeds its recoverable amount. The book values of the Company's assets are in any case measured at the reference date of the annual financial statements. Intangible assets with an indefinite useful life are tested at least annually and every time there is an indication of a possible impairment to determine whether impairment exists.

For the purposes of IAS 36, the Company carries out impairment tests every year or more frequently if necessary if there is any indication of impairment, with respect to subsidiaries to verify the recoverability of the carrying amount of investments and ensure that the value recorded in the financial statements does not exceed the recoverable amount.

The solidity of the values of equity investments is verified by comparing the book values with the corresponding equity values, equal to the sum of discounted cash flows for the 2023-2025 three-

year period and the terminal value that the management estimates the individual companies will be able to generate, less the net financial position at December 31, 2022. Account was also taken of the interrelationships between the investments, in terms of the generation of largely independent cash flows, within the respective CGUs to which they belong. For Cosiarma, whose specific characteristics mean that it is inappropriate to calculate a terminal value, cash flow is related to the residual useful life of the ships, presently set as December 31, 2029.

The cash flows were estimated using data from the 2023 Budget on the basis of which the data for the years 2024 and 2025 were determined, as well as the Terminal Value data. For Cosiarma alone, on the other hand, estimated Adjusted EBITDA, Capex and NIC figures were used, again including adjustments relating to IFRS 16 for the entire period until December 31, 2029. The value of amortization and depreciation has been calculated in such a way so that the value of the vessels at the end of 2029 is equal to their scrap value.

In preparing the impairment test, the 2023 Budget figures approved at the Board of Directors' meeting on February 2, 2023 were used.

For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment.

For the 2022 impairment test, as in the previous year, an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	"g" rate
Italy CGU	7.97%	0.85%
France CGU	7.47%	1.00%
Iberian Peninsula CGU	7.86%	1.00%
Greece CGU	9.78%	1.00%
Cosiarma CGU	13.90%	-

The results of the calculations showed the extensive head-room between the equity value of the investments and the relative book values:

Thousands of €	WACC	"g" rate	Equity Value	Cost of equity investment	Head-room
- Italy	7.97%	0.85%	65,444	55,549	9,895
- France	7.47%	1.00%	48,611	21,466	27,145
- Iberian Peninsula	7.86%	1.00%	57,690	46,407	11,283
- Greece	9.78%	1.00%	8,009	2,505	5,504
- Cosiarma	13.90%	-	111,164	31,849	79,315

The relative sensitivity test follows (for Cosiarma the WACC value would be unrealistically higher than 100%):

CGU	Adjusted EBITDA	WACC	"g" rate
- Italy	-7.72%	8.76%	-0.07%
- France	-45.10%	18.57%	-16.00%
- Iberian Peninsula	-8.11%	9.00%	-0.32%
- Greece	-54.50%	33.25%	-34.50%
- Cosiarma	-86.80%	-	-

Management of financial risk

IFRS 7 requires additional information to evaluate the significance of financial instruments in relation to Orsero's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures put in place by management for the various types of financial risk (liquidity, market and credit) to which the Company is exposed, including sensitivity analysis for each type of market risk (interest rate) and disclosures about the concentration, as well as average, minimum, and maximum exposures to the various types of risk during the reporting period, if the exposure at the end of the period was not sufficiently representative.

The Company is a holding of equity investments that assures the centralized management and strategic coordination, marketing and communication, HR management, IT and support services for the Finance Area, for Group companies. The following financial risks are incurred in going about its business:

- liquidity risk, with reference to the availability of financial resources and access to the credit market;
- market risk, in relation to the interest rate risk;
- credit risk, relating to above all commercial relations.

It is reported that in relation to the market risk, Orsero S.p.A. is only subject to the interest rate risk, insofar as it does not operate with currencies other than the Euro and is not subject, in respect of its holding business, to the price risk. The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury Manager with the Corporate Accounting Reporting Officer and approved by the Chief Executive Officers. Please note that the above-mentioned risks are constantly monitored, taking action with a view to dealing with and limiting the potential negative effects through the use of appropriate policies and, in general, where deemed necessary, also through specific hedges. This section provides qualitative and quantitative information of reference on the incidence of such risks on the Company. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

Liquidity risk

The Company, as the Parent Company, manages the liquidity risk with a view to ensuring the presence, on both a separate and consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. Credit facilities, even if negotiated on a Group level, are granted for individual companies. The Company and the Group have also financed their investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development. Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 62 of Decree Law 1/2012), which requires payments of perishable assets to be made within 30 days of the end of the month in which said assets are invoiced. This means that collection and payment terms are relatively short, precisely due to the type of assets marketed. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations. In addition, in June 2021 the Group activated a policy with a leading bank for an even better and more flexible management of its working capital. The table below offers an

analysis of deadlines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other liabilities in place as at December 31, 2021.

Thousands of €	Balance at December 31, 2022	Within 1 year	Over 1 year and up to 5 years	Over 5 years
Bond payables	30.000	5.000	20.000	5.000
Medium- to long- term bank loans (non-current/ current)	41.473	7.883	30.820	2.771
Other lenders (Non -current/current) ex IFRS 16	3.554	254	1.266	2.034
Non-current liabilities for derivative (non-current/ current)	-	-	-	-
Payables for price balance on acquisitions (non-current/current)	1.500	1.500	-	-
Other current lenders short term	-	-	-	-
Payables to suppliers*	2.080	2.080	-	-
Payables to subsidiaries*	42.135	42.135	-	-
Payables to related parties*	151	151	-	-
Current tax liabilities	240	240	-	-
Other current liabilities	5.488	5.488	-	-
Non-current/current liabilities at 31.12.2022	126.621	64.731	52.085	9.805

* These amounts are included in the balance "Payables"

It is reported that all amounts indicated in the table above represent values determined with reference to the residual contract end dates. The Company expects to cope with these commitments using cash flow from Group operations.

Interest rate risk

The Company and the Group help finance their medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial plain vanilla IRS hedge has been activated on the main ones (2022-2028 pool loan for an original figure of Euro 90 million (disbursed to the extent of Euro 33.3 million) and 2020-2029 pool loan originally for Euro 15 million, in addition to the 2021-2027 Credit-Agricole loan for Euro 5.5 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the option was chosen for an entirely fixed rate structure. As at December 31, 2022, the interest rate hedges hedge approximately 37.1% of medium and long-term variable rate bank loans, thereby meaning that approximately 63.5% of Orsero's entire medium/long-term bond and bank debt is at fixed rate. It is stressed that, in the Orsero's opinion, such choices have turned out to be highly satisfactory in light of the recent and expected increases in the reference rates in Europe.

Please note that at December 31, 2022, two hedging contracts are in place, stipulated by the Parent Company with two banks in accordance with the Pool Loan Agreement, which contain a cross default clause that entitles the related bank to terminate and/or withdraw from (as applicable) the related hedging contract, in the event of significant default by subsidiaries, parents and/or joint ventures, with the concept of control regulated by the possession of the majority of votes.

Sensitivity analysis on interest rates

In 2022, Orsero's net financial position decreased from Euro 35,171 to Euro 30,600 thousand, of which the component recognized according to IFRS 16 is Euro 3,554 thousand. Below is the ratio of debt to equity as at December 31, 2022 and December 31, 2021. Please note that the financial covenants existing on the bond and pool loan must be counted, as envisaged by the related

contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans.

Thousands of €	31.12.2022	31.12.2021
Net financial debt	30,600	35,171
Total shareholders' equity	150,228	149,503
Ratio	0.20	0.24

The table below shows the decreased incidence during the period of fixed-rate debt or variable-rate debt hedged by IRSs, due to the new Euro 33.3 million pool loan taken out, on which the incidence of hedging, inherited from the old loan paid off during the year, is proportionally lower. The incidence of said debt on total "onerous" debt is also indicated, thereby meaning not only bank debt and the debenture loan but also: (i) short-term bank debt; (ii) finance lease payables; and (iii) factoring, all essentially variable rate. As compared with gross financial debt, as shown in the financial statements, "non interest-bearing" payables are excluded, like the mark-to-market positions on derivatives, the price shares to be paid on acquisitions made and payables linked to the application of IFRS 16.

Thousands of €	31.12.2022	31.12.2021
Total medium- to long- term bank loans (A)	71,473	64,654
of which fixed rate	45,406	54,864
Percentage - fixed rate	63.5%	84.9%
of which floating rate	26,067	9,790
Percentage - floating rate	36.5%	15.1%
Total other indebtedness (B)	-	-
Total indebtedness (A)+(B)	71,473	64,654
Percentage - fixed rate	63.5%	84.9%
Percentage - floating rate	36.5%	15.1%

As at December 31, 2022, total debt increased by approximately Euro 7 million compared to the previous year, mainly due to the new pool loan taken out for about Euro 33.3 million through which the old loan was repaid. Within the medium/long-term bank debt, the portion of Euro 15.4 million is represented by variable rate loans hedged by means of derivatives, amounting to 43.1% of the nominal debt: please note that this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spreads, envisaged contractually if the ratio between Net Financial Position and Adjusted EBITDA should take a turn for the worse.

The table below shows the breakdown of financial expense for the two-year period according to nature, whilst below that the table relating to the sensitivity analysis illustrates what the effect would have been, in relation to interest linked to medium/long-term bank loans, of the higher expenses that would have arisen in 2022 in the event of a higher level of interest rates by between 25 and 100 basis points:

Thousands of €	31.12.2022	31.12.2021
Evolution of financial charges		
- on fixed rate bank loans	(1,119)	(1,115)
- on fixed rate bank loans related to liabilities for derivative	(407)	(503)
- on floating rate bank loans	(218)	(108)
- on bank overdrafts and other financial liabilities	(15)	-
- amortizing interests	(160)	(125)
Total	(1,919)	(1,852)

Thousands of euro	31.12.2022	31.12.2021
In the balance sheet	(218)	(108)
+ 25 bp	(35)	(23)
+ 50 bp	(70)	(45)
+ 75 bp	(105)	(68)
+ 100 bp	(140)	(91)

Credit risk

The Company has a limited degree of exposure to the credit risk, for the most part from transactions with Group companies meaning that the risk is low that any delays or non-payments made by them should have a negative impact on Orsero's economic, equity and financial position. Receivables and payables include loans, both creditors and debtors, with respect to subsidiaries also through the cash pooling and short-term loan system, whose balances at December 31, 2022 amount to Euro 40,438 thousand of receivables and Euro 41,345 thousand of payables.

The table below provides a breakdown of receivables as at December 31, 2022, grouped by past-due, net of the provision for doubtful debt:

Thousands of €	31.12.2022	To expire	Overdue within 30 days	Overdue between 31-90 days	Overdue between 91-120 days	Overdue over 120 days
Gross receivables	53,681	53,651	2	-	-	27
Provision for bad debts	-	-	-	-	-	-
Receivables	53,681	53,651	2	-	-	27

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2022 the Company incurred costs relating to non-recurring transactions. In accordance with Consob Communication no. 15519 of February 28, 2005, please note that the item "Other operating revenues/costs" includes net expenses of Euro 4,129 thousand, primarily linked to Top Management incentives and M&A fees related to the Capexo and Blampin acquisitions.

For more details, refer to the Note 20 "Other operating income/expense" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2022 the Company did not implement any atypical and/or unusual transactions as defined in that Communication, except for the above-mentioned acquisitions of Capexo and Blampin, which will

take effect as of January 1, 2023 and for which consultancy and due diligence costs totaling Euro 1,553 thousand were incurred.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements.

NOTE 1. Intangible assets other than goodwill

Thousands of €	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	330	6	9	-	344
Accumulated amortization	(200)	(2)	-	-	(202)
Carrying amount at December 31, 2021	130	4	9	-	143
<i>Change of year:</i>	-	-	-	-	-
Investments	-	-	8	-	8
Disposal - Carrying amount	-	-	-	-	-
Disposal - accumulated amortization	-	-	-	-	-
Reclassification - carrying amount	-	-	-	-	-
Reclassification - accumulated amortization	-	-	-	-	-
Impairment losses	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(66)	(1)	-	-	(66)
Carrying amount	330	6	17	-	352
Accumulated amortization	(266)	(2)	-	-	(268)
Carrying amount at December 31, 2022	64	3	17	-	84

Intangible assets have increased by Euro 8 thousand. The increase can be attributed exclusively to costs incurred for the study and custom design of new logos. The Company did not incur any expenses for research in 2022.

Intellectual property rights

The item includes costs incurred for the Company's software programs and licenses, amortized on a straight-line basis over 5 years or based on the duration of the related license, with a residual value of Euro 64 thousand (Euro 130 thousand at December 31, 2021). During the year, amortization of Euro 66 thousand was applied on the software mentioned above.

Concessions, licenses, trademarks and similar rights

Concessions, licenses, trademarks and similar rights are amortized on a straight-line basis over 10 years and have a balance of Euro 3 thousand, in respect of period amortization of Euro 1 thousand.

Assets in progress and advances

This item is entirely made up of amounts paid to sector specialists for the study and creation of new logos, not yet finalized.

At December 31, 2022, the Company verified there were no internal or external indicators of possible impairment for its intangible assets. Consequently, their value has not been subject to impairment testing.

NOTE 2. Property, plant and equipment

Thousands of €	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	4,458	-	-	2,013	100	6,571
Accumulated depreciation	(633)	-	-	(1,344)	-	(1,977)
Balance at December 31, 2021	3,825	-	-	669	100	4,594
<i>Change of year:</i>						
Investments	166	78	-	949	-	1,192
Disposal - Carrying amount	(326)	-	-	(369)	-	(695)
Disposal - accumulated depreciation	208	-	-	262	-	470
Reclassification - Carrying amount	100	40	-	(40)	(100)	-
Reclassification - accumulated depreciation	-	(34)	-	34	-	-
Impairment losses	-	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-	-
Translation differences - accumulated depreciation	-	-	-	-	-	-
Depreciation	(361)	(6)	-	(275)	-	(642)
Carrying amount	4,398	118	-	2,552	-	7,069
Accumulated depreciation	(786)	(40)	-	(1,323)	-	(2,149)
Balance at December 31, 2022	3,613	78	-	1,230	-	4,920

At December 31, 2022, property, plant and equipment totaled Euro 4,920 thousand, marking a net increase of Euro 326 thousand compared to the previous year due to the following events:

- for the Land and Buildings category, Euro 166 thousand, of which Euro 79 thousand for the adjustment of the value of assets accounted for in accordance with IFRS 16 and Euro 87 thousand for work on the new headquarters at Via Veza d'Oglio no. 7, which are additional to Euro 100 thousand already accounted for in the previous year and originally charged to fixed assets in progress.
- for the category Plant and machinery, Euro 78 thousand as investments also for the new corporate headquarters.
- for the category Other assets Euro 499 thousand for investments in furniture for the new corporate headquarters and Euro 386 thousand for motor vehicles, Euro 56 thousand electronic machines and Euro 7 thousand for telephones.
- total depreciation and amortization for the period amounted to Euro 642 thousand of which pursuant to IFRS 16 for Euro 358 thousand, buildings for Euro 3 thousand and "Other assets" for Euro 275 thousand.

- asset disposals (at book value) totaling Euro 695 thousand (depreciated for Euro 470 thousand), represented by disposals of company cars for Euro 369 thousand and of buildings pursuant to IFRS 16 for Euro 255 thousand; the balance also includes the release of the residual value of expenses incurred during the year 2017 at the Milan office, Corso Venezia 37, capitalized and not yet depreciated on termination of the lease agreement.

Land and buildings

This item includes buildings, in terms of historical cost, for Euro 4,398 thousand (Euro 4,458 thousand in 2021), depreciated on the basis of the relative durations of the lease contracts as far as IFRS 16 is concerned, and the balance also includes extraordinary maintenance work carried out at the Company's new headquarters in Milan for Euro 187 thousand, depreciated at 3%; and the incorporation of the IFRS 16 effects relating to the corporate headquarters referred to above, the administrative complex in Albenga (numbers 30 and 31 in the Cime di Leca region), leased sites and a property for use as temporary accommodation, also in Milan.

Plants

The item shows equipment for the new corporate headquarters, in terms of historical cost, amounting to Euro 118 and depreciated at 15% in the amount of Euro 6 thousand. As at December 31, 2021, this item was Euro 40 thousand in terms of historical cost.

Other tangible assets

The item mainly includes the following assets held by the Company, in terms of historical cost:

- corporate cars for Euro 833 thousand (Euro 815 thousand in 2021) and depreciated at 25%;
- furniture and fixtures for Euro 1,133 thousand (Euro 635 thousand in 2021) and depreciated at 12%;
- office equipment for Euro 460 thousand (Euro 404 thousand in 2021) and depreciated at 20%;
- equipment for Euro 43 thousand (Euro 43 thousand in 2021) and depreciated at 12%;
- mobile telephones for Euro 52 thousand (Euro 45 thousand in 2021) and depreciated at 20%;
- light construction for Euro 31 thousand (Euro 31 thousand in 2021) and depreciated at 10%.

At December 31, 2022, the Company verified there were no internal or external indicators of possible impairment for its tangible assets. Consequently, the value of tangible assets has not been subject to impairment testing.

Leasing – IFRS 16

The Parent Company has applied IFRS 16 as at January 1, 2019 using the modified retrospective method and in accordance with it has recorded the "Right of use" under "Property, plant and equipment" within each category to which it belongs. Details are provided below of changes in the amount of rights of use recognized by the Group for the years 2021 and 2022.

Thousands of €	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	4,387	-	-	-	4,387
Accumulated depreciation	(623)	-	-	-	(623)
Balance at December 31, 2021	3,764	-	-	-	3,764
<i>Change of year:</i>					
Changes of consolidated companies	-	-	-	-	-
Investments 2022	79	-	-	-	79
Disposal - Carrying amount	(255)	-	-	-	(255)
Disposal - accumulated depreciation	198	-	-	-	198
Depreciations	(358)	-	-	-	(358)
Carrying amount	4,211	-	-	-	4,211
Accumulated depreciation	(783)	-	-	-	(783)
Balance at December 31, 2022	3,429	-	-	-	3,429

During 2022 the company terminated the contract for the office located in Milan, Corso Venezia 37, which resulted in a disposal of Euro 255 thousand and the release of the relative provision of Euro 198 thousand; during the year the new office in Milan Via Veza d'Oglio 7 became operational.

Against the financial commitment as at December 31, 2021 for a total of Euro 3,802 thousand, there were increases of Euro 79 thousand and repayments during the year for a total of Euro 327 thousand, so that the final NFP as at December 31, 2022 amounted to Euro 3,554 thousand.

As at December 31, 2022, the weighted average interest rate on outstanding contracts is 2.87%.

For the Parent Company, the application of IFRS 16 entailed an increase in the net financial position of Euro 3,554 thousand and an impact on Adjusted EBITDA of Euro 358 thousand compared to Euro 276 thousand in 2021.

NOTE 3. Equity investments

Thousands of €	Investments in subsidiaries	Investments in associates	Investments in other companies	Total
Carrying amount	287,174	11,005	3,963	302,142
Accumulated provision on investments	(128,838)	(1,524)	(3,961)	(134,324)
Balance at December 31, 2021	158,336	9,481	1	167,818
<i>Change of year:</i>				
Additional/Capital increase	2,150	1,500	-	3,650
Divestments and disposals - carrying amount	(100)	-	-	(100)
Divestments and disposals - accumulated provision on investments	-	-	-	-
Impairment losses/Using fund to cover losses	(150)	-	-	(150)
Repayments to Shareholders loan	-	-	-	-
Reversal of impairment loss	-	-	-	-
Merger with subholding - carrying amount	-	-	-	-
Merger with subholding - accumulated provision on investments	-	-	-	-
Reclassification-carrying amount	-	-	-	-
Reclassification-accumulated provision on investments	-	-	-	-
Carrying amount	289,224	12,505	3,963	305,692
Accumulated provision on investments	(128,988)	(1,524)	(3,961)	(134,474)
Balance at December 31, 2022	160,236	10,981	1	171,218

Equity investments totaled Euro 171,218 thousand, with a net increase of Euro 3,400 thousand due to the changes reported in the table and detailed below.

The main events that caused the change in the balance include:

- the recognition of Euro 1,500 thousand, paid in January 2023, as an increase in the shareholding in Agricola Azzurra as already reported.
- The increase in value of Euro 150 thousand of the shareholding in Orsero Servizi S.r.l., due to a recapitalization carried out during the year, which was necessary to replenish shareholders' equity against losses for the year. The same value was simultaneously written down.
- The liquidation of the subsidiary Orsero Progetto Italia S.r.l., which was completed during the year in the amount of Euro 100 thousand.
- The contribution of Euro 2,000 thousand to the Portuguese subsidiary Eurofrutas S.A.

There were no revaluations in 2022.

Impairment test of investments

Impairment regarding the equity investments held by Orsero has already been discussed in the paragraph on impairment testing in this report, which should be referred to for the details.

NOTE 4. Non-current financial assets

Thousands of €	31.12.2022	31.12.2021	Change
Non-current financial assets	719	35	684

The item in question includes the positive value of MTM on derivatives on interests and amounts paid to suppliers as deposits.

NOTE 5. Deferred tax assets

Thousands of €	31.12.2022	31.12.2021	Change
Deferred tax assets	1,060	1,228	(168)

Deferred tax assets are allocated, where their future recovery is probable, on temporary differences, subject to early taxation, between the value of assets and liabilities for statutory purposes and the value of the same for the purposes of taxation and on prior tax losses that can be carried forward. Deferred tax assets as at December 31, 2022, amounting to Euro 1,060 thousand (Euro 1,228 thousand at December 31, 2021), relate to IAS-IFRS transition entries, such as, for example, the liquidation of investments in intangible assets per IAS 38, or the determination of the liability for employee benefits according to the actuarial methodology, in addition to costs that are not deductible for the current year, but will be deductible in subsequent years, and future uses of prior losses as part of the tax consolidation scheme.

The reduction of Euro 168 thousand in 2022 is due to various factors, the main ones of which refer to the change in the MTM of the interest rate swap contracts in place (Euro 55 thousand) and the release of deferred tax costs for the difference.

This accounting item represents deferred tax assets on: prior-year losses amounting to Euro 1,000 thousand, trademarks not recorded in the financial statements amounting to Euro 24 thousand and the differential arising from the application of IAS 19 to employee severance indemnities amounting to Euro 37 thousand. For more information on the breakdown of this item, please refer to Note 23 "Income Taxes".

NOTE 6. Receivables

Thousands of €	31.12.2022	31.12.2021	Change
Trade receivables from third parties	76	37	40
Receivables from subsidiaries	53,530	40,006	13,524
Receivables from related parties	75	158	(83)
Provision for bad debts	-	-	-
Receivables	53,681	40,200	13,481

All receivables derive from normal transactions implemented with the Group companies and third parties. There are no receivables due beyond five years.

The balance of receivables at December 31, 2022 from subsidiaries refers mainly to receivables of a financial nature, due within one year for Euro 40,438 thousand, consisting of treasury current accounts for Euro 32,838 thousand and interest-bearing loans granted to AZ France S.A.S. for Euro 7,000 thousand and Eurofrutas S.A. for Euro 600 thousand. The balance also includes receivables from the national tax consolidation system for Euro 1,986 thousand. The remainder consists of trade receivables. The increase compared to December 31, 2021, mainly reflects the higher credit balance on treasury current accounts ("Cash pooling") and loans.

At December 31, 2022, the item increased by Euro 13,481 thousand.

Receivables from related parties relate to:

- Nuova Beni Immobiliari S.r.l. Euro 35 thousand, represented in full by invoices to be issued, all trade receivables;
- Business Aviation Sector Euro 5 thousand, represented by invoices issued, all trade receivables;
- Argentina S.r.l. Euro 1 thousand, trade receivables;

- FIF Holding S.p.A. Euro 34 thousand, of which Euro 23 thousand represented by invoices issued, trade receivables.

The following is the breakdown of the receivables by geographical area:

Thousands of €	31.12.2022	31.12.2021	Change
Italy	36,126	21,027	15,099
Eu countries	17,554	19,173	(1,618)
Non-Eu countries	-	-	-
Receivables	53,681	40,200	13,481

NOTE 7. Current tax assets

Thousands of €	31.12.2022	31.12.2021	Change
For value added tax	855	631	224
For tax advances paid in the current year	-	-	-
For taxes to be reimbursed	459	459	-
Other receivables	199	168	31
Current tax assets	1,514	1,259	255

At December 31, 2022, tax receivables show an increase of Euro 255 thousand, for the most part attributable to VAT receivable accrued during the year.

The item "Receivables for taxes to be reimbursed" includes Euro 104 thousand IRES reimbursement request for 2004-2005 pursuant to Art. 6 of Decree Law 11/29/2008 and converted by the law of 01/28/2009 no. 2 presented as consolidating entity; Euro 151 thousand receivables arising from the submission of the reimbursement request pursuant to Art. 2, paragraph 1-quarter of Decree Law 201/2011 for the years 2007, 2009, 2010, 2011 as the Company was the consolidating entity. Please also note that the same remaining receivable amount mentioned above will need to be recognized to the companies participating in consolidated taxation at the time (payables to subsidiaries). The items already requested for reimbursement for various purposes and described in the paragraph above remained basically unchanged with respect to the accounting situation in the previous year, while the items relating to advances paid or withholdings applied in the current and previous years refer instead to receivables arising from the application of the national tax consolidation system. The balance is completed by VAT credits amounting to Euro 855 thousand.

NOTE 8. Other receivables and other current assets

Thousands of €	31.12.2022	31.12.2021	Change
Other receivables	14	29	(16)
Accruals and pre-payments	668	297	370
Current financial assets	6	16	(10)
Other receivables and other current assets	687	342	345

As at December 31, 2022, the item showed an overall increase of Euro 345 thousand, mainly related to prepayments of Euro 664 thousand, mostly for insurance costs for Euro 107 thousand, expenses for administrative bodies for future periods for Euro 140 thousand and expenses in preparation for the disbursement of the second tranche of the loan of Euro 228 thousand, which was carried out in January 2023 and will be described in more detail in the section relating to financial payables. This item also includes accrued income of Euro 4 thousand referring to revenue for the year for income on financial hedging instruments; the difference relates almost entirely to the balance of

prepaid credit cards used by employees and receivables for miscellaneous positions duly collected the following year.

The balance was not affected by the outstanding receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it is entirely written off.

The item "Accruals and pre-payments" refers to normal allocations for the recognition and correct allocation of costs related to the following year, typically services, insurance and guarantee expenses, leases, interests.

NOTE 9. Cash and cash equivalents

Thousands of €	31.12.2022	31.12.2021	Change
Cash and cash equivalents	45,215	33,498	11,718

The balance reflects the positive current account balances of the Company and the Italian Group companies associated with the cash pooling system. The balance at December 31, 2022 represents cash of Euro 9 thousand and the balance of ordinary bank accounts for Euro 45,206 thousand.

The change in the item can be analyzed in detail in the cash flow statement.

NOTE 10. Shareholders' Equity

The share capital at December 31, 2022, fully paid in, consists of 17,682,500 shares without par value for a value of Euro 69,163,340; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's shareholders' meeting. The change in shareholders' equity as at December 31, 2022 compared to the previous December 31 mainly reflects the extent of the result for the year, the dividend paid for a total of Euro 5,206 thousand, the purchase of treasury shares and changes in derivative MTMs and employee benefits pursuant to IAS 19 as fully detailed in the statement of changes in shareholders' equity.

As at December 31, 2022, Orsero held 477,514 treasury shares, equal to 2.70% of the share capital, for a value of Euro 4,788 thousand, shown as a direct decrease in shareholders' equity. In the course of 2022, the Parent Company acquired a total of 175,000 treasury shares at an average price of Euro 12.66 per share for Euro 2,215 thousand.

As at December 31, 2022, the Group does not hold, directly or indirectly, shares in parent companies and it did not acquire or sell shares in parent companies during the year.

The share premium reserve comes to Euro 77,438 thousand at December 31, 2022, whilst the legal reserve is Euro 997 thousand.

The reserve of cash flow hedges, recognized for Euro 536 thousand, shows the positive change relating to the adjustment to fair value as at December 31, 2022 net of the tax effect with an indication thereof in the statement of comprehensive income of the derivative on interest rates for Euro 710 thousand, accounted for with the cash flow hedging method.

The reserve of remeasurements of defined benefit plans, established in compliance with the application of IAS 19, changed by Euro 179 thousand on December 31, 2021.

The Parent Company's Shareholders' Meeting of April 28, 2022, accepting the proposal of the Board of Directors, resolved to distribute a dividend of Euro 0.30 per share with a total payout of Euro 5,206 thousand. The ex-dividend date was May 9, 2022, the record date was May 10 and payments began on May 11, 2022.

Below is the table with the possibility of use of the various items of equity and the summary of uses (none) in the last three years:

Thousands of €	Amount	Possible utilizations	Portion available	Summary of utilizations in the three previous years:	
				For loss coverage	For other reasons
Share Capital*:	64,222				
- Share Capital	69,163				
- Treasury share reserve	(4,788)				
- Equity investments' costs reserve	(153)				
Capital reserves:					
Share premium reserve	77,438	A, B	77,438		
Merger surplus reserve***	12,051	A, B, C	12,051	-	-
Incorporation differences***	(18,221)				
Revenue reserves:					
Legal reserve	997	B	997		
Extraordinary reserve***	4,748	A, B, C	4,748		
Reserve of cash flow hedges	536				
Others***	(1,433)	B			
Retained earnings/(losses)	2,629	A, B, C	2,629		
Net profit	7,261	A, B, C	7,261		
Total Shareholders' equity	150,228		105,124	-	-
Non-distributable portion**	78,798				
Residual distributable portion	26,326				
Share Capital*:	64,222				

(*) net of treasury shares for €/000 4,788 and equity investments 'costs for €/000 153

(**) It includes the portion of net profit ex art. 2430 cc

(***) Included in the item "Other reserves". In the amount "Others" is included the "Remeasurement of defined benefit plans reserve"

Legend:

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

The statement of changes in shareholders' equity attached to the financial statements instead illustrates the changes between the two years in the individual items of the reserves, with particular regard to the changes that took place following the distribution of the 2021 profit, the purchase of treasury shares, the changes in the MTM on derivatives and as a result of the calculation of employee benefits in accordance with IAS 19.

NOTE 11. Financial liabilities

In order to facilitate the understanding of the Company's financial exposure, making the information simpler and of better quality, the data was provided not following the non-current/current distinction, but based on the nature of the payable, within which the non-current/current components are specified.

The financial exposure is as follows:

Thousands of €	31.12.2022	31.12.2021	Change
Bond payables (over 12 months)	25,000	30,000	(5,000)
Non - current medium term bank loans (over 12 months)	33,590	23,825	9,765
Non - current payables for price balance on acquisitions	-	-	-
Non - current liabilities for derivative (over 12 months)	-	229	(229)
Non - current other lenders (over 12 months) ex IFRS 16	3,300	3,542	(242)
Non - current financial liabilities	61,890	57,596	4,294
Current medium term bank loans	7,883	10,828	(2,945)
Bond payables (current)	5,000	-	5,000
Bank overdrafts	-	-	-
Payables on acquisitions price balance	1,500	-	1,500
Current other lenders	-	-	-
Current other lenders ex IFRS 16	254	260	(6)
Current financial liabilities	14,636	11,088	3,549

The main components of the change in 2022 for a total of Euro 7,843 thousand between the non-current and current liabilities are related to medium/long-term loans, as detailed below:

- the payment of the June 30 installment of Euro 5,455 thousand on the pool loan, along with Euro 47 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method;
- the early repayment of the pool loan on August 11 in the amount of Euro 21,818 thousand, along with Euro 71 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method;
- please recall that at December 31, a hedge is in place on 32.20% of that loan against interest rate fluctuations, for which the mark to market value is a positive Euro 283 thousand;
- new 2022-2028 ESG linked loan taken out for a total of Euro 90,000 thousand to meet financial commitments related to the new French acquisitions described above. As at December 31, 2022, only the first tranche of the new loan amounting to Euro 33,300 thousand had been disbursed (from which Euro 312 thousand relating to the amortized cost are subtracted), intended for the repayment of the previous loan as well as for the financing of operating investments made by the Group. The remainder, disbursed on January 10, 2023, was intended to cover the financial outlay associated with the two French acquisitions. With respect to the first tranche, at December 31, 2022, the first installment of Euro 2,775 thousand was repaid, along with Euro 42 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date, which were fully respected.
- Payment of the first installment, as at December 1, with a principal amount of Euro 282 thousand, of the Euro 2.0 million loan (Credem);
- the disbursement of a new medium-term loan for Euro 4 million (BPER);
- the recognition of Euro 1,119 thousand in interest on the bond loan for Euro 30,000 thousand. Please recall, as noted previously, that the bond loan calls for compliance with financial covenants, such as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity which, at the reporting date, were fully respected. Accrued interest as at December 31, amounting to Euro 268 thousand, is included in other liabilities;
- with reference to the payable for the price installments to be paid on acquisitions during the year, Euro 1,500 thousand, paid in January 2023, was recognized as an additional price paid for the acquisition of the share held in Agricola Azzurra;

- the IFRS 16 component amounted to Euro 3,554 thousand, compared with Euro 3,802 thousand as at December 31 of the previous year, due to Euro 79 thousand in value adjustments for existing contracts in relation to the new rates applied, the repayment due to early termination of Euro 58 thousand (lease termination) and ordinary repayments of Euro 269 thousand;
- the recognition of an IRS hedge on the interest rate for 100% of the loan value, on the Credit Agricole loan in the amount of Euro 5,500 thousand. As at December 31, 2022 the mark-to-market value is a positive Euro 423 thousand.

The schedule of medium-term debt to banks and other lenders at December 31, 2021 and December 31, 2022 is detailed in the following table, organized in two columns (due in 2023 and due beyond December 31, 2023, in turn broken down by amounts due by December 31, 2027 and amount due after said date) to provide a better comparison with the previous table.

The table below shows the breakdown of payables to banks for loans and payables to other lenders for medium to long-term financial payables for the current and non-current portions; the latter is further broken down by due within/beyond five years.

Thousands of €	Total	2022	> 31.12.22		2023- 2026	> 31.12.26
Bond payables (non-current/current)	30,000	-	30,000	as follows:	20,000	10,000
Medium term bank loans (non-current/ current)	34,653	10,828	23,825		22,717	1,109
Other lenders (Non - current/ current) ex IFRS 16	3,802	260	3,542		2,400	1,142
Liabilities for the derivatives (non-current/current)	229	-	229		229	-
Other lenders (Non - current/ current)	-	-	-		-	-
Payables for price balance on acquisitions (non-current/current)	-	-	-		-	-
Bank overdrafts	-	-	-		-	-
Financial liabilities at 31.12.2021	68,684	11,088	57,596		45,346	12,251

Thousands of €	Total	2023	> 31.12.23		2024- 2027	> 31.12.27
Bond payables (non-current/current)	30,000	5,000	25,000	as follows:	20,000	5,000
Medium term bank loans (non-current/current)	41,473	7,883	33,590		30,820	2,771
Other lenders (Non - current/current) ex IFRS 16	3,554	254	3,300		1,266	2,034
Liabilities for the derivatives (non-current/current)	-	-	-		-	-
Other lenders (Non - current/ current)	-	-	-		-	-
Payables for price balance on acquisitions (non-current/current)	1,500	1,500	-		-	-
Bank overdrafts	-	-	-		-	-
Financial liabilities at 31.12.2022	76,527	14,636	61,890		52,086	9,805

As at December 31, 2022, there were two hedges on interest rates, the mark to market of which is positive at the reporting date and equal to Euro 705 thousand. The positive fair value was recognized under non-current financial receivables with a contra-entry in a specially designated shareholders' equity reserve ("cash flow hedging reserve").

Please note that the first tranche of the pool loan contract for Euro 33.3 million and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below.

As mentioned, the covenants regarded the Net Financial Position prior to application of IFRS 16. Such covenants were respected in full at the reporting date. It is also noted that both loans are subject to change of control clauses.

Thousands of €	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€	2018-2028	2018-2028	Net financial position / Total Shareholders' Equity	<1,25	Yes
Bond payables 30 M€	2018-2028	2018-2028	Net Financial Position / Adjusted EBITDA	<3,00	Yes
Bond payables 30 M€	2018-2028	2018-2028	Adjusted EBITDA/ Net financial expenses	>5	Yes
Pool loan 33.3 M€	2022-2028	2022-2028	Net financial position / Total Shareholders' Equity	<1,5	Yes
Pool loan 33.3 M€	2022-2028	2,022	Net Financial Position / Adjusted EBITDA	<3,50	Yes

According to that required by Consob communication no. 6064293 dated July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 "Recommendation for the standardized implementation of the European Commission Regulation on information prospectuses", below is the net financial debt of Orsero as at December 31, 2022.

Thousands of €	31.12.2022	31.12.2021
A Cash	45,215	33,498
B Cash equivalents	6	16
C Other current financial assets	705	-
D Liquidity (A + B + C)	45,926	33,513
E Current financial debt *	(1,500)	-
F Current portion of non-current financial debt **	(13,136)	(11,088)
G Current financial indebtedness (E + F)	(14,636)	(11,088)
H Net current financial indebtedness (G - D)	31,290	22,425
I Non-current financial debt ***	(36,890)	(27,596)
J Debt instruments	(25,000)	(30,000)
K Non-current trade and other payables	-	-
L Non-current financial indebtedness (I + J + K)	(61,890)	(57,596)
M Total financial indebtedness (H + L)	(30,600)	(35,171)
* Debt instruments are included, but the current portion of non-current financial debt is excluded.		
** includes payables for rental and lease agreements under IFRS 16 for Euro 254 thousand at December 31, 2022 and Euro 260 thousand at December 31, 2021.		
*** Debt instruments are excluded. Includes payables for rental and lease agreements under IFRS 16 for Euro 3,300 thousand at December 31, 2022 and Euro 3,542 thousand at December 31, 2021.		

It is noted that the above ESMA prospectus does not take into account the net payable balance of Euro 906 thousand (credit balance of Euro 459 thousand as at December 31, 2021) relating to cash pooling with the Group's Italian companies.

In terms of changes in liabilities as a result of financing activities, information is provided that allows users of the financial statements to evaluate the changes that occurred in compliance with IAS 7.

Liabilities from financing activities	31.12.2021	New loans	Payments	Cash Flow	Derivatives	31.12.2022
Hedging derivatives assets	-	-	-	-	(705)	(705)
Current financial assets	(16)	-	-	10	-	(6)
Total financial assets	(16)	-	-	10	(705)	(711)
Bond payables (over 12 months)	30,000	-	-	-	-	30,000
Non-current medium term bank loans	34,654	36,988	(30,169)	-	-	41,473
IFRS 16 Effect	3,802	79	(327)	-	-	3,554
Current liabilities for the derivatives	229	-	-	-	(229)	-
Current other lenders	-	-	-	-	-	-
Payables for price balance on acquisitions	-	1,500	-	-	-	1,500
Current financial assets	-	-	-	-	-	-
Total financial liabilities	68,684	38,567	(30,496)	-	(229)	76,527

NOTE 12. Provisions

Thousands of €	31.12.2022	31.12.2021	Change
Provisions	-	123	(123)

As at December 31, 2022, the existing provision was extinguished for Euro 123 thousand following the settlement of an issue with a supplier, which was concluded without the need to make recourse to the provision.

The booked results shows the present provision made for risks by the Company in compliance with IAS 37, which rules that directors must make provisions on the financial statements only if the risk is held to be probable and quantifiable, thereby aiming to express the most truthful and correct situation possible.

NOTE 13. Employee benefits

The changes for 2022 are provided herein, calculated using actuarial valuation.

Thousands of €	Employees benefits liabilities
Balance at December 31, 2021	2,306
<i>Change of year:</i>	
Revaluation	173
Benefits paid and transferred	(238)
Interest cost	(10)
Gain/(losses) resulting from changes in actuarial assumptions	(181)
Other changes	31
Balance at December 31, 2022	2,081

The liability for employee benefits, in accordance with national regulations, essentially includes the employee severance indemnity accrued by employees in service at December 31, net of

advances paid to employees. In accordance with IAS 19, the liability for employee benefits is measured using the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of relevant events.

The main financial and demographic assumptions used in determining the present value of the liability relative to the liability for employee benefits, are described below.

Discount rate	3.655%
Inflation rate	2023: 3.0%, 2024: 2.5%, 2025 and following: 2,0%
Salary increases (included inflation)	Equal to inflation
Mean withdrawal rate	3.50%
Mean withdrawal amount rate	55.00%
Mortality rate	SIMF 2021
Access to retirement	Minimum access requirements required by Monti-Fornero Law
Probability of termination	6.50%

The equity adjustment for actuarial gains/losses includes an actuarial gain of Euro 181 thousand. Actuarial gains and losses are recognized in shareholders' equity through the comprehensive income statement.

NOTE 14. Deferred tax liabilities

Thousands of €	31.12.2022	31.12.2021	Change
Deferred tax liabilities	169	-	169
Deferred tax liabilities	169	-	169

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, as well as on temporary differences between the value of assets and liabilities recorded in the financial statements and their value for tax purposes. As at December 31, 2022, this item increased by Euro 169 thousand, entirely attributable to the recognition of deferred taxes on the positive mark-to-market value of hedging derivatives on interest rates.

NOTE 15. Payables

Thousands of €	31.12.2022	31.12.2021	Change
Payables to suppliers	2,080	797	1,283
Payables to subsidiaries	42,135	23,917	18,218
Payables to related parties	151	67	84
Payables	44,366	24,781	19,585

As at December 31, 2022 this item showed a balance of Euro 44,366 thousand (Euro 24,781 thousand as at December 31, 2021); the increase of Euro 19,585 thousand is essentially linked to the different cash-pooling treasury position. Furthermore, note that:

- payables to suppliers refer entirely to business relationships related to the Company's ordinary activities and increased mainly due to invoices received in the final days of the year relating to ancillary expenses for the acquisitions of the French companies, mentioned above;
- payables to subsidiaries are mainly financial payables, comprising cash-pooling accounts for Euro 41,345 thousand (Euro 23,239 thousand in 2021), payables for IRAP reimbursement

request for Euro 295 thousand, payables for the tax consolidation system for Euro 9 thousand and trade payables for Euro 486 thousand. The increase compared to December 31, 2021 is due to changes in the Group's cash pooling relationships.

There are no trade payables with a residual maturity of more than 5 years recognized in the financial statements.

At December 31, 2021 and 2022, there were no outstanding payables of significant amount, nor did the Company receive injunction decrees for past due payables.

Payables to related parties relate to:

- Nuova Beni Immobiliari S.r.l. Euro 151 thousand, for trade payables.

The following table instead provides a breakdown of payables on a geographical basis.

Thousands of €	31.12.2022	31.12.2021	Change
Italy	44,319	24,777	19,542
EU countries	47	4	43
Non-Eu countries	-	-	-
Payables	44,366	24,781	19,585

NOTE 16. Current tax liabilities

Thousands of €	31.12.2022	31.12.2021	Change
For withholding tax	240	235	5
Current tax liabilities	240	235	5

At December 31, 2022, the item under review showed a change of Euro 5 thousand, an increase compared to the previous year. The withholding amount of Euro 240 thousand consists of Euro 220 thousand for employees and Euro 3 thousand for professionals; the balance also incorporates Euro 17 thousand relating to substitute tax on severance indemnity; all amounts are regularly paid and to date there are no past-due amounts relating to the item in question.

NOTE 17. Other current liabilities

Thousands of €	31.12.2022	31.12.2021	Change
Payables to personnel	4,657	2,704	1,953
Other current payables	234	228	6
Towards Public Social Security Bodies	266	238	28
Accrued expenses and deferred income	330	314	16
Other current liabilities	5,488	3,484	2,003

As at December 31, 2022, the item "Other current liabilities" had a balance of Euro 5,487 thousand, an increase from the previous year. Payables to personnel relate to current items for the month of December for Euro 191 thousand, of which Euro 42 thousand to related parties, LTI incentives for Euro 2,886 thousand of which Euro 2,332 thousand to related parties, MBO bonuses for Euro 757 thousand of which Euro 603 thousand to related parties, as well as accrued and unused vacation leave for Euro 664 thousand, of which Euro 321 thousand to related parties, and accruals for the 14th monthly pay for Euro 160 thousand, of which Euro 60 thousand to related parties.

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs, expenses for specialized consulting and promotional expenses of the brand are the most significant components, which result in a negative Adjusted EBITDA value; therefore, the discussion in relation to the consolidated income statement is much more relevant. Adjusted EBITDA showed a negative change of Euro 130 thousand.

There was an increase in revenues during the year, attributable exclusively to incidental re-billing of expenses incurred on behalf of third parties, as per contractual provisions. General and administrative costs increased by Euro 854 thousand, as a result of various opposing factors, and the most significant changes concern promotional and marketing costs, which increased by Euro 547 thousand, insurance expenses, which rose by Euro 166 thousand, and miscellaneous costs, which incorporated all expenses subject to re-billing described above, which increased by Euro 285 thousand. Against this, some items of the same costs declined significantly including labor costs (Euro 214 thousand) and third-party professional services (Euro 361 thousand). During the year, charges in preparation for the acquisitions of the shareholdings in the French companies, Blampin Groupe and Capexo were recorded as non-recurring expenses in the amount of Euro 1,553 thousand.

NOTE 18. Net sales

Thousands of €	31.12.2022	31.12.2021	Change
Consulting services	1,397	1,415	(18)
Cost recovery	961	714	247
Net sales	2,358	2,129	229

As at December 31, 2022, total revenues amounted to Euro 2,358 thousand, consisting of Euro 1,397 thousand for services and Euro 961 thousand for cost recovery. Consulting services relate entirely to consulting provided by company personnel regarding administrative, fiscal, corporate and legal matters. The cost recovery item is closely related to costs that the Company regularly incurs in the name and on behalf of third parties, in order to implement economies of scale and control in the acquisition of consulting services and in the insurance segment.

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Consulting services	1,397	-	1,352	45
Cost recovery	961	-	961	-
Net sales	2,358	-	2,313	45

Consulting services to related parties consist of:

- Nuova Beni Immobiliari S.r.l.: Euro 35 thousand for administrative, corporate and tax consulting.
- FIF Holding S.p.A.: Euro 10 thousand for administrative, corporate and tax consulting.

NOTE 19. Overheads and administrative costs

Thousands of €	31.12.2022	31.12.2021	Change
Personnel costs	5,019	5,233	(214)
External labor costs	-	-	-
Personnel training costs	22	18	5
Corporate bodies fees	664	724	(60)
Costs for notary, tax, legal and other professional services	362	459	(97)
Other professional services (including expenses) - wages, commercial consulting, technical consulting, others	951	1,247	(295)
Commercial, advertising, promotional and representation expenses	1,396	800	596
Insurance expenses	362	195	166
Costs for services and assistance hw, sw, phone network	298	213	84
Costs for maintenance, external labor and various other services	61	84	(23)
Costs of company car fleet	258	217	41
Rental costs and various rentals	201	58	143
Travel expenses	133	85	47
Utilities	101	101	-
Indirect taxes and duties	31	18	13
Non-deductible VAT	78	96	(17)
Amortization of intangible assets	66	66	-
Depreciation of tangible assets	642	501	141
Acquisition costs of stationery and material of consumption	88	39	48
Membership fees and other minor costs	632	310	322
Fees, commissions, bank guarantees charges and factoring	20	67	(47)
Overheads	11,386	10,532	854

The balance as at December 31, 2022 of overheads and administrative costs consists mainly of personnel costs of Euro 5,019 thousand, as the holding company provides the subsidiaries with a range of consulting services largely provided through direct professionals. The balance for the year is lower than that of last year, primarily due to the result of the termination of a collaboration relationship with an executive during the previous year and new hires during the year, as well as salary adjustments. Another significant component is advertising expenses, which amounts to Euro 1,219 thousand: in fact, the Company deals directly with all brand promotion activities, hence operational marketing as well as other types. The item compared to the previous year has seen a significant increase due to the intensification and diversification of promotional activities, limited due to the context, during the acute phase of the pandemic. The item "Consulting" also contains a rather significant balance, amounting to Euro 1,313 thousand, in line with the values of the previous year, as the Parent Company centralizes the use of external consultants to obtain more control over the critical issues of subsidiaries and to benefit from economies of scale. During the year, a number of business and strategic studies were commissioned from specialized consultants for management activities. The increase in the depreciation of tangible assets is fully attributable to the entry into operation of the new corporate headquarters and the resulting initiation of the IFRS 16 depreciation process on it.

It should also be noted that the cost for personnel consists for Euro 1,910 thousand of natural person related parties, and compensation for corporate bodies refers to directors' compensation for natural person related parties of Euro 499 thousand.

Thousands of €	Total	Third parties	Subsidiaries	Related companies
General and administrative expense	(11,386)	(10,667)	(703)	(16)

Overheads and administrative costs relating to "Company" related parties for the year 2022, as for 2021, are totally reduced in the financial statements since the rent paid to the related company Nuova Beni Immobiliari for a total of Euro 163 thousand has been restated in accordance with IFRS 16; the costs referring to subsidiaries mainly refer to IT and other services provided by the subsidiary Orsero Servizi. With regard to the costs attributable to "Natural Person" related parties, the note includes costs for remuneration and fees of Auditors and Directors totaling Euro 2,409 thousand.

NOTE 20. Other operating income/expense

Thousands of €	31.12.2022	31.12.2021	Change
Other operating income	556	330	226
Other operating expense	(4,383)	(2,000)	(2,383)
Total other operating income/ expense	(3,827)	(1,670)	(2,157)

Details of the items "Other operating income" and "Other operating expenses" for the years 2022 and 2021 are provided herein, with separate indication of ordinary positions and non-recurring items.

Thousands of €	31.12.2022	31.12.2021	Change
Revenues from recovery of costs and insurance reimbursements	27	33	(6)
Plusvalues and contingent revenues in ordinary course of business	305	139	165
Others	152	7	145
Other ordinary operating income	484	180	304
Others	72	150	(78)
Other non-recurring operating income	72	150	(78)

As at December 31, 2022, the item is mainly composed of: insurance reimbursements of Euro 27 thousand, capital gains on the sale of fixed assets (mainly automobiles) for Euro 45 thousand and contingent assets (due to overestimates on the previous financial statements' accruals amounting to Euro 101 thousand and due to the release of the provision for risks due to non-utilization, for Euro 123 thousand); this balance also includes: contingent profit from asset disposals in accordance with IFRS 16 for Euro 36 thousand, costs re-billed to the owners of the real estate complex where the new registered office was established, as incurred on their behalf for Euro 77 thousand, and for the difference from residual events of low individual importance.

Thousands of €	31.12.2022	31.12.2021	Change
Penalties, sanctions and costs for damage to third parties	(6)	(3)	(4)
Minusvalues and contingent losses in ordinary course of business	(146)	(229)	83
Donations	(29)	-	(29)
Other ordinary operating expense	(181)	(232)	50
Monetary incentive plan	(2,647)	(1,534)	(1,112)
Covid-19 costs	(2)	(5)	3
M&A costs French companies	(1,553)	-	-
Others	-	(230)	230
Other non - recurring operating expense	(4,201)	(1,769)	(880)

As at December 31, 2022, the ordinary portion of other operating expenses mainly consisted of tax and administrative penalties for Euro 6 thousand, contingent liabilities for incorrect estimates for Euro 31 thousand, non-deductible expenses in kind of Euro 54 thousand, capital losses of Euro 61 thousand entirely related to the release to the income statement of the share of works capitalized in previous years, relating to the company headquarters that was vacated earlier than the original contract. Finally, the balance also includes charitable contributions of Euro 29 thousand.

As regards non-recurring components, please note that at December 31, 2021 and December 31, 2022, the Company made allocations relating to Top Management incentives for Euro 1,534 thousand and Euro 2,647 thousand divided into Euro 773 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 1,874 thousand for LTI (deferred bonus component, payable in two tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the "vesting period", and indexed to the performance of the Orsero share price). For further details, reference should be made to the "Top Management incentive remuneration - 2020-2022 LTI Plan and 2022 bonuses" section of the directors' Report on Operations.

It should be noted that for all of the 2020, 2021 and 2022 LTI bonus shares, the revaluation has already been taken into account, to the maximum extent of 40% provided for by the Plan, based on the increase in the share price recorded over the three-year period, also including the value of dividends distributed, as per the Orsero 2020-2022 LTI Plan Regulation. The portion of Top Management incentives attributable to related parties amounted to Euro 2,118 thousand.

The balance also includes preparatory costs for the acquisition of the French company Capexo and the Blampin Groupe, an acquisition that was finalized in the very first days of January 2023, but for which negotiations and all analysis phases were completed during the year. These costs amounted to Euro 1,553 thousand.

As already noted previously in the consolidated financial statements, in line with the best market practices adopted by listed companies at national and international level, the Company believes that remuneration plans linked to share performance are an effective incentive and loyalty tool for key players in order to maintain and improve performance and contribute to the growth and success of companies. The adoption of remuneration plans linked to share performance also responds to the recommendations of the Corporate Governance Code, Art. 6 of which recognizes that these types of plans represent a suitable instrument for aligning the interests of executive directors and managers with strategic responsibilities of listed companies with those of shareholders, allowing the priority objective of creating value over the medium to long term. The establishment of incentive remuneration mechanisms is expressly required by stock exchange regulation for companies belonging to the STAR segment of the MTA. The "2020-2022 Long-Term Monetary Incentive Plan" therefore aims to stimulate the maximum alignment of Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders in the medium-long term. In particular, it makes it possible to pursue the following objectives: 1) to reward the short- and long-term performance of the Orsero Group as well as strengthen the

alignment between the interests of management and those of shareholders, directing behavior towards the sustainability of performance and the achievement of defined objectives; 2) to develop retention policies aimed at retaining key corporate resources and encouraging them to remain with the Group; 3) to develop policies to attract talented managerial and professional figures. The Plan recognizes within the remuneration structure of the beneficiaries a monetary economic incentive related to the achievement of certain performance and value creation objectives for shareholders, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Orsero Group. Although the Plan does not provide for the assignment of financial instruments, but rather only the attribution of monetary incentives, it does establish that a part of these incentives shall be indexed to the yield of the Company's securities, which is why the Plan itself is subject to the rules set out in Article 114-bis of the TUF for plans that provide for the assignment of financial instruments, as applicable. For details about the Plan, please refer to the governance section (<http://www.orserogroup.it/governance/remunerazione/>).

As already pointed out in the previous report, the deferred LTI bonus for Top Management requires a special form of accounting which, in accordance with IFRS 2, breaks down the cost of the bonuses accrued in each year of the Plan on the basis of the "vesting period" of three years until 12-31-2022 for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2023, and four years, for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2024. As a result of this method of accounting, which causes the cost for the deferred bonus accrued in 2020 to be spread over the three and four years of the vesting period, that of 2021 over two and three years and that of 2022 over one and two years, there is a clear effect of accelerating the economic impact on the accounts for the three-year period 2020-2022, as well as differentiation regarding the amounts for the LTI deferred bonus, as indicated each year in the Remuneration Report.

With reference to the 2022 financial year, the bonuses accrued by Top Management represent a cost of Euro 1,675 thousand divided into Euro 773 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 902 thousand for LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the "vesting period", and indexed to the performance of the Orsero share price). As described in detail separately below, against a cost for the LTI accrued in financial year 2022 of Euro 1,202 thousand, due to the accounting system mentioned above, the cost accounted for in the income statement, including accruals relating to the LTI bonus for financial years 2020 and 2021, amounts to Euro 1,874 thousand.

Taking into account the mechanism described above, the cost of Top Management bonuses accrued during the year, totaling Euro 2,647 thousand, includes:

- Euro 773 thousand for the MBO portion payable after approval of the 2022 financial statements;
- Euro 187 thousand for the portion of the 2020 LTI bonus payable in 2023;
- Euro 140 thousand for the portion of the 2020 LTI bonus payable in 2024;
- Euro 387 thousand for the portion of the 2021 LTI bonus payable in 2023;
- Euro 258 thousand for the portion of the 2021 LTI bonus payable in 2024;
- Euro 601 thousand for the portion of the 2022 LTI bonus payable in 2023;
- Euro 301 thousand for the portion of the 2022 LTI bonus payable in 2024.

It should be noted that of the cost of Euro 2,647 thousand, a part corresponding to Euro 72 thousand is reversed to subsidiaries for their employees.

NOTE 21. Financial income, financial expense and exchange differences

For each item included in the item in question, details are provided below:

Thousands of €	31.12.2022	31.12.2021	Change
Financial income	223	221	2
Financial expense	(2,082)	(1,939)	(143)
Exchange rate differences	-	1	(1)
Financial income, financial expense, exchange rate differences	(1,859)	(1,718)	(141)

For each item included in the item in question, details are provided below:

Thousands of €	31.12.2022	31.12.2021	Change
Interest income to third parties	81	96	(15)
Interest income to subsidiaries	126	115	11
Interest income TFR	10	10	-
Interest income on derivatives	6	-	6
Financial income	223	221	2

As at December 31, 2022, financial income comprised interest on bank current account deposits for Euro 16 thousand, income paid for assistance and coordination in receivable securitization transactions for Euro 62 thousand, interest income on cash pooling transactions for Euro 81 thousand, interest on loans to subsidiaries for Euro 44 thousand and income on derivatives and hedging of Euro 6 thousand, in addition to the interest cost from the application of IAS 19 to severance indemnities, for Euro 10 thousand.

Thousands of €	31.12.2022	31.12.2021	Change
Interest expenses from bank	(692)	(519)	(173)
Interest expenses ex IFRS 16	(88)	(43)	(45)
Interest expenses Bond	(1,119)	(1,115)	(5)
Interest expenses to subsidiaries	(76)	(44)	(32)
Losses on derivatives	(107)	(219)	112
Financial expense	(2,082)	(1,939)	(143)

As at December 31, 2022, financial expenses were mainly attributable to the cost of debt for Euro 1,797 thousand, interest expense due to the application of IFRS 16 for Euro 88 thousand, interest expense on cash pooling transactions for Euro 76 thousand, financial expenses on derivatives of Euro 107 thousand and banking surety fees for Euro 5 thousand.

Thousands of €	31.12.2022	31.12.2021	Change
Realized exchange rate differences	-	1	(1)
Unrealized exchange rate differences	-	-	-
Exchange rate differences	-	1	(1)

NOTE 22. Other investment income/expense

Thousands of €	31.12.2022	31.12.2021	Change
Dividends	20,339	16,943	3,396
Write - downs of equity investments	(150)	-	(150)
Result of securities and investments negotiation	(25)	(7)	(18)
Other investment income/expense	20,164	16,936	3,228

As at December 31, 2022, the item consists of dividends distributed by Fruttital Srl for Euro 3,000 thousand, AZ France for Euro 997 thousand, Hermanos Fernández López for Euro 2,000 thousand, Cosiarma Spa for Euro 13,134 thousand, Fresco for Euro 500 thousand and the associated company Fruport Tarragona for Euro 707 thousand.

NOTE 23. Income taxes

Recall that all of the Italian subsidiaries with the exception of Cosiarma (which has opted for "tonnage tax" based taxation) participate in the "tax consolidation" system headed by Orsero S.p.A., in accordance with the option exercised by each company and confirmed by the Revenue Agency as a result of the submission of a specific request for ruling in accordance with Art. 124, paragraph 5, of the TUIR Tax Code and with Art. 13, paragraphs 1 and 2, of the Ministerial Decree of June 9, 2004.

The changes in taxes are summarized in the following table.

Thousands of €	31.12.2022	31.12.2021	Change
Current taxes for the year	(58)	(17)	(42)
Deferred taxes = from statutory tax consolidation	1,978	1,928	49
Deferred taxes incomes and liabilities	(109)	(46)	(62)
Income tax expense	1,811	1,866	(55)

Taxes for 2022 came to Euro 1,811 thousand due to the income from tax consolidation, recognized by the consolidated companies for Euro 1,978 thousand, as well as the recognition of deferred tax assets and liabilities (please see the table for detailed information).

The reconciliation between the tax charge recognized in the financial statements and the theoretical tax charge, calculated based on theoretical rates applicable in Italy, is as follows:

Thousand of €	Taxable	Tax
Earning before tax	5.450	
Theoretical tax rate		24%
Theoretical income tax		1.308
Temporary differences on interest expense	1.884	
Other temporary differences	(305)	
Dividends	(19.322)	
Other permanent differences	401	
Income	(11.892)	
Net tax loss to be compensated in tax consolidation	(8.241)	
Income tax from consolidation		(1.978)
Effective tax rate		N/A
Broken-down:		
Income from statutory tax consolidation		1.978
Prepaid taxes		(109)
Past year income tax		(58)
Total 2022 income tax		1.811

Theoretical income taxes have been determined by applying the current IRES tax rate of 24% to the income before tax. As at December 31, 2022, there are no significant tax disputes.

For IRAP purposes, the net value of production is negative.

The table below shows the changes in the various deferred tax asset components by type. The amounts of current or deferred taxes charged directly to the statement of comprehensive income refer to the effects of the revaluation of the liability for employee benefits and the recognition of the mark-to-market on the derivative.

Thousands of €	Statement of financial position		Income statement		Comprehensive income statement	
	2022	2021	2022	2021	2022	2021
Previous tax losses	1,000	1,000	-	-	-	-
Effect IAS 19	38	145	(108)	(10)	-	-
Trademarks	23	27	-	-	-	-
Derivatives	-	55	-	(23)	(55)	(50)
Others	-	-	-	(13)	-	-
Deferred tax assets	1,060	1,228	(108)	(46)	(55)	(50)

Thousands of €	Statement of financial position		Income statement		Comprehensive income statement	
	2022	2021	2022	2022	2021	2022
Derivatives	169	-	-	-	(169)	-
Deferred tax liabilities	169	-	-	-	(169)	-

Deferred tax assets are recognized to the extent to which on the basis of company plans the existence of future taxable income against which such assets may be used is deemed likely. There are no other significant amendments to the tax legislation between 2022 and 2021.

NOTE 24. Disclosures on financial instruments

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IFRS 9 is as follows:

Thousands of €	Balance at 31.12.22	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Assets at fair value with changes recognized in the CI*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI*
Financial assets						
Investments in other companies	1	1	-	-	-	-
Non-current financial assets	719	14	-	705	-	-
Receivables	53,681	53,681	-	-	-	-
Current tax assets	1,514	1,514	-	-	-	-
Other receivables and other current assets	687	681	6	-	-	-
Cash and cash equivalent	45,215	45,215	-	-	-	-
Financial assets	101,817	101,106	6	705	-	-
Financial liabilities						
Financial liabilities of which:						
Bond payables (over 12 months)	25,000	-	-	-	25,000	-
Non-current medium term bank loans (over 12 months)	33,590	-	-	-	33,590	-
Non-current other lenders (over 12 months) ex IFRS 16	3,300	-	-	-	3,300	-
Non-current liabilities for derivative (over 12 months)	-	-	-	-	-	-
Non-current payables for price balance on acquisition (over 12 months)	-	-	-	-	-	-
Current medium term bank loans	7,883	-	-	-	7,883	-
Bond payables (current)	5,000	-	-	-	5,000	-
Current other lenders ex IFRS 16	254	-	-	-	254	-
Payables for price balance on acquisitions (current)	1,500	-	-	-	1,500	-
Payables	44,366	-	-	-	44,366	-
Current tax liabilities	240	-	-	-	240	-
Other current liabilities	5,488	-	-	-	5,488	-
Financial liabilities	126,621	-	-	-	126,621	-

Thousands of €	Balance at 31.12.21	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI*
Financial assets					
Investments in other companies	1	1	-	-	-
Non-current financial assets	35	35	-	-	-
Receivables	40,200	40,200	-	-	-
Current tax assets	1,259	1,259	-	-	-
Other receivables and other current assets	342	327	16	-	-
Cash and cash equivalent	33,498	33,498	-	-	-
Financial assets	75,335	75,320	16	-	-
Financial liabilities					
Financial liabilities of which:					
<i>Bond payables</i>	30.000	-	-	30.000	-
<i>Non-current medium term bank loans (over 12 months)</i>	23.825	-	-	23.825	-
<i>Non-current other lenders (over 12 months) ex IFRS 16</i>	3.542	-	-	3.542	-
<i>Non-current liabilities for derivative (over 12 months)</i>	229	-	-	-	229
<i>Current medium term bank loans</i>	10.828	-	-	10.828	-
<i>Current other lenders ex IFRS 16</i>	260	-	-	260	-
Payables	24.781	-	-	24.781	-
Current tax liabilities	235	-	-	235	-
Other current liabilities	3.484	-	-	3.484	-
Financial liabilities	97.185	-	-	96.956	229

* CI=Comprehensive income; PL=Income Statement; FV= Fair Value

It is noted that only "Other receivables and other current assets" of all financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial assets, trading derivatives fall within the category "assets measured at fair value", while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders' equity reserve with an impact on the statement of comprehensive income.

As at December 31, 2022, there were two interest rate hedging instruments in place, one initially activated on the Euro 60 million loan, which was paid off early when the new pool loan was taken out in August 2022, to which the financial hedge was shifted, which had a positive fair value of Euro 283 thousand recorded under non-current financial assets with a balancing entry in the specially designated equity reserve, as well as a second one linked to the loan of Euro 5.5 million outstanding with Credit Agricole, the positive fair value of which was Euro 423 thousand.

NOTE 25. Disclosures on financial instruments

Based on the requirements of IFRS 13 "Fair value measurement", the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, no new derivative contracts had been stipulated;
- the fair value of non-current financial payables is obtained by discounting all future cash flows at the year-end conditions. In the current situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair values.

As regards trade and other receivables and payables, the fair value is equal to the book value.

Fair value of non-financial instruments: it should be noted that there are no non-financial instruments measured at fair value at December 31, 2022.

The following tables analyze the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

- Level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- Level 2: the valuation techniques consider inputs other than the previous prices, but that can, however, be observed directly or indirectly on the market;
- Level 3: the techniques use inputs that are not based on observable market data.

Financial instruments

Derivatives, valued using techniques based on market data, are mainly IRSs on interest rates that have the purpose of hedging both the fair value of underlying instruments and cash flows. The most frequently applied valuation techniques include "forward pricing" and "swap" models, which use the calculations of the present value.

The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of €	31.12.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Current financial assets	6	-	-	16	-	-
Hedging derivatives	-	705	-	-	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	(229)	-

Level 1 valuation was used for non-significant securities.

Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as interest rates that are quoted in active or observable markets on official rate curves. The asset valued with Level 2 at December 31, 2022 relates to the positive fair value of the derivative on interest rates.

Non-financial instruments

It should be noted that there are no non-financial instruments measured at fair value at December 31, 2022.

NOTE 26. Transactions with related parties

The Company has enacted a conduct procedure related to transactions with related parties, both companies and natural persons, in order to monitor and trace the necessary information regarding transactions with Group companies as well as those in which directors and executives of the parent company have interests, for the purpose of their control and possible authorization. The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content. The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

In addition, there is a fiscal relationship between Orsero and nearly all of the Italian subsidiaries, following the option exercised for the national tax consolidation regime, governed by articles 117 et seq. of the TUIR, for the three-year period 2021-2023. Receivables and payables arising from such fiscal relationships are not interest-bearing.

It is noted that during FY 2022, no related party transactions were implemented other than those coming under the scope of the Company's ordinary business. Below is a summary of the items in the statement of financial position and income statement for transactions between the Company and its related parties in 2022. Transactions with the companies shown in the table are essentially of a commercial nature and relate to specific sectors of activity, while those with natural person related parties relate to existing employment relationships or to remuneration due in their capacity as Directors and Statutory Auditors, members of the Board of Directors of the Company.

Thousands of €	Related parties at December 31, 2022			
	Financial receivables	Trade receivables	Fiscal receivables	Other receivables
<i>Subsidiaries</i>				
AZ France S.A.S.	7,000	14	-	-
Bella Frutta S.A.	-	1,382	-	-
Cosiarma S.p.A.	-	46	-	-
Eurofrutas S.A.	600	7,859	-	-
Hermanos Fernández López S.A.	-	729	-	-
Fresco S.r.l.	-	12	72	-
Fruttital S.r.l.	28,488	892	766	-
Galandi S.p.A.	-	1	25	-
Thor S.r.l.	76	7	-	-
Orsero Produzione S.r.l.	825	7	-	-
Gruppo Fruttica	-	-	22	-
Orsero Servizi S.r.l.	1,725	61	7	-
Simba S.p.A.	1,724	96	1,095	-
Total exposure to subsidiaries	40,438	11,106	1,986	-
<i>Related companies</i>				
Nuova Beni immobiliari S.r.l.	-	35	-	-
Business Aviation*	-	5	-	-
Fif Holding S.p.A.	-	32	-	2
Argentina S.r.l. **	-	-	-	1
Total exposure to related companies	-	72	-	3
Total exposure to subsidiaries and related companies	40,438	11,178	1,985	3
Total Receivables	53,681	53,681	53,681	53,681
% Total Receivables	75.33%	20.82%	3.70%	0.01%

* Referred to companies GF Aviation S.r.l.

** It should be noted that the item "Other current assets" includes euro 8,000 thousand of receivables due from Argentina S.r.l. entirely devalued.

Thousands of €	Related parties at December 31, 2022			
	Financial payables	Trade payables	Fiscal payables	Other current liabilities
<i>Subsidiaries</i>				
Bella Frutta S.A.	-	-	-	-
Hermanos Fernández López S.A.	-	47	-	-
Cosiarma S.p.A.	37,036	23	-	-
Fresco S.r.l.	2,127	7	28	-
Fruttital S.r.l.	-	57	230	-
Galandi S.p.A.	2,182	1	-	-
Thor S.r.l.	-	-	2	-
Orsero Produzione S.r.l.	-	2	7	-
Orsero Servizi S.r.l.	-	348	5	-
Simba S.p.A.	-	2	32	-
Total exposure to subsidiaries	41,345	486	304	-
<i>Related companies</i>				
Nuova Beni immobiliari S.r.l.	-	151	-	-
Business Aviation*	-	-	-	-
Related parties physical persons	-	-	-	3,431
Total exposure to related companies	-	151	-	3,431
Total exposure to subsidiaries and related companies	41,345	638	304	3,431
Total Payables	44,366	44,366	44,366	5,488
% Total Payables	93.19%	1.44%	0.69%	62.52%
* Referred to companies GF Aviation S.r.l.				

Thousands of €	Related parties at December 31, 2022					
	Net sales	General and administrative expense	Other operating income/expense **	Financial income	Financial expense and exchange rate differences	Dividends Received ***
Subsidiaries						
Az France S.A.S.	-	-	-	41	-	998
Bella Frutta S.A.	140	-	29	-	-	-
Cosiarma S.p.A.	490	-	-	-	(57)	13,134
Eurofrutas S.A.	-	-	-	3	-	-
Fresco S.r.l.	248	-	-	-	(7)	500
Fruttital S.r.l.	1,205	(104)	44	61	(4)	3,000
Galandi S.r.l.	-	-	-	1	(6)	-
Thor S.r.l.	7	-	-	-	-	-
Orsero Produzione S.r.l.	6	-	-	1	(2)	-
Orsero Servizi S.r.l.	57	(596)	-	5	-	-
Hermanos Fernández López S.A.	-	-	-	-	-	2,000
Simba S.p.A.	158	(2)	-	14	-	-
Total exposure to Subsidiaries	2,313	(703)	72	126	(76)	19,632
Fruport Tarragona S.L.	-	-	-	-	-	707
Total exposure to Associates	-	-	-	-	-	707
Related Companies						
Nuova Beni immobiliari S.r.l.	35	(16)	-	-	-	-
Fif Holding S.p.A.	10	-	-	-	-	-
Related parties physical persons	-	(2,409)	(2,118)	-	-	-
Total exposure to related parties	45	(2,425)	(2,118)	-	-	-
Total exposure to subsidiaries, associates and related companies	2,358	(3,128)	(2,045)	126	(76)	20,339
Income statement data	2,358	(11,386)	(3,827)	223	(2,082)	20,164
% of Income statement data	100%	27%	53%	57%	4%	101%

** Included in Other operating income/expense

*** Included in Other investment income/expense. The value of euro 20,164 thousand includes write-downs of equity investments in the amount of euro 150 thousand Orsero Servizi (a subsidiary) and various capital charges in the amount of euro 25 thousand.

Receivables from related parties:

- Nuova Beni Immobiliari S.r.l.: Euro 35 thousand, all trade in nature and resulting in full from invoices to be issued.
- Business Aviation sector: Euro 5 thousand, trade receivable;
- FIF Holding S.p.A. Euro 34 thousand, trade receivables, of which Euro 10 thousand represented by invoices to be issued;

Payables to related parties:

- Nuova Beni Immobiliari S.r.l.: Euro 151 thousand, of which Euro 27 thousand consisting of invoices to be received.

- The amount due to natural person related parties relates as noted to remuneration for the corporate bodies (Euro 73 thousand), employees (Euro 423 thousand) and incentives (Euro 2,934 thousand).

Revenues with respect to related parties consist of:

Consulting services:

- Nuova Beni Immobiliari S.r.l.: Euro 35 thousand;
- FIF Holding S.p.A. Euro 10 thousand

Costs with respect to related parties consist of:

Ordinary operating costs:

- Nuova Beni Immobiliari S.r.l.: Euro 179 thousand, changed to Euro 16 thousand following the reclassification of office property lease payments in accordance with IFRS 16;
- Costs to related parties who are natural persons relate to remuneration paid to employees for Euro 1,910 thousand and directors or statutory auditors of the Company for Euro 499 thousand.

Other costs and expenses:

- Non-recurring costs include the portion of Top Management incentives referring to natural person related parties for Euro 2,118 thousand.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

NOTE 27. Share-based payments

As already pointed out in the previous report, the deferred LTI bonus for Top Management requires a special form of accounting which, in accordance with IFRS 2, breaks down the cost of the bonuses accrued in each year of the Plan on the basis of the "vesting period" of three years until December 31, 2022 for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2023, and four years, for the bonus tranche accrued on condition that the beneficiary remains with the company as at January 1, 2024. As a result of this method of accounting, which causes the cost for the deferred bonus accrued in 2020 to be spread over the three and four years of the vesting period, that of 2021 over two and three years and that of 2022 over one and two years, there is a clear effect of accelerating the economic impact on the accounts for the three-year period 2020-2022, as well as differentiation regarding the amounts for the LTI deferred bonus, as indicated each year in the Remuneration Report.

With reference to the 2022 financial year, the bonuses accrued by Top Management represent a cost of Euro 1,675 thousand divided into Euro 773 thousand for MBO (bonus component that will be paid following approval of the 2022 financial statements) and Euro 902 thousand for LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain in the company during the reference period, the "vesting period", and indexed to the performance of the Orsero share price). As described in detail separately below, against a cost for the LTI accrued in financial year 2022 of Euro 1,202 thousand, due to the accounting system mentioned above, the cost accounted for in the income statement, including accruals relating to the LTI bonus for financial years 2020 and 2021, amounts to Euro 1,874 thousand.

Taking into account the mechanism described above, the cost of Top Management incentives accrued during the year, totaling Euro 2,647 thousand, includes:

- Euro 773 thousand for the MBO portion payable after approval of the 2022 financial statements;
- Euro 187 thousand for the portion of the 2020 LTI bonus payable in 2023;
- Euro 140 thousand for the portion of the 2020 LTI bonus payable in 2024;

- Euro 387 thousand for the portion of the 2021 LTI bonus payable in 2023;
- Euro 258 thousand for the portion of the 2021 LTI bonus payable in 2024;
- Euro 601 thousand for the portion of the 2022 LTI bonus payable in 2023;
- Euro 301 thousand for the portion of the 2022 LTI bonus payable in 2024.

It should be noted that of the cost of Euro 2,647 thousand, a part corresponding to Euro 72 thousand is reversed to subsidiaries for their employees.

It should also be noted that for all of the 2020, 2021 and 2022 LTI bonus shares, the revaluation has already been taken into account, to the maximum extent of 40% provided for by the Plan, based on the increase in the share price recorded over the three-year period, also including the value of dividends distributed, as per the Orsero 2020-2022 LTI Plan Regulation.

NOTE 28. Employees

The following table shows the number of employees as at December 31, 2022 and 2021.

	31.12.2022	31.12.2021	Change
Number of employees	42	39	3
Average number of employees	42	39	3

NOTE 29. Fees due to the Directors and the Board of Statutory Auditors

The following table details the remuneration for the members of Orsero's corporate bodies for the year.

Thousands of €	31.12.2022	31.12.2021	Change
Board of Directors	426	454	(28)
Board of Statutory Auditors	73	74	(1)

The amount of "Board of Directors' Fees" includes Directors' remuneration from letters of appointment for Euro 300 thousand, emoluments for the remuneration of specific offices for Euro 85 thousand and social security and welfare contributions relative to the previous items for Euro 40 thousand.

NOTE 30. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of €	2022	2021
Guarantees issued		
Fruttital S.r.l.	140	5,206
Simba S.p.A.	1,220	1,150
Galandi S.r.l.	106	-
Fresco S.r.l.	3,585	3,585
AZ France S.A.S	1,206	3,330
Eurofrutas S.A.	2,251	-
Bella Frutta S.A.	300	835
Total guarantees	8,808	14,106

The table already shows in detail the main changes that have occurred since December 31 of the previous year, against the changed guaranteed amounts relating to guarantees given on bank accounts and in favor of suppliers of Group companies, including customs authorities.

NOTE 31. Significant events after December 31, 2022

In this regard, please note the finalization of the acquisitions of 80% of the share capital of Blampin and 100% of the share capital of Capexo, as already described extensively in this report and in the press releases promptly issued at the time.

With respect to the above transactions, the two remaining tranches of the ESG-linked pool loan were disbursed for a total amount of Euro 56.7 million.

Other than the above, there are no other particularly significant events as at the date of this Report. With reference to the latest developments in the international geopolitical situation, the Group's management continues to monitor their developments with the aim of maintaining an efficient import and distribution logistics chain and preserving its cost-effectiveness.

NOTE 32. Information on any contributions received

It is noted that the Parent Company has not benefited from the aids for which publication is mandatory in the National State Aid Register.

ANNEX 1. Information in accordance with Art. 149-duodecies of the Consob Issuers' Regulation

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2022 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Type of services - Thousands of €	Company that provided the service	Fees for 2022
Audit (*)	Kpmg S.p.A.	121
Other services		
Tax declaration	Kpmg S.p.A.	3
Total services provided in 2022 by the auditors		124
* Includes the audit at December 31, 2022 and the limited review of the interim report as of June 30		

ANNEX 2. Financial statements tables in accordance with Consob Resolution 15519/2006

Statement of financial position 2022 and 2021

Thousands of €	31.12.2022	of which related parties				%
		Subsidiaries	Associates	Related	Total	
ASSETS						
Intangible assets other than Goodwill	84	-	-	-	-	-
Property, plant, and equipment	4,920	-	-	-	-	-
Equity investments	171,218	160,236	10,981	-	171,217	100%
Non-current financial assets	719	-	-	-	-	-
Deferred tax assets	1,060	-	-	-	-	-
NON-CURRENT ASSETS	178,002	160,236	10,981	-	171,217	96%
Receivables	53,681	53,530	-	75	53,605	100%
Current tax assets	1,514	-	-	-	-	-
Other receivables and other current assets	687	-	-	-	-	-
Cash and cash equivalents	45,215	-	-	-	-	-
CURRENT ASSETS	101,097	53,530	-	75	53,605	53%
Non-current assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	279,099	213,766	10,981	75	224,822	81%
Share Capital	69,163	-	-	-	-	-
Other Reserves and Retained Earnings	73,803	-	-	-	-	-
Profit/loss	7,261	-	-	-	-	-
EQUITY	150,228	-	-	-	-	-
LIABILITIES						
Financial liabilities	61,890	-	-	-	-	-
Provisions	-	-	-	-	-	-
Employees benefits liabilities	2,081	-	-	-	-	-
Deferred tax liabilities	169	-	-	-	-	-
NON-CURRENT LIABILITIES	64,140	-	-	-	-	-
Financial liabilities	14,636	-	-	-	-	-
Payables	44,366	42,135	-	151	42,286	95%
Current tax liabilities	240	-	-	-	-	-
Other current liabilities	5,488	-	-	3,431	3,431	63%
CURRENT LIABILITIES	64,731	42,135	-	3,582	45,716	71%
Liabilities directly associated with non-current assets held for sale	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	279,099	42,135	-	3,582	45,716	16%

Thousands of €	31.12.2021	of which related parties				%
		Subsidiaries	Associates	Related	Total	
ASSETS						
Intangible assets other than Goodwill	143	-	-	-	-	-
Property, plant and equipment	4,594	-	-	-	-	-
Equity investments	167,818	158,336	9,481	-	167,817	100%
Non-current financial assets	35	-	-	-	-	-
Deferred tax assets	1,228	-	-	-	-	-
NON-CURRENT ASSETS	173,818	158,336	9,481	-	167,817	97%
Receivables	40,200	40,005	-	158	40,163	100%
Current tax assets	1,259	-	-	-	-	-
Other receivables and other current assets	342	-	-	-	-	-
Cash and cash equivalents	33,498	-	-	-	-	-
CURRENT ASSETS	75,299	40,005	-	158	40,163	53%
Non-current assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	249,117	198,341	9,481	158	207,980	83%
Share Capital	69,163	-	-	-	-	-
Other Reserves and Retained Earnings	73,329	-	-	-	-	-
Profit/loss	7,011	-	-	-	-	-
EQUITY	149,503	-	-	-	-	-
LIABILITIES						
Financial liabilities	57,596	-	-	-	-	-
Provisions	123	-	-	-	-	-
Employees benefits liabilities	2,306	-	-	-	-	-
NON-CURRENT LIABILITIES	60,025	-	-	-	-	-
Financial liabilities	11,088	-	-	-	-	-
Payables	24,781	23,917	-	67	23,984	97%
Current tax liabilities	235	-	-	-	-	-
Other current liabilities	3,484	-	-	1,534	1,534	44%
CURRENT LIABILITIES	39,589	23,917	-	1,601	25,518	64%
Liabilities directly associated with non-current assets held for sale	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	249,117	23,917	-	1,601	25,518	10%

Income statement and Statement of comprehensive income 2022 e 2021

Thousands of €	Year 2022	of which related parties				Total	%
		Subsidiaries	Associates	Related	Total		
Net sales	2,358	2,313	-	45	2,358	100%	
Cost of sales	-	-	-	-	-		
Gross profit	2,358						
General and administrative expense	(11,386)	(703)	-	(2,425)	(3,128)	27%	
Other operating income/expense	(3,827)	72	-	(2,118)	(2,045)	53%	
- of which non-recurring operating income	72	72	-	-	72	100%	
- of which non-recurring operating expense	(4,201)	-	-	(2,118)	(2,118)	50%	
Operating result	(12,855)	-	-	-	-	-	
Financial income	223	126	-	-	126	57%	
Financial expense and exchange rate differences	(2,082)	(76)	-	-	(76)	4%	
Other investment income/expense	20,164	19,482	707	-	20,189	100%	
Profit/loss before tax	5,450	-	-	-	-	-	
Income tax expense	1,811	-	-	-	-	-	
Profit/loss from continuing operations	7,261	-	-	-	-	-	
Profit/loss from discontinued operations	-	-	-	-	-	-	
Profit/loss	7,261	-	-	-	-	-	

Thousands of €	Year 2022	of which related parties				Total	%
		Subsidiaries	Associates	Related	Total		
Profit/loss	7,261	-	-	-	-	-	
Other comprehensive income that will not be reclassified to profit/loss, before tax	181	-	-	-	-	-	
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	-	-	-	-	-	-	
Other comprehensive income that will be reclassified to profit/loss, before tax	934	-	-	-	-	-	
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(224)	-	-	-	-	-	
Comprehensive income	8,152	-	-	-	-	-	

Thousands of €	Year 2021	of which related parties				Total	%
		Subsidiaries	Associates	Related	Related		
Net sales	2,129	2,054	-	75	2,129	100%	
Cost of sales	-	-	-	-	-		
Gross profit	2,129						
General and administrative expense	(10,532)	(591)	-	(2,947)	(3,538)	34%	
Other operating income/expense	(1,670)	82	-	(1,232)	(1,150)	69%	
- of which non-recurring operating income	150	82	-	-	82	55%	
- of which non-recurring operating expense	(2,000)	-	-	(1,232)	(1,232)	62%	
Operating result	(10,074)	-	-	-	-	-	
Financial income	221	115	-	-	115	52%	
Financial expense and exchange rate differences	(1,939)	(44)	-	-	(44)	2%	
Other investment income/expense	16,936	16,236	707	-	16,943	100%	
Profit/loss before tax	5,145	-	-	-	-	-	
Income tax expense	1,866	-	-	-	-	-	
Profit/loss from continuing operations	7,011	-	-	-	-	-	
Profit/loss from discontinued operations	-	-	-	-	-	-	
Profit/loss	7,011	-	-	-	-	-	

Thousands of €	Year 2021	of which related parties				Total	%
		Subsidiaries	Associates	Related	Related		
Profit/loss	7,011	-	-	-	-	-	
Other comprehensive income that will not be reclassified to profit/loss, before tax	(45)	-	-	-	-	-	
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	-	-	-	-	-	-	
Other comprehensive income that will be reclassified to profit/loss, before tax	208	-	-	-	-	-	
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(50)	-	-	-	-	-	
Comprehensive income	7,124	-	-	-	-	-	

Consolidated cash flow statement 2022 e 2021

Thousands of €	Year 2022	of which related parties			
		Subsidiaries	Associates	Related	Total
A. Cash flows from operating activities (indirect method)					
Profit/loss	7,261				
Adjustments for income tax expense	(1,811)	-	-	-	-
Adjustments for interest income/expense	2,082	(51)	-	-	(51)
Adjustments for dividends	(20,339)	(19,632)	(707)	-	(20,339)
Adjustments for depreciation/amortization expense and impairment loss	708	-	-	-	-
Change in receivables	(13,481)	(13,524)	-	83	(13,441)
Change in payables	19,585	18,218	-	84	18,302
Change in other receivables/assets and in other liabilities	2,689	-	-	1,897	1,897
Interest received/(paid)	(1,730)	51	-	-	51
(Income taxes paid)	-	-	-	-	-
Dividends received	20,339	19,632	707	-	20,339
Cash flow from operating activities (A)	15,303				
B. Cash flows from investing activities					
Purchase of property, plant and equipment	(1,192)	(79)	-	-	(79)
Proceeds from sales of property, plant and equipment	225	-	-	-	-
Purchase of intangible assets	(8)	-	-	-	-
Proceeds from sales of intangible assets	-	-	-	-	-
Purchase of interests in equity investments	(3,500)	(2,000)	(1,500)	-	(3,500)
Proceeds from sales of equity investments	100	(100)	-	-	(100)
Purchase of other non-current assets	-	-	-	-	-
Proceeds from sales of other non-current assets	189	-	-	-	-
(Acquisitions)/disposal of investments in controlled companies, net of cash	-	-	-	-	-
Cash Flow from investing activities (B)	(4,186)				
C. Cash Flow from financing activities					
Increase/decrease of financial liabilities	318	-	-	-	-
Drawdown of new long-term loans	36,988	-	-	-	-
Pay back of long-term loans	(30,169)	-	-	-	-
Capital increase and other changes in increase/decrease	885	-	-	-	-
Disposal/purchase of treasury shares	(2,215)	-	-	-	-
Dividends paid	(5,206)	-	-	-	-
Cash Flow from financing activities (C)	601				
Increase/decrease in cash and cash equivalent (A ± B ± C)	11,718				
Cash and cash equivalent at 1° January 22-21	33,498				
Cash and Cash equivalent at 31 December 22-21	45,215				

Thousands of €	Year 2021	of which related parties			Total
		Subsidiaries	Associates	Related	
A. Cash flows from operating activities (indirect method)					
Profit/loss	7,011				
Adjustments for income tax expense	(1,866)	-	-	-	-
Adjustments for interest income/expense	1,939	(71)	-	-	(71)
Adjustments for dividends	(16,936)	(16,236)	(707)	-	(16,943)
Adjustments for depreciation/amortization expense and impairment loss	567	-	-	-	-
Change in receivables	8,905	8,917	-	17	8,935
Change in payables	12,558	12,691	-	11	12,702
Change in other receivables/assets and in other liabilities	1,795	-	-	-	-
Interest received/(paid)	(1,726)	71	-	-	71
(Income taxes paid)	-	-	-	-	-
Dividends received	16,936	16,236	707	-	16,943
Cash flow from operating activities (A)	29,184				
B. Cash flows from investing activities					
Purchase of property, plant and equipment	(2,356)	(39)	-	(110)	(149)
Proceeds from sales of property, plant and equipment	44	42	-	-	42
Purchase of intangible assets	(58)	-	-	-	-
Proceeds from sales of intangible assets	-	-	-	-	-
Purchase of interests in equity investments	(7,322)	(7,322)	-	-	(7,322)
Proceeds from sales of equity investments	223	223	-	-	223
Purchase of other non-current assets	-	-	-	-	-
Proceeds from sales of other non-current assets (Acquisitions)/disposal of investments in controlled companies, net of cash	101	-	-	-	-
	-	-	-	-	-
Cash flow from investing activities (B)	(9,368)				
C. Cash Flow from financing activities					
Increase/decrease of financial liabilities	(968)	-	-	-	-
Drawdown of new long-term loans	9,462	-	-	-	-
Pay back of long-term loans	(11,016)	-	-	-	-
Capital increase and other changes in increase/decrease	38	-	-	-	-
Disposal/purchase of treasury shares	(1,631)	-	-	-	-
Dividends paid	(3,506)	-	-	-	-
Cash flow from financing activities (C)	(7,620)				
Increase/decrease in cash and cash equivalent (A ± B ± C)	12,195				
Cash and cash equivalent at 1° January 21-20	21,302				
Cash and Cash equivalent at 31 December 21-20	33,498				



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Revisione e organizzazione contabile
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(The accompanying translated separate financial statements of Orsero S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Orsero S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Orsero S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Orsero S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Orsero S.p.A.
Independent auditors' report
31 December 2022

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of equity investments

Notes to the separate financial statements: section "Valuation criteria" and note 3 – Investments

Key audit matter	Audit procedures addressing the key audit matter
<p>The carrying amount of equity investments at 31 December 2022 is of €171.2 million.</p> <p>The main equity investments included in the financial statements at 31 December 2022 are related to the following subsidiaries:</p> <ul style="list-style-type: none"> • Hermanos Fernandez Lopez SA for €41.2 million; • Fruttital S.r.l. for €40.1 million; • Cosiama S.p.A. for €31.8 million; • AZ France S.A. for €21.5 million; • Simba S.p.A. for €9.8 million. <p>Investments in subsidiaries are accounted for at cost and adjusted for any impairment loss.</p> <p>In line with the procedure approved by the Orsero S.p.A.'s board of directors on 7 March 2023, when they identify indicators of impairment, or at least annually, the directors test these equity investments for impairment, checking their recoverability by comparing their carrying amounts with their related recoverable amounts.</p> <p>The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the cash flows that are expected to be generated by the company or by the cash-generating units (CGU) to which it belongs for the three-year period 2023-2025.</p> <p>The expected operating cash flows were estimated on the basis of the 2023 budget, approved by the Board of Directors on 2 February 2023. The expected operating cash flows for the years 2024 and 2025 and for the terminal value have been determined on the basis of the operating result of year 2023. For the investment held in Cosiama S.p.A., it has been considered the operating</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> • updating our understanding of the process adopted to prepare the impairment tests and the forecasts set out in the update to the 2023-2026 plan; • checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; • analysing the reasonableness of the key assumptions used by the directors to determine the operating cash flows and the valuation models adopted; • checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; • checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; • assessing the appropriateness of the disclosures provided in the notes about the measurement of equity investments and the related impairment tests.



Orsero S.p.A.

Independent auditors' report

31 December 2022

Key audit matter	Audit procedures addressing the key audit matter
<p>cash flows for a period consistent with the Expected useful lives of the ships (year 2029), estimated on the basis of the actual results over the previous years and of the 2023 budget.</p> <p>Impairment testing is complex and entails a high level of judgement, especially in relation to:</p> <ul style="list-style-type: none">• the expected operating cash flows, calculated by taking into account the general economic performance and that of the Group's sector, the actual cash flows for recent years and the projected growth rates;• the financial parameters used to calculate the discount rate. <p>For the above reasons, we believe that the measurement of the equity investments is a key audit matter.</p>	

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.



Orsero S.p.A.
Independent auditors' report
31 December 2022

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.



Orsero S.p.A.
Independent auditors' report
31 December 2022

Other information required by article 10 of Regulation (EU) no. 537/14

On 24 April 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.



Orsero S.p.A.

Independent auditors' report

31 December 2022

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 30 March 2023

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit



Board of Statutory Auditors' Report

ORSERO S.p.A.**Share Capital Euro 69,163,340.00 fully paid-in****Registered office in Milan, Via Vezza d'Oglio no. 7****Milan Register of Companies and Tax ID 09160710969****REA 2072677**

**BOARD OF STATUTORY AUDITORS' REPORT
TO THE SHAREHOLDERS' MEETING**

*In accordance with Art. 153 of Italian Legislative Decree no. 58/1998 and with Art.
2429, paragraph 2 of the Italian Civil Code*

Shareholders,

This report, drawn up in accordance with Art. 153 of Italian Legislative Decree no. 58/1998 (hereinafter also referred to as the "Consolidated Law on Finance") and Article 2429, paragraph 2, of the Italian Civil Code, reports on the activities carried out by the Board of Statutory Auditors (the "Board") of Orsero S.p.A. ("Orsero" or the "Company") during the year ended December 31, 2022.

During the 2022 financial year, the Board of Statutory Auditors carried out its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree no. 58/1998, the provisions of the Articles of Association and those issued by the Authorities exercising supervisory and control activities, also taking into account the rules of conduct recommended by the Consiglio nazionale dei Dottori commercialisti ed Esperti contabili (National Board of Chartered Accountants and Expert Tax Advisors).

The Board of Statutory Auditors also complied with the regulations applicable to Public Interest Entities by performing the additional specific control and monitoring functions

on the subject of financial reporting and external auditing, as well as on the subject of non-financial reporting pursuant to Italian Legislative Decree no. 254/2016 as amended. On February 1, 2022, and subsequently on February 2, 2023, the Board of Statutory Auditors verified, with a positive outcome, for each Board member, the process of self-assessment of the requirements for holding the office based on the criteria established by the regulations set forth in Article 148 of the Consolidated Law on Finance, Recommendation no. 9 of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020 and Rule Q.1.1. of the "Rules of Conduct for the Board of Statutory Auditors of Listed Companies".

The Board of Statutory Auditors hereby gives an account of the activities carried out during the 2022 financial year and provides the appropriate information below, in line with the provisions governing the matter.

1. Supervision of compliance with the law, regulations and articles of association

The Board of Statutory Auditors carried out the activities for which it was responsible, holding 11 meetings in 2022.

In addition, the Board of Statutory Auditors attended in its entirety 8 meetings of the Board of Directors and:

- 5 meetings of the Control and Risks Committee;
- 4 meetings of the Remuneration and Appointments Committee;
- 1 meeting of the Related Party Transactions Committee.

As part of its control activities, the Board of Statutory Auditors, among other things:

- monitored compliance with the law, the articles of association and sector regulations, also with reference to obligations concerning regulated or privileged information or information requested by the Supervisory Authorities;
- supervised compliance with the principles of proper administration, as well as the

functioning and adequacy of the Company's organizational structure, internal control and administrative-accounting systems by collecting data and information from the heads of the main corporate functions involved, the Director appointed for the internal control and risk management system, the Corporate Accounting Reporting Officer and the company appointed to audit the accounts, KPMG S.p.A;

- supervised the adequacy of the Company's control functions;
- supervised the procedures for the concrete implementation of the Corporate Governance Code for Listed Companies, which the Company has adopted;
- verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the various requirements for Directors and Statutory Auditors;
- carried out its own checks on the internal control system, relying on the presence of the Head of Internal Audit at some of the board meetings;
- monitored compliance with the Procedure approved by the Board of Directors regarding transactions with related parties, as well as compliance with the procedure itself;
- met with the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001;
- met with the Board of Statutory Auditors of the main Group companies, discussing, among other things, the methods for exchanging information flows and acknowledging the activities carried out;
- supervised the adoption of remuneration policies and the remuneration paid;
- held meetings and obtained information, also through participation in board Committee meetings, from the Director appointed for the internal control and risk management system and the Corporate Accounting Reporting Officer.

With regard to the provisions of Art. 2408 of the Italian Civil Code, the Board of Statutory Auditors informs the Shareholders' Meeting that during 2022 no reports of objectionable

facts were received from the Shareholders.

To the best of the Board's knowledge, there were no instances during the year of violation of the duties of the Directors as set forth in Articles 2406 and 2409 of the Italian Civil Code.

2. Compliance with the principles of proper administration and relations with related parties

The Board of Statutory Auditors monitored the Company's compliance with the law and the Articles of Association and its adherence to the principles of sound management, particularly with regard to transactions that had a material impact on the Company's income statement, balance sheet and financial position, by attending meetings of the Board of Directors on an ongoing basis and reviewing the documents provided.

In this regard, the Board of Statutory Auditors has received information from the Chief Executive Officers and the Board of Directors on the activities carried out and on the most important economic, financial and capital operations undertaken by the Company and the Group; this information is adequately represented in the Financial Report.

On the basis of the information made available, the Board of Statutory Auditors believes that these transactions can be considered compliant with the law, the Company's Articles of Association and the principles of proper administration and that they do not appear to be manifestly imprudent, risky or in contrast with the resolutions passed by the Shareholders' Meeting, nor such as to compromise the integrity of the Company's assets.

2.1 Major events

In relation to the most significant economic, financial and capital transactions carried out by the Company and the Group during the 2022 financial year and, more generally, with regard to the most significant events, the Board of Statutory Auditors reports the

following:

- inflation linked, on the one hand, to the post-Covid global recovery and, on the other hand, to the outbreak of the conflict in Ukraine, while generating marked impacts on the growth of commodity prices due to the explosion of energy and raw material costs, did not have effects of significant magnitude and such so as to cause disruption to Orsero's business, both due to the absence of direct relations with countries in conflict and due to the nature of the specific business, linked to the marketing of basic food products. The increase in energy and transportation costs was largely passed on to sales prices, without affecting the Group's profitability and without calling into question the going concern assumption;
- in May 2022 8% in the share capital of the distribution company Tirrenofruit S.r.l. was acquired, with an outlay of Euro 1,160 thousand, in addition to the 8% already acquired in the previous year. This transaction, alongside the investment in the company Agricola Azzurra in the second half of 2021, is part of the Group's efforts to strengthen its strategic presence with regard to the marketing of domestic fruit and vegetables with regard to the large retail channel.
- As for the value of the shareholding in the associate Agricola Azzurra, it should be noted that it increased by a total of Euro 1,500 thousand, as a result of the price adjustment calculated in the 12 months from the acquisition date and an additional final adjustment also referred to as "contingent consideration";
- in January 2023 Orsero S.p.A. executed the agreements relating to the purchase of 100% of the share capital of Capexo and 80% of the share capital of Blampin, French companies operating in the import and distribution of fruit and vegetable products, the former with turnover of about Euro 66 million in 2021, very active in the exotic fruits segment, and the latter with turnover of around Euro 195 million in 2021, the first national operator in the wholesale markets. These acquisitions will make it

possible to achieve a strong strategic market positioning in France in terms of size, product range and sales channel coverage.

- The total investment for the two acquisitions amounts to about Euro 92 million.
- The acquired companies will be consolidated by Orsero as of January 1, 2023;
- Orsero S.p.A. has taken out a 2022-2028 medium-/long-term ESG-linked loan from a pool of leading European banks, for a total of Euro 90 million, mainly intended for financial commitments deriving from the new acquisitions in Capexo and Blampin;
- in pursuit of the philosophy aimed at avoiding food waste, the Group has partnered with the European Food Banks Federation (FEBA) to recover from its warehouse the fruit and vegetables that can no longer be marketed for reasons other than food safety, which are collected by the Food Banks of the different countries and charitable associations, and then distributed to a network of charitable organizations. During the year, the Group's distribution companies donated a total of nearly 623 tons of fruit and vegetable products with a corresponding cost value of Euro 606 thousand.

2.2 Transactions with associated and related parties Atypical and/or unusual transactions

The Company has a "*Procedure for transactions with related parties*", in compliance with the provisions of Consob Regulation no. 17221/2010 as amended, Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the Consolidated Law on Finance.

The Board of Statutory Auditors believes that the above-mentioned procedure, approved by the Board of Directors on February 13, 2017 and most recently amended on May 12, 2021, complies with the above-mentioned provisions; during the year 2022, the Board of Statutory Auditors monitored their compliance.

The 2022 Financial Report shows the transactions with associated and related parties. In

2022, no transactions with associated and related parties were implemented other than those that are part of the Group's ordinary course of business.

The Board of Statutory Auditors has assessed as adequate the information provided by the Board of Directors in the 2022 Annual Financial Report regarding transactions with associated and related parties.

To the best of our knowledge, no atypical and/or unusual transactions were carried out during the 2022 financial year.

3. Supervision of the adequacy of the organizational structure

The organizational structure of the Company and the Group and the related developments are described in detail in the Report on Corporate Governance and Ownership Structure, which was prepared with reference to the "*Format for the Report on Corporate Governance and Ownership Structure*" issued by Borsa Italiana in January 2022.

The Company's organizational structure covers the tasks and responsibilities of the corporate functions, the hierarchical and functional relationships between them and the related coordination mechanisms.

Moreover, in order to formalize and disseminate its corporate values, as well as to define its principles of conduct, both within and outside the Group, the Company has adopted a Code of Ethics, which was updated in 2022, consistent with the previous approval of the Strategic Sustainability Plan and Sustainability Policy.

The Board of Statutory Auditors oversaw the adequacy of the overall organizational structure of the Company and the Group and also monitored the process of assigning powers.

The Board of Statutory Auditors monitored the adequacy of the instructions issued by the Company to its subsidiaries in order to promptly obtain the information needed to comply with statutory reporting requirements.

On March 10, 2022, September 13, 2022, and, most recently, on March 15, 2023, the Board of Statutory Auditors met with the Supervisory Body set up pursuant to Italian Legislative Decree 231/2001, which is responsible for overseeing the update, functioning of and compliance with the Organization, Management and Control Model (OMM) and the Code of Ethics, and was informed about the activities it had carried out, as also set forth in the Supervisory Body's Annual Report presented at the Board of Directors' meeting on March 14, 2023.

As a result of its activities, the Supervisory Body did not report any critical issues.

On March 10, 2022 and, most recently, on March 15, 2023, the Board of Statutory Auditors met with representatives of the Boards of Statutory Auditors of the main Italian subsidiaries (Fruttital S.r.l., S.i.m.b.a. S.p.A. and Cosiarma S.p.A.); no matters worthy of mention in this Report emerged from these meetings.

4. Supervision of the adequacy of the internal control and risk management system and of the administrative and accounting system; monitoring of the financial and non-financial reporting process

4.1 Internal control and risk management system

The Report on Corporate Governance and Ownership Structures describes the main features of the internal control and risk management system.

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system adopted by the Company and the entire Group, verifying that it was functioning effectively. In particular, the Board of Statutory Auditors has:

- i) acknowledged the evolution of the Group's internal control system;
- ii) acknowledged the evaluation of the adequacy of the internal control and risk management system, expressed by the Board of Directors, after obtaining the opinion of the Control and Risks Committee; in this regard, reference should be made to the

Report on Corporate Governance and Ownership Structures;

- iii) acquired knowledge of the evolution of the organizational structure and the activities undertaken by the Internal Audit Department, verifying its autonomy and functionality, also by means of a constant and adequate flow of information;
- iv) examined the Audit Plan prepared by the Internal Audit Department and approved by the Board of Directors, observed compliance with it, the results of the audits and the effective implementation of the risk mitigation initiatives;
- v) attended all the meetings of the Control and Risks Committee, also acquiring information concerning the initiatives that the Committee deemed it appropriate to promote or request in relation to specific issues.

In the light of all of the above, no elements have emerged that could lead the Board of Statutory Auditors to consider that the internal control and risk management system of the Company and the Group as a whole is not adequate.

4.2 Administrative and accounting system and financial reporting process

With regard to the administrative and accounting system and the financial reporting process, the Board of Statutory Auditors monitored, among other things, the activities carried out by management, including the activities of the Director appointed for the internal control and risk management system, the Corporate Accounting Reporting Officer, as well as the activities carried out by the Internal Audit Department, in order to assess, on an ongoing basis, their adequacy and actual functioning.

The Report on Corporate Governance and Ownership Structures describes the main features of the system.

Exchanges with the managers of the independent auditors KPMG S.p.A. of data and information relevant to the performance of their respective duties did not reveal any aspects that should be highlighted in this report.

The Board of Statutory Auditors examined the Additional Report prepared by the Independent Auditors pursuant to Article 11 of EU Regulation 537/2014 and found that it did not reveal any significant deficiencies in the internal control system in relation to the financial reporting process. The contents of the report were discussed and expanded upon during the periodic exchanges of information between the Board of Statutory Auditors and the Independent Auditors.

The Board of Statutory Auditors notes that the Company has prepared the Annual Financial Report in XHTML format and marked up significant aspects of the consolidated financial statements in accordance with European Commission Delegated Regulation (EU) 2019/815 (ESEF Regulation).

4.3 Non-financial reporting process

The Board of Statutory Auditors recalls that, pursuant to Italian Legislative Decree no. 254/2016, as amended, as well as the related implementing regulation issued by Consob with resolution no. 20267/2018, the Company is required to prepare and publish the Consolidated Non-Financial Statement (“NFS” or “Sustainability Report”).

Pursuant to Article 4 of Italian Legislative Decree no. 254/2016, the NFS provides non-financial information regarding the Company and its subsidiaries “*to the extent necessary to ensure an understanding of the group's business, its performance, its results and the impact it generates*”.

The NFS also includes the information set out in Article 8 of European Commission Delegated Regulation (EU) 2021/2178 (Taxonomy Regulation). Specifically, the Company has mapped potentially "eligible" economic activities, i.e. activities that contribute substantially to climate change mitigation or adaptation and meet the criteria in the Environmental Objectives Regulation. With reference to the eligible activities, also

reported are the three quantitative indicators of economic performance (KPI).

As provided for in Article 3, paragraph 7, of Legislative Decree no. 254/2016, the Board of Statutory Auditors, as part of the performance of the functions assigned to it by the regulations, supervised compliance with the rules governing the preparation of the NFS, as well as the adequacy of the organizational, administrative and reporting and control system to the correct and complete representation in the NFS of the business activity, its results and its impacts with regard to non-financial issues. This form of control has also been extended to information pursuant to Art. 8 of the Taxonomy Regulation.

The Board of Statutory Auditors acknowledges that in 2022, the Company, with the aim of normalizing the process of collecting and approving non-financial information subject to reporting within the sustainability report, adopted the new NFS reporting guidelines. The Group Sustainability Policy was also approved, the internal Sustainability Committee was established and the implementation status of the Strategic Sustainability Plan was periodically monitored.

The Board of Directors approved the NFS on March 14, 2023; it was prepared in accordance with Italian Legislative Decree 254/2016, taking into consideration the GRI-Global Reporting Initiative international reporting standards, updated according to the new requirements of the GRI Universal Standards published in 2021, which led to the updating of the materiality analysis.

The Board met with the Representatives of the Independent Auditors Deloitte & Touche S.p.A. appointed to carry out the limited review ("limited assurance engagement") of the consolidated non-financial statement of Orsero S.p.A. and its subsidiaries and acknowledged that the Independent Auditors issued, on March 30, 2023, the Report pursuant to Art. 3, paragraph 10, Legislative Decree no. 254/2016 and Art. 5 of the Consob Regulation adopted by Resolution no. 20267/2018.

As part of said report, Deloitte & Touche S.p.A. attested that, on the basis of the work

carried out, no elements have come to its attention that would suggest that the NFS was not prepared, in all significant aspects, in compliance with the reference standards and reporting standards used.

The Board of Statutory Auditors in turn observes that, as a result of the work it performed, nothing was brought to its attention which would indicate that the NFS did not comply with the regulations governing its preparation.

5. Supervision of external auditing activities

5.1 External Auditing

In accordance with the provisions of Art. 19 of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors carried out the prescribed supervisory activity on the operations of the Independent Auditors.

The Board of Statutory Auditors has met several times with the independent auditors KPMG S.p.A., also pursuant to Art. 150 of the Consolidated Law on Finance, in order to exchange information about their activities. During these meetings, the Independent Auditors did not highlight any facts deemed censurable or irregularities such as to require reporting pursuant to Article 155, paragraph 2, of the Consolidated Law on Finance.

On March 30, 2023, the Independent Auditors issued, pursuant to Article 14 of Italian Legislative Decree no. 39/2010 and Article 10 of Regulation (EU) 537/2014, the Audit Reports on the separate and consolidated financial statements for the year ended December 31, 2022.

With respect to the opinions and attestations, the Independent Auditors in their Audit Report have:

- issued an opinion stating that the financial statements and the consolidated financial statements of Orsero S.p.A. provide a true and fair view of the financial position of the Company and the Group as at December 31, 2022, and of the results of their operations

- and their cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) of the European Union, as well as with the measures issued in implementation of Art. 9 of Italian Legislative Decree 38/2005;
- declared that the annual financial statements have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815;
 - declared that the consolidated financial statements have been prepared in XHTML format and have been marked up in all significant aspects in accordance with the provisions of Delegated Regulation (EU) 2019/815;
 - with reference to the opinion on the compliance of the financial statements with the provisions of Delegated Regulation (EU) 2019/815 on the single electronic reporting format (ESEF), stated that some information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL instance document, due to certain technical limitations, may not be reproduced identically to the corresponding information that can be displayed in the consolidated financial statements in XHTML format;
 - issued a consistency opinion, indicating that the Report on Operations accompanying the Separate and Consolidated Financial Statements as at December 31, 2022 and certain specific information contained in the "Report on Corporate Governance and Ownership Structures" set forth in Article 123-bis, paragraph 4, of the Consolidated Law on Finance, the preparation of which the Company Directors are responsible for, are consistent with the Separate and Consolidated Financial Statements of Orsero S.p.A. at December 31, 2022 and have been prepared in compliance with the law;
 - declared, with regard to any significant errors in the Report on Operations, on the basis of the knowledge and understanding of the company and the relative context acquired during the course of the audit, that it has nothing to report.

On the basis of the information gathered by the Control and Risks Committee, the Corporate Accounting Reporting Officer and the Director appointed for the internal control and risk management system, as well as the managers of the Independent Auditors, the Board of Statutory Auditors has no observations to make regarding the proper use of the accounting standards and the uniformity of their use for the preparation of the Separate and Consolidated Financial Statements as at December 31, 2022.

On March 30, 2023, the Independent Auditors also issued to the Board of Statutory Auditors the Additional Report required by Article 11 of Regulation (EU) No. 537/2014. Attached to such Report, the Independent Auditors submitted to the Board of Statutory Auditors the declaration relating to their independence, as required by Article 6 of Regulation (EU) No. 537/2014, indicating no situations that could compromise the independence thereof. In compliance with the provisions of Art. 19, paragraph 1, letter a) of Italian Legislative Decree 39/2010, the Board of Statutory Auditors promptly transmitted the Additional Report to the Board of Directors, without comment.

5.2 Activities of the Board of Statutory Auditors with regard to non-audit services

During the 2022 financial year, in compliance with the provisions of Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010 and Article 5, par. 4, of EU Regulation 537/2014, the Board of Statutory Auditors examined the activities of non-audit services carried out by the Independent Auditors.

As part of its assessments, the Board of Statutory Auditors verified both the compatibility of said activities with the prohibitions set forth in Article 5 of EU Regulation 537/2014, and the absence of potential risks to the independence of the auditor arising from the performance of said services in light of the provisions contained in Italian Legislative Decree 39/2010 (Arts. 10 et seq.), in the Issuers' Regulation (Arts. 149-*bis* et seq.) and in

Auditing Principle no. 100.

The fees for non-audit services provided to the Company and its subsidiaries by the Independent Auditors are specified in Annex 1 "Information in accordance with Art. 149-duodecies of the Consob Issuers' Regulation" of the notes to the Separate and Consolidated Financial Statements, to which reference should be made.

6. Adherence to the Corporate Governance Code, Composition of the Board of Directors and Remuneration

The Board of Statutory Auditors assessed the manner in which the Company adopted and implemented the Corporate Governance Code promoted by Borsa Italiana, as currently in force, and has no observations to make in this regard.

Recalling the "Committee's Recommendations for 2023" forwarded by the Chairman of the Corporate Governance Committee to the Chairs of the administrative and control bodies of listed companies, the Board of Statutory Auditors acknowledges that the recommendations contained therein have been brought to the attention of the Board of Directors to analyze the alignment of the Company's practices with what was recommended. The Board notes that the Group has already implemented part of the recommendations and has considered possible governance evolution initiatives for improved compliance with the specific recommendations.

The Board of Statutory Auditors acknowledges that the Board of Directors has carried out an assessment of the functioning, size and composition of the Board of Directors and the Board Committees, in accordance with the provisions of Article 4 of the Corporate Governance Code. The assessment process is described in the Report on Corporate Governance and Ownership Structures.

The process and results of the Board's self-assessment activity, shared with the

Remuneration and Appointments Committee, were presented, shared and discussed at the Board meeting on February 2, 2023, which the Board of Statutory Auditors attended. The Board of Statutory Auditors verified the proper application of the criteria and the process implemented by the Board of Directors to assess the independence of Directors qualified as "independent".

Similarly, also on February 2, 2023, the Board of Statutory Auditors ascertained the fulfillment of its independence requirements and also carried out a self-assessment activity regarding the composition and functioning of the Control Body, transmitting the results to the Company.

The Board of Statutory Auditors has verified, through its participation in the meetings of the Remuneration and Appointments Committee and the Board of Directors, the Company processes that led to the definition of the Company's remuneration policies, particularly with reference to the remuneration and incentive criteria for the managers of Company departments.

On March 14, 2023, the Board of Directors reviewed and approved the Report on the 2023 Remuneration Policy and 2022 Fees Paid, pursuant to Article 123-ter of the Consolidated Law on Finance, which will be submitted to the Shareholders' Meeting for review and approval within the terms of the law.

The Board of Directors also reviewed and approved the 2023-2025 Share Incentive - Performance Shares Plan, which will be submitted to the Shareholders' Meeting for approval.

7. Omissions or objectionable facts, opinions rendered and initiatives undertaken

During the year, no complaints pursuant to Article 2408 of the Italian Civil Code or

reports of irregularities were received.

The Board of Statutory Auditors expressed the following favorable opinions:

- on the work plan prepared by the Internal Audit Department Manager, and on the adequacy of the internal control and risk management system with regard to the characteristics of the Company and the Group and its risk profile, as well as its effectiveness;
- on the appointment of the new Corporate Accounting Reporting Officer.

In the course of the activities carried out and on the basis of the information obtained, no omissions, objectionable facts, irregularities or, in any case, significant circumstances were found that would require reporting to the Supervisory Authorities or mention in this Report.

Proposal to the Meeting

Based on the above, summarizing the supervisory activities carried out during the year, the Board of Statutory Auditors did not identify any specific critical issues, omissions, objectionable events or irregularities and has no observations or proposals to make to the Shareholders' Meeting pursuant to Article 153 of Legislative Decree 58/1998, insofar as it is responsible, noting no reasons to prevent the approval of the proposed resolutions formulated by the Board of Directors to the Shareholders' Meeting.

In addition, the Board of Statutory Auditors, in light of the considerations made and for the aspects within its responsibility, does not find any reasons to oppose the approval of the financial statements as of December 31, 2022 and the proposal for the allocation of the profit for the year formulated by the Board of Directors.

Please note that with the approval of the financial statements for the year ending December 31, 2022, the term of office of the Board of Statutory Auditors expires. The Shareholders' Meeting will also be asked to approve the appointment of the new Control body.

Milan, March 30, 2023

FOR THE BOARD OF STATUTORY AUDITORS

Giorgio Grosso (Chairman)

