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20240227090457

Årsredovisning

för

Crem International Holding AB

556731-5345

Räkenskapsåret

2023-01-01 - 2023-08-31

20240223094179

FASTSTÄLLELSEINTYG TILL ÅRSREDOVISNING

Intyg om att balansräkningen och resultaträkningen har fastställts
Certification that the balance sheet and income statement have been adopted

Undertecknad styrelseledamot i Crem International Holding AB, org.nr 556731-5345, intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma den 14 februari 2024. Årsstämman beslutade att godkänna styrelsens förslag till hur resultatet ska disponeras.
The undersigned board member of Crem International Holding AB, reg. no. 556731-5345, hereby certifies that this copy of the annual report conforms to the original and that the income statement and balance sheet were adopted on 14 February 2024. The annual general meeting resolved to adopt the board's proposal regarding the allocation of the company's profits.

Åmotfors den 2024-02-14

Åmotfors, 2024-02-14

Massimiliano Bizzarri

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Styrelsen för Crem International Holding AB avger följande årsredovisning för räkenskapsåret 2023-01-01 - 2023-08-31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Bolaget bildades i juni 2007 och har som föremål för sin verksamhet att äga och förvalta fast och lös egendom.

Crem International Holding AB är moderbolag i Crem International koncernen vars verksamhet är att marknadsföra och sälja kaffemaskiner för den professionella marknaden.

Koncernens verksamhet bedrivs i sju helägda dotterbolag. Koncernbolaget i Spanien som bedriver tillverkningsverksamhet, Kina som bedriver utvecklingsverksamhet, Sverige som bedriver försäljningsverksamhet. Spengler samt Crem BV i Nederländerna bedrev utvecklingsverksamhet.

Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret

Företagets kärnverksamhet är numera distribution. Tidigare var företaget tillverkare av kaffemaskiner och komponenter till kaffemaskiner. I juli 2022 genomfördes förvärv av Crem bolagen. Den nya ägaren är italienskt familjeföretag Ali Group med säte i Milan. Ali Group är världsledande producent och distributör av utrustning inom livsmedelsindustri. Under januari-augusti 2023 har företaget flyttat tillbaka försäljning till icke nordiska kunder. Denna försäljning var tidigare omflyttat till andra distributörer inom Welbilt koncernen. 2023 årsredovisning sträcker sig från 1 januari 2023 till 31 augusti 2023 för att anpassa räkenskapsår till ägarens räkenskapsår som är brutet.

Väsentliga händelser efter räkenskapsårets slut

Vi bedömer att rådande ekonomiska läget med hög inflation kommer påverka försäljningen något, särskilt inom restaurang branschen där vi ser minskad efterfrågan.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Stigande priser för råvaror och energi orsakat av globala problem med supply chain samt krig i Ukraina kan orsaka längre ledtider och prishöjningar. Vi kommunicerar ändringar till våra kunder med jämna mellanrum.

Kreditrisk
Med kreditrisk avses att företaget inte får betalt från kunder för sina fordringar. Kreditrisken hanteras genom att alla kunder kreditbedöms och vid behov åsätts en kreditlimit.

Likviditetsrisk
Med likviditetsrisk avses att företaget på grund av bristande likvida medel int till fullo kan fullgöra sina betalningsåtagande när de förfaller. Bolaget har för närvarande en god likviditet.
Företaget har möjlighet att låna likvider via Cash Pool i England (Enodis) som fungerar som en intern bank. Då är likviditetsrisken minimal.

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Andra icke-finansiella upplysningar

Företaget har stor marknadsandel i Norden och Västeuropa inom OCS (Office Coffee Solutions) segmentet.

Ägarförhållanden

Bolaget är ett helägt dotterbolag till Avaj International Holding AB, org.nr 556904-0800, med säte i Stockholm kommun.

Flerårsöversikt (Tkr)	**2023**	**2022**	**2021**	**2020**	**2019**
Nettoomsättning	0	215	363	40 166	70 996
Resultat efter finansiella poster	-16 391	-25 232	27 183	-7 464	-348 581
Balansomslutning	268 522	280 590	299 799	268 443	276 594
Soliditet %	76	79	82	81	75
Antal anställda	0	0	0	1	1

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändringar i eget kapital

	Aktie-kapital	**Fri överkurs-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	10 523 900	84 191 705	150 355 755	-24 123 390	**220 947 970**
Disposition enligt beslut av årsstämman:					
Balanseras i ny räkning			-24 123 390	24 123 390	**0**
Årets resultat				-16 474 593	**-16 474 593**
Belopp vid årets utgång	**10 523 900**	**84 191 705**	**126 232 365**	**-16 474 593**	**204 473 377**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

fri överkursfond	84 191 705
balanserad vinst	126 232 365
årets förlust	-16 474 593
	193 949 477
disponeras så att	
i ny räkning överföres	193 949 477
	193 949 477

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

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Resultaträkning

Tkr

	Not	2023-01-01 -2023-08-31 (8 mån)	2022-01-01 -2022-12-31
Nettoomsättning		0	214
Övriga rörelseintäkter		0	3
		0	**217**
Rörelsens kostnader			
Övriga externa kostnader	2	-101	-552
Personalkostnader	3	408	-232
Avskrivningar och nedskrivningar av materiella och immateriella anläggningstillgångar		-5	-81
Övriga rörelsekostnader		0	-7
		302	**-872**
Rörelseresultat	4	**302**	**-655**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	5	-13 038	-20 373
Övriga ränteintäkter och liknande resultatposter	6	867	601
Räntekostnader och liknande resultatposter	7	-4 522	-4 806
		-16 693	**-24 578**
Resultat efter finansiella poster		**-16 391**	**-25 233**
Bokslutsdispositioner	8	0	288
Resultat före skatt		**-16 391**	**-24 944**
Skatt på årets resultat	9	-84	821
Årets resultat		**-16 475**	**-24 123**

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Balansräkning

Tkr

	Not	2023-08-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Övriga immateriella anläggningstillgångar	10	1	6
		1	**6**
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	11	0	0
		0	**0**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	12, 13	242 330	255 368
Uppskjuten skattefordran		1 259	1 343
		243 589	**256 711**
Summa anläggningstillgångar		**243 590**	**256 717**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		23 951	23 378
Aktuella skattefordringar		377	218
Övriga fordringar		81	1
Förutbetalda kostnader och upplupna intäkter		32	51
		24 441	**23 648**
Kassa och bank		491	225
Summa omsättningstillgångar		**24 932**	**23 873**
SUMMA TILLGÅNGAR		**268 522**	**280 590**

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Balansräkning

Tkr

	Not	2023-08-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	14, 15		
Bundet eget kapital			
Aktiekapital		10 524	10 524
		10 524	**10 524**
Fritt eget kapital			
Fri överkursfond		84 192	84 192
Balanserad vinst eller förlust		126 232	150 356
Årets resultat		-16 475	-24 123
		193 949	**210 425**
Summa eget kapital		**204 473**	**220 949**
Kortfristiga skulder			
Leverantörsskulder		0	19
Skulder till koncernföretag		63 808	59 289
Upplupna kostnader och förutbetalda intäkter	16	241	333
Summa kortfristiga skulder		**64 049**	**59 641**
SUMMA EGET KAPITAL OCH SKULDER		**268 522**	**280 590**

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Kassaflödesanalys

Tkr

	Not	2023-01-01 -2023-08-31 (8 mån)	2022-01-01 -2022-12-31
Den löpande verksamheten			
Rörelseresultat		302	-654
Justeringar för poster som inte ingår i kassaflödet	17	-4 223	-4 124
Betald skatt		-159	0
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**-4 080**	**-4 778**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av kortfristiga fordringar		-113	-306
Förändring av leverantörsskulder		-19	0
Förändring av kortfristiga skulder		4 478	4 914
Kassaflöde från den löpande verksamheten		**266**	**-170**
Årets kassaflöde		**266**	**-170**
Likvida medel vid årets början			
Likvida medel vid årets början		225	395
Likvida medel vid årets slut		**491**	**225**

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Noter
Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

För säkring av tillgång eller skuld mot valutakursrisk används valutaterminer.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Ränta och utdelning
Ersättning i form av ränta eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

Immateriella anläggningstillgångar	
Balanserade utgifter för utvecklingsarbeten	5 år
Materiella anläggningstillgångar	
Inventarier, verktyg och installationer	3-5 år

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

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Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Kundfordringar/kortfristiga fordringar
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

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Ersättningar till anställda

Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

Företaget har endast avgiftsbestämda pensioner. Utgifter för avgiftsbestämda planer redovisas som en kostnad under den period de anställda utför de tjänster som ligger till grund för förpliktelsen.

Koncernbidrag

Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner.

Koncernförhållanden

Direkt moderföretag är Avaj International Holding AB (org.nr 556904-0800), med säte i Stockholm. Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Överordnat moderföretag som upprättar koncernredovisning i vilken företaget ingår är Ali Group S.r.l. a Socio Unico, VATnr IT10123720962, med säte i Milano, Italien.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.

Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut samt kortfristiga likvida placeringar som är noterade på en marknadsplats och har en kortare löptid än tre månader från anskaffningstidpunkten. Förändringar i spärrade medel redovisas i investeringsverksamheten.

Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Rörelsemarginal (%)
Rörelseresultat i procent av omsättningen.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Antal anställda
Medelantal anställda under räkenskapsåret.

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Uppskattningar och bedömningar

Upprättandet av bokslut och tillämpning av redovisningsprinciper, baseras ofta på ledningens bedömningar, uppskattningar och antaganden som anses vara rimliga vid den tidpunkt då bedömningen görs. Uppskattningar och bedömningar är baserade på historiska erfarenheter och ett antal andra faktorer, som under rådande omständigheter anses vara rimliga. Resultatet av dessa används för att bedöma de redovisade värdena på tillgångar och skulder, som inte annars framgår tydligt från andra källor. Det verkliga utfallet kan avvika från dessa uppskattningar och bedömningar. Uppskattningar och antaganden ses över regelbundet.

Nedskrivning av aktier och andelar i dotterbolag

Vid varje prövning av aktier och andelar i dotterföretagsdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

Not 2 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2023-01-01 -2023-08-31	2022
BDO		
Revisionsuppdrag	0	45
	0	**45**

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Not 3 Anställda och personalkostnader

	2023-01-01 -2023-08-31	2022
Medelantalet anställda		
Kvinnor	0	0
	0	**0**
Löner och andra ersättningar		
Övriga anställda	0	0
	0	**0**
Sociala kostnader		
Pensionskostnader för övriga anställda	-408	233
Övriga sociala avgifter enligt lag och avtal	0	0
	-408	**233**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**-408**	**233**

Not 4 Inköp och försäljningar mellan koncernföretag

	2023-01-01 -2023-08-31	2022
Andel av årets totala inköp som skett från andra företag i koncernen	0,00 %	0,00 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	0,00 %	100,00 %

Not 5 Resultat från andelar i koncernföretag

	2023-01-01 -2023-08-31	2022
Nedskrivningar	-14 688	-25 589
Återföring av nedskrivningar	1 650	5 216
	-13 038	**-20 373**

Not 6 Övriga ränteintäkter och liknande resultatposter

	2023-01-01 -2023-08-31	2022
Ränteintäkter från koncernföretag	867	601
Kursdifferenser	0	0
	867	**601**

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Not 7 Räntekostnader och liknande resultatposter

	2023-01-01 -2023-08-31	2022
Räntekostnader till koncernföretag	-2 146	-2 119
Kursdifferenser	-2 376	-2 687
	-4 522	**-4 806**

Not 8 Bokslutsdispositioner

	2023-01-01 -2023-08-31	2022
Mottagna koncernbidrag	0	288
	0	**288**

Not 9 Aktuell och uppskjuten skatt

	2023-01-01 -2023-08-31	2022
Skatt på årets resultat		
Förändring av uppskjuten skatt avseende temporära skillnader	-84	821
Totalt redovisad skatt	**-84**	**821**

Avstämning av effektiv skatt

		2023-01-01 -2023-08-31		2022
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		-16 391		-24 944
Skatt enligt gällande skattesats	20,60	3 377	20,60	5 139
Ej avdragsgilla kostnader		-3 224		-5 393
Ej skattepliktiga intäkter		340		1 075
Under året utnyttjande av tidigare års underskottsavdrag vars skattevärde ej redovisats som tillgång		-576		0
Redovisad effektiv skatt	**-0,51**	**-84**	**3,29**	**821**

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Not 10 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2023-08-31	2022-12-31
Ingående anskaffningsvärden	90	90
Utgående ackumulerade anskaffningsvärden	**90**	**90**
Ingående avskrivningar	-84	-66
Årets avskrivningar	-5	-18
Utgående ackumulerade avskrivningar	**-89**	**-84**
Utgående redovisat värde	**1**	**6**

Not 11 Inventarier, verktyg och installationer

	2023-08-31	2022-12-31
Ingående anskaffningsvärden	396	396
Utgående ackumulerade anskaffningsvärden	**396**	**396**
Ingående avskrivningar	-396	-333
Årets avskrivningar	0	-63
Utgående ackumulerade avskrivningar	**-396**	**-396**
Utgående redovisat värde	**0**	**0**

Not 12 Andelar i koncernföretag

	2023-08-31	2022-12-31
Ingående anskaffningsvärden	537 205	537 205
Utgående ackumulerade anskaffningsvärden	**537 205**	**537 205**
Ingående nedskrivningar	-281 837	-261 464
Återförda nedskrivningar	1 650	5 216
Årets nedskrivningar	-14 688	-25 589
Utgående ackumulerade nedskrivningar	**-294 875**	**-281 837**
Utgående redovisat värde	**242 330**	**255 368**

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Not 13 Specifikation andelar finansiella anläggningstillgångar

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Crem International AB	100%	100%	10 000	201 538
Crem International Spain S.L	100%	100%	2 500	40 783
Crem International UK.Ltd	100%	100%	100	0
Crem International AS	100%	100%	1 000	0
Crem International GmbH	100%	100%	100	0
Spengler GmbH & Co. KG	100%	100%		0
Maas International (Deutschland) - Verwaltungs-GmbH	100%	100%	1	0
Crem International B.V.	100%	100%	1 000	0
				9
				242 330

	Org.nr	Säte
Crem International AB	556203-7746	Åmotfors
Crem International Spain S.L	B-96156278	Gandia, Spanien
Crem International UK.Ltd	6754842	Manchester, UK
Crem International AS	987922265	Oslo, Norge
Crem International GmbH	HRB 98767	Hamburg, Tyskland
Spengler GmbH & Co. KG	HRA 231491	Bruchsal, Tyskland
Maas International (Deutschland) - Verwaltungs-GmbH	HRB232131	Bruchsal, Tyskland
Crem International B.V.	64736148	Son en Breugle, NL

Not 14 Antal aktier och kvotvärde

Namn	Antal aktier	Kvot-värde
Antal A-Aktier	4 300	50
Antal B-Aktier	206 178	
	210 478	

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Not 15 Disposition av vinst eller förlust

2023-08-31

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel:

fri överkursfond	84 192
balanserad vinst	126 232
årets förlust	-16 475
	193 949
disponeras så att	
i ny räkning överföres	193 949
	193 949

Not 16 Upplupna kostnader och förutbetalda intäkter

	2023-08-31	**2022-12-31**
Upplupen lön och semesterlöneskuld	146	146
Upplupna sociala avgifter	46	46
Övriga upplupna kostnader	49	141
	241	**333**

Not 17 Justering för poster som inte ingår i kassaflödet

	2023-08-31	**2022-12-31**
Avskrivningar	5	81
Erhållen ränta	867	601
Erlagd ränta	-4 522	-4 806
Ej realiserad ränta	-573	0
	-4 223	**-4 124**

Not 15 Väsentliga händelser efter räkenskapsårets slut

Vi bedömer att rådande ekonomiska läget med hög inflation kommer påverka försäljningen något, särskilt inom restaurang branschen där vi ser minskad efterfrågan. Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer Stigande priser för råvaror och energi orsakat av globala problem med supply chain samt krig i Ukraina och konflikten mellan Hamas och Israel kan orsaka längre ledtider och prishöjningar. Vi kommunicerar ändringar till våra kunder med jämna mellanrum.

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Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm 2024-

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Bizzarri Massimiliano

Vår revisionsberättelse har lämnats 2024-

BDO Mälardalen AB

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Niclas Nordström
Auktoriserad revisor

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Niclas Nordström
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Authorized Public Accountant / Partner
BDO Mälardalen AB
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REVISIONSBERÄTTELSE

Till bolagsstämman i Crem International Holding AB
Org.nr. 556731-5345

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Crem International Holding AB för räkenskapsåret 2023-01-01 -- 2023-08-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Crem International Holding ABs finansiella ställning per den 31 augusti 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Crem International Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.
Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Crem International Holding AB för räkenskapsåret 2023-01-01 -- 2023-08-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Crem International Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm 14/2 2024

BDO Mälardalen AB

Niclas Nordström

Auktoriserad revisor

2023

ALI Group
Financial Statements

GROUP

BOARD OF DIRECTORS
(AS AT THE DATE OF APPROVAL OF THE FINANCIAL STATEMENTS)

- Sole Director	Filippo Berti

BOARD OF STATUTORY AUDITORS

- Chairman	Fabio Facchini
- Statutory Auditors	Filippo Colonna
	Maurizio Parni
- Alternate Auditors	Andrea Cerini
	Laura Braga

EXTERNAL AUDITORS

Deloitte & Touche S.p.A.

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Directors' Report accompanying the financial statements of the ALI Group and ALI Holding S.r.l. as at August 31, 2023

Dear Shareholders,

The Consolidated Financial Statements of the ALI Group (hereinafter also referred to as the "Group") report revenues of Euro 4,363.5 million as at August 31, 2023 (hereinafter referred to as "2023") (2022: Euro 2,787.1 million), a net profit of Euro 218 million (2022: Euro 282.3 million) and a negative net financial position of Euro 2,144.3 million (2022: a negative net financial position of Euro 2,450 million).

The Separate Financial Statements of the Parent Company ALI Holding S.r.l. (hereinafter also referred to as the "Parent Company"), which we submit for your approval, report negative EBIT (including management of equity investments) of Euro -1 million (2022: positive EBIT of Euro 125.8 million), a net loss of Euro 6.9 million (2022: net profit of Euro 149.4) and a positive net financial position of Euro 253.9 million (2022: a positive net financial position of Euro 268.1 million).

During the second half of 2022, a deceleration in international trade in goods and services helped calm demand-side pressure on commodity prices and ease bottlenecks in global supply chains.

The 2023 reporting period was also marked by these economic circumstances with key indicators suggesting that the post-pandemic recovery phase may have come to an end. Indeed, the international situation remains characterised by declining global demand, great uncertainty and less favourable financial conditions for households and businesses. Moreover, central banks have continued to raise interest rates, albeit at a more moderate pace since mid-2023 given the initial signs of slowing inflation.

Against this macroeconomic backdrop of substantial uncertainty, the Group still managed to achieve record levels of both turnover and profitability. The process of integration with the Welbilt Group is also progressing well.

Nonetheless, while supply chain tension seems to have eased, the constant contraction of order levels together with the current, global macroeconomic situation – impacted by high inflation and constant interest rate rises – have made forecasts of the Group's results for the year ahead more uncertain.

An overview of the Group's general performance is presented below, together with its statement of profit or loss and statement of financial position highlights (in thousands of Euro).

Euro thousands	**2023**	**2022**
Net revenues	**4,363,481**	**2,787,147**
% change on prior year	*56.6%*	*31.9%*
Other income	24,990	11,019
Purchases of raw materials and goods for production and resale	1,820,127	1,299,032
Change in inventories purchased and produced	41,685	(119,973)
Costs for services	576,103	448,431
Personnel costs	893,828	612,554
Other operating expenses	89,461	53,382
(Writedown) Writeback of trade receivables and other receivables	2,719	(4,755)
EBITDA	**969,986**	**499,985**
EBITDA as a % of revenues	*22.2%*	*17.9%*
Amortisation of rights of use	37,008	25,914
Depreciation/Amortisation of property, plant and equipment and intangible assets	385,252	133,468
EBIT	**547,726**	**340,603**
EBIT as a % of revenues	*12.6%*	*12.2%*
Financial (expenses) or income	(187,230)	26,923
Profit (loss) before tax	**360,496**	**367,526**
Profit (loss) as a % of revenues	*8.3%*	*13.2%*
Taxes	142,489	85,193
Net profit (loss)	**218,007**	**282,333**
Profit (loss) as a % of revenues	*5.0%*	*10.1%*

In 2023, the Group generated net revenues of around Euro 4.4 billion, up by 56.6% compared to prior year. Revenues benefited from the line-by-line consolidation of the Welbilt Group for the entire reporting period whereas, in the previous period, said subsidiary contributed to consolidated revenues for only one month, as the acquisition was completed at the end of July 2022.

Additional profit resulting from higher revenues led to EBITDA of Euro 970 million for 2023 (Euro 500 million in 2022) with an EBITDA margin of 22.2% (17.9% in 2022). Profit margins in the reporting period also benefited from both the easing of supply chain tension and the implementation of the regular price list updates that began in prior year and continued in 2023.

Moving on from operating activities, there were net financial expenses of Euro 187.2 million, mainly attributable to loan interest expenses.
Profit before tax amounted to Euro 360.5 million (Euro 367.5 million in prior year). This represented 8.2% of revenues, lower than in prior year because of the aforementioned increase in financial expenses and the increase in depreciation/amortisation of amounts allocated to certain tangible and intangible assets following the acquisition of the Welbilt Group.
The Group's net profit totalled Euro 218 million, representing 4.6% of revenues and down on prior year due to the reasons described above.

As mentioned above, the EBIT of the Parent Company, including management of equity investments, was negative by Euro 1 million. This was well down on the positive EBIT of Euro 125.8 million for 2022, mainly because of the absence of dividends received from subsidiary ALI Group S.r.l.

We set out below the performance of the directly owned subsidiaries of Ali Holding S.r.l. with details of revenues for the year, shareholders' equity and net profit or loss:

Euro thousands	**Share capital**	**Shareholders' equity**	**Revenues**	**Net profit (loss)**
ALI Group S.r.l. - Cernusco sul Naviglio, MI (Italy)	50,000	627,761	537,336	54,499
ALI Reale S.r.l. - Cernusco sul Naviglio, MI (Italy)	10,000	52,834	5,634	(1,306)

Moving on to the Group's capital structure, the reclassified consolidated balance sheet is shown below:

Euro thousands	***2023***	***2022***
NON-CURRENT ASSETS	3,913,004	4,606,969
CURRENT ASSETS (CA)	1,597,825	1,701,073
NON-CURRENT LIABILITIES	(454,566)	(536,006)
CURRENT LIABILITIES	(839,043)	(1,324,870)
NET INVESTED CAPITAL (NIC)	**4,217,221**	**4,447,167**
SHAREHOLDERS EQUITY	**(2,072,920)**	**(1,997,176)**
NET FINANCIAL POSITION	**(2,144,301)**	**(2,449,991)**

FINANCIAL POSITION

The Group's net financial position is negative by Euro 2,144.3 million (negative by Euro 2,450 million as at August 31, 2022). It is analysed as follows:

Euro thousands	***2023***	***2022***
Cash and cash equivalents	412,969	917,010
Current financial assets	-	62,627
Derivative instruments - assets/(liabilities)	(48,666)	(174,575)
Bank overdrafts	(6,582)	(6,932)
Medium/Long-term loans	(2,349,788)	(3,078,018)
Payables towards other lenders	(425)	(411)
Lease liabilities	(151,809)	(169,692)
Net financial position	**(2,144,301)**	**(2,449,991)**

Medium/long-term loans include Term Loan B of Euro 1,631.8 million and Term Loan A of Euro 718 million (both entirely non-current). For further information, see Note "2.16 Bank borrowings and payables to other lenders" section of the Notes to the Financial Statements.
Derivatives in place as at August 31, 2023 (negative by Euro 48.7 million) mainly include the fair market value of the "Cross Currency Swap" (hereinafter, also, "CCS") arranged in prior year to hedge the Euro/USD exchange risk on future repayments of the intra-group loans granted by ALI Group S.r.l to ALI Group North America Corp. (hereinafter, also "AGNAC").
The net financial position also includes finance lease liabilities of Euro 151.7 million in accordance with IFRS 16.

As shown in the Group's statement of cash flows, cash flows generated by operating activities totalled Euro 383.64 million (Euro 199.2 million in 2022). Cash absorbed by financing activities amounted to Euro 751.6 million (cash of Euro 3,071 million generated in 2022), mainly in relation to medium/long-term loan repayments made during the reporting period. Meanwhile, cash of Euro 46.5 million was absorbed by investing activities.

The net financial position of the Parent Company was positive by Euro 254.3 million (Euro 268.1 million in 2022).

CAPITAL EXPENDITURE

During the reporting period, the Group incurred capital expenditure of Euro 46.5 million (Euro 32.8 million in 2022), mainly for the renewal of production plant and machinery.
The Parent Company did not incur any capital expenditure during the reporting period.

RESEARCH AND DEVELOPMENT

During the reporting period, the Group incurred costs of Euro 41.4 million for research and development activities. This included personnel costs of Euro 28.7 million.
The Parent Company did not incur costs for research and development activities.

INTRA-GROUP ACTIVITIES AND RELATED PARTY TRANSACTIONS

Trade and financial relations between all Group companies were carried out at arm's length and while respecting the autonomy of each company. Responsibilities and powers were agreed with the directors of each company, in order to make the best use of Group synergies.
For the disclosures required by Article 2428 of the Italian Civil Code on the statement of financial position and statement of profit or loss relations between the Parent Company and other Group companies, reference should be made to Annex 1 of the notes to the Parent Company's financial statements.
During the reporting period, the Group had the following statement of financial position and statement of profit or loss transactions with related parties:

- donations of Euro 1,875 thousand to non-profit organisations.

TREASURY SHARES AND QUOTAS

The Parent Company and its subsidiaries do not hold any treasury shares or quotas.

INFORMATION ON THE ENVIRONMENT AND PERSONNEL

Pursuant to Article 2428(2) of the Italian Civil Code, we note that the Group companies conduct their business in full compliance with environmental laws and regulations.
During the reporting period, there was no environmental damage for which the Parent Company or its subsidiaries were subject to criminal and/or administrative proceedings.
With regard to personnel, we note that, in 2023, the Group employed an average of 14,763 people. At the reporting date, the Group had 14,832 employees, a 1.2% increase on prior year (14,652 employees).
As at August 31, 2023, the Parent Company did not have any employees.
For further details of the workforce, reference should be made to the notes to the consolidated and separate financial statements.
Business decisions in this area were driven by attention to human resources, which have always been considered strategic factor to the quality and excellence of the Group.
Workers involved in manufacturing activities are regularly updated with information on efficiency performance indicators and qualitative outcome indicators, such as environmental impact and safety.

SIGNIFICANT EVENTS AND MAIN OPERATIONS DURING THE REPORTING PERIOD

The Group structure was reorganised during the reporting period by means of the following extraordinary transactions:

- Merger of Big Dawg Manufacturing LLC with The Montague Company in September 2022.
- Liquidation of Indian company Convotherm India Private Limited in May 2023.
- Liquidation of Irish company TRUpour Limited in November 2022.

- Incorporation of US company Kolpak LLC through the contribution of a business by Welbilt FSG Ops LLC (the contributor) in January 2023.
- Incorporation in July 2023 of Lincoln Foodservice Equipment LLC, a US company specialising in the manufacture and distribution of tunnel ovens.

In addition, in order to consolidate the Group's presence in the United Kingdom and take up new business opportunities in the coffee machine segment, the company called Coffeeing the World Ltd was incorporated in August 2023.

BUSINESS OUTLOOK

As previously described, while supply chain tension seems to have eased, constantly contracting order levels and the current global macroeconomic environment – impacted by high inflation and constant interest rate rises – have made forecasts of the Group's results in the year ahead more uncertain.
However, the Group believes it will be able to deal well with these elements of uncertainty, in both economic and financial terms. In the near future, it expects to consolidate the health profit levels recorded in the current reporting period even though total revenues will be almost in line with the current level. The Group also plans to continue its efforts focused on constant attention to costs and working capital, as already undertaken in previous periods.

RISK MANAGEMENT OBJECTIVES AND POLICIES

In compliance with the provisions of Article 2428 of the Italian Civil Code, as amended by Article 1 of the Italian Legislative Decree of 2 February 2007, the main risks and uncertainties to which the Group and the Parent Company are exposed are listed below.

Risks regarding general economic conditions

As already highlighted, the global economy continues to experience a period of uncertainty due, in particular, to exceptionally high inflation and to constant interest rate increases by central banks.
However, as already demonstrated during 2023, the Group is capable of dealing with the potential negative impacts of these factors of uncertainty, thanks to the cost-containment measures described above as well as to the geographical and product diversification that distinguishes the Group's brand portfolio.

Exchange rate risk

The Group operates on the main international markets and is, therefore, exposed to exchange rate risks in relation to exposure arising from commercial transactions with third parties and commercial/financial transactions between Group companies, mainly in US dollars, Australian dollars and GB pounds.
Management of this risk is the same for the entire Group: the individual companies communicate their exposure to exchange rate risk and Group management hedges the risk directly or by giving instructions to the subsidiaries. In line with its risk management policies, the Group seeks to manage the exchange rate risk through the use of hedging instruments. The financial instruments used for this purpose are mainly Forward Rate Agreements, as detailed in the Notes to the Separate and Consolidated Financial Statements.

Liquidity risk

The Group expects to fulfil requirements relating to financial payables maturing and investments planned through available liquidity and operating cash flows. It also has adequate credit facilities with leading international banks.
At present, there are no specific risks regarding the Group's liquidity requirements.

Risks regarding commodity/raw material shortages and prices

As mentioned above, the difficulty in procuring raw materials and some components that emerged in prior year and eased only partly in 2023, as well as rising purchase prices, is a risk factor for all manufacturing companies worldwide.
In order to mitigate the risk of shortages of raw materials and components, the ALI Group implements a diversified procurement strategy both at geographical and product level, while at the same time minimising the counterparty risk.

Credit risk

Group companies do not have significant concentrations of credit risk because they operate through different distribution channels. In order to deal with the risk that customers do not meet their debts on the agreed due dates, companies assess the reliability of their customers in advance.
Moreover, based on historical experience and knowledge of specific risk situations, Group companies make annual provisions for doubtful debts.
At the time this report was prepared, there were no significant default issues regarding the major customers of Group companies.

Interest rate risk

The Group uses various forms of financing to cover its business requirements. Interest rate fluctuation can trigger increases or decreases in the cost of borrowing or in the remuneration of available liquidity.
Interest rate trends and the related impact on the Group's financial expenses are carefully and constantly monitored.

Risks regarding debt

As previously reported, at the reporting date, the total debt of the Ali Group stands at Euro 2,351.8 million, including the two loans arranged in prior year to finance the acquisition of the Welbilt Group: Term Loan A of Euro 720 million (repayable in instalments over 5 years, variable rate of interest) and Term Loan B of USD 1.85 billion (bullet repayment after 7 years, variable rate).
In terms of the liquidity risk regarding this debt, based on repayments made to date and future cash flow forecasts, no particular problems are expected in making repayments as long as current cash flow levels are maintained. The Group carefully monitors its cash flow generation and regularly updates its forecasts. The Group also has a multi-currency Revolving Credit Facility of USD 250 million (unutilised as yet), as made available to Ali to support any future liquidity requirements due to fluctuation in Working Capital and forming part of the financing package in support of the Welbilt acquisition.
At present, the Group believes it will be able to manage the interest rate risk in relation to the two loans without using any hedging instruments. Furthermore, during the previous reporting period, in order to hedge the exchange rate risk, the Group signed a Cross Currency Swap agreement to hedge the Euro/USD exchange rate risk on future repayments of the intra-Group loan of USD 1,250 million granted by ALI Group S.r.l. to Ali Group North America Corporation ("AGNAC") (for further information, see the "Derivative instruments" paragraph of the Notes) in order to provide the latter with the funds needed to complete the acquisition of Welbilt.

It should be noted that the consolidated financial statements and the separate financial statements of the Parent Company have been audited by external auditors Deloitte & Touche S.p.A.

Milan, December 18, 2023

The Sole Director

(Filippo Berti)

Consolidated Statement of Financial Position
ALI Group

Assets

(Euro thousands)	Note	2023	2022
NON-CURRENT ASSETS			
Goodwill	2.1	1,814,196	2,093,152
Other intangible assets	2.2	1,351,359	1,678,571
Property, plant and equipment	2.3	458,934	512,060
Rights of use on leased assets	2.4	147,800	168,763
Investment property	2.5	8,500	4,842
Investments	2.6	576	589
Non-current financial assets	2.7	813	927
Deferred tax assets	2.8	121,835	132,452
Other non-current assets	2.9	8,991	15,613
Total non-current assets		**3,913,004**	**4,606,969**
CURRENT ASSETS			
Inventories	2.10	788,803	885,776
Trade receivables and other receivables	2.11	693,968	744,868
Tax receivables	2.12	115,054	70,429
Current financial assets	2.13	571	63,305
Cash and cash equivalents	2.14	412,969	917,010
Total current assets		**2,011,365**	**2,681,388**
Total Assets		**5,924,369**	**7,288,357**

Liabilities and Equity

(Euro thousands)

SHAREHOLDERS' EQUITY

Share capital	2.15	51,000	51,000
Reserves	2.15	661,978	654,800
Retained earnings (Accumulated losses)	2.15	1,141,935	1,009,043
Profit (Loss) for the year	2.15	218,007	282,333
Consolidated Shareholders' equity of Group		**2,072,920**	**1,997,176**

NON-CURRENT LIABILITIES

Non-current bank borrowing and payables to other lenders	2.16	2,347,354	3,023,378
Non-current lease liabilities	2.17	112,244	134,113
Provision for employee benefits	2.19	33,235	42,208
Provisions for risks and charges	2.20	34,017	35,401
Deferred tax liabilities	2.8	374,154	442,243
Other non-current liabilities	2.21	13,160	16,154
Total non-current liabilities		**2,914,164**	**3,693,497**

CURRENT LIABILITIES

Current bank borrowing and payables to other lenders	2.16	9,441	61,983
Current lease liabilities	2.17	39,565	35,579
Other current financial liabilities	2.18	49,236	175,253
Current portion of provisions for risks and charges	2.20	63,127	66,447
Trade payables	2.22	355,660	442,014
Tax payables	2.23	82,053	449,255
Sundry payables and other current liabilities	2.24	338,203	367,154
Total current liabilities		**937,285**	**1,597,685**

Total Liabilities and Equity 5,924,369 7,288,357

Statement of Profit or Loss
ALI Group

(Euro thousands)	Note	2023	2022
Revenues	3.1	**4,363,481**	**2,787,147**
Other income	3.2	24,990	11,019
Purchases of raw materials and goods for production and resale	3.3	1,820,127	1,299,032
Change in inventories purchased and produced	2.10	41,685	(119,973)
Costs for services	3.4	576,103	448,431
Personnel costs	3.5	893,828	612,554
Other operating expenses	3.6	89,461	53,382
(Writedown) Writeback of trade receivables and other receivables	3.7	2,719	(4,755)
Depreciation, amortisation and writedowns of non-current assets	from 2.1 to 2.5	422,260	159,382
Operating income / EBIT		**547,726**	**340,603**
Financial income	3.8	12,451	239,967
Financial expenses	3.8	331,887	39,439
Gains/(Losses) from financial assets and liabilities	3.9	132,206	(173,605)
Writedown/(Writeback) of receivables and other financial assets		-	-
Profit before tax		**360,496**	**367,526**
Taxes on income	3.10	142,489	85,193
Net profit/(loss) for the year		**218,007**	**282,333**

Statement of Comprehensive Income

(Euro thousands)	2023	2022
Net profit/(loss) for the year	**218,007**	**282,333**
Items that may not be recycled through profit or loss		
Actuarial gains/(losses) on employee benefits	(4,204)	3,453
Tax effect	1,561	(792)
Sub-total [a]	**(2,643)**	**2,661**
Items that may be recycled through profit or loss		
Exchange differences from translaction of financial statements in foreign currency	(139,512)	184,755
FV measurement of hedging instruments (cash flow hedges)	(105)	247
Subotal [b]	**(139,617)**	**185,002**
Total other items of comprehensive income/loss [a+b]	**(142,260)**	**187,663**
Total comprehensive income/(loss) for the year	**75,747**	**469,996**

The Sole Director

(Filippo Berti)

Statement of Cash Flows
ALI Group

		2023	2022
		218,007	**282,333**
Profit/(Loss) for the year			
Financial income	3.8	(5,967)	(3,691)
Financial expenses	3.8	210,053	21,730
Taxes on income	3.10	142,489	85,193
Losses/(gains) on sale of non-current assets, net of disposal costs	2.3	(259)	(100)
Fair value measurement of derivatives	3.9	(126,328)	173,813
Amortisation	da 2.2 a 2.5	297,984	159,340
Depreciation	da 2.1 a 2.3	124,276	42
Increase/(Decrease) in provisions for risks and charges	2.19 -2.20	(10,576)	16,093
Exchange gains/(losses) on financial assets and liabilities	3.8	109,472	(218,703)
Operating cash flows before changes in net working capital		***959,151***	***516,050***
Decrease/(Increase) in Inventories	2.10	96,973	(156,675)
Decrease/(Increase) in trade receivables and other receivables	2.11	50,900	(99,786)
Increase/(Decrease) in trade payables	2.22	(86,354)	42,704
(Increase)/decrease in other assets	2.8-2.9-20-2.12-2.25	21,798	5,109
Increase/(decrease) in other liabilities	2.8-2.21-2.22-2.23	(61,788)	29,584
Operating cash flows		**980,680**	**336,986**
Taxes paid	2.23	(597,121)	(137,818)
Net operating cash flows		**383,559**	**199,168**
Investing activities			
Interest received	3.8	3,768	-
Purchase of investments and other securities		-	(40)
Sale of investments and other securities	2.6	13	-
Purchase of property, plant and equipment	2.3	(55,033)	(31,415)
Sale of property, plant and equipment	2.3	13,884	4,973
Purchase of investment property	2.5	(3,832)	-
Purchase of intangible assets	2.2	(5,669)	(6,446)
Sale of intangible assets	2.2	324	162
Cash flows from investing activities		**(46,545)**	**(32,766)**
Cash flows from changes in scope of consolidation		-	**(3,313,180)**
Financing activities			
Dividends paid		-	(93,000)
Interest paid	3.8	(181,043)	-
Loans arranged	2.15	-	3,188,195
Loans repaid	2.16	(594,501)	(130,000)
Exchange gains realised on forward hedges	3.8	98	196,693
(Increase)/decrease in financial receivables	2.13	62,956	(62,992)
Payment of right of use lease instalments	2.17	(39,086)	(27,938)
Cash flows from financing activities		**(751,576)**	**3,070,958**
Increase/(Decrease) in cash and cash equivalents		**(414,562)**	**(75,820)**
Cash and cash equivalents at start of reporting period		917,010	841,772
Effect of exchange rate fluctuation		(89,479)	151,058
Cash and cash equivalents at end of reporting period		412,969	917,010

Statement of changes in equity

(Euro thousands)	Share Capital	*Legal Reserve*	*Translation reserve*	*Cash Flow Hedge Reserve*	*Actuarial reserve*	*FTA reserve*	*Other reserves*	Total Reserves	Retained earnings (Accumulated losses)	Profit for the year	Total Net Equity
Balance at 31 August 2021	**51,000**	*10,200*	-	*(113)*	-	*(55,024)*	525,083	**480,146**	**892,738**	**196,296**	**1,620,180**
Allocation of profit for year							79,991		116,305	(196,296)	-
Dividends							(93,000)				(93,000)
Comprehensive income for the year (may be recycled through profit or loss)			*199,526*	*247*		*(14,771)*				282,333	467,335
Comprehensive income for the year (may not be recycled through profit or loss)					2,661						2,661
Balance at 31 August 2022	**51,000**	*10,200*	*199,526*	*134*	*2,661*	*(69,795)*	*512,074*	**654,800**	**1,009,043**	**282,333**	**1,997,176**
Allocation of profit for year							*149,441*		132,892	(282,333)	-
Dividends											-
Comprehensive income for the year (may be recycled through profit or loss)			*(146,778)*	*(105)*		7,263				218,007	78,387
Comprehensive income for the year (may not be recycled through profit or loss)					*(2,643)*						(2,643)
Balance at 31 August 2023	**51,000**	*10,200*	*52,748*	*29*	*18*	*(62,532)*	*661,515*	**661,978**	**1,141,935**	**218,007**	**2,072,920**

The Sole Director (Filippo Berti)

Notes to the Consolidated Financial Statements of the ALI Group for the year ended August 31, 2023

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES

1.1 Company information

The Parent Company Ali Holding S.r.l. is a company incorporated under the law of the Italian Republic with its registered office in Milan. The Company has prepared the consolidated financial statements of the ALI Group (hereinafter, also, the "Group") for the period 1 September 2022 – August 31, 2023. The main activities of the Company and its subsidiaries are described in the Directors' Report.

1.2 Adoption of international accounting standards (IAS/IFRS)

The Parent Company Ali Holding S.r.l. has adopted international accounting standards (IAS/IFRS) for the preparation of the Separate Financial Statements and the Consolidated Financial Statements of the Group. It has done so in order to ensure the two sets of financial statements are consistent with one another and to simplify accounting processes and obligations for the Company and the Group – especially in terms of uniformity of accounting criteria, principles and results reported, also in order to ensure a greater level of international comparability and comparability of sector performance – as well as to provide more detailed information for reporting and market requirements.

With effect from 1 September 2021, the Group has applied the valuation and measurement criteria established by the International Accounting Standards ("IAS/IFRS") and by the IFRIC interpretations (previously known as Standing Interpretations Committee ("SIC") interpretations) endorsed by the European Commission and deemed applicable to the transactions carried out by the Group.

The Group has decided not to adopt IFRS 8 "Operating Segments" and IAS 33 "Earnings per Share" as parent company Ali Holding S.r.l. does not fall within the cases for which application of these standards is mandatory (companies with listed shares or which file their financial statements with a Stock Exchange Commission in order to issue ordinary shares on a public market).

The accounting information and disclosures contained in these consolidated financial statements have been prepared in accordance with IAS 1. They have been prepared applying the International Accounting Standards and interpretations in force as at August 31, 2023.

The amounts reported in the financial statements are accompanied by prior year comparative figures, as restated in order to bring the prior year amounts – prepared in accordance with Italian GAAP – into line with IAS/IFRS.

The consolidated financial statements comprise the mandatory financial statements (consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, statement of changes in consolidated equity and consolidated statement of cash flows) and these notes and are accompanied by the Sole Director's Report on Operations.

Note on the Effects of First-time Adoption of International Accounting Standards (IAS/IFRS)" contains reconciliations between the prior year financial statements prepared in accordance with IAS/IFRS and the prior year financial statements prepared in accordance with ITA GAAP (previously in use). It also contains the reconciliations and explanatory notes required by IFRS 1 upon first time adoption of IAS/IFRS in relation to the statement of financial position as at 1 September 2021.

1.3 Basis of preparation

The consolidated financial statements of the ALI Group for the year ended August 31, 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at that date. The term "IFRS" covers all International Financial Reporting Standards, International Accounting Standards (IAS) and all if the interpretations issued by the IFRS Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"), as endorsed by the European Union and contained in the relevant EU Regulations.

Unless expressly indicated otherwise, the schedules and numerical information contained in the Notes to the Consolidated Financial Statements have been presented in thousands of Euro (the Group's functional currency) and are accompanied by comparative figures for the previous reporting period, as prepared on a consistent basis. The financial statements comprise the (i) statement of financial position, (ii) the statement of profit or loss, (iii) the statement of comprehensive income, (iv) the statement of changes in equity, (v) the statement of cash flows and these notes.

The financial statements have been prepared based on the historical cost principle, except for the fair value measurement of certain financial instruments pursuant to IFRS 9 and IFRS 13 and of assets subject to the exercise of the Purchase Price Allocation, pursuant to IFRS 3 as described below.
Furthermore, the financial statements have been prepared on a going concern basis pursuant to paragraphs 25 and 26 of IAS 1 as the Sole Director has confirmed that there are no indicators of financial, operational or other issues that could raise doubts over the ability of the Company and the Group to fulfil their obligations in the foreseeable future. Details of risks and uncertainties relating to the business are provided in the relevant sections of the Director's Report.

1.4 Financial statements

The reporting format adopted by the Ali Group includes the following financial statements:

- the statement of financial position in which current and non-current assets and liabilities are disclosed separately;
- the statement of profit or loss in which income and expenses are classified by their nature;
- the statement of comprehensive income which shows changes in equity generated by transactions other than those with the shareholders;
- the statement of cash flows which reports cash flows from operating activities, as prepared using the indirect method;
- the statement of changes in consolidate equity which shows changes in equity and the allocation of net profit, as well as changes generated by transactions other than those with the shareholders.

The adoption of these statements ensures the most meaningful representation of the Group's equity and financial position and results for the reporting period.

1.5 Scope of consolidation

The financial statements and reporting packages used for consolidation purposes are those as at August 31, 2023, prepared by the Boards of Directors of the companies included in the scope of consolidation. These financial statements have been adjusted, where necessary, to bring them into line with the International Accounting Standards (IAS/IFRS) issued by the IASB, as applied on a uniform basis across the Group.

In the year ended August 31, 2023, the scope of consolidation includes the financial statements of the Parent Company and of the direct and indirect subsidiaries indicated in Appendix 1 to these financial statements.

Pursuant to IFRS 10, subsidiaries are companies over which the parent company ALI Holding S.r.l. simultaneously has all three of the following: (a) power over the company; (b) exposure, or rights, to variable returns from its involvement with the company; (c) the ability to use its power over the company to affect the amount of its returns. Subsidiaries are consolidated from the date on which control commences until the date on which control ends. The companies consolidated line-by-line are 100% owned so no significant judgment has been exercised in relation to the existence of control as governed by IFRS 10 *Consolidated financial statements.*

When preparing these consolidated financial statements, all significant balances and transactions between Group companies were eliminated, as were receivables and payables and profits and capital gains originating from intra-group transactions, including those not yet realised and included in inventories, net of any tax effect. Dividends, coverage of losses and reversals of impairment losses of consolidated companies were also derecognised. The maximum limit for the increase in the value of assets following entries for the derecognition of intra-group losses consists of the recoverable amount depending on the type of asset to which they refer, in accordance with the provisions of the specific IAS/IFRS.

The carrying amount of equity investments in subsidiaries held directly or indirectly by the Parent Company and included in the scope of consolidation was derecognised against the related shareholders' equity, recognising the assets and liabilities of investee companies on a line-by-line basis.

The consolidation difference existing at the date of acquisition of the subsidiary - equal to the difference between the price paid and the corresponding portion of the shareholders' equity acquired - is allocated, where possible, to the assets and liabilities of the company included in the consolidation on the basis of their current value at the date of acquisition within the limits of the net realisable value or the amount recoverable through use and taking into account the related tax effects.

Any amount that cannot be allocated according to the above procedure is treated as follows:

- if negative, it is recognised in profit or loss as income of the transaction;
- if positive, it is recognised under "Goodwill", on condition that the requirements for recognition pursuant to IAS 36 are satisfied.

The recognised goodwill is not amortised but tested for impairment at least annually, as described in more detail in the paragraph "Valuation principles and criteria".

In the first year of consolidation, consolidated costs and revenues are included in the consolidated statement of profit or loss from the date of acquisition. The depreciation procedure of the assets starts from the date of acquisition and the related cost is recognised in profit or loss on a pro-rata basis.

The financial statements of foreign companies outside the Eurozone have been translated into Euro as follows:

- profit or loss items are translated at average exchange rates for the reporting period;
- statement of financial position items are translated at reporting date exchange rates except for the result for the year which, as it originates from the statement of profit or loss, is translated at the average exchange rate;
- the "translation reserve" includes both exchange differences generated by the translation of profit or loss items at a rate different from the closing rate and exchange differences generated by the translation of opening equity at a different rate from the reporting date rate;
- Goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity; they are translated at the acquisition date exchange rate and subsequently restated at the reporting date exchange rate.

The difference between the profit (loss) for the period resulting from translation at average exchange rates and that resulting from the translation at reporting date exchange rates is recognised in the specific equity account "Translation reserve". The same item also includes the effect on equity of changes in exchange rates between the end of the previous reporting period and the end of the current one.

The exchange rates applied for translation purposes are shown in the following table and indicate the amount in Euro required to purchase each currency in its unit of account.

	Profit or Loss			Statement of Financial Position		
1 Euro =	**2023**	**2022**	**% Chg.**	**2023**	**2022**	**% Chg.**
NOK = Norwegian Kronor	11.00	10.00	10.0%	11.58	9.94	16.5%
SEK = Swedish Kronor	11.26	10.37	8.5%	11.84	10.68	10.9%
DKK = Danish Kronor	7.44	7.44	0.1%	7.45	7.44	0.2%
AUD =Australian Dollar	1.59	1.53	3.7%	1.68	1.46	15.0%
CAD = Canadian Dollar	1.43	1.40	2.2%	1.47	1.31	12.3%
HKD = Hong Kong Dollar	8.31	8.60	-3.3%	8.53	7.85	8.6%
NZD = New Zealand Dollar	1.73	1.65	5.0%	1.83	1.63	11.9%
USD = U.S.A. Dollar	1.06	1.10	-3.6%	1.09	1.00	8.7%
HUF = Hungarian Forint	390.54	375.21	4.1%	380.13	402.80	-5.6%
BRL = Brazilian Real	5.40	5.78	-6.6%	5.31	5.15	3.1%
RUB = Russian Ruble	79.74	72.39	10.2%	104.15	60.85	71.2%
INR = Indian Rupee	87.10	83.77	4.0%	89.93	79.55	13.1%
GBP = British Pound	0.87	0.85	3.0%	0.86	0.86	-0.4%
JPY = Japanese Yen	146.95	133.44	10.1%	158.49	138.72	14.3%
ZAR = South African Rand	19.17	17.10	12.1%	20.42	17.07	19.6%
CHF = Swiss Franc	0.98	1.03	-5.2%	0.96	0.98	-2.2%
SGD = Singapore Dollar	1.44	1.50	-4.2%	1.47	1.40	5.1%
CNY = Chinese Yuan	7.46	7.15	4.4%	7.92	6.89	14.9%
AED = UAE Dirham	3.90	4.04	-3.6%	3.99	3.67	8.7%
MXN = Mexican Peso	19.60	22.42	-12.6%	18.19	20.20	-10.0%

1.6 Reconciliation between the equity and profit(loss) for the period of the Parent Company and consolidated equity and profit(loss)

	2023		2022	
	Profit	**Equity**	**Profit**	**Equity**
EQUITY AND PROFIT FOR THE YEAR PER THE PARENT COMPANY'S FINANCIAL STATEMENTS	**(6,615)**	**707,448**	**149,441**	**714,063**
Elimination of carrying amount of consolidated investments and related impairment adjustments	249	(5,951,805)	(300)	(6,346,560)
Profit/Loss for year and equity of consolidated companies	346,931	7,310,747	450,059	7,611,647
Consolidation differences	(175)	6,162	(5,910)	6,337
Purchase price allocations to intangible assets and property, plant and equipment	(1,637)	4,316	(1,737)	5,953
CONSOLIDATION ADJUSTMENTS				
Elimination of intra-Group dividends	(121,313)	-	(256,689)	-
Elimination of provision for coverage of losses of consolidated companies	1,097	8,807	(200)	7,710
Elimination of intra-Group profits in closing inventories	(1,618)	(27,259)	(5,943)	(25,641)
Effect of realignment with Group accounting policies	(9)	121	(17)	130
Other consolidation adjustments	640	8,252	(48,273)	17,864
Tax effect of consolidation adjustments	457	6,131	1,902	5,674
EQUITY AND PROFIT FOR THE YEAR PERTAINING TO THE GROUP	**218,007**	**2,072,920**	**282,333**	**1,997,177**

1.7 Accounting policies and measurement criteria

The most significant accounting policies and measurement criteria adopted when preparing the consolidated financial statements at August 31, 2023 are summarised below.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recognised using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group. At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value at the acquisition date.
Goodwill is determined as the excess of the sum of the fair value of the consideration transferred in the business combination, the value of equity pertaining to non-controlling interests and the fair value of any investment previously held in the entity acquired over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date is greater than the sum of the consideration transferred, the value of equity pertaining to non-controlling interests and the fair value of any investment previously held in the entity acquired, the excess is recognised immediately in profit or loss as income from the completed transaction.
Transaction-related expenses are recognised in profit or loss when they are incurred. The acquisition cost also includes potential consideration (i.e. earn-out), recognised at fair value at the date of acquisition of control. Subsequent changes in fair value are recognised in the Statement of Profit or Loss or in the Statement of Comprehensive Income f the potential consideration is a financial asset or liability.
At the acquisition date, non-controlling interests in equity may be measured at fair value or at the pro-rate fair value of the net assets recognised for the acquired entity. The choice of valuation method is determined on a transaction by transaction basis.
For acquisitions prior to the IFRS adoption date (1 September 2021), the ALI Group has exercised the option made available by IFRS 1 not to apply IFRS 3 on business combinations to acquisitions made before the transition date. Consequently, goodwill arising in relation to acquisitions made in the past has not been restated and has been recognised at the amount determined based on the previous accounting standards/GAAP, net of amortisation recorded up to August 31, 2021 and any impairment adjustments and after the reclassification of intangible assets that were added to goodwill upon recognition under the previously used GAAP.
As an intangible asset with an indefinite useful life, goodwill is not amortised but tested periodically for impairment, as described in the paragraph "Impairment of non-financial assets". If the recoverable amount is lower than the carrying amount, the asset is adjusted accordingly.

OTHER INTANGIBLE ASSETS

Intangible assets are resources that are clearly identifiable and controllable by the Group, from which future economic benefits are expected for the Group. They are recorded at purchase cost if acquired separately and capitalised at fair value at the acquisition date if acquired through business combinations.
Advertising costs, start-up and expansion costs, research costs and trademarks internally generated are not capitalised.
Other intangible assets internally generated from the development of the Group's products are recognised as assets but only if all of the following conditions are met:

- the asset is identifiable;
- it is probable that the asset created will generate future economic benefits;
- the cost of the asset can be reliably measured.

Development costs incurred for projects for the production of new products or components are capitalised only if the costs can be reliably determined, if the Ali Group has the intention and resources to complete that activity, if it is technically feasible to carry out the project in such a way as to make it available for use and if the expected volumes and prices suggest that the costs incurred during the development phase will generate future economic benefits. For Italian companies, the consent of the Board of Statutory Auditors must also be obtained.

Capitalised development costs include only expenses incurred that can be attributed directly to the development process.
Any other development costs that do not meet the above reported requirements, as well as related research costs, are recognised in profit or loss when incurred.
Capitalised development costs are amortised on a straight-line basis, from the start of production and over the estimated life of the product or process which has been assessed as 5 years.

Intangible assets with a finite useful life are systematically amortised on a straight-line basis in each reporting period in order to take account of their remaining useful lives.
The additional value attributed to an intangible asset with a finite useful life, as recognised in accordance with IFRS 3 following the acquisition of an investment and upon first-time consolidation, is amortised and tested for impairment in the presence of indicators of impairment.
Useful life and the amortisation method are reviewed periodically and, in case of significant changes compared to previous assessments, the intangible asset may change from indefinite life to finite life or vice versa, and, in the case of assets with a finite life, the amortisation rate may be amended for prospectively.
The amortisation rates used by the Group are set out below – they have not change compared to the previous reporting period:

Category	Amortisation %
Start-up and expansion costs	5 years
Development costs	5 years
Industrial patents and intellectual property rights	5-10 years
Concessions, licences, trademarks and similar rights	5-10 years
Customer list	12-16 years
Other	5 years

Customer relationships are only recognised as intangible assets if they result from an acquisition. Customer relationships are amortised based on the expected useful life of that type of relationship (12-16 years as indicated by a specific independent, expert appraisal).
Moreover, if expenses with future economic benefits are incurred but without identifying the requirements for recognition of intangible assets, those expenses are recognised in profit or loss when incurred i.e. in the case of the purchase of goods, when there is control over the goods and, in the case of services, when the service is rendered.
If there are indicators of impairment, intangible assets with a finite useful life are subjected to an impairment test. The test performed is described in the "Impairment of non-financial assets" paragraph. Any impairment adjustments can be reversed subsequently if the reasons that led the Ali Group to make the adjustments cease to exist; such reversals are carried out up to the value that asset would have had if the impairment adjustment had never been made.
An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at their purchase or production cost, or at fair value of acquired through a business combination. Cost includes direct related expenses.
Costs incurred for improvements are capitalised only if they can be recovered through expected future economic benefits and can be reliably estimated. Costs incurred to extend, modernise or improve the structural features of a building, plant or machinery may be capitalised if they produce a significant, measurable increase in production capacity, safety or useful life. If such costs do not produce these effects, they are treated as ordinary maintenance and recorded in profit or loss.
These amounts are depreciated on a straight-line basis at rates that represent their remaining useful lives. The useful lives estimated by the Group for the various categories of property, plant and equipment are as follows:

Category	Depreciation %
Land	—
Buildings	20-33 years
Plant and machinery	10 years
Industrial and commercial equipment	4 years
Leasehold improvements	Useful life
Other assets	4-8 years

Land and works of art, which have an indefinite useful life, are not depreciated. If there are indicators of impairment, property, plant and equipment are subjected to an impairment test. The test is described in the "Impairment of non-financial assets" paragraph. Any impairment adjustments may be reversed subsequently if the reasons that led the Ali Group to make them cease to exist; such reversals are carried out up to the value that asset would have had if the impairment adjustment had never been made.
An item of property, plant and equipment is derecognised upon sale or when it is written down in full as there are no expected, future economic benefits from its use or disposal. Any gains or losses (calculated as the difference between net disposal proceeds and carrying amount) are recorded in profit or loss upon derecognition/disposal and classified as other operating revenue and income or sundry operating expenses.

RIGHTS OF USE ON LEASED ASSETS AND LEASE LIABILITIES

IFRS 16 "Leases" establishes a single model for the accounting treatment of leases, eliminating the distinction between operating and finance leases, and providing for the recognition of an asset for the right to use the asset and a liability for the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Ali Group recognises the Right of use and related Lease liability for all leases under which it assumes the role of lessee, except for short-term leases (leases for a period of less than or equal to 12 months) and low value leases (i.e. for assets with a fair value when new of less than Euro 5,000). The Ali Group accounts for payments relating to leases falling within these exceptions as operating expenses, recognised on a straight-line basis over the duration of the lease.
In contrast, for leases, the initial financial liability is recognised at the present value of future payments at the effective start date of the lease. As most of the leases entered into by the Ali Group do not include an implicit rate of interest, the discount rate to be applied to future lease payments has been determined as the risk-free rate of each country in which the leases have been concluded, with maturities commensurate with the duration of the specific lease, as increased for the specific credit spread of the countries in which the Group companies that have signed the leases are located.

The standard introduces certain elements of professional judgment that involve the definition of certain accounting policies and the use of assumptions and estimates in relation to the lease term. The Group has analysed all leases and has determined the lease term for each of them i.e. the "non-cancellable" period together with the effects of any extension or early termination clauses whose exercise is considered reasonably certain. For real estate properties, this assessment considered specific facts and circumstances for each asset. For one-year leases that provided for automatic renewal annually, the Group has defined as its accounting policy an estimated lease term of 5 years; this was based on historical evidence and on an assessment of the renewal period considered "reasonably certain", in the presence of more than insignificant penalties for the lessee should it terminate the lease. In the case of property leases with long-term renewal dependent on the will of the parties, in order to determine the lease term, the Group assessed the specific facts and circumstances as well as the penalties – in the broadest sense – resulting from a potential termination.
With regard to the other asset categories, mainly company cars, the Group has generally considered as no reasonably certain, based on usual practice, that any extension or early termination clauses would be exercised. For practical purposes, the Group has opted not to separate non-lease components from lease components for all asset categories other than real estate property. Meanwhile, for real estate property, it has opted to separate lease components from non-lease components, while expensing the latter in profit or loss.

Lease payments included in financial liabilities for leases include:

- the fixed amount of the lease payments, net of any incentives/grants received;
- variable lease payments that vary based on an index or rate, as initially measured applying the index or rate at the effective lease start date;
- the exercise price of the purchase or renewal option, which is included only if it is considered reasonably certain that the option will be exercised;
- penalties for early termination of the lease if the terms of the lease provide for an early termination option and it is considered reasonably certain that the option will be exercised.

Variable lease payments that do not depend on an index or rate are not included in the amount of the lease liability or in the amount or the Right of use. Such payments are accounted for on an accrual basis and included in the caption "Other operating expenses" in the Statement of Profit or Loss.

After the commencement date, the carrying amount of the lease liability increases to reflect interest on the lease liability (using the effective interest method) and decreases to take account of payments made under the lease agreement.

The Ali Group redetermines the amount of financial liabilities for a lease (and restates the amount of the related Right of use) if:

- the duration of the lease changes or there is a change in the assessment of the likelihood of exercising an option; in that case, the lease liability is redetermined by discounting the new lease payments at the revised discount rate;
- the amount of the lease payments changes following changes to indices or rates; in such cases, the lease liability is redetermined by discounting the new lease payments at the initial discount rate (unless the payments due under the lease change as a result of interest rate fluctuation, in which case a revised discount rate shall be used);
- a lease agreement has been changed and the change is not included in the cases for separate recognition of the lease. In such cases, the lease liability for the lease is redetermined discounting the new lease payments at the revised interest rate.

Right of use assets include the initial measurement of the lease liability for the lease, lease payments made before or upon the commencement date of the lease and any other initial direct costs. The right of use is recognised net of depreciation and any impairment adjustments. Any incentives relating to the lease (e.g. free lease periods) are recognised as part of the initial amount of the right of use and the lease liability over the lease period.

Rights of use are depreciated on a straight line basis over the shorter of the lease term and the remaining useful life of the underlying asset. If the lease transfers ownership of the asset in question or the cost of the right of use reflects the Ali Group's intention to exercise the purchase option, the right of use is depreciated over the useful life of the asset in question.

The Ali Group applies IAS 36 Impairment of Assets to detect any impairment as described in the "Impairment of non-financial assets" paragraph below.

INVESTMENT PROPERTY

This caption includes property held to earn rental income or for the appreciation of the capital invested or both, giving rise to cash flows that are largely independent of the other assets owned by the Group.

Investment property is recorded at cost, including direct related expenses, and (except for the land component) are systematically depreciated. Depreciation is charged on a straight-line basis at rates deemed to represent the estimated useful life. For assets acquired during the reporting period, depreciation rates are applied on a proportionate basis, taking account of the effective utilisation of the asset during the year.

Costs incurred for improvements are recorded as increases to the related property only if they can be reliably estimated and can be recovered through expected future economic benefits.

Assets are reclassified to investment property when, and only when, there is a change of use, as evidenced by events such as: the cessation of direct use of a property, the start of an operating lease with third parties or the completion of construction or property development works. Meanwhile, assets are reclassified from

investment property when, and only when, there is a change of use, as evidenced by events such as the start of direct use.
In the presence of impairment indicators, investment property is subjected to an impairment test.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At least annually, the Ali Group tests goodwill for impairment and examines other non-current assets to determine whether there are any indications that these assets have been impaired. In cases where it is not possible to estimate the recoverable amount of an asset individually, the Ali Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Specifically, recoverable amount is tested by determining value in use. When determining value in use, future cash flows net of the tax effect are discounted to present value using a discount rate net of taxes that reflects current market valuations of the present value of money and asset-specific risks.

The main assumptions made when calculating value in use regard the discount rate, the growth rate, the expected change in selling prices and direct costs during the calculation period. The growth rates adopted are based on forecast growth for the relevant industry sectors. Changes in selling prices are based on past experience and future market expectations. The Ali Group prepares operating cash flow forecasts based on the most recent business plans and determines terminal value (present value of the perpetual annuity) based on a medium/long-term growth rate (i.e. g-rate) in line with that for the specific industry sector or inflation.

These valuations are performed at the level of the CGUs to which the amount of the goodwill and other non-current assets are allocated. The CGUs are identified considering the Group's organisational and business structure as homogeneous aggregations that generate autonomous cash inflows from the continuous use of the assets attributable to them.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset or the CGU is reduced to the lower recoverable amount; the impairment loss is recognised immediately in profit or loss while allocating it, first, as a reduction to the carrying amount of any goodwill allocated and, then, as a reduction to the carrying amount of the other assets of the CGU, in proportion to their carrying amount. Subsequently, if the impairment of an asset ceases or decreases, the carrying amount of the asset (or the CGU) – except for goodwill – is increased to the new value resulting from the estimate of its recoverable amount; this shall not exceed the net carrying amount the asset would have had if the impairment adjustment had never been made. The reversal of the impairment adjustment is immediately recorded in profit or loss.

INVENTORIES

Inventories are measured at the lower of purchase or production cost and the corresponding market value or estimated realisable value. Cost is determined as follows:

1. Raw materials and consumables: according to the weighted average cost method.

2. Work in progress: at the manufacturing cost for the period, taking into account the stage of completion achieved. Manufacturing cost includes materials (in turn measured at weighted average cost), labour and direct and indirect production costs.

3. Finished products and goods for resale: based on manufacturing cost, which includes materials (in turn measured at the weighted average cost), labour and direct and indirect production costs.

For inventory valuation purposes, the net realisable value based on market trends is represented by the replacement cost of raw materials and consumables used in the manufacture of finished products and by net realisable amount for goods, finished products, semi-finished products and work in progress.

The presence of obsolete or slow-moving inventory, or inventory surplus to normal needs, gives rise to a write-down depending on their expected use or realisation. The write-down is performed by means of provisions that are deducted from the inventory balance. If the reasons for the write-down no longer apply, the original value shall be fully or partially restored only if it is certain that it will be recovered through sale.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Upon initial recognition, depending on the circumstances, financial assets are classified based on the following methods of measurement – amortised cost, fair value through other comprehensive income and fair value through profit or loss.
The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Group uses to manage them. With the exception of trade receivables which do not contain a significant financing component, the Group initially measures financial assets at fair value. Trade receivables not containing a significant financing component are measured at amortised cost, taking into account the time factor and estimated realisable amount. The amortised cost method is not applied when the effects are immaterial i.e. when transaction costs, commissions/fees paid between the parties and any other differences between initial value and value upon maturity are insignificant or if the receivables are current (i.e. maturing after less than a year).
The value of receivables, determined as above, is adjusted – where necessary – by a specific provision for bad debts; said provision is deducted directly from the value of the receivables, in order to bring them into line with their estimated realisable amount.
Pursuant to IFRS 9, trade receivables are classified in the "*Held to collect*" category. Their value is restated at realisable amount at the reporting date and adjusted in case of impairment by assessing the expected credit loss over the entire life of the receivable, together with the creditworthiness of the individual debtors - also depending on the specific characteristics of the underlying credit risk – taking account of the available information. The amount of the write-down is recorded in profit or loss.
Receivables maturing after more than 12 months are included in the caption "Other non-current assets".

TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables are initially recognised at fair value plus any transaction-related expenses. Subsequently, they are stated at nominal amount, as an approximation of amortised cost when the effects are immaterial i.e. when transaction costs, commissions/fees paid between the parties and any other differences between initial value and value upon maturity are insignificant or if the payables are current (i.e. maturing after less than a year).
Payables maturing after more than a year are included in the caption "Other non-current liabilities".

TRANSLATION OF AMOUNTS IN FOREIGN CURRENCY

Receivables and payables originally denominated in foreign currency are translated into Euro at the transaction date exchange rates. Exchange differences realised upon collection of foreign currency receivables and payment of foreign currency payables are recorded in profit or loss. Income and expenses relating to transactions in foreign currency are recorded at the sport rate on the date on which the related transaction takes place.
At the reporting date, assets and liabilities denominated in foreign currency are stated at the reporting date exchange rate and related exchange gains and losses are recorded in profit or loss. If this translation leads to a net gain, a corresponding amount is recorded in a reserve that cannot be distributed until the gain is realised.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank and post office deposits and financial investments made as part of treasury management activities – with a short-term maturity – which are liquid and subject to a limited risk of a change of value. They are recorded at estimated realisable amount.

FINANCIAL PAYABLES

Financial payables for loans are initially measured at cost i.e. the fair value of the consideration received, net of related expenses. After this initial recognition, loans are accounted for using the amortised cost method,

calculated by applying the effective interest rate. The effective interest method is the method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that discounts future payments (including all fees, transaction costs and other premiums or discounts) over the period of the financial liability or, where more appropriate, over a shorter period. In order to determine the effective interest rate on floating rate loans, the Group updates cash flows based on prospective interest rate curves extracted at each periodic closing date.
Loans are classified as current liabilities unless the Ali Group has an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial assets and liabilities recognised at fair value.
Derivatives are classified as hedging instruments only when, at the outset of the hedge, there is a close and documented relationship between the characteristics of the hedged item and those of the hedging instrument.
When hedging derivatives hedge the risk of changes in the fair value of the instruments being hedged (fair value hedge), they are recorded at fair value with the effects recognised in profit or loss; the hedged items are consistently adjusted to reflect changes in fair value associated with the hedged risk.
When the derivatives hedge the risk of changes in the future cash flows of the instruments being hedged (cash flow hedge), the effective portion of gains or losses of the derivative financial instrument is suspended in equity. Gains and losses related to the hedging of the ineffective portion are recognised in profit or loss. The gains or losses suspended up to that time in equity are reclassified to profit or loss as soon as the transaction occurs (to adjust or supplement the profit or loss items affected by the hedged cash flows).
Therefore, changes in the fair value of hedging financial derivatives are recognised:

- in profit or loss, in the case of hedging the fair value of an asset or liability entered in the financial statements as well as changes in fair value of the hedged items;
- in a specific equity reserve, in the case of cash flow hedges, in such a way as to counterbalance the effects of the hedged flows (the ineffective component is classified in profit or loss).

The derivative financial instruments used by the Group have characteristics similar to those of the hedged item and the financial instruments are entered into at market conditions. Consequently, under the relevant accounting standards, the hedge is considered effective simply by verifying that the supporting elements - such as the nominal amount, the settlement date of the cash flows, maturity and the underlying variable - of the hedging instrument and the hedged item match or are closely aligned and the counterparty's credit risk is not such as to have a significant impact on the fair value of both the hedging instrument and the hedged instrument.
The positive or negative fair value of derivative financial instruments is also included in the Group's net financial position. If hedge accounting cannot be applied, gains or losses resulting from the fair value measurement of derivative financial instruments are recognised immediately in profit or loss.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges represent probable liabilities resulting from past events whose amount and/or maturity date is uncertain and whose fulfilment will involve a cash outflow. Provision is made only in the presence of a current legal or implied obligation, requiring the deployment of economic resources, provided that the obligation can be reliably estimated. The amount provided represents the best estimate of the cost of fulfilling the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted in order to reflect the best current estimate. Where the cash outflow relating to the obligation is expected to take place beyond normal terms of payment and the effect of discounting is significant, the amount of the provision is represented by the present value of the future payments expected to extinguish the obligation.

Provisions for expected costs arising from warranty obligations on products sold, as required by local law or common practices, are recognised at the date of sale of the products in question; the amount provided represents the best estimate of the expense required to extinguish the Group's obligation.

When, during the process for the sale of a product, the Group provides (in accordance with the contract, legal requirements or the Group's standard business practice) a guarantee which ensures the customer that the product will perform as intended, the Group creates a provision in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. Meanwhile, when the Group provides the customer with a service in addition to the guarantee that the product is consistent with the agreed specifications and the customer has the option of purchasing the guarantee/warranty separately, the warranty is a separate service and it is accounted for in accordance with IFRS 15 *Revenue from contracts with customers*.

Contingent assets and liabilities are not recognised in the financial statements but appropriate disclosures are provided.

EMPLOYEE BENEFITS

The recognition of defined benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for work done in the current and prior reporting periods and the discounting of those benefits in order to determine the present value of the Group's commitments.
The present value of the commitments is determined by an independent actuary using the "Projected Unit Credit Method".
Gains and losses resulting from actuarial valuations are recorded directly in equity, net of the tax effect.
Other long-term employee benefits are recorded as non-current liabilities and their amount is equal to the present value of the defined benefit obligation at the reporting date, as allocated proportionately based on the duration of the underlying contract. Recognition of these benefits is typically subject to achievement of certain profit targets by the Group and their payment – deferred over time in order to keep the beneficiaries in the business – is remeasured on the basis of profit indices.
Like defined benefit plans, other long-term benefits are also valued using the "Projected Unit Credit Method". In this case, however, gains and losses resulting from the actuarial valuations are recorded directly in profit or loss rather than in equity.
Some of the Group's U.S. companies contribute to multi-employer pension plans. In such cases, IAS 19 requires the use of the classification and accounting treatment provided for defined contribution plans or for defined benefit plans, based on the terms of the plan itself.
In particular, in the case of defined benefit plans, the company shall follow the same method described above in accounting – on a proportionate basis – for the defined benefit obligation, the assets at the service of the plan and the cost associated with the plan.
However, if the information required for the recommended accounting treatment for defined benefit plans is not available, IAS 19 permits the adoption of the accounting treatment envisaged for defined contribution plans.
As described in more detail below in paragraph 2.19 Provision for employee benefits, the Group does not have the information necessary for it to account for these plans as defined benefit plans. Therefore, it adopts the accounting approach envisaged for defined contribution plans which provide for recognition on an accrual basis of contributions to the plan in exchange for the work performed by the employees. If contributions have already been paid at the reporting date, no liability is recorded in the financial statements. This practice is consistent with that followed in the United States for plans with such characteristics.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues from sales and services are recognised when the conditions set out in IFRS 15 are met. In detail, the following recognition and accounting criteria are applied to the main types of revenue generated by the Group's activities:
1. Sale of goods: Revenue from the sale of goods is recognised upon the transfer of control *(at a point in time)* over the goods i.e. when the goods have been shipped to the customer's premises (shipment) or when it reaches the customer's premises, depending on the terms agreed for the specific transaction. The Group recognises the revenue when the transfer of control has taken place i.e. the moment when the right to receive the consideration becomes unconditional.
Revenue from the sale of goods is stated net of returns, discounts and price reductions provided for by commercial agreements as well as net of taxes directly related to the sale of goods. At the time of sale, a

liability for future refunds is recorded along with a corresponding revenue adjustment for an estimate of goods expected to be returned.
If the consideration provided for in the contract includes a variable element e.g. performance bonuses, penalties or other similar items, the Group estimates the amount of such variable consideration to which the customer will be entitled in exchange for the transfer of the goods, deducting it from the amount of the revenue.
2. After sales services: customer agreements include after sales services, sometimes even in the transaction price for the sale of the goods. Part of these services refers to maintenance work that may be requested by the customer for a period normally coinciding with the legal warranty and/or in accordance with market practices. As already stated in the note on provisions for risks and charges, provision for this type of warranty is made in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. Meanwhile, the extension of these services beyond the period covered by the legal warranty or provided for based on market practice constitutes a separate service as it is duly provided by the Group to other customers and is potentially available on an autonomous basis from other providers on the market. Therefore, a portion of the transaction price is allocated to extended warranty services based on the selling price of those services and the revenue is recognised over time, considering the duration of the service.

RECOGNITION OF COSTS

Costs and other operating expenses are recognised in profit or loss when they are incurred based on the accrual principle that applies to revenue and when they do not fulfil requirements for capitalisation in the statement of financial position. Costs are stated net of returns, discounts and rebates.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised in profit or loss based on the accrual principle. Interest is recognised using the effective interest method.

INCOME TAXES FOR THE YEAR

Current income taxes are allocated by each consolidated company on the basis of the best estimate of the tax charges to be paid in application of the tax regulations in force in the respective countries.
The related tax payable is recognised in the statement of financial position at nominal value, net of the advances paid, of withholding taxes and tax credits that can be offset and not requested as a refund; if the advances paid, withholding taxes and tax credits exceed the taxes due, the relevant tax receivable is recognised.
Deferred tax assets and liabilities resulting from temporary differences between the amounts recognised in the financial statements of the individual consolidated companies and the corresponding tax amounts are recorded in accordance with the applicable regulations and are offset only if there is a legal right to offset balances and the companies intend to settle tax payables and receivables on a net basis by means of a single payment.
They are measured taking into account the estimated tax rate that the Company is expected to incur in the year in which the temporary differences will form part of the tax result, based on enacted or substantively enacted tax rates.
These are recognised in the statement of financial position and statement of profit or loss taking into account that:
a) deferred tax assets are recognised in the statement of financial position only if it is reasonably certain that they will be recovered and that, in the future periods when the deductible differences reverse, there will be taxable income of not less than the amount of the differences reversing;
b) deferred tax liabilities have been recognised because there are taxable temporary differences that will give rise to taxable amounts in future periods.

The Group refers to IFRIC 23 when there is uncertainty over tax treatment. Depending on the approach that best resolves the uncertainty, the Group decides whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. In determining the approach that best

resolves the uncertainty, the Group also takes into account how the tax authorities could check and resolves issues that may arise from that approach.

STATEMENT OF CASH FLOWS

The statement of cash flows, prepared using the indirect method, presents the cash flows for the reporting period. It classifies them as cash flows from operating activities, investing activities and financing activities, with separate disclosure of cash flows generated by assets held for sale and discontinued operations. Cash and cash equivalents refer to the corresponding amount reported in the statement of financial position. Cash flows from operating activities also include outflows for payment of non-recurring expenses in addition to financial income and expenses, which are reported separately in accordance with IAS 7. Payments regarding the principal element of lease liabilities are included in cash flows from financial activities while the amount relating to the interest element of the same leases is included in cash flows from operating activities.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Preparation of Consolidated Financial Statements in accordance with IAS/IFRS requires the Director to make significant estimates and assumptions that have an effect on the amount of revenues, expenses, assets and liabilities in the financial statements and on disclosures regarding contingent assets and liabilities at the consolidated reporting date.

These estimates and assumptions are based on experience and other factors considered relevant. Although the constant analysis process makes the estimates more reliable, actual results may still differ from the estimates. In that case, the effects of any variance will be reflected in profit or loss in the period in which the estimate is revised if the revision will affect that period only; it will also be reflected in profit or loss for subsequent periods if the revision will affect the current period and future periods. Furthermore, a particularly important part of the main estimation processes is the forecasting of future events which may be influenced by economic trends and by the impact that changes in the current macroeconomic environment may have on the Group's operating and financial performance.

The assumptions used by Management when applying IAS/IFRS with regard to the future and which may have a significant effect on the amounts reported in the financial statements, or for which there is a risk that significant adjustments to the carrying amount of assets and liabilities may emerge in the period after the reporting period, mainly relate to the following:

Recoverability of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are adjusted for impairment when events or changed circumstances indicate that the amount recognised in the financial statements is not recoverable. The events that can lead to an impairment adjustment of assets or cash generating units ("CGU") are: changes in business plans, changes in market prices that can lead to lower operating performance, reduced plant utilisation and/or increase in the cost of borrowing. The decision whether or not to recognise and quantify an impairment adjustment depends on the Sole Director's assessments of complex and highly uncertain factors. Such factors include future price trends, the impact of inflation and technological improvements on production factors, production profiles, legislative and regulatory changes and global, national and regional supply and demand conditions.

Expected cash flows that form the basis for calculation of value in use estimated considering information available when the estimate is made on the basis of highly subjective judgment of the trend of future variables such as prices, costs, demand growth rates and production profiles; they are discounted using a post-tax rate that takes into account the risk regarding the asset or cash generating unit ("CGU"). Any changes in the assumptions and/or market conditions could affect the recoverable amount of the assets reported and lead to the need for impairment adjustments.

Recoverability of deferred tax assets

The consolidated financial statements report deferred tax assets related to the recognition of temporary differences between amounts for statutory reporting purposes and amounts for tax purposes. These deferred

tax assets can be used in future years depending on the taxable income generated by the ALI Group companies.
The recoverability of deferred tax assets is measured taking account of estimated future taxable income and is based on the long-term business plans of the Group companies, which are the result of assumptions. However, if the Group companies are unable to recover all or part of the deferred tax assets in future years, the resulting adjustment will be charged to profit or loss for the period in which this circumstance occurs.

Product warranty provision
As is normal practice in the sector in which Group companies operate, many of the products sold are covered by a warranty that covers a pre-determined period of time. The warranty provision recognised in the financial statements is estimated on the basis of historical data on service charges, the cost and frequency of repairs and other information available.

Bad debt provision
The bad debt provision reflects estimated losses on the receivables of Group companies. Provision is made for expected losses on receivables, estimated on the basis of past experience of receivables with a similar credit risk, as well as the careful monitoring of the quality of the receivables portfolio. Although the provision created is considered reasonable, the use of different assumptions or a change in economic conditions could lead to changes in the bad debt provision and have an impact on the Group's results.

Employee benefits
The recognition of defined benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for work done in the current and prior reporting periods and the discounting of those benefits in order to determine the present value of the Group's commitments.
The present value of the commitments is determined by an independent actuary using the "Projected Unit Credit Method"; this method is based on demographic and financial/economic assumptions related to macroeconomic trends and events beyond the Group's control.

1.8 New accounting standards

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BUT NOT YET APPLIED

The following accounting standards, amendments and IFRS interpretations have been endorsed by the European Union but have not been applied by the Group:

- On May 18, 2017, the IASB published IFRS 17 – *Insurance Contracts* which is destined to replace IFRS 4 – Insurance Contracts. The standard is applicable from January 1, 2023. The aim of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations resulting from the insurance contracts issued. The IASB has developed the standard in order to eliminate inconsistencies and weaknesses in existing accounting standards while providing a single principle-based approach to take account of all of the types of insurance contracts held by an insurer, including reinsurance contracts.
  The new standard also lays down presentation and disclosure requirements to improve comparability between entities belonging to this segment.
  The new standard measures insurance contracts based on a General Model or a simplified version thereof, called the Premium Allocation Approach ("PAA").

The entity shall apply the new standard to all insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and to investment contracts with a discretionary participation feature (DPF).

Moreover, on December 9, 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is applicable from January 1, 2023, along with application of IFRS 17.

Adoption of the standard and the related amendment is not expected to have any significant effect on the Group's consolidated financial statements.

- On May 7, 2021, the IASB published an amendment called "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how to account for deferred tax on transactions such as leases and decommissioning obligations that can generate assets and liabilities of the same amount. The amendments are applicable from January 1, 2023.

Management Director does not expect adoption of the amendment to have a significant effect on the Ali Group's consolidated financial statements.

- On February 12, 2021, the IASB published two amendments called "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*" and "*Definition of Accounting Estimates—Amendments to IAS 8*". The amendments are intended to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and to distinguish changes in accounting estimates from changes in accounting policies. The amendments came into force with effect from January 1, 2023. Management does not expect the adoption of these amendments to have any significant effect on the Ali Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for adoption of the amendments and standards described below.

- On January 23, 2020, the IASB published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The document aims to clarify how to classify debt and other liabilities as current or non-current. The amendments will come into force from January 1, 2024. Management does not expect adoption of this amendment to produce any significant effects on the Group's consolidated financial statements.

- On August 15, 2023, the IASB published an amendment called "*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*". The amendment clarifies when a currency may not be exchanged for another, how to estimate the exchange rate and which disclosures should be provided in the Notes. The amendment will come into force from January 1, 2025; early application is permitted.

- On May 23, 2023, the IASB published an amendment called "*Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules*". The document introduces a temporary exemption from obligations for the recognition and disclosure of deferred tax assets and liabilities relating to the Pillar Two Model Rules and introduces specific disclosure obligations for entities affected by the relevant International Tax Reform.

The document provides for the immediate application of the temporary exemption while the disclosure obligations shall be applicable only to annual financial statements for periods commencing on (or after) January 1, 2023 but not to interim financial statements with a reporting date prior to December 31, 2023. Management does not expect adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

1.9 Note on the effects of first-time adoption of IAS/ IFRS

Foreword

European Regulation (CE) no 1606/2002 of July 19, 2022 introduced an obligation, with effect from 2005, to apply the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, when preparing the consolidated financial statements of companies with securities traded on a public market of the European Community.

Legislative Decree no 38 of February 28, 2005 adopted the provisions of said European Regulation into. By means of that Decree, the Italian legislator also introduced the option of adopting said IFRS to unlisted companies when preparing their separate and consolidated financial statements.

Ali Holding S.r.l. (hereinafter, also, the "Parent Company") decided to prepare its consolidated and separate financial statements in accordance with IFRS with effect from the reporting period ended August 31, 2023, in application of Article 2(f) and Article 3(2) of said Legislative Decree. In accordance with *First-time adoption of IFRS Accounting Standards*, the date of transition to IFRS for the consolidated financial statements and the separate financial statements is September 1, 2021.

This Note provides the reconciliations and related notes (hereinafter "IFRS Reconciliation Schedules") required by IFRS 1 First-time adoption of IFRS Accounting Standards. Specifically, it provides a reconciliation of equity at the beginning and end of the reporting period ended August 31, 2022 and of the result for the reporting period ended August 31, 2022 with the amounts stated under the previous accounting standards, in order to present the consolidated financial information of Ali Holding S.r.l. and its subsidiaries (hereinafter, also, the "Group") as restated in compliance with the IFRS endorsed by the European Union; the reconciliation shows the impact that restatement in accordance with said accounting standards has had on the Group's financial position, results and cash flows.

The note also provides a reconciliation of the shareholders' equity of the Parent Company at the beginning and end of the comparative period and of the result for the reporting period ended August 31, 2022 with the amounts stated under the previous accounting standards. The aim of the reconciliation is to present the statement of financial position and the result for the year in accordance with the IFRS endorsed by the European Union.

It should also be noted that as the IAS/IFRS Reconciliation Schedules have been prepared solely for transition purposes when preparing the consolidated and separate financial statements in accordance with IAS/IFRS, they lack the comparative information and the notes that would be required in order to reliably represent the financial position and results of the Group and the Parent Company in accordance with IAS/IFRS.

The statement of financial position and the statement of profit or loss prepared in accordance with IAS/IFRS were obtained by adjusting and reclassifying the final figures prepared in accordance with the previous accounting standards in such a way as to comply with the disclosure and recognition requirements of IAS/IFRS. Pursuant to IFRS 1 *First-time adoption of IFRS Accounting Standards*, the effects of the transition to IAS/IFRS were reflected in a specific equity reserve at the transition date.

The reconciliation schedules prepared pursuant to IFRS 1 First-time adoption of IFRS Accounting Standards represent the amounts published as comparative information in the Group's first consolidated financial statements and the Parent Company's first separate financial statements prepared in accordance with IAS/IFRS.

This Note includes:

- a reconciliation of the statement of financial position as at September 1, 2021 (transition date) – for both the Group consolidated financial statements and the separate financial statements of Ali Holding S.r.l. – between the one prepared under the former accounting principles and the one prepared under IAS/IFRS;

- a reconciliation of the statement of financial position as at August 31, 2022 – for both the Group consolidated financial statements and the separate financial statements of Ali Holding S.r.l. – between the one prepared under the former accounting principles and the one prepared under IAS/IFRS;

- a reconciliation of the statement of profit or loss for the reporting period ended August 31, 2022 – for both the Group consolidated financial statements and the separate financial statements of Ali

Holding S.r.l. – between the one prepared under the former accounting principles and the one prepared under IAS/IFRS;

- a reconciliation of shareholders' equity as at 1 September 2021 and August 31, 2022 – for both the Group consolidated financial statements and the separate financial statements of Ali Holding S.r.l. – between that determined under the former accounting principles and that determined under IAS/IFRS;

- Notes on the adjustments and reclassifications included in the abovementioned reconciliation schedules. They describe the main effects of the transaction with regard to both the classification of the various items in the financial statements and their different measurement and, therefore, the resulting effects on the financial position and results of the Group and the Parent Company.

A reconciliation of the consolidated and separate statement of comprehensive income for the reporting period ended August 31, 2022 is not presented as no such statement was prepared under the previous accounting standards. However, the notes on the IAS/IFRS adjustments and reclassifications do provide details of any impact on the statement of comprehensive income for the reporting period ended August 31, 2022.

As required by IFRS 1 *First-time adoption of IFRS Accounting Standards*, at the transition date (September 1, 2021), a statement of financial position has been prepared in which:

- all assets and liabilities whose recognition is required by IFRS have been included based on the recognition and measurement criteria provided for by IFRS;

- assets and liabilities whose recognition is not permitted by IFRS have not been included;

- amounts previously disclosed in a manner different to that required by IFRS have been reclassified;

- all adjustments resulting from the first-time application of IFRS have been booked with a contra-entry to a specific equity reserve.

When preparing the first consolidated and separate financial statements as at August 31, 2023, the following choices have been adopted from the set of options available under IFRS 1 *First time adoption of IFRS Accounting Standards:*

- the Statement of financial position has been prepared under the "increasing liquidity" method

  i. current assets are cash or cash equivalents, assets expected to be realised, sold or consumed in normal course of the company's operations, assets held for trading and assets expected to be realised within twelve months of the reporting date. All other assets are classified as non-current;

  ii. current liabilities are liabilities that are expected to be extinguished in the normal course of the company's business or within twelve months of the reporting date, or those that do not have an unconditional right to defer settlement beyond twelve months. All other liabilities are classified as non-current.

- the Statement of profit or loss has been prepared with costs classified by their nature;

- the Group has opted to prepare the Statement of Cash Flows using the indirect method;

- a separate Statement of Comprehensive Income has been prepared. Pursuant to IAS 1 Presentation of financial statements, all changes generated by profits and losses recorded directly in equity shall be shown in the Statement of Comprehensive Income in order to show the comprehensive performance for the reporting period ("comprehensive income or loss"). The amendments to IAS 1 Presentation of financial statements require that it be disclosed whether the items reported in the

statement of financial position may or may not be recycled in subsequent periods through profit or loss.

Unless otherwise stated, the amounts are reported in thousands of Euro and may differ very slightly from their amounts in Euro as a result of rounding.

Optional exemptions available under IFRS 1 upon first-time application of IAS/IFRS (September 1, 2021), used by the Ali Group when preparing the consolidated financial statements and by the Parent Company when preparing the separate financial statements:

- **Business combinations:** the Group has chosen not to apply IFRS 3 retrospectively to business combinations that occurred prior to the date of transition to IFRS;

- **Measurement of property, plant and equipment, investment property and intangible assets at fair value or, alternatively, at revalued cost as a substitute for cost:** the Group has decided to use fair value as deemed cost for the initial measurement of certain property, plant and equipment. The fair values of these assets were obtained by means of a specific appraisal performed by an independent third party;

- Leases: the Group has chosen not to apply the standard on a fully retrospective basis, deciding not to reflect the effect there would have been on the financial statements if the standard had always been applied. Therefore, the Group has:

  - Measured the lease liability at the IFRS transition date;
  - Measured the right of use asset at the IFRS transition date at an amount equal to the lease liability, adjusted for any amounts paid in advance or accruing in relation to those leases recognised in the statement of financial position immediately prior to the date of transition to IFRS;
  - Applied the provisions of IAS 36 *Impairment of assets* to right of use assets at the date of transition to IFRS, where necessary.

  As permitted upon transition, deciding on a lease-by-lease basis, the Group relied on its experience to determine the duration of the lease if the agreement contained on option for its extension or termination.

- **Cumulative translation differences:** the Group has elected to use the exemption available for cumulative translation differences present in consolidated shareholders' equity at the date of transition to IFRS and arising from the translation of the financial statements of subsidiaries prepared in foreign currency; at the FTA date (September 1, 2021), the translation reserve determined in accordance with the previous accounting standards was reclassified to Other reserves under Retained earnings/accumulated losses;

- **Fair value measurement of financial assets and liabilities at initial recognition date:** IFRS 9 requires that financial assets and liabilities be initially recognised at fair value with a sole exception for trade receivables that do not have a significant financing component. Upon first time application of IFRS, the company opted for prospective application of the provisions of paragraph B5.1.2 A, b) of IFRS 9;

- **Revenues from contracts with customers:** the Group has not restated revenues from contracts completed before the first reporting period presented.

The Parent Company elected to adopt the following optional exemptions when preparing its separate financial statements:

- **Use of deemed cost for investments in subsidiaries, joint ventures and associated companies:** the Parent Company has chosen to measure investments in subsidiaries at cost, as determined using the deemed cost in the opening statement of financial position. As permitted by IFRS 1, the deemed cost of these investments is equal to carrying amount under the previous accounting standards.

Accounting treatment chosen from the options provided for by IFRS:

IFRS allow for certain accounting options. The choices made by the Group are set out below:

- **Measurement of property, plant and equipment and intangible assets:** after initial recognition at cost, IAS 16 – *Property, plant and equipment* and IAS 38 – *Intangible assets* provide that property, plant and equipment and intangible assets may be measured at cost net of accumulated depreciation/amortisation and impairment adjustments, or by measuring their fair value periodically and restating the carrying amount at that value ("*Revaluation Model*"). The Group – when preparing its consolidated financial statements – and the Parent Company – when preparing its separate financial statements – decided to maintain cost as the measurement criterion for property, plant and equipment and intangible assets;

- **Measurement of investment property:** pursuant to IAS 40 *Investment property*, a property held as an investment shall initially be recognised at cost, including direct related expenses. Subsequently, such property may be measured at fair value or at cost. The Group has chosen to adopt the cost criterion;

- **Inventories:** pursuant to IAS 2, the cost of inventories shall be determined using the FIFO method or the weighted average cost method. In line with the inventory valuation method adopted under the previous accounting standards, the Group has chosen to continue to use the weighted average cost method.

Reconciliation between Shareholders Equity and Profit for the Year under Italian GAAP and Shareholders' Equity and Profit for the Year under IAS/IFRS

The differences arising from the application of IAS/IFRS rather than Italian GAAP to the opening statement of financial position as at September 1, 2021 and to the financial statements as at August 31, 2022 are set out in the following reconciliation for both the Parent Company and the Group.

The individual amounts are shown in the table before tax while the related tax effects (deferred tax assets and liabilities) are shown separately under a specific cumulative adjustment

Reconciliation of equity for Group Consolidated financial statement at Septmber 1st 2021 and at August 31st 2022 and for P&L FY 2022

Euro thousands	September 1st 2021	Dividends	Net profit/(loss) for the year	Other Movements	Conversion difference	August 31st 2022
Equity ITA Gaap	**1,675,203**	**(93,000)**	**264,809**	**247**	**186,166**	**2,033,425**
FTA Reserve	**(55,024)**					**(55,024)**
IFRS 3	*(101,259)*					*(101,259)*
IAS 16	*54,975*					*54,975*
IAS 19	*(3,519)*					*(3,519)*
IAS 21	*(3,540)*					*(3,540)*
Other minor	*(1,282)*					*(1,282)*
IAS 40	*(285)*					*(285)*
IFRS 9	*(285)*					*(285)*
IAS 37	*171*					*171*
Net profit/(loss) for the year			**17,524**			**17,524**
Other comprehensive income				**2,661**		**2,661**
Conversion difference					**(1,411)**	**(1,411)**
Equity IAS - IFRS	**1,620,180**	**(93,000)**	**282,333**	**2,908**	**184,755**	**1,997,176**

Reconciliation of equity for Parent company financial statement at Septmber 1st 2021 and at August 31st 2022 and for P&L FY 2022

Euro thousands	September 1st 2021	Dividends	Net profit/(loss) for the year	Other Movements	August 31st 2022
Equity ITA Gaap	**657,622,139**	**(93,000,000)**	**149,441,220**	**(1)**	**714,063,358**
FTA Reserve	**-**				**-**
Net profit/(loss) for the year			**-**		**-**
Equity IAS - IFRS	**657,622,139**	**(93,000,000)**	**149,441,220**	**(1)**	**714,063,358**

The main IAS/IFRS adjustments made to the statement of financial position and the profit for 2022 as prepared under Italian GAAP are described below:

1. **IAS 38 Intangible assets and IFRS 3 *Business combinations***

According to IAS 38 *Intangible assets*, intangible assets with an indefinite useful life shall not be amortised. Rather, pursuant to IAS 36 *Impairment of assets*, companies are required to test whether an intangible asset with an indefinite useful life has been impaired by comparing its recoverable amount with its carrying amount at least annually.

For IAS/IFRS valuation purposes, the value of goodwill recognised in the Group's consolidated financial statements has been restored to the value recognised for the purposes of the Italian GAAP consolidated financial statements as at 1 September 2021.

The impact of this change on the statement of profit or loss for 2022 amounts to Euro 85,777 thousand with a corresponding positive effect on shareholders' equity as at August 31, 2022.

Pursuant to IFRS 3 *Business combinations*, acquisition-related expenses such as the expenses incurred by the acquirer to carry out the acquisition e.g. brokerage fees, legal fees and accounting advisory fees, fees for appraisals and other professional or consulting fees, general administrative expenses, costs for the registration and issue of debt securities and equities do not form part of the consideration transferred and shall be accounted for as costs in the periods in which they are incurred and the services are received.

The impact of these changes at the transition date amounted to Euro -101,259 thousand while the effect on profit or loss for 2022 was equal to Euro 30,428 thousand with an effect of Euro -153,301 thousand on shareholders' equity as at August 31, 2022.

As required by IFRS 1:C4(g), which governs the optional exemption for business combinations, the carrying amount of goodwill in the opening IFRS statement of financial position has been maintained under its existing carrying amount under the previous accounting standards at the transition date; it has been adjusted only to recognise intangible assets that were allocated to goodwill at the time of recognition under the previous GAAP.

The value of the customer lists that, at the transition date, were separated from the previously recognised goodwill was Euro 102,943 thousand, with a negative effect on profit or loss for 2022 as a result of additional amortisation of Euro 42,493 thousand.

It should also be noted that, in accordance with IAS 21:47, goodwill arising on previous acquisitions of foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of those foreign operation have been treated as assets and liabilities of the foreign operation. Thus, they have been expressed in the functional currency of the foreign operations; these amounts are translated at the closing rate in compliance with IAS 21:39 and 42.

2. IAS 16 Property, plant and equipment

At the transition date, the Group restated the value of its property, plant and equipment, applying the option available under IFRS 1 *First-time adoption of IFRS Accounting Standards*.

Specifically, the *fair value* (*fair value as deemed cost*) of the most significant property and plant was determined based on a specific appraisal carried out by independent expert KROLL Advisory S.p.A..

Based on the results of the appraisal, the net carrying amount of property, plant and equipment at the transition date was increased by Euro 71,400 thousand. It should also be noted that the Group updated the residual useful life of these asset categories, on the basis of the results of these appraisals, in accordance with IAS 16.

The impact of these adjustments on profit or loss for 2022 was equal to Euro 3,573 thousand while the positive effect on shareholders' equity as at August 31, 2022 totalled Euro 55,752 thousand.

3. IAS 40 Investment property

In accordance with IAS 40 *Investment property*, the Group properties held in order to earn lease/rental income, to appreciate the invested capital, or for both reasons, have been classified as investment property.

At the transition date, these assets were valued using the fair value method as a substitute for cost.

As explained in comment 2. on the adjustment to property, plant and equipment, independent expert KROLL Advisory S.p.A. was engaged to measure the fair value of the properties held by the Group as investment property. At the transition date, the fair value of these properties was Euro 285 thousand lower than their net carrying amount.

The effect of the adjustments on profit or loss for 2022 was positive by Euro 55 thousand while the effect on equity as at August 31, 2022 amounted to Euro 373 thousand.

4. IFRS 16 Leases

IAS/IFRS provide for a single accounting model for entities that act as lessees, requiring, at commencement date of the lease, the recognition of assets and liabilities for all leases with a duration of more than a year, unless the underlying asset is a low value asset. The lessee is required to recognise a right of use asset that represents its right to use the underlying leased asset and a lease liability that represents its obligation to make payments to the lessor. Assets so recognised in the financial statements are depreciation on the same basis as owned assets, in accordance with the rules set out in the relevant accounting standards.

Application of this standard led to the recognition of right of use assets of Euro 122,804 thousand and liabilities from leases at the time of transition of Euro 122,625 thousand. The effect of these adjustments on profit or loss for 2022 was Euro 1,091 thousand with an effect of Euro 1,249 thousand on shareholders' equity at August 31, 2022.

5. IAS 19 Employee benefits

Italian GAAP requires the recognition of liabilities for defined benefit pension plans based on the nominal liability accruing under statutory provisions in place at the reporting date. Under IAS/IFRS, these liabilities (including the TFR liability in Italy) come under the type of defined benefit plans subject to actuarial valuation (mortality, foreseeable changes in remuneration, financial indexes, etc) in order to express the present value of the benefit, payable at the end of the employment relationship, accruing in favour of the employees at the reporting date.

Application of this different accounting treatment produced a negative effect on Shareholders' Equity at the transition date of Euro 3,519 thousand. The actuarial method calculation of the expense for the period had a negative effect of Euro 310 thousand on profit or loss for 2022, an effect of Euro 2,611 thousand on the

Statement of Comprehensive Income and an effect of Euro 1,168 thousand on Shareholders' Equity as at August 31, 2022.

6. IFRS 9 Financial instruments

IFRS 9 *Financial instruments* requires the recognition, at each reporting date, of a provision for expected credit losses over the life of a credit instrument if the credit risk of the financial instrument has significantly increased after initial recognition. The standard offers the possibility of adopting the simplified method for trade receivables, contract assets and lease receivables where they do not contain a significant financing component. The Group has opted for this simplified method.

The impact of this accounting requirement on shareholders' equity at the transition date amounts to Euro 285 thousand while the effect on profit or loss for 2022 of application of the expected credit loss method described above is Euro 99 thousand.

7. IFRS 1 Translation reserve

As described above in the paragraph on exemptions available under IFRS 1 *First-time adoption of IFRS Accounting Standards*, the Group has decided to use the exemption for cumulative translation differences present in consolidated equity at the date of transition to IFRS. Therefore, this reserve of Euro 57,816 thousand has been reclassified to Retained earnings.

8. IAS 12 Income taxes

The adjustments shown in the reconciliations in relation to deferred tax assets/liabilities regard the recognition of the effects of adjustments resulting from the transition to IAS/IFRS, The deferred tax assets/liabilities reported in the consolidated financial statements as at September 1, 2021 have been calculated applying the tax rates in force at the date of transition to IAS/IFRS.

Reclassifications

The main reclassifications resulting from application of IAS/IFRS in place of Italian GAAP to the consolidated financial statements – and the separate financial statements, where applicable – regard:

- The classification of assets and liabilities showing "current/non-current" amounts. Specifically, assets/liabilities were identified as current if:
  - They are expected to be realised/extinguished or they are expected to be sold or utilised during the normal operating cycle, or
  - They are held mainly for trading purposes, or
  - They are expected to be realised/extinguished within 12 months of the reporting date.
- The classification of financial discounts and rebate (e.g. cash discounts) as a reduction to revenues as they are akin to variable fees to be allocated to the specific obligations to be fulfilled.

IAS/IFRS consolidated statement of financial position as at September 1, 2021 and August 31, 2022, statement of profit or loss as at August 31, 2022

In addition to the reconciliations of shareholders' equity and profit for the year, accompanied by comments on the adjustments made to the balances determined in accordance with Italian GAAP, IAS/IFRS statements of financial position as at September 1, 2021 and August 31, 2022 and the statement of profit or loss for 2022 are set out below. They show in separate columns:

- The amounts under Italian GAAP reclassified based on the IAS/IFRS reporting format adopted by the Ali Group;
- The amount of the reclassifications made as a result of the different accounting treatment under IAS/IFRS with details of the relevant Notes;
- The amount of the adjustments made in application of IAS/IFRS compared to Italian GAAP with details of the relevant Notes;

- The closing amounts under IAS/IFRS.

For comments on the adjustments reported in the statement of financial position and statement of profit or loss, refer to the corresponding notes in the previous paragraph.

Consolidated statement of financial position as at September 1, 2021

Euro thousands	Italian Gaap 01.09.2021	IFRS 16	IAS 19	IFRS 9	IFRS 3	IAS 40	IAS 16	IAS 37	IAS 16 - Leasehold improvements	Other minors	IAS - IFRS 01.09.2021
NON-CURRENT ASSETS											
Goodwill	191,373				(80,397)					(24)	110,952
Other intangible assets	44,642				103,970				(1,330)	(886)	146,396
Property, plant and equipment	259,161				(501)	(5,325)	71,400		1,330	(678)	325,387
Rights of use on leased assets	-	122,804								-	122,804
Investment properties	-					4,930					4,930
Investments	594									(1)	593
Non-current financial assets	882									-	882
Deferred tax assets	49,058		1,232	102		110	907			(5)	51,404
Other non-current assets	9,003		883								9,886
Total non-current assets	**554,713**	**122,804**	**2,115**	**102**	**23,072**	**(285)**	**72,307**	**-**	**-**	**(1,594)**	**773,234**
CURRENT ASSETS											
Inventories	367,084									(1)	367,083
Trade receivables and other receivables	490,756	(516)		(386)	(101,259)					(1)	388,594
Tax receivables	14,257									-	14,257
Current financial assets	313									-	313
Cash and cash equivalents	841,773									(1)	841,772
										-	
Total current assets	**1,714,183**	**(516)**	**-**	**(386)**	**(101,259)**	**-**	**-**	**-**	**-**	**(3)**	**1,612,019**
Total Assets	**2,268,896**	**122,288**	**2,115**	**(284)**	**(78,187)**	**(285)**	**72,307**	**-**	**-**	**(1,597)**	**2,385,253**

Euro thousands											
SHAREHOLDERS' EQUITY											
Share Capital	51,000										51,000
Reserves and Retained earnings (Accumulated losses)	1,427,907	(158)	(3,519)	(285)	(104,828)	(285)	54,975	171	-	(1,094)	1,372,884
Profit (Loss) for the year	196,296									-	196,296
Consolidated shareholders' equity of Group	**1,675,203**	**(158)**	**(3,519)**	**(285)**	**(104,828)**	**(285)**	**54,975**	**171**	**-**		**1,620,180**
NON-CURRENT LIABILITIES											
Non-current bank borrowing and payables to other lenders	-									268	268
Non-current lease liabilities	-	100,691								-	100,691
Altre passività finanziarie non correnti	268									(268)	-
Provision for employee benefits	19,074		6,082							-	25,156
Provisions for risks and charges	2,937							(221)		-	2,716
Deferred tax liabilities	27,057				26,642		17,332	50		(495)	70,586
Other non-current liabilities	6,150	(179)	(395)							-	5,576
Total non-current liabilities	**55,486**	**100,512**	**5,687**	**-**	**26,642**	**-**	**17,332**	**(171)**	**-**		**204,993**
CURRENT LIABILITIES											
Current bank borrowing and payables to other lenders	5,440									-	5,440
Current lease liabilities	-	21,934								-	21,934
Other current financial liabilities	805									-	805
Current portion of provisions for risks and charges	41,590									(1)	41,589
Trade payables	260,190									-	260,190
Tax payables	26,107									-	26,107
Sundry payables and other current liabilities	204,073		(54)							(3)	204,016
Total current liabilities	**538,205**	**21,934**	**(54)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**560,081**
Total Liabilities and Equity	**2,268,896**	**122,288**	**2,115**	**(285)**	**(78,186)**	**(285)**	**72,307**	**-**	**-**	**(7)**	**2,385,253**

Consolidated statement of financial position as at August 31, 2022

Euro thousands	Italian Gaap 01.09.2021	IFRS 16	Reclassification IAS 7 Welbilt	IAS 19	IFRS 9	IAS 17	IFRS 3 Transaction cost	IAS 40	IAS 16	IAS 37	IAS 38/IFRS 3	IAS 16 - Leasehold improvements	Other minors	IAS - IFRS 31.08.2022
NON-CURRENT ASSETS														
Goodwill	2,245,567						(153,301)				886			2,093,152
Other intangible assets	1,591,690										88,500	(1,093)	(526)	1,678,571
Property, plant and equipment	450,783					(1,511)		(5,152)	70,912		(3,563)	1,093	(502)	512,060
Rights of use on leased assets	-	168,763												168,763
Investment properties	-							4,842						4,842
Investments	589													589
Non-current financial assets	927													927
Deferred tax assets	130,542	145		954				80	1,042				(311)	132,452
Other non-current assets	6,978			5,804	137								2,694	15,613
Total non-current assets	**4,427,076**	**168,908**	**-**	**6,758**	**137**	**(1,511)**	**(153,301)**	**(230)**	**71,954**	**-**	**85,823**	**-**	**1,355**	**4,606,969**
CURRENT ASSETS														
Inventories	885,778												(2)	885,776
Trade receivables and other receivables	745,688	(465)			(521)								166	744,868
Tax receivables	70,429													70,429
Current financial assets	69,450		(6,144)										(1)	63,305
Cash and cash equivalents	910,865		6,144										1	917,010
Total current assets	**2,682,210**	**(465)**	**-**	**-**	**(521)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**164**	**2,681,388**
Total Assets	**7,109,289**	**168,443**	**-**	**6,758**	**(384)**	**(1,511)**	**(153,301)**	**(230)**	**71,954**	**-**	**85,823**	**-**	**1,519**	**7,288,357**

Euro thousands														
SHAREHOLDERS' EQUITY														
Share Capital	51,000	-		-	-	-	-	-	-	-				51,000
Reserves and Retained earnings (Accumulated losses)	1,718,750	(158)	-	(858)	(285)	(1,094)	(122,873)	(285)	59,325	171	12,566	-	(1,415)	1,663,844
Profit (Loss) for the year	264,809	(1,091)		(310)	(99)	74	(30,428)	55	(3,573)	1,049	51,867		(18)	282,335
Consolidated shareholders' equity of Group	**2,034,559**	**(1,249)**	**-**	**(1,168)**	**(384)**	**(1,020)**	**(153,301)**	**(230)**	**55,752**	**1,220**	**64,433**	**-**	**(1,433)**	**1,997,179**
NON-CURRENT LIABILITIES														
Non-current bank borrowing and payables to other len	3,023,246	-		-	-	-	-	-	-	-			132	3,023,378
Non-current lease liabilities	-	134,113		-	-	-	-	-	-	-				134,113
Altre passività finanziarie non correnti	132	-		-	-	-	-	-	-	-			(132)	-
Provision for employee benefits	33,777	-		8,539	-	-	-	-	-	-	(2,312)		2,204	42,208
Provisions for risks and charges	36,514									(1,579)			466	35,401
Deferred tax liabilities	401,927			(559)		(491)			16,202	359	23,702		1,103	442,243
Other non-current liabilities	16,644												(490)	16,154
Total non-current liabilities	**3,512,240**	**134,113**	**-**	**7,980**	**-**	**(491)**	**-**	**-**	**16,202**	**(1,220)**	**21,390**	**-**	**3,283**	**3,693,497**
CURRENT LIABILITIES														
Current bank borrowing and payables to other lenders	61,984												(1)	61,983
Current lease liabilities	-	35,579												35,579
Other current financial liabilities	175,253													175,253
Current portion of provisions for risks and charges	68,357												(1,910)	66,447
Trade payables	445,263												(3,249)	442,014
Tax payables	450,895			(54)									(1,586)	449,255
Sundry payables and other current liabilities	360,738												6,416	367,154
Total current liabilities	**1,562,490**	**35,579**	**-**	**(54)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(330)**	**1,597,685**
Total Liabilities and Equity	**7,109,289**	**168,443**	**-**	**6,758**	**(384)**	**(1,511)**	**(153,301)**	**(230)**	**71,954**	**-**	**85,823**	**-**	**1,519**	**7,288,357**

Group statement of profit or loss as at August 31, 2022

(Euro thousands)	Italian Gaap 2022	Cash Discount	IFRS 16	IAS 19	IFRS 9	IAS 17	IFRS 3 Transaction cost	IAS 40	IAS 16	IAS 38/IFRS 3	IAS 37	Other minors	IAS - IFRS 2022
Revenues	**2,797,879**	**(10,733)**										**1**	**2,787,147**
Other income	10,608		411										11,019
Purchases of raw materials and goods for production and resale	1,300,768	(1,733)										(3)	1,299,032
Change in inventories purchased and produced	(119,976)											3	(119,973)
Costs for services	418,005						30,428					(2)	448,431
Personnel costs	613,860			(1,306)									612,554
Other operating expenses	80,297		(26,917)									2	53,382
(Writedown) Writeback of trade receivables and other receivables	(4,620)				(135)							-	(4,755)
Depreciation, amortisation and writedowns of non-current assets	169,346		25,914			(103)	-	(80)	5,278	(40,961)		(12)	159,382
Operating income	**341,567**	**(9,000)**	**1,414**	**1,306**	**(135)**	**103**	**(30,428)**	**80**	**(5,278)**	**40,961**	**-**	**13**	**340,603**
Financial income	238,121	(1,733)	256	(2,178)			-				1,358	4,143	239,967
Financial expenses	43,415	(10,733)	3,019	(418)			-					4,156	39,439
Gains/(Losses) from financial assets and liabilities	(173,605)												(173,605)
Profit before tax	**362,668**	**-**	**(1,349)**	**(454)**	**(135)**	**103**	**(30,428)**	**80**	**(5,278)**	**40,961**	**1,358**	**-**	**367,526**
Taxes on income	97,861		(258)	(144)	(36)	29		25	(1,705)	(10,906)	309	18	85,193
Net profit/(loss) for the year	**264,807**	**-**	**(1,091)**	**(310)**	**(99)**	**74**	**(30,428)**	**55**	**(3,573)**	**51,867**	**1,049**	**(18)**	**282,333**

Parent Company statement of financial position as at 1 September 2021

Euro thousands	Italian Gaap 01.09.2021	Reclassifications IAS/IFRS	Adjustments IAS/IFRS	IAS - IFRS 01.09.2021
NON-CURRENT ASSETS				
Goodwill	-			-
Other intangible assets	-			-
Property, plant and equipment	-			-
Rights of use on leased assets	-			-
Investment properties	-			-
Investments	564,400,972			564,400,972
Non-current financial assets	-			-
Deferred tax assets	15,154			15,154
Other non-current assets	-			-
Total non-current assets	**564,416,126**	**-**	**-**	**564,416,126**
CURRENT ASSETS				
Inventories	-			-
Trade receivables and other receivables	100,178,116			100,178,116
Tax receivables	15,707,559			15,707,559
Current financial assets	23,692,851			23,692,851
Cash and cash equivalents	79,398			79,398
Total current assets	**139,657,923**			**139,657,923**
Total Assets	**704,074,050**	**-**	**-**	**704,074,050**

Euro thousands				
SHAREHOLDERS' EQUITY				
Share Capital	51,000,000			51,000,000
Reserves and Retained earnings (Accumulated losses)	526,630,817			526,630,817
Profit (Loss) for the year	79,991,320			79,991,320
Consolidated shareholders' equity of Group	**657,622,137**	**-**	**-**	**657,622,137**
NON-CURRENT LIABILITIES				
Non-current bank borrowing and payables to other len	-			-
Non-current lease liabilities	-			-
Altre passività finanziarie non correnti	-			-
Provision for employee benefits	-			-
Provisions for risks and charges	-			-
Deferred tax liabilities	959,848			959,848
Other non-current liabilities	-			-
Total non-current liabilities	**959,848**	**-**	**-**	**959,848**
CURRENT LIABILITIES				
Current bank borrowing and payables to other lenders	57			57
Current lease liabilities	-			-
Other current financial liabilities	-			-
Current portion of provisions for risks and charges	-			-
Trade payables	275,131			275,131
Tax payables	1,543,419			1,543,419
Sundry payables and other current liabilities	43,673,458			43,673,458
Total current liabilities	**45,492,064**	**-**	**-**	**45,492,064**
Total Liabilities and Equity	**704,074,050**	**-**	**-**	**704,074,050**

Parent Company statement of financial position as at August 31, 2022

Euro thousands	Italian Gaap 01.09.2021	Reclassifications IAS/IFRS	Adjustments IAS/IFRS	IAS - IFRS 01.09.2021
NON-CURRENT ASSETS				
Goodwill	-			-
Other intangible assets	-			-
Property, plant and equipment	-			-
Rights of use on leased assets	-			-
Investment properties	-			-
Investments	490,948,351			490,948,351
Non-current financial assets	236,791,875			236,791,875
Deferred tax assets	19,954			19,954
Other non-current assets	-			-
Total non-current assets	**727,760,180**	-	-	**727,760,180**
CURRENT ASSETS				
Inventories	-			-
Trade receivables and other receivables	2,065			2,065
Tax receivables	50,742,163			50,742,163
Current financial assets	30,497,478			30,497,478
Cash and cash equivalents	794,638			794,638
Total current assets	**82,036,345**	-	-	**82,036,345**
Total Assets	**809,796,524**	-	-	**809,796,524**

Euro thousands				
SHAREHOLDERS' EQUITY				
Share Capital	51,000,000			51,000,000
Reserves and Retained earnings (Accumulated losses)	513,622,137			513,622,137
Profit (Loss) for the year	149,441,220			149,441,220
Consolidated shareholders' equity of Group	**714,063,358**	-	-	**714,063,358**
NON-CURRENT LIABILITIES				
Non-current bank borrowing and payables to other len	-			-
Non-current lease liabilities	-			-
Altre passività finanziarie non correnti	-			-
Provision for employee benefits	-			-
Provisions for risks and charges	-			-
Deferred tax liabilities	2,299,281			2,299,281
Other non-current liabilities	-			-
Total non-current liabilities	**2,299,281**	-	-	**2,299,281**
CURRENT LIABILITIES				
Current bank borrowing and payables to other lenders	-			-
Current lease liabilities	-			-
Other current financial liabilities	-			-
Current portion of provisions for risks and charges	-			-
Trade payables	131,625			131,625
Tax payables	53,351,712			53,351,712
Sundry payables and other current liabilities	39,950,550			39,950,550
Total current liabilities	**93,433,887**	-	-	**93,433,887**
Total Liabilities and Equity	**809,796,524**	-	-	**809,796,524**

Parent Company statement of profit or loss as at August 31, 2022

(Euro thousands)	Italian Gaap 01.09.2021	Reclassifications IAS/IFRS	Adjustments IAS/IFRS	IAS - IFRS 01.09.2021
Revenues	-			-
Other income	7,049			7,049
Purchases of raw materials and goods for production and resale	-			-
Change in inventories purchased and produced	-			-
Costs for services	785,166			785,166
Personnel costs	-			-
Other operating expenses	6,603			6,603
(Writedown) Writeback of trade receivables and other receivables	-			-
Depreciation, amortisation and writedowns of non-current assets	-			-
Operating income	**(784,720)**	-	-	**(784,720)**
Financial income	34,393,765			34,393,765
Financial expenses	2,993,124			2,993,124
Gains/(Losses) from financial assets and liabilities	126,547,379			126,547,379
Profit before tax	**157,163,300**	-	-	**157,163,300**
Taxes on income	7,722,080			7,722,080
Net profit/(loss) for the year	**149,441,220**	-	-	**149,441,220**

Main changes made to the statement of cash flows

The cash flow information provided under IAS 7 *Statement of cash flows* is useful for assessing the entity's ability to generate cash and cash equivalents and to determine how it will be used,

Pursuant to IAS 7 *Statement of cash flows*, the statement of cash flows shall show separately cash flows, from operating, investing and financing activities:

- Cash flows from operating activities: cash flows from operating activities mainly relate to revenue-generated activities and are represented by the Group using the indirect method; under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature e.g. depreciation and amortisation, changes in receivables and payables, etc;
- Cash flows from investing activities: investing activities are disclosed separately because it reflects investments/divestments made with the aim of obtaining future revenues and positive cash flows;
- Cash flows from financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings.

According to this standard, other cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Equity investments are excluded from cash equivalents. Bank overdrafts are generally considered financing activities unless they are repayable on demand and form an integral part of the management of an entity's cash and cash equivalents in which case they are classified as a reduction to cash equivalents. In the statement of cash flows, payments that reduce the outstanding liability of a lease are included in financing activities while payments due for short-term leases, payments for leases of low value assets and variable payments not included in the measurement of the lease liability are included in operating activities. The Group has opted to include payments of interest on lease liabilities in cash flows from operating activities. IAS 7 offers an accounting policy choice for the classification of dividends and interest. Cash flows from the collection and payment of interest and dividends must be disclosed separately. Each shall be classified on a consistent basis from year to year and included, depending on its specific nature, in operating, investing or financing activities. The Group has opted to show interest paid in cash flows from financing activities while it has opted to include interest received in cash flows from operating activities.

2. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.1 Goodwill

This item shows a balance of Euro 1,814,196 thousand (Euro 2,093,152 thousand as at August 31, 2022).

	Goodwill
Opening amount	**2,093,152**
Impairment adjustments	(115,586)
Exchange differences	(163,370)
Closing amount	**1,814,196**

The Euro 278,956 thousand decrease in Goodwill includes Euro 115,586 thousand due to impairment adjustments recorded during the reporting period, as follows: i) an impairment adjustment of Euro 115,411 thousand to the goodwill arising on the acquisition of Welbilt and related to the APAC CGU of that Business Combination and ii) an impairment adjustment of Euro 175 thousand to the goodwill arising on the acquisition of Magec. For further details, see the "Impairment test" paragraph below. During the reporting period, goodwill also decreased by Euro 163,370 thousand due to the effect of exchange rate fluctuation over the period.

The following table contains a breakdown of goodwill as at August 31, 2023 and the amount of net invested capital for each CGU.

	Net Invested Capital	Of which Goodwill
Welbilt - America	2,236,842	1,266,117
Welbilt - EMEA	230,619	398,995
Intermetro	191,037	62,517
Montague	50,706	29,417
Scotsman	115,686	22,554
ADS	54,513	21,550
Rancilio	27,638	12,336
VDI	(91)	403
BG Italy	2,062	308
Closing amount	**2,909,012**	**1,814,196**

Impairment test

The Ali Group has tested the recoverable amount of Net Invested Capital (NIC) as at August 31, 2023. NIC includes operating assets and liabilities, as well as goodwill. For impairment test purposes, goodwill was allocated to the cash generating units (CGUs) shown in the table in the previous paragraph, as resulting from acquisitions made in prior years.

Management has not identified any other lower-level cash generating units with largely independent cash flows to be considered when allocating goodwill.

Impairment test of CGUs relating to Welbilt Business Combination

Management has identified the three geographical areas/"regions" in which the Welbilt sub-Group operates as cash generating units: America, EMEA and APAC.

The CGUs or the smallest identifiable group of assets capable of generating largely independent cash flows within the Welbilt sub-Group have been identified taking into account the organisational structure and way in which control over the operations of the CGUs is exercised.

As at August 31, 2023, goodwill only regards the America and EMEA CGUs only following the total writedown in the current year of the goodwill allocated to the APAC CGU, as previously indicated.

The Group has also appointed an independent valuation firm to assist management in testing the recoverability of the Net Invested Capital allocated to the three CGUs identified upon the Business Combination with the Welbilt Group.

The recoverable amount – i.e. "value in use" – of each CGU was determined. Value in use is the present value of the operating cash flows expected to be generated by the continuous use of the assets relating to the CGU, also at the end of their useful life in application of the perpetuity method.

The impairment test was performed using the most recent five-year plan of operating and financial performance, assuming that assumptions will be accurate and forecast objectives will be achieved.

The main assumptions used when drawing up the five-year plan include both variables that can be controlled by management and variables that are neither directly manageable nor predictable.

In detail, the five-year plan was prepared based on the annual budget of each CGU for the 2024 reporting period. Management then made estimates of the evolution and development of the business of each CGU for the subsequent years.

The main assumptions used in the five-year plan regard sales margins, sales volumes, price trends and operating expense trends. Management based the estimates used for the purposes of these assumptions on its prior experience and on expectations regarding the development of the businesses in which the sub-group operates; these expectations were determined on the basis of information available at the reporting date.

Given the general economic backdrop with a general rise in interest rates, the discount rate used after tax – based on the weighted average cost of capital (WACC) – is 10% for the America CGU and 11% for the EMEA and APAC CGUs.

As stated above, recoverable amount also includes the terminal value of the income streams which has been calculated using the perpetuity method and an appropriate g-rate.

The g-rate is 2.5% for the three CGUs, based on long-term inflation forecasts and considering operating cash flows based on the final year of the explicit forecast period as adjusted in order to project a stable situation in perpetuity.

The average cost of capital is the result of the weighted average cost of debt and the cost of equity, as constructed based on parameters relating to a group of companies operating in the foodservice equipment segment.

Amounts used to calculate the average cost of capital, as extrapolated from the main financial sources, are as follows:

- the financial structure of the industry of around 15% debt and 85% equity,
- levered beta 1.1,
- risk free rate 4.4% equal to the yield on 20-year risk free US bonds,
- risk premium 5%,
- additional specific risk of 1.5% for risk regarding small cap companies
- cost of pre-tax debt of 5.9%,
- country risk of 0% for the America CGU, 0.5% for the EMEA CGU and 0.4% for the APAC CGU.

The test performed on the present value of expected cash flows produced a value in use that was higher than the carrying amount of the entire Welbilt sub-group but it showed an impairment loss for the APAC CGU and this led to the total writedown of the goodwill allocated to that region by a total amount of Euro 115,411 thousand.

A combined sensitivity analysis was also performed on the main parameters in the impairment test calculation (discount rate and g-rate). This analysis did not detect any potential issues for the EMEA CGU. For the America CGU only, it identified potential impairment solely in case of a joint deterioration in both variables (1% increase in discount rate and 0.5% decrease in g-rate).

In any case, the test performed on the present value of cash flows shows that value in use is still higher than carrying amount for both the EMEA CGU and the America CGU. Therefore, no impairment adjustments were made to these CGUs.

It should, however, be noted that any changes in the macroeconomic or market situation and in the main estimates and assumptions made when preparing the business plan – and, therefore, when performing the impairment test – could affect the value in use and the result that will actually materialise in relation to the realisable amount of the assets recognised.

Impairment tests on other CGUs

The Group has carried out an impairment test on the other CGUs mentioned above.

The testing method was similar to those performed on the Welbilt sub-group. However, the definition and perimeter of these CGUs is that of the business as a whole because, unlike for Welbilt, a breakdown by geographical area is not meaningful. Indeed, for the other CGUs, management performed specific impairment tests in accordance with the procedure required by IAS 36: it compared the carrying amount of each CGU with their value in use determined as the present value of the estimated cash flows expected to be generated by the continuous use of the assets being tested for impairment.

Therefore, the method used considered operating cash flows based on the most recent forecast information for a period of 5 years, applying a discount rate based on the weighted average cost of capital determined based on amounts for comparable companies operating in the food service equipment sector.

Finally, the terminal value was calculated using the perpetuity method, considering operating cash flows based on the final year of the business plans as adjusted to project a steady state situation in perpetuity.

The following table shows the weighted average cost of capital and the growth rate used for each CGU:

	WACC	g-rate
Intermetro	10%	2,5%
Montague	10%	2,5%
Scotsman	10%	2,5%
ADS	10%	2,5%
Rancilio	11%	2,5%
VDI	10%	2,5%
BG Italy	10%	2,5%

The test performed on the present value of expected cash flows showed that for all CGUs – except Magec – value in use was higher than carrying amount. Accordingly, no impairment adjustments were required except in respect of the Magec CGU for which goodwill was written down in full by Euro 175 thousand.

A sensitivity analysis was also performed considering changes in the assumptions underlying the impairment test. The sensitivity analysis also produced positive results.

2.2 Other intangible assets

This item shows a balance of Euro 1,351,359 thousand (Euro 1,678,571 thousand as at August 31, 2022).

Changes during the reporting period were as follows:

	Develop-ment costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights
31 August 2021	**57**	**6,665**	**31,573**
Increases for the period	21	1,799	393
Decreases for the period	-	(2)	(62)
Amortisation	(44)	(3,585)	(21,313)
Revaluations/(Impairment adjustments)	-	-	-
Reclassifications	-	-	-
Change in the consolidation	-	94,759	162,178
Exchange differences	-	1,690	5,402
31 August 2022	**34**	**101,326**	**178,171**
Increases for the period	135	1,596	873
Decreases for the period,net	-	-	50
Amortisation	(37)	(17,340)	(30,667)
Revaluations/(Impairment adjustments)	-	(2,029)	-
Reclassifications	-	(90)	1
Exchange differences	-	(7,405)	(13,374)
31 August 2023	**132**	**76,058**	**135,054**

	Assets in progress and payments on account	Other intangible assets	Customer list	TOTAL
31 August 2021	**770**	**4,389**	**102,943**	**146,397**
Increases for the period	148	4,085	-	**6,446**
Decreases for the period	(173)	77	-	**(160)**
Amortisation	-	(14,978)	(49,519)	**(89,439)**
Revaluations/(Impairment adjustments)	-	-	-	**-**
Reclassifications	(149)	(471)	-	**(620)**
Change in the consolidation	-	68,570	1,249,590	**1,575,097**
Exchange differences	4	1,905	31,849	**40,850**
31 August 2022	**600**	**63,577**	**1,334,863**	**1,678,571**
Increases for the period	696	2,318	-	**5,618**
Decreases for the period,net	(120)	(204)	-	**(274)**
Amortisation	-	(40,866)	(106,523)	**(195,433)**
Revaluations/(Impairment adjustments)	-	(131)	-	**(2,160)**
Reclassifications	-	(6,647)	-	**(6,736)**
Exchange differences	-	(3,375)	(104,073)	**(128,227)**
31 August 2023	**1,176**	**14,672**	**1,124,267**	**1,351,359**

A significant portion of the amortisation expenses for the reporting period ("Licences and trademarks", "Patents and intellectual property rights and software", "Other intangible assets" and "Customer list") refer to

the depreciation of the excess value allocated to intangible assets with the purchase price allocations in relation to acquisitions made in recent years.

The increases to "Industrial patents and intellectual property rights and software" mainly refer to the purchase and development of software for use in the Group's activities, as well as to costs for the registration, extension and regularisation of patents in various countries.

The significant effect of Foreign Exchange Differences is mainly due to the weakening of the US Dollar against the Euro during the reporting period.

Cash outflows for the reporting period in relation to additions to intangible assets amount to Euro 5,345 thousand.

Where present in the identified CGUs with recognised goodwill, the related intangible assets were included in the invested capital of the individual CGUs to which they refer when carrying out the impairment test described above.

2.3 Property, plant and equipment

This caption shows a balance of Euro 458,934 thousand (Euro 512,060 thousand as at August 31, 2022).

Changes during the reporting period were as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improve-ments	Assets under construction and payments on account	TOTAL
31 August 2021	**188,435**	**87,499**	**14,892**	**21,874**	**2,985**	**9,703**	**325,388**
Increases for the period	3,130	9,792	5,420	4,814	843	7,416	**31,415**
Decreases for the period	(386)	(230)	(167)	(84)	(137)	(3,969)	**(4,973)**
Depreciation	(9,277)	(19,888)	(6,267)	(7,547)	(920)	-	**(43,899)**
Revaluations/(Impairment adjustments)	-	(42)	-	74	-	-	**32**
Reclassifications	135	4,298	523	(780)	-	(4,796)	**(620)**
Change in the consolidation	63,787	76,482	11	11,976	10,761	10,778	**173,795**
Exchange differences	17,332	9,948	250	2,134	(126)	1,386	**30,922**
31 August 2022	**263,155**	**167,858**	**14,662**	**32,461**	**13,406**	**20,518**	**512,060**
Increases for the period	7,162	21,288	4,043	4,902	1,105	15,583	**54,083**
Decreases for the period	(4,025)	(2,635)	(317)	951	(53)	(6,854)	**(12,933)**
Depreciation	(13,397)	(30,250)	(5,757)	(13,363)	(2,601)	-	**(65,368)**
Revaluations/(Impairment adjustments)	(1,025)	(1,797)	-	(3,473)	(194)	-	**(6,488)**
Reclassifications	235	5,456	59	9,635	1,170	(9,819)	**6,736**
Exchange differences	(14,488)	(10,841)	(276)	(2,300)	(998)	(252)	**(29,155)**
31 August 2023	**237,618**	**149,079**	**12,413**	**28,813**	**11,835**	**19,176**	**458,934**

The changes to the "Land and buildings" caption mainly refer to extraordinary refurbishment works on buildings owned by some controlled companies.

The changes to the "Plant and machinery" and "Fixtures and fittings, tools and equipment" captions refer to the replacement of existing assets due to deterioration/technological renewal. "Other assets" includes

furniture, office furnishings, office machinery and computers, cars and other minor value assets not classifiable elsewhere.

The changes to "Assets under construction and Payments on account" mainly refer to costs incurred for purchases of new industrial machinery and equipment by some of the US controlled companies and to costs incurred by the subsidiary Castel Mac S.r.l. for the first phase of refurbishment works with the demolition and renovation of the property owned by that company which began in July 2022. It is expected that the work will be completed by the end of 2023 and that full certification of the refurbished property's readiness for use will be obtained.

The significant effect of Foreign Exchange Differences is mainly due to the weakening of the US Dollar against the Euro during the reporting period.

Cash outflows for the reporting period in relation to additions to property, plant and equipment amount to Euro 41,149 thousand.

Where present in the identified CGUs with recognised goodwill, the related property, plant and equipment were included in the invested capital of the individual CGUs to which they refer when carrying out the impairment test described above.

2.4 Rights of use on leased assets

This item shows a balance of Euro 147,800 thousand (Euro 168,763 thousand as at August 31, 2022)

The following table sets out the net amounts and changes in rights of use generated by application of IFRS 16 at August 31, 2022 and 2023, respectively:

	Right of use assets - property	Right of use assets - cars	Right of use assets - machinery	Right of use assets - other	TOTAL
31 August 2021	**103,217**	**14,658**	**4,929**	**-**	**122,804**
Increases	7,665	5,163	685	-	**13,513**
Decreases	(1,096)	(17)	(28)	(20)	**(1,161)**
Depreciation and impairment adjustments	(17,409)	(6,737)	(1,761)	(7)	**(25,914)**
Change in the consolidation	46,663	992	2,018	1,273	**50,946**
Forex effect	8,016	225	317	17	**8,575**
31 August 2022	**147,056**	**14,284**	**6,160**	**1,263**	**168,763**
Increases	10,168	8,418	6,580	-	**25,165**
Decreases	(175)	(68)	(19)	-	**(262)**
Depreciation and impairment adjustments	(25,690)	(8,122)	(3,114)	(82)	**(37,009)**
Forex effect	(8,020)	(260)	(576)	-	**(8,858)**
31 August 2023	**123,338**	**14,251**	**9,031**	**1,181**	**147,800**

The change in consolidation area in 2022 refers to additions resulting from the acquisitions of the Welbilt Group and Montague.

Increases and decreases for the reporting period refer to new leases/rental agreements entered into during the period and to contractual changes during the period that led to the recalculation of the right of use asset reported with corresponding lease liabilities.

Where present in the identified CGUs with recognised goodwill, the related rights of use on leased assets were included in the invested capital of the individual CGUs to which they refer when carrying out the impairment test described above.

2.5 Investment property

This item shows a balance of Euro 8,500 thousand (Euro 4,842 thousand as at August 31, 2022). It includes investments in property made by real estate company Ali Reale S.r.l. and not used in the Ali Group's operating activities. These assets are depreciated on a straight-line basis over their estimated useful lives.

	Investment property
Historical cost	4,930
Accumulated depreciation	(88)
31 August 2022	**4,842**
Increases for the period	3,832
Depreciation	(174)
31 August 2023	**8,500**

It should be noted that depreciation relating to additions for the reporting period commenced from the month of December 2022 and impacted the Group statement of profit or loss for eight months.

2.6 Investments

This item shows a balance of Euro 576 thousand (Euro 589 thousand as at August 31, 2022).

It includes investments in Entities, consortia and businesses that do not meet consolidation requirements pursuant to IFRS 10 *Consolidated financial statements*. It should also be noted that there are no investments representing a stake in excess of 25%.

The main investments are as follows:

	2023	2022	Change
Helsinki Halli	2	2	-
Other investments in Finland	327	327	-
"Vacation Houses" in Sweden	77	90	(13)
Entities and Consortia	138	138	-
Other minor	32	32	-
Closing amount	**576**	**589**	**(13)**

2.7 Non-current financial assets

This item shows a balance of Euro 813 thousand (Euro 927 thousand as at August 31, 2022) and mainly includes guarantee deposits.
There are no amounts due after more than five years.

2.8 Deferred tax assets and liabilities

This item shows net deferred tax liabilities of Euro 252,319 thousand (net deferred tax liabilities of Euro 309,791 thousand as at August 31, 2022). The balance includes deferred tax assets of Euro 121,835 thousand (Euro 132,452 thousand as at August 31, 2022) and deferred tax liabilities of Euro 374,154 thousand (Euro 442,243 thousand as at August 31, 2022). Movements during the reporting period are shown below:

	Deferred tax assets	Deferred tax liabilities
Opening amount	**132,452**	**(442,243)**
Debited/credited to profit or loss	(10,794)	38,247
Debited/credited to equity	1,191	370
Forex effect	(1,014)	29,472
Closing amount	**121,835**	**(374,154)**

The temporary differences that generated deferred tax assets and liabilities are as follows:

	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Allocations to provisions	21,374	-	18,976	-
Capital gains allocated	-	(356,928)	-	(407,617)
Cross Currency Swap	29,171	-	40,788	-
Depreciation/Amortisation	38,195	(8,417)	26,044	(9,372)
Elimination of IC profit in inventories	8,371	-	7,826	-
Defined benefit plans	-	(11)	553	-
Taxed reserves	-	(210)	-	(296)
IAS 16 revaluation	-	(17,046)	-	(19,822)
Other temporary differences	24,724	8,458	38,264	(5,136)
Closing amount	**121,835**	**(374,154)**	**132,452**	**(442,243)**

Deferred taxes are mainly attributable to the amounts allocated to Non-Current Assets following the allocation process of the price paid upon first-time consolidation of the Welbilt Group, the InterMetro Group, the Scotsman Group, and the Rancilio Group.
The decrease is mainly due to reversal through profit or loss as a result of the amortisation of the gains recognised.
Deferred tax assets of Euro 29.1 million have also been recognised in relation to the change in the fair value measurement of the Cross Currency Swap derivative agreement that occurred over the reporting period and was wholly recognised in the Profit or Loss. For further details, see the "Other financial liabilities" paragraph of these Notes.

The tax effect relating to the temporary differences that have arisen over the years is recorded at the tax rates expected to be in force when the temporary differences will be reversed. As at the reporting date, the tax rates used are in line with those applicable at the reporting date.

Given the Group's expected taxable income, no issues are foreseen with the recoverability of the deferred tax assets recognised in the financial statements.
Deferred tax assets on tax loss carryforwards have not been recognised.

2.9 Other non-current assets

This item shows a balance of Euro 8,991 thousand (Euro 15,613 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Agents and Commission agents	212	205	7
Pension plan Assets	1,873	5,804	(3,931)
Sundry	6,906	9,605	(2,699)
Closing amount	**8,991**	**15,613**	**(6,623)**

"Pension plan assets" includes the positive fair value of the pension plans in place for come controlled companies. The reporting date fair value was determined by independent actuary Mercer.

"Sundry" mainly includes the value of the assets available to the Rabbi Trust plan of a US subsidiary of the Group, as classified under this caption in accordance with the applicable accounting standards.

2.10 Inventories

This item shows a net balance of Euro 788,803 thousand (Euro 885,776 thousand as at August 31, 2022). The overall decrease is mainly due to measures taken to reduce working capital – albeit gradually – given business dynamics.

Changes in the individual inventory categories are broken down as follows:

	Raw materials and consumables	Work in progress	Finished products and goods for resale	Advances to suppliers	TOTAL
Opening amount, net	422,934	75,539	384,143	3,161	**885,776**
Change in stock	5,207	(9,351)	(21,053)	(90)	**(25,287)**
Change in obsolescence provision	(9,749)	297	(4,972)	-	**(14,424)**
Forex differences	(24,888)	(3,648)	(28,486)	(241)	**(57,263)**
Closing amount, net	**393,504**	**62,837**	**329,632**	**2,830**	**788,803**

The total inventory obsolescence provision increased from Euro 93,829 thousand at August 31, 2022 to Euro 103,159 thousand at August 31, 2023.

2.11 Trade receivables and other receivables

This item shows a balance of Euro 693,968 thousand (Euro 744,868 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Trade receivables	661,252	706,089	(44,837)
Advances to suppliers	3,167	3,572	(405)
Agents and Commission agents	646	1,240	(594)
Social security and pensions institutions			23
Insurance companies	404	495	(91)
Advances to employees	314	350	(36)
Public sector bodies	92	55	37
Accrued income	1,355	1,009	346
Prepaid expenses - Rent	531	657	(126)
Maintenance fees	1,291	1,061	230
Sundry	23,923	29,371	(5,448)
Closing amount	**693,968**	**744,868**	**(50,901)**

Changes in Third party trade receivables over the reporting period were as follows:

	Third party customers (nominal amount)
Opening amount	739,866
Increases/(decreases)	(14,413)
Exchange differences	(36,948)
Closing amount	**688,505**

Changes in bad debt provision over the reporting period were as follows:

	Bad debt provision
Opening amount	33,777
Accruals	2,744
Reversals	(5,463)
Utilizations	(4,831)
Exchange differences	1,026
Closing amount	**27,253**

The receivables balance, stated net of the bad debt provision, represents the amount of sales to third-party customers not yet collected.

The balance is shown at expected realisable amount, as obtained by adjusting the nominal value of doubtful receivables: the contra- entry appears in the statement of profit or loss under "(Writedown) Writeback of trade receivables and other receivables". The "Bad debt provision" is considered reasonable given the related risks and also covers the risk of non-collection of invoices issued in respect of late payment interest.
Any receivables definitively deemed not recoverable during the reporting period as a result of bankruptcy, non-traceability of the debtor or other factors have been adjusted by recording a loss (for the amount in excess of the provision for bad debts) classified in profit or loss under Sundry operating expenses.
There are no significant concentrations of receivables.
There are no receivables due after more than 5 years. There are no receivables with maturity dates out of line with normal market conditions.

Receivables due after more than a year amount to Euro 4,314 thousand. Based on the measurement criteria indicated above, this amount is deemed to approximate the amortised cost.

Receivables are broken down by geographical area as follows:

	2023	2022	Change
Italy	96,395	98,052	(1,657)
Rest of Europe	250,085	255,986	(5,901)
Americas	251,518	287,218	(35,700)
Asia and Pacific	83,029	92,736	(9,707)
Africa	7,478	5,875	1,603
Closing amount	**688,505**	**739,866**	**(51,362)**

2.12 Tax Receivables

This item shows a balance of Euro 115,054 thousand (Euro 70,429 thousand as at August 31, 2022).
Tax receivables may be broken down as follows:

	2023	2022	Change
VAT receivables	10,648	13,504	(2,856)
Other taxes	1,134	1,513	(379)
Income taxes	103,273	55,413	47,860
Closing amount	**115,054**	**70,429**	**44,625**

Income tax receivables mainly include the amount receivable from the tax authorities by Ali Group S.r.l. for "Patent Box" relief, a total of around Euro 3.9 million. The increase compared to prior year mainly refers to the amount receivable from the tax authorities due to the higher IRES payments on account made by the Parent Company and to an increase in the tax receivables of certain of the Group's US companies.

2.13 Current financial assets

This item shows a balance of Euro 571 thousand (Euro 63,305 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Derivatives	570	678	(108)
Sundry	1	62,627	(62,626)
Closing amount	**571**	**63,305**	**(62,734)**

As at August 31, 2022, "Sundry" mainly included the portion of restricted cash at that date to honour the first swap of Euro 62.5 million due under the Cross Currency Swap derivative which took place in September 2022.

2.14 Cash and cash equivalents

This item shows a balance of Euro 412,969 thousand (Euro 917,010 thousand as at August 31, 2022). Cash and cash equivalents include bank and post office deposits and cash and cash equivalents on hand.
Cash and cash equivalents were mainly invested on the short-term deposits market with major banks at interest rates in line market rates.
See the Statement of Cash Flows for a better understanding of this item.

2.15 Shareholders' Equity

This item shows a balance of Euro 2,072,920 thousand (Euro 1,997,176 thousand as at August 31, 2022).
Share capital is wholly paid and amounts to Euro 51,000 thousand.
Changes in the Group's Shareholders' equity in the last two reporting periods were as follows:

(Euro thousands)	**Share Capital**	*Legal Reserve*	*Translation reserve*	*Cash Flow Hedge Reserve*	*Actuarial reserve*	*FTA reserve*	*Other reserves*	**Total Reserves**	**Retained earnings (Accumulated losses)**	**Profit for the year**	**Total Net Equity**
Balance at 31 August 2021	**51,000**	*10,200*	-	*(113)*	-	*(55,024)*	*525,083*	**480,146**	**892,738**	**196,296**	**1,620,180**
Allocation of profit for year							*79,991*		116,305	(196,296)	-
Dividends							(93,000)				(93,000)
Comprehensive income for the year (may be recycled through profit or loss)			*199,526*	*247*		*(14,771)*				282,333	467,335
Comprehensive income for the year (may not be recycled through profit or loss)					*2,661*						2,661
Balance at 31 August 2022	**51,000**	*10,200*	*199,526*	*134*	*2,661*	*(69,795)*	*512,074*	**654,800**	**1,009,043**	**282,333**	**1,997,176**
Allocation of profit for year							*149,441*		132,892	(282,333)	-
Dividends											-
Comprehensive income for the year (may be recycled through profit or loss)			*(146,778)*	*(105)*		*7,263*				218,007	78,387
Comprehensive income for the year (may not be recycled through profit or loss)					*(2,643)*						(2,643)
Balance at 31 August 2023	**51,000**	*10,200*	*52,748*	*29*	*18*	*(62,532)*	*661,515*	**661,978**	**1,141,935**	**218,007**	**2,072,920**

For further details of the FTA, reserve, see Note 1.9 "*Note on the effects of first-time adoption of IAS/ IFRS*".

The main changes during the reporting period were as follows (Euro 000):

Carry forward of 2022 Consolidated net profit	282,333
Change in Translation reserve	(146,778)
Change in Actuarial reserve	(2,643)
Change in Cash Flow Hedge reserve	(105)
Consolidated net profit for 2023	218,007

The decrease in the translation reserve over the reporting period is mainly due to the effect of the weakening of the US Dollar against the Euro, also taking account of the significant value of net assets held in North America.

The General Meeting of the Shareholders held on January 16, 2023 resolved to take the Parent Company's net profit of Euro 149.4 million for 2022 to the Extraordinary Reserve.

There are no minority interests.

A reconciliation between the Group's Shareholders' equity and net profit and the Parent Company's Shareholders' equity and net profit is provided in Note "1.7 Reconciliation between the equity and net profit of the parent company and consolidated equity and net profit".

2.16 Bank borrowings and payables to other lenders

Bank borrowings is analysed as follows:

	2023	2022	Change
Medium/Long-term loans	2,346,977	3,023,246	(676,269)
Payables to other lenders	377	132	245
Total non-current	**2,347,354**	**3,023,378**	**(676,024)**
Current portion of medium/long-term loans	2,811	54,772	(51,961)
Current account overdrafts	6,582	6,932	(350)
Payables to other lenders	48	279	(231)
Total current	**9,441**	**61,983**	**(52,542)**

Changes during the reporting period in "Bank borrowing and payables to other lenders" are shown below with details of repayments made and the impact of measuring loans at amortised cost.

	2022	Repay-ments	Amortised cost	Exchange difference	Other move-ments	2023
Loans	3,078,018	(594,501)	21,444	(156,331)	1,157	2,349,787
Current account overdrafts	6,932	-	-	(555)	205	6,582
Payables to other lenders	411	-	-	-	14	425
Total	**3,085,361**	**(594,501)**	**21,444**	**(156,886)**	**1,376**	**2,356,795**

The medium/long-term loans signed with a pool of banks towards the end of July 2022, as part of the Welbilt acquisition deal, include:

- Term Loan B of USD 2,250 million arranged by Ali Group North America Corp. USD 130 million had been repaid at August 2022 and Euro 270 million was repaid during the 2023 reporting period (7-year loan with bullet repayment – wholly medium/long-term / non-current; variable rate of interest linked to the LIBOR plus a spread).
- Term Loan A of Euro 1,062 million arranged by Ali Group S.r.l.; Euro 340 million was repaid during the 2023 reporting period (5-year loan repayable in instalments – entirely medium/long-term; variable rate linked to the Euribor plus a spread). Solely this loan is subject to a quarterly commitment to be respected - the "*Consolidated Net Total Leverage Ratio*" covenant; failure to respect this covenant – where not duly remedied – may trigger a requirement for early repayment of the loan. The covenant was respected at the reporting date. The loan agreement also includes a number of negative covenants, typical of market practice.
- As at August 31, 2023, the Group also have a Revolving Credit Facilities of Euro 250 million which were unutilised at that date.

Bank borrowing, as reported at amortized cost, takes account of loan arrangement expenses of around Euro 78 million (Euro 108.5 million as at August 31, 2022). The decrease compared to prior year is due to the effect of the amortised cost calculation and to the exchange rate effect

As security for its commitments under these loan agreements, the Group has also had to give the lending banks certain secured and unsecured guarantees. These include pledges of the shares of certain Group companies (voting rights are wholly retained by the Group) as well as guarantees granted on certain intra-Group loans receivable.

2.17 Non-current and current lease liabilities

This item shows a balance of Euro 151,809 thousand (Euro 169,691 thousand as at August 31, 2022).

The following table shows the net amount of lease liabilities for rights of use following the application of IFRS 16 as at August 31, 2023 and 2022. It also shows changes during the two reporting periods:

	Financial liabilities for rights of use - property	Financial liabilities for rights of use - cars	Financial liabilities for rights of use - machinery	Financial liabilities for rights of use - others	Total
31 August 2021	**103,023**	**14,679**	**4,924**	**-**	**122,626**
Modification	5,879	5,114	476	-	**11,469**
Financial expenses	2,616	169	229	5	**3,019**
Payments	(16,315)	(6,942)	(1,640)	-	**(24,897)**
Other movements	45,878	973	1,881	1,260	**49,992**
Forex effect	6,976	219	287		**7,482**
31 August 2022	**148,057**	**14,212**	**6,157**	**1,265**	**169,691**
current	*26,449*	*6,399*	*2,674*	*56*	***35,578***
non-current	*121,608*	*7,813*	*3,483*	*1,209*	***134,113***
Modification	3,521	7,666	5,368	(0)	**16,554**
Financial expenses	4,789	302	277	64	**5,432**
Payments	(21,730)	(7,844)	(2,564)	(122)	**(32,259)**
Forex effect	(7,304)	(135)	(170)	-	**(7,609)**
31 August 2023	**127,333**	**14,201**	**9,068**	**1,207**	**151,809**
current	*30,850*	*5,851*	*2,803*	*61*	***39,565***
non-current	*96,483*	*8,350*	*6,265*	*1,146*	***112,244***

For further details on lease liabilities, see the specific note "Disclosure of financial risks".

2.18 Other financial liabilities

This item shows a balance of Euro 49,236 thousand (Euro 175,253 thousand as at August 31, 2022) and refers to the negative mark-to-market value of derivative instruments in place at the reporting date.

As described in the Director's Report, the Group operates on the main international markets and is, therefore, exposed to exchange rate risks resulting from commercial and financial transactions.
The Group uses derivative instruments entered into at market conditions and with characteristics highly similar to those of the hedged item to manage the exchange risk resulting from fluctuation in exchange rates between the time the commercial and/or financial relationship originates and the time of collection/payment.

The fair value of the derivatives has been derived from information provided by the financial institutions with which the derivatives have been entered into and is based on data observable directly or indirectly on the market.
The change in the fair value of derivative instruments has been wholly recorded in profit or loss in accordance with IAS/IFRS for fair value hedges.
During the reporting period, negative changes in fair value of Euro – 105 thousand were allocated to the specific Cash flow hedge reserve.

The following table contains details of the notional amount and fair value of the financial instruments in place as at August 31, 2023 and August 31, 2022:

Euro/thousands	31 August 2023			31 August 2022		
Fair Value hedges	**Notional Amount**	**Positive Fair Value**	**Negative Fair Value**	**Notional Amount**	**Positive Fair Value**	**Negative Fair Value**
Forward contract (purchases of GBP)	112,092	110	-	115,010	-	(3,895)
Forward contract (sales of GBP)	1,179	-	(6)	3,970	24	(1)
Forward contract (sales of JPY)	2,357	91	(5)	3,188	23	(9)
Forward contract (purchases of USD)	323	1	-	-	-	-
Forward contract (sales of USD)	8,282	12	(106)	12,037	5	(532)
Forward contract (purchases of AUD)	42,011	45	-	67,981	314	-
Forward contract (sales of AED)	-	-	-	1,120	13	-
Forward contract (sales of Euro vs AUD)	1,271	42	-	1,933	0	(38)
Forward contract (sales of GBP vs AUD)	30	-	-			
Forward contract (sales of NZD vs AUD)	3,587	11	(8)	6,159		(65)
Forward contract (sales of USD vs AUD)	532	24	(1)	1,054	12	(11)
Forward contract (sales of AUD vs USD)	-	-	-	171		(0)
Forward contract (sales of AUD vs GBP)	-	-	-	144	5	
Forward contract (sales of AUD vs EUR)	69	-	(3)	-		
Forward contract (sales of NZD vs EUR)	-	-	-	175	0	
Forward contract (sales of NZD vs GBP)	5,630	-	(211)	2,021	53	
Forward contract (sales of AUD vs NZD)	27	-	-	67	0	
Forward contract (sales of EUR vs NZD)	1,807	82	-	1,379	15	(17)
Forward contract (sales of GBP vs NZD)	-	-	-	-		
Forward contract (sales of GBP vs AUD)	30	-	-	484		(20)
Forward contract (sales of USD vs NZD)	1,753	102	-	1,356	82	(2)
Forward contract (sales of NZD vs UsD)	14,772	21	(492)	23,787		(713)
Total Fair Value hedges		**541**	**(832)**		**546**	**(5,304)**
Cash Flow Hedges						
Forward contract (purchase of MEX vs USD)	5,279	29	-	5,472	133	
Total Cash Flow Hedges	**5,279**	**29**	**-**	**405,360**	**133**	**-**
Cross Currency Swap (CCS)	820,928	-	(48,404)	1,094,571	-	(169,948)
Total Fair Value of CCS	**820,928**	**-**	**(48,404)**	**1,069,833**	**-**	**(169,948)**
Total derivative financial instruments - Assets(Liabilities)		**570**	**(49,236)**		**678**	**(175,253)**

It should also be noted that the Cross Currency Swap (CCS) has been designated as a hedge in the separate financial statements of subsidiary Ali Group S.r.l. whereas, in the consolidated financial statements of the Group, as the hedged item or rather the intra-Group financial relationship and, therefore, the hedge itself was no longer present, the change in the Fair Value of the instrument was recorded in full in profit or loss.

2.19 Provision for employee benefits

The provision for employee benefits amounts to Euro 33,235 thousand (Euro 42,208 thousand as at August 31, 2022).

The balance includes payables for the defined benefit plans of Italian companies totalling Euro 8,729 thousand (Euro 9,413 thousand as at August 31, 2022) and Euro 22,146 thousand of payables for the defined benefit plans of non-Italian companies (Euro 26,310 thousand as at August 31, 2022). The Group determined its liabilities for defined benefit plans with assistance from an independent, third party actuary who used the Projected Unit Credit Method to determine the present value of the commitments.

The liabilities of the Italian companies regard the Trattamento di Fine Rapporto (TFR) ("*Employee Severance Indemnity*"), a deferred employee benefit which is mandatory for Italian companies and linked to the period of service and the remuneration earned. The present value of the liability reported has been determined by projecting the amount accruing under Italian law as at August 31, 2023 to the hypothetical future date of termination of the employment relationship and discounting that amount at the reporting date.
A significant portion of the liabilities relating to the Group's non-Italian companies regards the defined benefit plans of US subsidiaries; they had a net payable of Euro 12,848 thousand as at August 31, 2023 (Euro 19,342 thousand as at August 31, 2022).

It should also be noted that some of the US subsidiaries have signed up to multiemployer pension plans. These companies participate in the National Integrated Group Pension Plan ("NIGPP"), a multiemployer pension plan wholly funded by contributions received from participating companies. The Company's contributions are determined based on contribution rates negotiated with the local trades union(s), in exchange for which the NGIPP provides defined benefit pensions determined based on an established plan. Assets and liabilities within the NGIPP are not ringfenced or tracked separately for each participating company so the Company does not have the information necessary for it to account for its plan as a defined benefit plan; rather, in compliance with IAS 19, it treats it as a defined contribution plan. This practice is consistent with that followed in the United States for plans with the same characteristics. The contributions to be paid in the next reporting period are estimated at around USD 500 thousand i.e. 6% of the total contributions payable to the NIGPP while the ratio of liabilities to total assets is around 51%. The liabilities of the NGIPP were determined using a discount rate of 4% and other economic and demographic assumptions deemed appropriate by the NIGPP actuary.

Movements on net liabilities for defined benefit plans and other long-term employee benefits as at August 31, 2023 are shown below.

	Defined Benefit Plans United States	Defined Benefit Plans Italy (TFR)	Defined Benefit Plans France & Germany	Defined Benefit Plans UK	Other plans and long-term employee benefits	Total
Present value of commitment at start of reporting period	**60,471**	**9,413**	**7,693**	**105,864**	**4,024**	**187,467**
Cost for current labour services	14	261	155	-	200	**630**
Interest Expenses	2,472	279	234	4,373	194	**7,552**
Actuarial (gains)/ losses	(4,646)	(317)	(237)	(4,953)	(306)	**(10,459)**
Benefits paid	(4,773)	(908)	(459)	(7,022)	(196)	**(13,358)**
Exchange differences	(4,664)	-	-	264	13	**(4,387)**
Present value of commitment at end of reporting period (a)	**48,872**	**8,729**	**7,386**	**98,527**	**3,930**	**167,444**
Assets at service of plan at start of reporting period	**41,129**	**-**	**593**	**109,025**	**996**	**151,743**
Cost for current labour services	-	-	-	-	-	**-**
Interest Income	1,660	-	79	4,606	22	**6,366**
Other P&L effects	(609)	-	2,034	-	-	**1,425**
Actuarial (gains)/ losses	670	-	(33)	(14,863)	(112)	**(14,338)**
Benefits paid	(3,586)	-	(8)	(1,983)	(8)	**(5,584)**
Exchange differences	(3,240)	-	-	198	-	**(3,042)**
Assets at service of plan at end of reporting period (b)	**36,024**	**-**	**2,665**	**96,983**	**898**	**136,569**
Net liability reported in financial statements (a-b)	**12,848**	**8,729**	**4,722**	**1,544**	**3,032**	**30,875**

The above breakdown includes movements on plan assets and excludes the amount of net liabilities on other defined contribution plans.
The cost of current employment services and interest expenses/(income) have been recorded in profit or loss.
"Other P&L effects" mainly includes the effect of certain legislative changes to retirement age introduced in some countries during the reporting period.

Actuarial gains and losses are determined as follows:

	Defined Benefit Plans United States	Defined Benefit Plans Italy (TFR)	Defined Benefit Plans France & Germany	Defined Benefit Plans UK	Other plans and long-term employee benefits	Total
Actuarial differences due to						
- Changes in financial assumptions	(3,936)	(484)	(734)	(13,529)	(183)	**(18,867)**
- Changes in other assumptions (e.g. demographic assumptions, salary increases, etc.)	(1,380)	167	530	23,440	(11)	**22,746**
Actuarial (Gains)/ Losses	**(5,316)**	**(317)**	**(204)**	**9,910**	**(194)**	**3,879**

In the statement of financial position, the "Provision for employee benefits" is shown gross of the pension plan surplus relating to Group companies operating in the United Kingdom and United States. As at August 31, 2023, the fair value of these pension plans was equal to a surplus of Euro 1,873 thousand (Euro 5,804 thousand as at August 31, 2022). The fair value of the plan was determined by the independent actuary.

	31 August 2023	31 August 2022
Fair value of plan assets	88,128	98,053
Fair value of plan liabilities	(86,256)	(92,249)
Plan surplus	**1,873**	**5,804**

As at the reporting date, the main assets of the plans were as follows:

	31 August 2023	31 August 2022
Cash and cash equivalents	2,688	1,526
Equity instruments	18,550	22,281
Debt instruments	65,884	59,894
Real estate	441	-
Investment funds	1,482	-
Assets held by insurance company	42,749	46,040
Other	4,776	22,001
Total	**136,569**	**151,743**

The main actuarial assumptions used as at August 31, 2023 were as follows:

	Defined Benefit Plans United States	Defined Benefit Plans Italy (TFR)	Defined Benefit Plans France & Germany	Defined Benefit Plans UK	Other plans and long-term employee benefits
Average duration of plan (years)	9	6	11	10	8
Average increase in salaries/remuneration	0.0%	3.4%	2.8%	0.0%	3%
Discount rate	5.3%	4.0%	4.0%	5.5%	5%

The discount rate used to measure defined benefit plans was determined based on the yield of AA-rated bonds with a maturity similar to that of the plans.

The table below shows expected cash flows for the defined benefit plans in the coming years:

	Defined Benefit Plans United States	Defined Benefit Plans Italy (TFR)	Defined Benefit Plans France & Germany	Defined Benefit Plans UK	Other plans and long-term employee benefits	Total
within 1 year	5,463	1,197	592	7,432	212	**14,897**
within 2 years	4,455	827	488	7,738	257	**13,764**
within 3 years	4,351	1,035	344	8,055	290	**14,075**
within 4 years	4,339	562	564	8,386	290	**14,140**
within 5 years	3,992	673	849	8,731	266	**14,511**
after more than 5 years	18,048	3,867	6,164	49,350	2,208	**79,636**

A sensitivity analysis in relation to the liability as at August 31, 2023 was performed on the main actuarial variables, including discount rate and salary increases. The sensitivity analysis did not lead to any significant change in the liability, except for that performed on the interest rate curve where, a 50 basis point increase or decrease, led to an increase or decrease of up to around Euro 7 million in the Group's overall DBO. Meanwhile, the sensitivity analysis performed on the rate of salary increases led, assuming a 50 basis point decrease or increase in the rate, to an increase or decrease of around Euro 250 thousand in the total DBO.

2.20 Provisions for Risks and Charges

This item shows a balance of Euro 97,144 thousand with Euro 63,127 thousand classified as "current" and Euro 34,017 thousand classified as "non-current" (Euro 101,848 thousand as at August 31, 2022 of which Euro 66,447 thousand classified as "current" and Euro 35,401 thousand classified as "non-current").

Changes during the reporting period were as follows:

	Opening amount	Allocated	Utilised/ Reversed	Exchange differences	Closing amount	Current	Non-Current
Agents' leaving indemnity provision	**2,527**	397	(139)	-	**2,785**	-	*2,785*
Product warranty provision	**74,718**	27,557	(21,628)	(5,162)	**75,485**	*49,356*	*26,129*
Provision for litigation risks	**4,638**	-	(4,074)	(13)	**551**	*551*	-
Provision for business restructuring	**12,198**	184	(4,445)	(810)	**7,127**	*4,973*	*2,154*
Other risks and charges	**7,768**	3,003	(175)	601	**11,197**	*8,247*	*2,949*
Total	**101,848**	**31,141**	**(30,461)**	**(5,384)**	**97,144**	*63,127*	*34,017*

The agents' leaving indemnity provision covers amounts payable to agents if the agency relationship is terminated by the Ali Group.

The product warranty provision covers the risk of returns or charges from customers for products already sold but subject to non-conformity issues. The provision is updated at the reporting date based on analysis and past experience.

The amounts recorded in the provisions – an estimate of future disbursements also based on past experience – have been discounted as at August 31, 2023. This led to the recognition of financial income of around Euro 2 million due to discounting of the product warranty provision.

2.21 Other non-current liabilities

This item shows a balance of Euro 13,160 thousand (Euro 16,154 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Payables to tax authorities	9,454	10,037	(583)
Sundry	3,705	6,118	(2,413)
Closing amount	**13,160**	**16,154**	**(2,996)**

"Payables to tax authorities" mainly comprises certain tax liabilities relating to US subsidiaries which have been classified under this caption in accordance with applicable accounting standards.

2.22 Trade payables

This item shows a balance of Euro 355,660 thousand (Euro 442,014 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Payables to suppliers	343,094	429,915	(86,821)
Payables to agents	10,656	11,665	(1,009)
Other trade payables	1,910	434	1,476
Closing amount	**355,660**	**442,014**	**(86,354)**

Trade payables are broken down by geographical area as follows:

	2023	2022	Change
Italy	113,164	134,704	(21,541)
Rest of Europe	87,635	94,196	(6,561)
Americas	121,863	177,689	(55,826)
Asia and Pacific	32,303	34,620	(2,317)
Africa	696	804	(109)
Closing amount	**355,660**	**442,014**	**(86,354)**

There are no trade payables due after more than five years or with maturity dates out of line with normal market conditions.

2.23 Tax payables

This item shows a balance of Euro 82,052 thousand (Euro 449,325 thousand as at August 31, 2022). It includes payables for income taxes and for taxes withheld in the capacity of withholding agent (in countries where this function exists) as well as indirect tax payables.

	2023	2022	Change
Income taxes	60,185	425,944	(365,759)
VAT payables	12,517	14,410	(1,893)
Other taxes	6,869	7,064	(195)
Withholding taxes	2,481	1,836	645
Closing amount	**82,052**	**449,255**	**(367,202)**

The decrease compared to prior year is mainly due to payment in September 2022 of the tax liability reported as at August 31, 2022 in relation to the income generated by the sale of the Welbilt ice business occurred before the end of the previous reporting period.

2.24 Sundry payables and other current liabilities

This item shows a balance of Euro 338,203 thousand (Euro 367,154 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Salaries, 13th/14th months' salaries and holiday pay due to employees	134,725	136,517	(1,792)
Revenue related bonuses	72,355	76,119	(3,764)
Payables to shareholders'	38,944	38,944	-
Accrued expenses	29,718	37,677	(7,959)
Payments on account	29,993	30,265	(272)
Other payables	17,100	29,692	(12,592)
Long-term service agreements with customers	15,269	17,612	(2,343)
Directors' fees payable	101	330	(229)
Closing amount	**338,203**	**367,154**	**(28,951)**

Payables to shareholders includes the portion of the dividend approved by the Shareholders' Meeting of January 17, 2018 but not yet distributed in full at the reporting date.

3. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

It should be noted that the year-on-year comparison of amounts in the Consolidated Statement of Profit or Loss is greatly influenced by the acquisition of the Welbilt Group, which took place in July 2022. For that reason, the Consolidated Statement of Profit or Loss for the 2022 reporting period reflects just one month of the effects of the Welbilt Group.

3.1 Revenues

This item amounts to Euro 4,3636,481 thousand (Euro 2,787,147 thousand in the year ended August 31, 2022).

More detailed information is provided below:

Revenues may be analysed by geographical market as follows:

	2023	%	2022	%	Change
Italy	196,583	5%	177,333	6%	19,250
Rest of Europe	1,230,280	28%	945,030	34%	285,250
Americas	2,313,601	53%	1,281,185	46%	1,032,416
Asia and Pacific	570,785	13%	346,362	12%	224,423
Africa	52,232	1%	37,237	1%	14,995
Closing amount	**4,363,481**	**100%**	**2,787,147**	**100%**	**1,576,334**

Revenues are broken down by performance obligation as follows:

	2023	2022	Change
Sale of goods	4,268,481	2,700,753	1,567,728
After sales services	95,000	86,394	8,606
Closing amount	**4,363,481**	**2,787,147**	**1,576,334**

The increase in revenues compared to 2022 is mainly due to the line-by-line consolidation of the Welbilt Group for the entire 2023 reporting period (one month only in prior year) and to organic growth in the Group's revenues.
For further analysis, see the Director's Report.

3.2 Other income

This item amounts to Euro 24,990 thousand (Euro 11,019 thousand in the year ended August 31, 2022).

It may be broken down as follows:

	2023	2022	Change
Income from other activities (rent, royalties, commission, etc.)	1,677	1,746	(69)
Gains on disposal of assets due to normal wear and tear	1,416	146	1,270
Recharge of shipping costs to customers	3,684	2,828	856
Other revenues	18,065	6,029	12,036
Operating grant income	147	270	(122)
Total for the reporting period	**24,990**	**11,019**	**13,971**

"Other revenues" mainly includes insurance pay-outs received by some of the US companies for damage caused by extreme weather events.

3.3 Purchases of raw materials and goods for production and resale

This item amounts to Euro 1,820,127 thousand (Euro 1,299,032 thousand in the year ended August 31, 2022).
It may be broken down as follows:

	2023	2022	Change
Inventories	1,767,196	1,270,357	496,839
Consumables and other production materials	18,129	15,343	2,786
Other purchases	36,781	15,065	21,716
Discounts from suppliers	(1,979)	(1,733)	(246)
Total for the reporting period	**1,820,127**	**1,299,032**	**521,095**

The increase compared to the previous reporting period is mainly due to the contribution of the Welbilt Group.

3.4 Costs for services

"Costs for services" are analysed as follows:

	2023	2022	Change
Directors	752	576	176
Insurance	11,462	8,537	2,925
Consultancy and other professional services	53,770	68,416	(14,646)
Gas, water, electricity, heating	28,169	21,056	7,113
Installations and technical assistance	35,457	26,881	8,576
Outsourced processing	41,513	45,022	(3,509)
Repairs and maintenance	43,520	25,196	18,324
Postage, fax and telephone / data	6,113	5,475	638
Commission and referral fees	87,208	49,966	37,242
Trade fairs, advertising and image	34,549	20,090	14,459
Travel costs	35,137	19,474	15,663
Shipping/Transport	142,704	128,785	13,919
Other costs	55,748	28,959	26,789
Total for the reporting period	**576,103**	**448,431**	**127,669**

The most significant changes include the reduction in "Consultancy and other professional services". In 2022, this item included costs relating to the acquisition of the Welbilt Group which was completed in July 2022. The contribution of the Welbilt Group accounted for around 90% of the increase in the other cost items above.

3.5 Personnel costs

"Personnel costs" amount to Euro 893,828 thousand (Euro 612,554 thousand in 2022) and are analysed as follows:

	2023	2022	Change
Wages and salaries	755,925	507,310	248,615
Social contributions	108,655	81,718	26,937
Allocations to TFR and Pension Funds	3,677	5,817	(2,140)
Other personnel costs	25,570	17,709	7,861
Total for the reporting period	**893,828**	**612,554**	**281,273**

The contribution of the Welbilt Group accounted for around 85% of the increase recorded in 2023.

Changes in the headcount during the reporting period were as follows:

	Opening number	Closing number	Change	Average number
Blue collars	8,796	9,039	243	8,956
White collars	5,493	5,398	(95)	5,414
Executives	363	395	32	393
Total	**14,652**	**14,832**	**180**	**14,763**

3.6 Other operating expenses

"Other operating expenses" are analysed as follows:

	2023	2022	Change
Product warranty	26,607	18,629	7,978
Litigation	29	3,306	(3,277)
Taxes and duties other than income tax	11,887	5,794	6,093
Membership fees	3,211	1,411	1,800
Social and welfare expenses	2,461	2,581	(120)
Property lease/rental costs	9,275	5,024	4,251
Lease and rental instalments	12,876	10,292	2,584
User licences	479	342	137
Royalties	665	769	(104)
Other costs	21,972	5,232	16,740
Total for the reporting period	**89,461**	**53,381**	**36,082**

"Property lease/rental costs" and "Lease/rental instalments" mainly include costs under short-term leases and rental agreements or under leases / rental agreements for assets with a value of less than Euro 5,000 which do not fall within the scope of application of IFRS 16 - *Leases*.

The consolidation of the Welbilt Group accounted for around 70% of the increase compared to the previous reporting period.

3.7 (Writedown)/Writeback of trade receivables and other receivables

For the 2023 reporting period, this item includes the allocation (net of reversals) of Euro 2,719 thousand to the bad debt provision (reversal of Euro 4,755 thousand in 2022).

For further information, see Note 2.11 Trade receivables and other receivables and "Information on financial risks" in these Notes.

3.8 Financial income / (expenses)

This item shows net financial expenses of Euro 319,436 thousand (net financial income of Euro 200,528 in 2022).

It is broken down as follows:

	Income		(Expenses)	
	2023	2022	2023	2022
Bank interest income and expenses	3,663	2,177	(576)	(102)
Exchange gains/(losses) realised on collection/payment of receivables/payables	6,484	236,275	(121,834)	(17,572)
Interest expense on mortgages and loans	-	-	(150,340)	(10,134)
Extended credit for customers	62	45	-	-
Loan fees	-	-	(21,739)	(8,329)
Financial expenses on leases (IFRS 16)	-	-	(5,432)	(3,019)
Defined contribution plans	-	-	(1,839)	(137)
Other	2,242	1,469	(30,127)	(146)
Total for the reporting period	**12,451**	**239,967**	**(331,887)**	**(39,439)**

Interest expenses on mortgages and loans include interest expenses on the TLA and TLB, as described in more detail in the note on "Bank borrowing and payables to other lenders".
The increase compared to the previous reporting period is due to the longer period of exposure given that the loan for the acquisition of Welbilt was arranged towards the end of the 2022 reporting period and to interest rate increases in 2023.
Financial expenses on leases (IFRS 16) includes interest expenses arising from the discounting of the lease liability under IFRS 16.
"Defined contribution plans" includes the financial effects for the reporting period on defined benefit pension plans. This is in accordance with the rules set out in IAS 19, as explained in greater detail in the Accounting policies and measurement criteria section.

3.9 Profit/(Loss) from financial assets and liabilities

This item shows a total of Euro 132,206 thousand (Euro 173,605 thousand negative as at August 31, 2022) and mainly includes the positive change in the fair value measurement of the "Cross Currency Swap" (CCS) arranged to hedge the Euro/USD exchange rate risk on future repayments of the intra-Group loan of USD 1,250 million granted by ALI Group S.r.l to AGNAC. As the CCS contract covers intercompany items eliminated at consolidated level and the hedge no longer exists at said level, the contract has been treated as a trading derivative. For further information, see the "Derivative instruments" paragraph.

3.10 Taxes on income

This item shows a balance of Euro 142,489 thousand (Euro 85,193 thousand as at August 31, 2022) and is analysed as follows:

	2023	2022	Change
Current taxes	182,060	154,520	27,540
Deferred tax assets	(1,324)	(51,877)	50,553
Deferred tax liabilities	(38,247)	(15,184)	(23,063)
Prior year taxation	-	(2,266)	2,266
Total	**142,489**	**85,193**	**57,296**

Taxes have been calculated on the basis of current tax laws and regulations and represent the amount of taxes pertaining to reporting period.
In addition to the tax burden for the year, this item also includes the net amount of deferred tax/deferred tax income, as calculated based on with the criteria set out in the earlier part of these notes.

4 INFORMATION ON FINANCIAL RISKS

IFRS 7 requires companies to provide additional information in their financial statements to enable users to evaluate:

a) the significance financial instruments for the financial position and performance of the companies;
b) the nature and extent of risks arising from financial instruments to which the companies are exposed during the period and at the end of the reporting period, and how the companies manage those risks.

The ALI Group is exposed to financial risks connected with its operations, specifically in relation to the following:

- credit risk, with particular reference to normal business relations with customers;
- market risk (specifically, the exchange rate risk, relating to transactions in currencies other than the functional currency; the interest rate risk, relating to the ALI Group's financial exposure; risk of volatility in raw material/commodity prices);
- liquidity risk, which may manifest itself in the inability to raise the financial resources needed to ensure the ALI Group is able to operate.

The ALI Group carefully monitors each of the above financial risks in a specific manner, acting in good time to minimise them, also through the use of hedging derivatives.

It should be noted that all derivatives have been entered into for the purpose of hedging underlying risks. It should also be noted that the Cross Currency Swap (CCS) has been designated as a hedge in the separate financial statements of subsidiary Ali Group S.r.l. while, in the Group's consolidated financial statements, as the hedged item (i.e. the intra-Group financial relationship) is not present (and nor is the hedge), the change in the Fair Value of the derivative has been fully accounted for in profit or loss.

4.1 Categories of financial instruments

The following tables contain information on:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amount of the financial instruments;
- The fair value of the financial instruments (except for financial instruments whose carrying amount approximates their fair value); and
- Fair value hierarchy levels for the financial assets and liabilities whose fair value is reported.

Levels 1 to 3 of the fair value hierarchy are based on the degree of observability of information:

- Level 1 fair value measurements are those based on prices listed (unadjusted) on active markets for identical assets or liabilities;
- Level 2 fair value measurements are those based on inputs other than the listed prices included in Level 1 that are observable for the assets and liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3 fair value measurements are those derived from the application of valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Assets and Liabilities measured at fair value at 31/08/2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	-	570	-	570
Financial liabilities				
Derivatives	-	49,236	-	49,236

The fair value of the derivatives has been derived from the information provided by the financial institutions with which the derivatives have been entered into and is based on data observable directly or indirectly on the market.

The categories of financial instrument are set out below:

Financial instruments by IFRS 9 category	2023	2022
Financial assets		
Amortised cost		
Cash and cash equivalents	412,969	917,010
Trade receivables	661,252	706,089
Current financial assets	1	62,627
Non-current financial assets	813	927
Fair Value		
Derivatives	570	678
Financial liabilities		
Amortised cost		
Bank borrowing and payables to other lenders	2,356,795	3,085,361
Lease liabilities	151,809	169,692
Trade payables	355,660	442,014
Other non-current financial liabilities	-	-
Fair Value		
Derivatives	49,236	175,253

The following table shows the fair value of receivables and payables accounted for using the amortised cost method:

Financial instruments by IFRS 9 category	2023			2022		
	Nominal value	*Amortized cost*	*Fair value*	*Nominal value*	*Amortized cost*	*Fair value*
Financial assets						
Cash and cash equivalents	412,969	412,969	412,969	917,010	917,010	917,010
Trade receivables	661,252	661,252	661,252	706,089	706,089	706,089
Current financial assets	1	1	1	62,627	62,627	62,627
Non-current financial assets	813	813	813	927	927	927
Derivatives	570	570	570	678	678	678
Financial liabilities						
Bank borrowing and payables to other lenders	2,431,608	2,356,795	2,356,795	3,182,356	3,085,361	3,085,361
Lease liabilities	151,809	151,809	151,809	169,692	169,692	169,692
Trade payables	355,660	355,660	355,660	442,014	442,014	442,014
Derivatives	49,236	49,236	49,236	175,253	175,253	175,253

4.2 Credit risk management

The Group companies do not have significant concentrations of credit risk because they operate through different distribution channels. In order to manage the risk that customers do not meet their debts on the agreed due dates, companies assess the reliability of their customers in advance.

Moreover, based on historical experience and knowledge of specific risk situations, Group companies make annual provisions for doubtful debts.

At the time this report was prepared, there were no significant default issues regarding the major customers of Group companies.

An ageing analysis of trade receivables is provided below:

	2023	2022	Change
Current receivables (not past due or pastdue within 30 days)	563,136	549,674	13,462
Past due from 1 to 3 months	78,883	136,229	(57,346)
Past due from 3 to 6 months	16,684	20,587	(3,903)
Past due from 6 to 12 months	10,123	14,021	(3,898)
Past due by more than 12 months	19,679	19,356	323
Closing amount	**688,505**	**739,866**	**(51,360)**

As required by IFRS 7:35, the table below shows the allocation of the provision for doubtful receivables by past due band, based on the bad debt rate expected by the Group:

	Current receivables	Past due from 1 to 3 months	Past due from 3 to 6 months	Past due from 6 to 12 months	Past due by more than 12 months	Total
Bad debt rate	0.54%	1.25%	5.20%	30.15%	98.16%	
Trade receivables	563,136	78,883	16,684	10,123	19,679	**688,505**
Provision for doubtful debts	3,033	983	868	3,052	19,317	**27,253**

4.3 Exchange rate risk management

The Group is exposed to the exchange rate risk arising in various circumstances.

(i) firstly, the ALI Group is exposed to the "translation" risk resulting from the translation into Euro during the consolidation process of the financial statements of subsidiaries prepared in currencies other than the Euro. Group policy does not require hedging of this type of exposure.

(ii) Secondly, the ALI Group is exposed to the "transactional" exchange rate risk. Group policy provides for the hedging of this risk which derives from differences between the rate at which foreign currency receivables or payables are recognised in the financial statements and the rate at which they are collected or paid. This type of exchange rate risk is managed using natural offsetting (i.e. the netting of sales and purchases in the same foreign currency) and, if necessary, by entering into derivatives for the forward sale or purchase of foreign currency.

Sensitivity analysis

With regard to operating income and expenses in foreign currency for the 2023 reporting period, a hypothetical strengthening or weakening of 5% of the Euro against other currencies during the period would have led, respectively, to a Euro 22.5 million decrease in operating profit and to a Euro 24.9 million increase in operating profit; the difference would have related to the various foreign companies in which the Group companies operate, as follows:

	2023	
Euro/000	5%	-5%
USD	(15,489)	17,119
AUD	(2,839)	3,138
GBP	(1,761)	1,946
Other currencies	(2,457)	2,716
Total	**(22,546)**	**24,919**

4.4 Interest rate risk management

The Group uses various forms of financing to cover its business requirements. Interest rate fluctuation can trigger increases or decreases in the cost of borrowing or in the remuneration of available liquidity.

Interest rate trends and the related impact on the Group's financial expenses are carefully and constantly monitored.

Sensitivity analysis

Considering the floating rate financial liabilities as at August 31, 2023 (specifically, Term Loan A and Term Loan B), a hypothetical increase of 100 basis points in the Euribor and Term-SOFR interest rates compared to the interest rates applied during 2023, assuming other variables remained constant, would lead to a Euro 27,689 thousand increase in financial expenses to be recognised in the ALI Group statement of profit or loss as at August 31, 2023.

4.5 Commodity price risk

Through its member companies, the ALI Group implements a diversified procurement strategy both at geographical and product level, while at the same time minimising the counterparty risk.

The risk of increases in the price of raw materials and components – especially steel – is managed by the ALI Group companies through medium-term purchase contracts (duration of between six and twelve months) in order to limit market price fluctuations as much as possible.

During the 2023 reporting period, although supply chain tension seemed to have eased somewhat, constant attention was still paid to managing and monitoring the possible risk of shortages of raw materials and critical components needed to supply production processes. Any shortages of components e.g. electronics are handled thanks to the agility and responsiveness to change of the decentralised decision-making structure of the various Ali Group companies.

Regular updates of selling price lists have enabled the ALI Group to pass on cost increases to end customers thus protecting its margins.

It should also be noted that the ALI Group companies are not particularly exposed to increases in energy prices as they are not electricity or gas-intensive businesses.

4.6 Liquidity risk management

The Group expects to meet requirements regarding financial payables maturing and investments planned through available liquidity and operating cash flows. It also has adequate credit facilities with leading international banks.

At present, there are no specific risks regarding the Group's liquidity requirements.

The table below shows financial liabilities as at August 31, 2023 by maturity date:

Analysis of financial liabilities by maturity at 31 August 2023	Carrying amount	Contractual cash flows	within 1 year	1 to 5 years	more than 5 years
Bank loans	2,349,788	2,424,601	-	722,356	1,702,245
Current account ovedrafts	6,582	6,582	6,582	-	-
Payables to other lenders	425	425	48	377	-
IFRS 16 financial payables *	151,809	151,809	39,565	70,889	41,355
Financial liabilities	**2,508,604**	**2,583,417**	**46,195**	**793,622**	**1,743,600**
Trade payables	355,660	355,660	355,660	-	-
Total	**2,864,264**	**2,939,077**	**401,855**	**793,622**	**1,743,600**

*"IFRS 16 financial payables" include discounted principal repayments

The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the commitments. The amounts shown in the table represent undiscounted cash flows.

5 OTHER INFORMATION

COMMITMENTS AND GUARANTEES

Pursuant to Article 2427 (9) of the Italian Civil Code, the following off-balance sheet commitments, guarantees given and contingent liabilities are disclosed:

	2023	2022
Guarantees Given		
a) Sureties		
' - other companies	*5,980*	*9,096*
	5,980	***9,096***
Other commitments		
a) Commitments	*5,241*	*5,185*
a) Guarantees in favour of third parties	*31*	-
	5,272	***5,185***
Total commitments and guarantees given	***11,252***	***14,281***

Guarantees given include guarantees in favour of third parties.
Other commitments include other risks taken on by the Group, off-balance sheet commitments made and the value of third-party assets held by Group companies.

OFF-BALANCE SHEET AGREEMENTS

Pursuant to Article 2427 (22-ter) of the Italian Civil Code, we note that there are no off-balance sheet agreements involving significant risks or benefits and that are decisive for the purposes of assessing the Group's financial position, results and cash flows.

6 RELATIONS WITH DIRECTORS, STATUTORY AUDITORS AND EXTERNAL AUDITORS

The total fees payable to the Directors, Statutory Auditors and External Auditors of the Parent Company and of the Italian subsidiary ALI Group S.r.l. are indicated below.

	2023	2022
Board of Directors	381	206
Board of Statutory Auditors	140	140
External Auditors	4,047	2,008

INFORMATION PURSUANT TO ART. 1 (125) OF LAW NO. 124 OF 4 AUGUST 2017

Certain Italian companies of the Group have received state/*de minimis* aid included in the "National State Aid Register" as per Article 52 of Italian Law no.234 of December 24, 2012, recorded in said system and disclosed in the relevant transparency section by the entities that grant or manage said aid in accordance with the relevant regulations.
The disclosure of such aid in the aforementioned Register supersedes the requirement imposed upon the recipient to disclose it in the Notes to the Financial Statements.

7 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Pursuant to Article 2427(1)(22-iv) of the Italian Civil Code, the following information is provided on significant events after the reporting date:

- In the first four months of the 2024 reporting period, additional early repayments were made on the Terma Loan A and Term Loan B bank loans – Euro 100 million and USD 50 million, respectively.

- In November 2023, as part of a strategy to simplify the Group's corporate structure in Italy, in order to achieve better coordination and bring about commercial synergies, ALI Group S.r.l. acquired the entire share capital of Welbilt Italia S.r.l., a company already wholly controlled indirectly. During the same month, ALI Group S.r.l. completed a merger through incorporation of Welbilt Italia S.r.l. with legal effect from December 1, 2023 (accounting and tax effects from 1 September 2023).
- An operation for the contribution of the manufacturing and commercial activities of ALI Group to a recently approved NewCo S.r.l. was approved in December 2023 with effect from 1 March 2024. This operation will have no impact on the Group's consolidated financial statements.

8 PROPOSED ALLOCATION OF NET PROFIT OR COVERAGE OF LOSSES

Pursuant to Article 2427 (22-septies) of the Italian Civil Code, reference should be made to the notes to the separate financial statements of ALI Holding S.r.l. for details of the allocation of the Parent Company's net profit for the period.

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The Sole Director

(Filippo Berti)

ANNEX 1

Equity investments consolidated line-by-line		Share Capital (/000)*	Equity (/000)	Net Profit (/000)	%
ALI Group S.r.l. - Cernusco sul Naviglio, MI (Italy)	***EUR***	***50,000***	***627,284***	***54,022***	***100***
Aladdin Temp Rite Canada Inc. - Jordan Station, ON (Canada)	*CAD*	*775*	*2,873*	*363*	*100*
Aladdin Temp Rite Puerto Rico Inc. - Catano (Porto Rico)	*USD*	*1,100*	*1,841*	*-49*	*100*
ALI Comenda Sa - Stains (France)	*EUR*	*1,278*	*13,109*	*1,686*	*100*
ALI Food Service Equipment Co. Ltd - Shanghai (China)	*CNY*	*10,057*	*533*	*-277*	*100*
ALI Middle East & Africa FZ LLC - Dubai (United Arab Emirates)	*AED*	*2,326*	*221*	*17*	*100*
ALI Reale S.r.l. - Cernusco sul Naviglio, MI (Italy)	***EUR***	***10,000***	***52,834***	***1,306***	***100***
ALI Group North America Corporation - Vernon Hills, IL (USA)	*USD*	*540,954*	*491,836*	*-152,870*	*100*
- ACP of Delaware Inc. - Wilmington, DE (USA)	*USD*	*49,250*	*192,880*	*15,299*	*100*
- Aladdin Temp Rite LLC - Hendersonville, TN (USA)	*USD*	*26,763*	*92,160*	*15,321*	*100*
- Aladdin Temp Rite Ltd - Christchurch (New Zealand)	*NZD*	*0*	*0*	*0*	*100*
- American Dish Service Corp. - Edwardsville, KS (USA)	*USD*	*71,611*	*76,319*	*6,013*	*100*
- Belshaw Bros., Inc. - Wilmington, DE (USA)	*USD*	*0*	*107,847*	*9,575*	*100*
- Beverage Air Corporation - Winston-Salem, NC (USA)	*USD*	*56,318*	*195,222*	*37,926*	*100*
- Castel Mac S.r.l. - Castelfranco Veneto, TV (Italy)	*EUR*	*4,316*	*27,528*	*3,394*	*100*
- Chemical Methods Associates LLC - Garden Grove, CA (USA)	*USD*	*17,937*	*62,836*	*12,665*	*100*
- Chemical Methods Leasco Inc. - Garden Grove, CA (USA)	*USD*	*1,316*	*2,570*	*57*	*100*
- Edlund Company LLC - Burlington, VT (USA)	*USD*	*14,914*	*42,323*	*5,715*	*100*
- Hc Duke & Sons Inc. - East Moline, IL (USA)	*USD*	*1,316*	*6,561*	*12,404*	*100*
- InterMetro de Acuna S. de R.L. de C.V. - Acuna (Mexico)	*MXN*	*250,385*	*25,210*	*3,674*	*100*
- InterMetro de Mexico S. de R.L. de C.V. - Ciudad de Méxic (Mexico)	*MXN*	*46,961*	*14,259*	*461*	*100*
- InterMetro Industries BV - Breda (Netherlands)	*EUR*	*0*	*2,526*	*298*	*100*
- InterMetro Industries Corporation - Wilkes Barre, WY (USA)	*USD*	*406,681*	*465,790*	*41,542*	*100*
- InterMetro Trading (Shanghai) Company Ltd - Shanghai (China)	*CNY*	*15,523*	*228*	*-34*	*100*
- Metropolitan Wire ltd - Mississauga, ON (Canada)	*CAD*	*0*	*2,224*	*346*	*100*
- Mile High Equipment LLC - Denver, CO (USA)	*USD*	*13,672*	*162,371*	*22,966*	*100*
- Moyer Diebel Ltd - Jordan Station, ON (Canada)	*CAD*	*406*	*15,242*	*5,887*	*100*
- Scotsman Espana SLU - Madrid (Spain)	*EUR*	*653*	*1,817*	*336*	*100*
- Scotsman Group LLC - Vernon Hills, IL (USA)	*USD*	*0*	*476,816*	*93,528*	*100*
- Scotsman Ice S.r.l. - Pogliano Milanese, MI (Italy)	*EUR*	*14,201*	*79,410*	*14,678*	*100*
- Scotsman Ice System South Africa Ltd - Boksburg (South Africa)	*ZAR*	*0*	*4,361*	*1,002*	*100*
- Scotsman Ice Systems Shanghai Co. Ltd - Shanghai (China)	*CNY*	*17,883*	*8,144*	*1,183*	*100*
- Scotsman Ice Systems Su Zhou Co. Ltd - So Zhou (China)	*CNY*	*9,000*	*3,864*	*730*	*100*
- Scotsman Industries Pte Ltd - Singapore (Singapore)	*SGD*	*350*	*3,631*	*2,279*	*100*
- The Montague Company - Hayward, CA (USA)	*USD*	*43*	*50,212*	*3,844*	*100*
- Washtech Australia LTD - Wynnum, Queensland (Australia)	*AUD*	*739*	*0*	*0*	*100*
- Washtech Ltd - Avondale (New Zealand)	*NZD*	*600*	*7,638*	*2,592*	*100*
- Moffat Group Pty Ltd - Mulgrave, Victoria (Australia)	*AUD*	*12,809*	*18,693*	*13,686*	*100*
- Moffat Ltd - Christchurch (New Zealand)	*NZD*	*1,379*	*21,296*	*9,168*	*100*
- Moffat Pty Ltd. - Mulgrave, Victoria (Australia)	*AUD*	*7,569*	*78,369*	*14,683*	*100*
- Blue Seal Ltd - Birmingham (United Kingdom)	*GBP*	*100*	*14,704*	*3,971*	*100*
- Appliance Scientific, Inc. - New Port Richey, FL (USA)	*USD*	*0*	*0*	*0*	*100*
- Avaj International Holding AB - Stockhold (Sweden)	*SEK*	*516*	*209,784*	*-347*	*100*
- Beleggingsmaatschappij Interrub B.V. - Amsterdam (Netherlands)	*EUR*	*90,000*	*139,131*	*-69*	*100*
- Berisford Property Development Ltd - New Port Richey, FL (USA)	*USD*	*0*	*0*	*0*	*100*
- Boek-en Offsetdrukkerij Kuyte B.V. - Amsterdam (Netherlands)	*EUR*	*18*	*0*	*258,630*	*100*
- Cleveland Range Ltd - Vaughan, ON (Canada)	*CAD*	*0*	*22,338*	*26,644*	*100*
- Cleveland Range, LLC - Mayfield Heights, OH (USA)	*USD*	*0*	*52,032*	*20,708*	*100*
- Crem International AB - Värmland (Sweden)	*SEK*	*1,000*	*33,614*	*492*	*100*
- Crem International B.V. - Son en Breugel (Netherlands)	*EUR*	*1*	*198*	*104*	*100*
- Crem International Holding AB - Stockholm (Sweden)	*SEK*	*10,524*	*192,811*	*-337*	*100*
- Crem International Spain, S.L.U. - Valencia (Spain)	*EUR*	*150*	*-15,107*	*-5,183*	*100*
- Enodis Corporation - New Port Richey, FL (USA)	*USD*	*0*	*571,330*	*305,510*	*100*
- Enodis Group Holdings US, Inc. - New Port Richey, FL (USA)	*USD*	*10*	*445,361*	*303,172*	*100*

- Enodis Group Limited - Newcastle (United Kingdom)	GBP	700,000	698,991	74,664	100
- Enodis Hanover - Newcastle (United Kingdom)	GBP	162,075	225,435	277,318	100
- Enodis Holdings Limited - Newcastle (United Kingdom)	GBP	32,770	-312,814	7,528	100
- Enodis Industrial Holdings Limited - Newcastle (United Kingdom)	GBP	40,000	197,169	0	100
- Enodis International Limited - Newcastle (United Kingdom)	GBP	40,000	134,209	2,241	100
- Enodis Maple Leaf Ltd - Newcastle (United Kingdom)	GBP	1	30,967	18,071	100
- Enodis Nederland B.V. - Amsterdam (Netherlands)	EUR	90	26,470	22	100
- Enodis Oxford - Newcastle (United Kingdom)	GBP	0	77,350	3,681	100
- Enodis Property Developments Limited - Newcastle (United Kingdom)	GBP	38,343	464	-496	100
- Enodis Regent - Newcastle (United Kingdom)	GBP	162,075	0	281,892	100
- Enodis Strand Ltd - Newcastle (United Kingdom)	GBP	96,000	117,304	0	100
- Enodis Technology Center, Inc. - New Port Richey, FL (USA)	USD	0	1,030	-101	100
- Fabristeel (M) Sdn Bhd - Petaling Jaya (Malaysia)	MYR	200	2,019	60	100
- Fabristeel Lanka (Private) Limited - Colombo (Sri Lanka)	LKR	180	125	186	100
- Fabristeel Private Limited - Singapore (Singapore)	SGD	7,000	24,159	13,701	100
- Frymaster LLC - Shreveport, LA (USA)	USD	0	150,155	32,817	100
- Garland Commercial Industries LLC - New Port Richey, FL (USA)	USD	0	23,339	6,056	100
- Garland Commercial Ranges Limited - Mississauga, ON (Canada)	CAD	2	91,439	194,088	100
- Inducs AG - Herisau (Switzerland)	SEK	0	1,002	227	100
- Kolpak LLC - New Port Richey, FL (USA)	USD	0	145,696	31,106	100
- Kysor Business Trust - New Port Richey, FL (USA)	USD	0	-4,558	0	100
- Kysor Holdings, Inc. - New Port Richey, FL (USA)	USD	0	1,110,730	0	100
- Kysor Industrial Corporation - New Port Richey, FL (USA)	USD	0	75,892	0	100
- Kysor Nevada Holding Corporation - New Port Richey, FL (USA)	USD	0	1,424,240	-30	100
- Lincoln Foodservice Equipment LLC - Shreveport, LA (USA)	USD	0	0	0	100
- Maas International Verwaltungs-GmbH - Bruchsal (Germany)	EUR	25	23,645	-7	100
- Manston Limited - (British Virgin Islands)	USD	0	23,905	0	100
- McCann's Engineering & Manufacturing Co., LLC - Los Angeles, CA (USA)	USD	0	121,747	25,424	100
- Merrychef Limited - Newcastle (United Kingdom)	GBP	0	0	0	100
- MTW County Limited - London (United Kingdom)	GBP	5	-263,581	-19,061	100
- Spengler GmbH & CO. KG - Bruchsal (Germany)	EUR	4,356	-234	115	100
- The Delfield Company LLC - Mt. Pleasant, MI (USA)	USD	0	117,999	13,415	100
- Welbilt (Foshan) Foodservice Co., Ltd - Nanhai Foshan, GuangDong (China)	CNY	3,420	9,434	3,580	100
- Welbilt (Halesowen) Limited - Newcastle (United Kingdom)	GBP	100,000	98,109	68,086	100
- Welbilt Asia Pacific Private Limited - Singapore (Singapore)	USD	324,045	715,463	20,734	100
- Welbilt Cayman Islands Funding Ltd - Grand Cayman (Cayman Islands)	USD	50	7,390	11	100
- Welbilt Deutschland GmbH - Elfing (Germany)	EUR	25	14,661	19,353	100
- Welbilt Deutschland GmbH - Lyon (France)	EUR	25	0	0	100
- Welbilt Electrical Technology Co., Ltd - Shanghai (China)	USD	700	106,018	1,330	100
- Welbilt Foodservice Co., Ltd - Hangzhou (China)	CNY	0	24,399	5,260	100
- Welbilt Foodservice Co., Ltd - Shanghai (China)	USD	200	15,303	53	100
- Welbilt Foodservice Companies, LLC - New Port Richey, FL (USA)	USD	0	1,751,240	313,341	100
- Welbilt Foodservice Holding, Inc. - New Port Richey, FL (USA)	USD	0	25	0	100
- Welbilt Foodservice India Private Limited - Haryana (India)	INR	79,850	4,093	797	100
- Welbilt Foodservice Russia LLC - Moscow (Russia)	RUB	10	65	0	100
- Welbilt Foodservice UK Holding Limited - Newcastle (United Kingdom)	GBP	15,205	17,713	-5	100
- Welbilt FP, Inc. - New Port Richey, FL (USA)	USD	0	972,634	56,556	100
- Welbilt FSG International Holdings, Inc. - New Port Richey, FL (USA)	USD	100	218,195	56,556	100
- Welbilt FSG Mexico, SRL de C.V. - Naucalpan de Juarez (Mexico)	MXN	10	6,609	197	100
- Welbilt FSG Operations, LLC - New Port Richey, FL (USA)	USD	0	2,340,262	-7,512	100
- Welbilt FSG U.S. Holding, LLC - New Port Richey, FL (USA)	USD	0	209,572	314,617	100
- Welbilt FSG UK Limited - Newcastle (United Kingdom)	GBP	1,322	-81,845	-18,334	100
- Welbilt Iberia, SAU - Barcellona (Spain)	EUR	60,501	14,791	3,317	100
- Welbilt Italia S.r.l.U - Bologna (Italy)	EUR	10	19	-63	100
- Welbilt Japan G.K. - Tokyo (Japan)	JPY	1,000	61	2	100
- Welbilt Manufacturing (Thailand) Ltd - Bangkok (Thailand)	THB	186,667	2,642	-121	100
- Welbilt Mexico Services, S. de R.L. de C.V. - Naucalpan de Juarez (Mexico)	MXN	3	11	-1	100
- Welbilt Middle East FZE - Dubai (United Arab Emirates)	AED	10	606	195	100
- Welbilt Tijuana, SRL de C.V. - Tijuana (Mexico)	MXN	10	3,798	531	100
- Welbilt UK Limited - Newcastle (United Kingdom)	GBP	1,500	108,979	49,817	100

- Welbilt, Inc. - New Port Richey, FL (USA)	USD	300,000	2,384,201	57,700	100
ALI Sas - Bourges (France)	EUR	7,423	22,983	-119	100
- AFE Bakery Sas - Holtzheim (France)	EUR	23,500	-28,383	-620	100
- Becker Bakovenbouw BV - Nederweert (Netherlands)	EUR	272	494	0	100
- Becker Bvba - Wilrijk (Belgium)	EUR	1,218	-289	0	100
- Bongard Gmbh - Kehl (Germany)	EUR	511	750	-116	100
- Bongard Iberia SA - Parets Del Valles (Spain)	EUR	720	7,672	899	100
- Bongard Sas - Holtzheim (France)	EUR	10,000	88,175	6,162	100
- Friginox Sas - Villevallier (France)	EUR	2,091	13,654	793	100
- Metos Sas - Champs-sur-Marne (France)	EUR	37	4,321	528	100
- Rosinox Promotion Sas - Bourges (France)	EUR	98	102	-39	100
- Rosinox Sas - Bourges (France)	EUR	4,436	2,960	78	100
- Societe Civile Rosinox Sas - Bourges (France)	EUR	1	2,599	-45	100
- Societé D'Equip De Boul. Patis. Sas - Portes Les Valence (France)	EUR	2,850	35,890	3,886	100
ALI UK Ltd - Chessington (United Kingdom)	GBP	61,900	108,509	17,719	100
- Afe Group China Ltd - Hong Kong (China)	HKD	3,000	207	2	100
- Afe Group ltd - King's Lynn (United Kingdom)	GBP	51,521	121,981	20,814	100
- AFG Stirling Ltd - King's Lynn (United Kingdom)	GBP	0	194	50	100
- Burlodge Canada Ltd - Brampton, ON (Canada)	CAD	0	5,318	867	100
- Burlodge Group Ltd - Chessington (United Kingdom)	GBP	5,525	5,722	1,720	100
- Burlodge Ltd - Chessington (United Kingdom)	GBP	28	1,921	647	100
- Burlodge S.r.l. - Seriate, BG (Italy)	EUR	100	17,367	4,652	100
- Burlodge Sas - Bourges (France)	EUR	37	719	11	100
- Burlodge USA Inc. - Winston-Salem, NC (USA)	USD	50	1,370	926	100
- Falcon Catering Equipment Ltd - King's Lynn (United Kingdom)	GBP	0	0	0	100
- Miller's Vanguard Ltd - Bury (United Kingdom)	GBP	0	0	0	100
- Mono Equipment Ltd - King's Lynn (United Kingdom)	GBP	34	0	0	100
- Service Line Catering Equipment Engineers Ltd - King's Lynn (United Kingdom)	GBP	200	0	0	100
- Williams Refrigeration (Dongguan) Ltd - Dongguan City (China)	CNY	14,922	7,888	1,371	100
- Williams Refrigeration Ltd - Hong Kong (China)	HKD	3,114	2,040	2,343	100
- Williams Refrigeration Ltd - King's Lynn (United Kingdom)	GBP	20	0	0	100
- Williams Silverfrost Sarl - Lavaveix-les-Mines (France)	EUR	266	595	267	100
BGItaly S.r.l. - Santa Lucia di Piave, TV (Italy)	EUR	200	229	-68	100
Carpigiani Centro Suramerica do Brasil SA - San Paolo (Brazil)	BRL	7,920	-2,104	-89	97
Carpigiani Deutschland GmbH - Stuttgart (Germany)	EUR	26	1,503	80	100
Carpigiani France Sa - Vitry-Sur-Seine (France)	EUR	800	4,155	540	99.8
Carpigiani Hong Kong Ltd - Hong Kong (China)	HKD	10	847	-19	100
- Carpigiani Manufacturing Co. Ltd - Zhongshang (China)	CNY	8,079	9,833	4,214	100
Carpigiani Japan Co. Ltd - Tokyo (Japan)	JPY	50,000	1,514	704	100
Carpigiani Solution LLC - Moscow (Russia)	RUB	14,076	866	435	100
Carpigiani UK Ltd - London (United Kingdom)	GBP	15	5,540	1,073	100
Slush & Beverage Equipment V Air, S.L.U. - Valencia (Spain)	EUR	328	15,106	866	100
Method BV - Ruurlo (Netherlands)	EUR	250	7,952	359	100
- Metos BV - Ruurlo (Netherlands)	EUR	18	14,474	1,029	100
- Rendisk BV - Ruurlo (Netherlands)	EUR	113	-1,594	-326	100
Metos NV - Aalst (Belgium)	EUR	20,591	22,103	518	100
Metos Oy Ab - Kerava (Finland)	EUR	1,000	68,841	21,157	100
- Metos A/S - Herlev (Denmark)	DKK	50	11	-191	100
- Metos As - Oslo (Norway)	NOK	12,040	3,016	163	100
- Metos Eesti AS - Harjuma (Estonia)	EUR	224	1,304	299	100
- Metos Sia - Riga (Latvia)	EUR	344	412	50	100
- Metos Storkök Ab - Skärholmen (Sweden)	SEK	1,700	3,354	494	100
- Metos Uab - Vilnius (Lithuania)	EUR	29	676	95	100
- Wexiodisk Ab - Växjo (Sweden)	SEK	10,000	11,839	7,915	100

Rancilio Group S.P.A. - Villastanza di Parabiago, MI (Italy)	*EUR*	*1,208*	*61,117*	*9,917*	*100*
- Rancilio Espana Sa - Barcellona (Spain)	*EUR*	*60*	*1,256*	*246*	*100*
- Rancilio Group Deutschland GmbH - Weikersheim (Germany)	*EUR*	*90*	*-2,824*	*-966*	*100*
- Rancilio Group North America Inc. - Woodridge, IL (USA)	*USD*	*25*	*4,167*	*845*	*100*
- Rancilio Group Portugal Lda - Lisbona (Portugal)	*EUR*	*50*	*1,414*	*175*	*100*
- Egro Suisse AG - Dottikon (Switzerland)	*CHF*	*1,000*	*1,517*	*148*	*100*
- Coffeeing The World Uk Ltd - Letchworth Garden City (United Kingdom)	*GBP*	*0*	*0*	*0*	*100*
Stierlen GmbH - Rastatt (Germany)	*EUR*	*2,556*	*-5,396*	*-73*	*100*
Temp-Rite International GmbH - Brema (Germany)	*EUR*	*256*	*33,763*	*3,420*	*100*
- Temp-Rite Europe BV - Breda (Netherlands)	*EUR*	*18*	*1,565*	*237*	*100*
- Temp-Rite Europe Kft - Budapest (Hungary)	*HUF*	*3,000*	*83*	*73*	*100*
- Eloma GmbH - Maisach (Germany)	*EUR*	*2,000*	*7,311*	*445*	*100*
Williams Refrigeration Pty Ltd - Dandenong South, Victoria (Australia)	*AUD*	*2,400*	*5,388*	*595*	*100*

**Local currency*

NOT CONSOLIDATED EQUITY INVESTMENTS

- MPBE SaS (a company 30% owned and included in associated companies).

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Ali Holding S.r.l.

Opinion

We have audited the consolidated financial statements of Ali Holding S.r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at August 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Ali Holding S.r.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the sole Director and the Board of Statutory Auditors for the Consolidated Financial Statements

The sole Director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the sole Director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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In preparing the consolidated financial statements, the sole Director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole Director.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's 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 an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The sole Director of Ali Holding is responsible for the preparation of the report on operations of Ali Holding Group as at August 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Ali Holding Group as at August 31, 2023 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of Ali Holding Group as at August 31, 2023 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Dell'Orto
Partner

Milan, Italy
December 22, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.