

**FORM 51-102F4
BUSINESS ACQUISITION REPORT**

Item 1 Identity of Company

1.1 Name and address of Company

Aimia Inc. (“**Aimia**” or the “**Corporation**”)
176 Yonge Street, 6th floor
Toronto, Ontario
M5C 2L7

1.2 Executive Officer

Steven Leonard
Chief Financial Officer
(647) 948-8758

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On May 9, 2023, Aimia acquired a 93.94% interest in Giovanni Bozzetto S.p.A. (“**Bozzetto**”) in a transaction previously announced in a press release on March 6, 2023 (the “**Transaction**”). Founded in 1919 and headquartered in Filago, Italy, Bozzetto is one of the world’s largest ESG-focused providers of specialty sustainable chemicals, offering sustainable textile, water and dispersion chemical solutions with applications in several end-markets including the textile, home and personal care, plasterboard and agrochemical markets. Bozzetto has over 1,500 long-standing clients in over 90 countries, an exceptionally vast portfolio of over 2,000 products and a global production footprint with 6 manufacturing facilities and over 500 employees worldwide.

Bozzetto's executive management team invested a portion of their after-tax sales proceeds alongside Aimia into the new investment structure, which represents a minority position of 6.06%.

2.2 Acquisition date

The Transaction closed on May 9, 2023.

2.3 Consideration

The purchase consideration for the 93.94% equity stake was approximately \$257.8 million¹ (€175.5 million) payable at closing in cash. Bozzetto’s executive management team purchased the remaining equity stake for \$16.6 million¹ (€11.3 million).

The Corporation financed the purchase consideration on the acquisition closing date as well as the costs of the acquisition of \$12.4 million¹ (€8.4 million) and the repayment of Bozzetto’s previous senior debt of \$83.9 million¹ (€57.1 million) using a combination of cash on hand and an amount drawn from a new financing at the subsidiary level in the amount of \$140.0 million¹ (€95.0 million). The interest rate on the new senior facilities is based on the Euribor plus a margin which can vary between 3.25% and 4.75% based on Bozzetto's leverage ratio, as defined in the senior facilities agreement, and depending on how the facilities are drawn.

2.4 Effect on Financial Position

Aimia does not currently have any plan or proposal for material changes in its business affairs or the affairs of Bozzetto which may have a significant effect on the financial performance or financial position of Aimia, provided, however, that in the ordinary course of its business Aimia is continuously seeking and evaluating opportunities for further investments.

¹ Translated from EUR to CAD using an exchange rate of 1.4685 at the closing date of May 9, 2023.

The effect of the Transaction on Aimia's financial position is outlined in the unaudited pro forma consolidated financial information of Aimia as at March 31, 2023 and for the year ended December 31, 2022 and the three months ended March 31, 2023 attached hereto as Schedule A.

2.5 Prior Valuations

No valuation opinion was obtained within the last 12 months by the Corporation required by securities legislation or a Canadian exchange or market to support the consideration paid by the Corporation in respect of the Transaction.

2.6 Parties to Transaction

The Transaction was not with an "informed person", "associate" or "affiliate" of Aimia, as those terms are defined under applicable securities legislation.

2.7 Date of Report

July 24, 2023.

Item 3 Financial Statements and Other Information

The following financial information included in Schedule A, Schedule B and Schedule C hereto forms part of this Report:

- The unaudited pro forma consolidated financial information of Aimia, consisting of the pro forma consolidated statement of financial position as at March 31, 2023, the pro forma consolidated statement of operations for the three months ended March 31, 2023 and the pro forma consolidated statement of operations for the year ended December 31, 2022, together with the notes thereto, as Schedule A;
- The audited combined financial statements of Giovanni Bozzetto S.p.A., consisting of the consolidated statement of financial position as of December 31, 2022, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statements of cash flows for the year ended December 31, 2022, together with the notes thereto, as Schedule B; and
- The unaudited condensed interim consolidated financial statements of Giovanni Bozzetto S.p.A., consisting of the consolidated statement of financial position as of March 31, 2023, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statements of cash flows for the three months ended March 31, 2023, together with the notes thereto, as Schedule C.

Forward-Looking Statements

This business acquisition report contains statements that constitute "forward-looking information" within the meaning of Canadian securities laws ("forward-looking statements"), which are based upon our current expectations, estimates, projections, assumptions and beliefs. All information that is not clearly historical in nature may constitute forward-looking statements. Forward-looking statements are typically identified by the use of terms or phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would" and "should", and similar terms and phrases, including references to assumptions. Forward-looking statements in this business acquisition report include, but are not limited to, statements with respect to the interest rate on the new senior facilities and the amount drawn thereunder; the effect of the Transaction on Aimia's financial position; the absence of Aimia's plan or proposal for material changes in its business affairs or the affairs of Bozzetto which may have a significant effect on the financial performance or financial position of Aimia, and; Aimia's opportunities for further investments.

Forward-looking statements, by their nature, are based on assumptions and are subject to known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the forward-looking statement will not occur. The forward-looking statements in this business acquisition report speak only as of the date hereof and reflect several material factors, expectations and assumptions. While Aimia considers these factors, expectations and assumptions to be reasonable, actual events or results could differ materially from the results, predictions, forecasts, conclusions or projections expressed or implied in the forward-looking statements. Undue reliance should not be placed on any predictions or forward-looking statements as these may be affected by, among other things, changing external events and general uncertainties of the business. A discussion of the material risks applicable to us can be found in our current Management Discussion and Analysis and Annual Information Form, each of which have been or will be filed on SEDAR and can be accessed at www.sedar.com. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and we disclaim any intention and assume no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Schedule A

Unaudited pro forma consolidated financial information of Aimia

See attached.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2023
Unaudited

(in millions of Canadian dollars)

	Aimia	Bozzetto	Adjustments	Note	Pro Forma
	Note 4 (a)	Note 3			
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	\$ 244.4	\$ 38.0	\$ (258.8)	4(b)	\$ 62.0
			0.7	4(b)	
			(12.4)	4(c)	
			133.2	4(e)	
			(83.1)	4(f)	
Investments in marketable securities	77.3	—	—		77.3
Income taxes receivable	1.4	4.6	—		6.0
Accounts receivable	13.5	68.0	—		81.5
Inventories	11.6	43.5	—		55.1
Prepaid expenses	1.9	—	—		1.9
Other current assets	0.8	4.0	(0.8)	4(b)	4.0
Receivable from related party	1.4	—	—		1.4
	352.3	158.1	(221.2)		289.2
<i>Non-Current assets</i>					
Investments in private companies and other financial instruments	168.2	—	—		168.2
Equity-accounted investments	12.5	3.4	—		15.9
Property, plant and equipment	37.7	69.3	0.2	4(b)	107.2
Goodwill and other intangible assets	176.3	73.9	126.2	4(b)	376.4
Other non-current assets	49.6	0.7	—		50.3
Deferred tax assets	—	8.1	—		8.1
	\$ 796.6	\$ 313.5	\$ (94.8)		\$ 1,015.3



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2023
Unaudited

(in millions of Canadian dollars)	Aimia	Bozzetto	Adjustments	Note	Pro Forma
	Note 4 (a)	Note 3			
LIABILITIES AND EQUITY					
<i>Current liabilities</i>					
Accounts payable and accrued liabilities	\$ 13.7	\$ 54.4	\$ (0.1)	4(b)	\$ 68.0
Customer deposits	0.7	—	—		0.7
Current financial liabilities (including current portion of long-term debt)	—	25.9	(13.7)	4(f)	12.2
Income taxes payable	—	3.7	—		3.7
Limited partners' capital liability	2.3	—	—		2.3
	16.7	84.0	(13.8)		86.9
<i>Non-Current liabilities</i>					
Non-current financial liabilities (including long-term debt)	—	72.4	133.2	4(e)	136.2
			(69.4)	4(f)	
Post-employment benefit plan	—	10.9	—		10.9
Other non-current liabilities	25.4	1.6	—		27.0
Deferred income taxes	—	8.3	—		8.3
	42.1	177.2	50.0		269.3
Total equity attributable to equity holders of the Corporation	754.5	136.2	(136.2)	4(b)	742.1
			(12.4)	4(c)	
Non-controlling interests	—	0.1	3.8	4(b)	3.9
Total equity	754.5	136.3	(144.8)		746.0
	\$ 796.6	\$ 313.5	\$ (94.8)		\$ 1,015.3

Contingencies and commitments

The accompanying notes are an integral part of the pro forma consolidated financial information.



PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31, 2022
Unaudited

(in millions of Canadian dollars, except per share data)

	Aimia Note 5 (a)	Bozzetto Note 3	Adjustment	Note	Pro Forma
Income					
Share of net income (loss) of equity-accounted investments	\$ (27.5)	\$ 0.4	\$ —		\$ (27.1)
Revenues from sales and services	1.5	299.3	—		300.8
Other revenues and income	—	6.3	—		6.3
Net change in fair value of investments	(39.5)	—	—		(39.5)
Interest, dividend and other investment income	11.5	0.1	—		11.6
Gain on disposal of equity-accounted investments	530.5	—	—		530.5
	476.5	306.1	—		782.6
Expenses					
Compensation and benefits	12.0	33.0	—		45.0
Services	—	53.3	—		53.3
Other operating costs	—	1.5	—		1.5
Professional, advisory and service fees	5.5	—	0.5	5(e)	6.0
Insurance, technology and other office expenses	3.1	—	—		3.1
Cost of material consumed and change in inventory of finished goods and work-in-progress	—	175.5	—		175.5
Fair value (gain) loss on contingent consideration	(1.0)	—	—		(1.0)
Other financial (income) expense, net	3.0	4.9	12.2	5(c)	16.0
			(4.1)	5(d)	
Monetary position result - IAS29	—	0.7	—		0.7
Depreciation and amortization	0.1	9.5	—		9.6
Allowance for credit risks	—	(0.3)	—		(0.3)
Impairment charge	11.4	—	—		11.4
	34.1	278.1	8.6		320.8
Decrease in limited partners' capital liability	2.9	—	—		2.9
Earnings (loss) before income taxes	445.3	28.0	(8.6)		464.7
Income tax recovery (expense)					
Current	(5.2)	(6.3)	2.3	5(f)	(9.2)
Deferred	—	(1.5)	—		(1.5)
	(5.2)	(7.8)	2.3		(10.7)
Net earnings (loss)	\$ 440.1	\$ 20.2	\$ (6.3)		\$ 454.0
Net earnings (loss) attributable to non-controlling interests	—	1.2	(0.4)		0.8
Net earnings (loss) attributable to equity holders of the Corporation	440.1	19.0	(5.9)		453.2
Weighted average number of shares - Basic	87,682,533				87,682,533
Basic earnings per common share	\$ 4.88				\$ 5.02
Diluted earnings per common share	\$ 4.83				\$ 4.98

The accompanying notes are an integral part of the pro forma consolidated financial information.



PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31, 2023
Unaudited

(in millions of Canadian dollars, except per share data)

	Aimia	Bozzetto	Adjustment	Note	Pro Forma
	Note 5 (b)	Note 3			
Income					
Share of net income (loss) of equity-accounted investments	\$ (5.9)	\$ —	\$ —		\$ (5.9)
Revenues from sales and services	2.0	74.2	—		76.2
Other revenues and income	—	1.6	—		1.6
Net change in fair value of investments	10.8	—	—		10.8
Interest, dividend and other investment income	7.2	0.1	—		7.3
	14.1	75.9	—		90.0
Expenses					
Compensation and benefits	2.9	9.0	—		11.9
Services	—	12.2	—		12.2
Other operating costs	—	1.3	—		1.3
Professional, advisory and service fees	12.3	—	0.1	5(e)	12.4
Insurance, technology and other office expenses	4.0	—	—		4.0
Cost of material consumed and change in inventory of finished goods and work-in-progress	1.0	42.4	—		43.4
Expenses related to call option and carried interest	10.8	—	—		10.8
Other financial (income) expense, net	0.9	1.5	3.2	5(c)	4.4
			(1.2)	5(d)	
Depreciation and amortization	1.3	2.3	—		3.6
	33.2	68.7	2.1		104.0
Increase in limited partners' capital liability	(0.1)	—	—		(0.1)
Earnings (loss) before income taxes	(19.2)	7.2	(2.1)		(14.1)
Income tax recovery (expense)					
Current	(1.3)	(0.7)	0.6	5(f)	(1.4)
	(1.3)	(0.7)	0.6		(1.4)
Net earnings (loss)	\$ (20.5)	\$ 6.5	\$ (1.5)		\$ (15.5)
Net earnings (loss) attributable to non-controlling interests	—	0.4	(0.1)		0.3
Net earnings (loss) attributable to equity holders of the Corporation	(20.5)	6.1	(1.4)		(15.8)
Weighted average number of shares – Basic and Fully Diluted					
	82,598,929				82,598,929
Basic and fully diluted loss per common share	\$ (0.29)				\$ (0.23)

The accompanying notes are an integral part of the pro forma consolidated financial information.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

1. STRUCTURE OF THE CORPORATION

Aimia Inc. ("Aimia" or the "Corporation") was incorporated on May 5, 2008 under the *Canada Business Corporations Act*. The registered and head office of Aimia is located at 176 Yonge Street, 6th floor, Toronto, Ontario, M5C 2L7.

The Corporation is a holding company with a focus on making long-term investments in public and private companies, on a global basis, through controlling or minority stakes.

On May 9, 2023, Aimia completed the acquisition of 93.94% of the issued and outstanding shares of Giovanni Bozzetto S.p.A. (referred to as "Bozzetto Group", "Bozzetto") from Chequers Capital and other minority shareholders (the "Acquisition") (Note 3). Bozzetto is a provider of specialty chemicals, manufacturing proprietary chemicals to service its core textile, water solutions, and dispersion end markets. The purchase consideration was approximately \$258.8 million (€175.5 million) payable at closing in cash. The Corporation financed the purchase consideration on the Acquisition closing date and the costs of the Acquisition using a combination of cash on hand and an amount drawn from a new financing at the subsidiary level in the amount of \$140.0 million (€95.0 million) (the "Financing"). The Corporation incurred transaction costs of approximately \$12.4 million, which includes due diligence, legal and success fees. It also incurred debt financing fees of \$6.8 million.

The company also owns a portfolio of investments which include: wholly-owned subsidiary Tufropes Pvt Ltd., a global manufacturer of high-performance synthetic fiber ropes and netting solutions for the aquaculture and maritime sectors, as well as other diversified industrial end markets, a 10.85% stake in Clear Media Limited, an outdoor advertising firm in China, a 48.9% equity stake in Kognitiv Corporation ("Kognitiv"), a B2B global SaaS company inspiring customer loyalty through data-driven personalization, a 11.9% equity stake in TRADE X, a global B2B cross-border automotive trading platform as well as a wholly owned investment advisory business, Mittleman Investment Management, LLC ("MIM"). The Corporation has decided to wind down the operations of MIM starting April 14, 2023.

2. BASIS OF PRESENTATION

The following unaudited pro forma consolidated financial information is based on the Corporation's historical consolidated financial statements and Bozzetto historical consolidated financial statements as adjusted to give effect to the Acquisition and the Financing above.

The Corporation also completed, on March 17, 2023, the acquisition of all of the issued and outstanding shares of Tufropes Pvt Ltd. as well as substantially all the net assets of India Nets (together referred to as "Tufropes"). The acquisition of Tufropes, as well as the subsequent acquisition of Cortland Industrial by Tufropes on July 11, 2023, are unrelated transactions to the Bozzetto Acquisition. Therefore, no adjustments have been made in the pro forma consolidated financial statements prepared in this Business Acquisition Report to reflect the financial information of Tufropes and Cortland Industrial prior to their acquisition by Aimia.

The historical financial information of the Corporation and Bozzetto are presented in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The assumptions and estimates underlying the unaudited adjustments to the pro forma consolidated financial information are described in the accompanying notes, which should be read together with the pro forma consolidated financial information. The pro forma consolidated financial information has been prepared by Management of the Corporation in accordance with International Financial Reporting Standards on a consistent basis with those disclosed in Note 2 of the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2022.

The pro forma financial statements have been prepared from information derived from, and should be read in conjunction with the following:

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

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- the audited consolidated financial statements of the Corporation, together with the notes thereto, as at and for the year ended December 31, 2022;
 - the audited consolidated financial statements of Bozzetto, together with the notes thereto, as at and for the year ended December 31, 2022. The consolidated financial statements of Bozzetto were originally prepared in Italian and have been translated to English by their auditors;
 - the unaudited condensed interim consolidated financial statements of the Corporation, together with the notes thereto, as at and for the three months ended March 31, 2023; and
 - the unaudited condensed interim consolidated financial statements of Bozzetto, together with the notes thereto, as at and for the three months ended March 31, 2023.

The unaudited pro forma consolidated statements of operations for the three months ended March 31, 2023 and the year ended December 31, 2022 give effect to the Acquisition and Financing as if they had occurred on January 1, 2022, as described in Note 5 hereafter. The unaudited pro forma consolidated statement of financial position as at March 31, 2023 gives effect to the Acquisition and the Financing if they had occurred on March 31, 2023, as described in Note 4 hereafter.

The historical financial statements have been adjusted in the pro forma consolidated financial information to give effect to pro forma events that are directly attributable to the business combination, factually supportable and with respect to the pro forma consolidated statements of operations, expected to have a continuing impact on the combined results following the business combination. Accordingly, the pro forma financial information does not reflect the realization of any expected cost savings or other synergies from the acquisition of Bozzetto as a result of restructuring activities and other cost-saving initiatives.

As of the Acquisition date of Bozzetto, the business combination will be accounted for under the acquisition method of accounting in accordance with IFRS 3, Business Combinations. As the acquirer for accounting purposes, the Corporation has preliminarily estimated the fair value of Bozzetto's assets acquired and liabilities assumed. The unaudited pro forma consolidated financial information will differ from the final acquisition accounting for a number of reasons, including the fact that the estimates of fair values of assets and liabilities acquired are preliminary and subject to change when the formal valuation and other studies are finalized. Also, the definitive determination of the fair value of assets acquired and liabilities assumed will occur on the date of acquisition, which will also have an impact on the final acquisition accounting, and ultimately on goodwill. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on the pro forma consolidated financial information.

All amounts in these pro forma financial statements are in Canadian dollars ("\$", "CAD"), unless otherwise stated.

3. ADJUSTMENTS TO BOZZETTO'S FINANCIAL STATEMENTS

The following tables reflect the adjusted financial statements derived from the audited consolidated financial statements of Bozzetto as at and for the year ended December 31, 2022 and the unaudited consolidated interim financial statements of Bozzetto for the three months ended March 31, 2023 as a result of the translation from Euros ("€" or "EUR") to Canadian Dollars ("CAD") and reclassifications from line to line in order to provide a consistent classification and presentation with the Corporation's consolidated financial statement presentation (the "adjustments"). These adjustments reflect the Corporation's best estimates based upon the information currently available to the Corporation and could be subject to change once more detailed information is obtained.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

Bozzetto's statement of financial position as at March 31, 2023

In millions	As at March 31, 2023 EUR	Reclassifications EUR Note 3 (b)	As at March 31, 2023 EUR	As at March 31, 2023 CAD Note 3 (a)
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 25.8	\$ —	\$ 25.8	\$ 38.0
Income taxes receivable	3.1	—	3.1	4.6
Accounts receivable	46.1	—	46.1	68.0
Inventories	29.5	—	29.5	43.5
Other current assets	0.7	2.0	2.7	4.0
Current financial assets	2.0	(2.0)	—	—
	107.2	—	107.2	158.1
<i>Non-Current assets</i>				
Equity-accounted investments	2.3	—	2.3	3.4
Property and equipment	47.0	—	47.0	69.3
Goodwill and other intangible assets		50.1	50.1	73.9
Intangible assets	11.3	(11.3)	—	—
Goodwill	38.8	(38.8)	—	—
Other non-current assets	0.5	—	0.5	0.7
Deferred tax assets	5.5	—	5.5	8.1
	212.6	—	212.6	313.5
LIABILITIES AND EQUITY				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities	—	36.8	36.8	54.4
Trade payables	32.2	(32.2)	—	—
Current financial liabilities (including current portion of long-term debt)	17.6	—	17.6	25.9
Other current liabilities	4.6	(4.6)	—	—
Income taxes payable	2.5	—	2.5	3.7
	56.9	—	56.9	84.0
<i>Non-Current liabilities</i>				
Provisions	1.1	(1.1)	—	—
Non-current financial liabilities (including long-term debt)	49.1	—	49.1	72.4
Post-employment benefit plan	7.4	—	7.4	10.9
Other non-current liabilities	—	1.1	1.1	1.6
Deferred income taxes	5.6	—	5.6	8.3
	120.1	—	120.1	177.2
Total equity attributable to equity holders of the Corporation	92.4	—	92.4	136.2
Non-controlling interests	0.1	—	0.1	0.1
Total equity	92.5	—	92.5	136.3
	\$ 212.6	\$ —	\$ 212.6	\$ 313.5

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

Bozzetto's statement of operations for the year ended December 31, 2022

	Year ended December 31, 2022	Reclassifications	Year ended December 31, 2022	Year ended December 31, 2022
In millions	EUR	EUR Note 3 (b)	EUR	CAD Note 3 (a)
Income				
Share of net income (loss) of equity-accounted investments	\$ 0.3	\$ —	\$ 0.3	\$ 0.4
Revenues from sales and services	218.3	—	218.3	299.3
Other revenues and income	4.6	—	4.6	6.3
Interest, dividend and other investment income	0.1	—	0.1	0.1
	223.3	—	223.3	306.1
Expenses				
Compensation and benefits	24.1	—	24.1	33.0
Services	38.9	—	38.9	53.3
Other operating costs	1.1	—	1.1	1.5
Cost of material consumed and change in inventory of finished goods and work-in-progress	128.0	—	128.0	175.5
Other financial (income) expense, net	—	3.6	3.6	4.9
Financial expenses	3.3	(3.3)	—	—
Monetary position result – IAS29	0.5	—	0.5	0.7
Net revenues and expenses on financial instruments and exchange rate differences	0.3	(0.3)	—	—
Depreciation and amortization	—	6.9	6.9	9.5
Amortization of property, plant and equipment	5.3	(5.3)	—	—
Amortization of intangible assets	1.6	(1.6)	—	—
Allowance for credit risks	(0.2)	—	(0.2)	(0.3)
	202.9	—	202.9	278.1
Earnings before income taxes	20.4	—	20.4	28.0
Income tax expense				
Current	(4.6)	—	(4.6)	(6.3)
Deferred	(1.1)	—	(1.1)	(1.5)
	(5.7)	—	(5.7)	(7.8)
Net earnings	\$ 14.7	\$ —	\$ 14.7	\$ 20.2

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

Bozzetto's statement of operations for the three months ended March 31, 2023

	Three months ended March 31, 2023	Reclassifications	Three months ended March 31, 2023	Three months ended March 31, 2023
In millions	EUR	EUR Note 3 (b)	EUR	CAD Note 3 (a)
Income				
Share of net income (loss) of equity-accounted investments	\$ —	\$ —	\$ —	\$ —
Revenues from sales and services	51.1	—	51.1	74.2
Other revenues and income	1.1	—	1.1	1.6
Interest, dividend and other investment income	0.1	—	0.1	0.1
	52.3	—	52.3	75.9
Expenses				
Compensation and benefits	6.2	—	6.2	9.0
Services	8.4	—	8.4	12.2
Other operating costs	0.9	—	0.9	1.3
Cost of material consumed and change in inventory of finished goods and work-in-progress	29.2	—	29.2	42.4
Other financial (income) expense, net	—	1.0	1.0	1.5
Financial expenses	0.9	(0.9)	—	—
Net revenues and expenses on financial instruments and exchange rate differences	0.1	(0.1)	—	—
Depreciation and amortization	—	1.6	1.6	2.3
Amortization of property, plant and equipment	1.2	(1.2)	—	—
Amortization of intangible assets	0.4	(0.4)	—	—
	47.3	—	47.3	68.7
Earnings before income taxes	5.0	—	5.0	7.2
Income tax expense				
Current	(0.5)	—	(0.5)	(0.7)
Net earnings	\$ 4.5	\$ —	\$ 4.5	\$ 6.5

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

(a) Foreign exchange

As the historical financial information of Bozzetto was presented in Euros, the historical financial information of Bozzetto was translated from Euros to CAD using the following historical exchange rates:

- Average exchange rate for the three months ended March 31, 2023 of \$1.4511 / €1 for Bozzetto's statement of operations for the three months ended March 31, 2023.
- Average exchange rate for the year ended December 31, 2022 of \$1.3710 / €1 for Bozzetto's statement of operations for the year ended December 31, 2022.
- Period-end exchange rate as at March 31, 2023 of \$1.4742 / €1 for Bozzetto's statement of financial position as at March 31, 2023 and preliminary purchase price allocation presented in Note 4(b).

(b) Reclassifications

The classification of certain items presented by Bozzetto has been modified in order to align with the presentation used by the Corporation.

Modifications to the presentation of the statement of financial position include:

- i. Presentation of Current financial assets within Other current assets
- ii. Presentation of Provisions within Other non-current liabilities
- iii. Presentation of Intangibles assets and Goodwill within Goodwill and other intangible assets

Modifications to the statement of operations presentation include:

- iv. Reclassification of Amortization of property, plant and equipment and Amortization of intangible assets in Depreciation and amortization
- v. Reclassification of Financial expenses and Net revenues and expenses on financial instruments and exchange rate differences in Other financial (income) expense, net

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

4. ADJUSTMENTS TO THE PRO FORMA STATEMENT OF FINANCIAL POSITION

The pro forma notes and adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

Pro Forma Notes

- (a) Derived from the consolidated statement of financial position of Aimia Inc. as at March 31, 2023.

Pro forma Adjustments

- (b) Purchase price allocation

The Corporation purchased a 93.94% equity interest in Bozzetto for an aggregate purchase price of \$258.8 million (€175.5 million). The following table reflects the effect of Bozzetto's preliminary purchase price allocation.

Purchase price	
Consideration	258.8
Provisional recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	38.7
Accounts receivable	68.0
Income tax receivable	4.6
Inventories	43.5
Other current assets	3.2
Equity-accounted investments	3.4
Property, Plant and Equipment	69.5
Other non-current assets	0.7
Deferred tax assets	8.1
Accounts payable and accrued liabilities	(54.3)
Income tax payable	(3.7)
Current financial liabilities (including current portion of long-term debt)	(25.9)
Other non-current liabilities	(1.6)
Non-current financial liabilities (including long-term debt)	(72.4)
Post-employment benefit plan	(10.9)
Deferred tax liabilities	(8.3)
Total provisional identifiable net assets (liabilities)	62.6
Provisional non-controlling interests	(3.9)
Provisional goodwill and intangible assets ^(a)	200.1
Total	258.8

- (a) The Corporation currently expects to recognize customer relationships and trade names as the main intangible assets upon the finalization of the purchase price allocation. Other intangibles could also be identified upon the finalization of the purchase price allocation.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

The pro forma adjustments are based on preliminary estimates of the fair value of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Acquisition. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma purchase price allocation is subject to further adjustment as additional information becomes available and as additional analysis, including taxation and final valuations are completed.

Goodwill represents the excess of the preliminary estimated purchase consideration over the fair value of the net assets acquired. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. Goodwill recognized in the Acquisition is not expected to be deductible for tax purposes.

The final determination of the purchase price allocation of the Acquisition will be based on Bozzetto's net assets acquired as of the Acquisition date. The purchase price allocation may change materially based on the receipt of more detailed information. Therefore, the actual allocations will differ from the pro forma adjustments presented.

(c) Acquisition expenses

The estimated acquisition expenses related to the acquisition of Bozzetto are \$12.4 million.

(d) Agreements with Paladin

Paladin collaborated with Aimia on this transaction. In connection thereto, upon closing of the transaction, Aimia and Paladin have entered into certain agreements on customary terms and conditions and providing for, among other things, minority governance rights, preferred return for Aimia, certain carry related rights to the benefit of Paladin, and an option for Paladin to acquire a minority equity position of Bozzetto within one year of closing.

Option to acquire minority equity in Bozzetto

Within one year of closing, Paladin will have the option, through an investment fund to be established and managed by Paladin, to purchase a minimum of 10% and a maximum of 19.9% of Aimia's equity in Bozzetto at its fully-loaded cost (i.e. Aimia's invested capital inclusive of pro-rata share of all aggregate transaction costs) plus an 8% per annum cost of capital charge. The valuation of the non-cash expense in regard to this option at issuance is dependent upon certain valuations that have not yet been completed as of the date of this report. The impact will be disclosed in Aimia's condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and 2022, which are expected to be issued on August 11, 2023. The expense, once estimated, will be recorded in the caption "Expenses related to call option and carried interest" in the consolidated statements of operations and reported as non-controlling interest in the consolidated statement of financial position. In the event that Paladin does not exercise its option, the carrying amount of the option will be reclassified from non-controlling interest to "Retained earnings (deficit)".

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

Carried Interest – Upon Crystallization

In the event that Aimia disposes of Bozzetto or a carried interest crystallization event occurs, for a period of 10 years after the closing date, Paladin will be entitled to certain carried interest distributions, in addition to any rights it would have under its equity ownership in the event that it exercised the Paladin Option described above. These distribution rights will commence only if and when Aimia has earned an 8% annual compound return on its investment. More specifically, in the event of a disposal or carried interest crystallization event, distribution of the proceeds attributable to Aimia and Paladin, which would be net of the Bozzetto's executive management enhanced returns described above, would be as follows:

- i. Aimia is entitled to receive its initial investment at its fully-loaded cost (inclusive of all aggregate transaction costs);
- ii. Next, Aimia is entitled to an 8% preferred return over its initial investments at its fully-loaded cost, compounded annually;
- iii. Next, Paladin would receive each additional dollar until it received 25% of the preferred return received by Aimia (under ii above);
- iv. Thereafter, any remaining funds shall accrue and be allocated 80% to Aimia and 20% to Paladin.

Carried Interest – Crystallization events

In each of year three to year ten post-closing, the Paladin carried interest can be crystallized by either Aimia or Paladin subject to certain conditions in each case. After year ten, in the event the carry calculation does not result in a payout per the thresholds described above, Paladin shall no longer be entitled to any carried interest.

The valuation of the non-cash expense in regard to this carried interest is dependent upon certain valuations that have not yet been completed as of the date of this report. The impact will be disclosed in Aimia's condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and 2022, which are expected to be issued on August 11, 2023. The expense, once estimated, will be recorded in the caption "Expenses related to call option and carried interest" in the consolidated statements of operations and reported as other long-term liability in the consolidated statement of financial position.

(e) Financing

Concurrent with the closing of the Acquisition, the Corporation entered into a senior facilities agreement for the financing of a portion of the Acquisition. The interest rate on the new senior facilities is based on the Euribor plus a margin which can vary between 3.25% and 4.75% based on Bozzetto's leverage ratio, as defined in the senior facilities agreement, and depending on how the facilities are drawn. For the purpose of the pro forma consolidated statement of operations, the average reference rate was assumed to be 8.08%. Amounts drawn under the facilities are as follows:

	Available EUR	Drawn EUR	Drawn CAD	Maturity from drawdown
Facility A	47.5	47.5	70.0	5 years
Facility B	47.5	47.5	70.0	6 years
Capex A	12.5	—	—	5 years
Capex B	12.5	—	—	6 years
Revolver	10.0	—	—	5 years
Total	130.0	95.0	140.0	

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

Pro forma adjustments were made to record financing costs of approximately \$6.8 million (€4.6 million) as a reduction of the debt balance at inception and amortize the balance into earnings using the effective interest rate method. At closing of the Acquisition, the cash proceeds drawn from this debt financing net of the financing costs were \$133.2 million (€90.4 million).

(f) Repayment of Bozzetto's senior debt

Pursuant to the terms and conditions of Bozzetto's senior facilities agreement, the carrying out of the Acquisition by the Corporation was determined to constitute a change of control of Bozzetto and, consequently, Bozzetto was required to repay to the lenders any outstanding amount of the loan granted under the senior facilities agreement. The repayment amounted to \$83.9 million (€57.1 million) as of the acquisition date and was made using proceeds from the Financing (note 4(e)) and cash on hand. For the purpose of the proforma statement of financial position as of March 31, 2023, the repayment was based on the outstanding balance of the loan as of that date, which amounted to \$83.1 million (€56.4 million).

5. ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF OPERATIONS

The pro forma notes and adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

Pro Forma Notes

- (a) Derived from the consolidated statement of operations of Aimia Inc. for the year ended December 31, 2022.
- (b) Derived from the consolidated statement of operations of Aimia Inc. for the three months ended March 31, 2023.

Pro forma Adjustments

- (c) To reflect the pro forma interest expense of \$11.5 million and \$3.0 million on the Financing (note 4(e)) for the year ended December 31, 2022 and for the three months ended March 31, 2023, respectively, using the effective interest rate method as if the Financing had occurred on January 1, 2022, and to reflect the commitment fee on undrawn facilities of \$0.7 million and \$0.2 million for the year ended December 31, 2022 and for the three months ended March 31, 2023, respectively.
- (d) To reflect the pro forma interest savings of \$4.1 million (€3.0 million) and \$1.2 million (€ 0.8 million) resulting from the repayment of Bozzetto's senior debt (note 4(f)) for the year ended December 31, 2022 and for the three months ended March 31, 2023, respectively, as if the repayment had occurred on January 1, 2022.
- (e) To reflect the Paladin Advisory services.

Concurrent with the acquisition of Bozzetto, the Corporation has also entered into an advisory services agreement with Paladin whereas Paladin will provide advisory services, including identifying M&A opportunities, to Bozzetto. The fees for these advisory services are estimated to be approximately \$0.5 million and \$0.1 million for the year ended December 31, 2022 and for the three months ended March 31, 2023, respectively, and will be subject to revision annually based on certain performance criteria.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

In the event that Paladin exercises its option to acquire a minority equity position in Bozzetto, the advisory services fees will be reduced based on Paladin's ownership percentage in Bozzetto.

(f) Income tax related to the pro forma adjustments was estimated using a weighted average rate of 27%. The actual income tax impact for the Corporation will be based on various tax jurisdictions and circumstances that may differ from the assumptions used for the purpose of this Business Acquisition Report.

(g) Bozzetto management reinvestment

Bozzetto's executive management have a minority equity position of approximately 6%. Included in the Bozzetto executive management share structure, is a class of shares, which will provide enhanced returns to their holders should the value of the business achieve specified valuation thresholds in an exit scenario. The accounting impact, if any, associated with those shares has not been finalized at this time. Any impact will be disclosed in Aimia's condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and 2022, which are expected to be issued on August 11, 2023. The impact, if any, is not expected to be material at this time.

6. PRO FORMA EARNINGS (LOSS) PER COMMON SHARE

	Year ended December 31, 2022	Three months ended March 31, 2023
Pro Forma net earnings (loss) attributable to equity holders of the Corporation	\$ 453.2	\$ (15.8)
Deduct: Dividends declared on preferred shares related to the period	(12.6)	(3.2)
Pro Forma net earnings (loss) attributable to common shareholders	440.6	(19.0)
Weighted average number of common shares - Basic ^(a)	87,682,533	82,598,929
Adjustments for calculation of diluted earnings per share:		
Stock options	17,982	—
Escrow shares	747,392	—
Weighted average number of common shares - Diluted	88,447,907	82,598,929
Pro Forma Basic earnings (loss) per common share	\$ 5.02	\$ (0.23)
Pro Forma Diluted earnings (loss) per common share	4.98	(0.23)

(a) The weighted average number of basic common shares calculation excludes common shares issued and deposited in escrow as part of the MIM transaction as they are still subject to forfeitures as of December 31, 2022 and March 31, 2023.

Schedule B

Audited consolidated financial statements of Giovanni Bozzetto S.p.A.

See attached.

GIOVANNI BOZZETTO S.P.A.

REGISTERED OFFICE IN FILAGO (BG), VIA PROVINCIALE N. 12

SUBSCRIBED AND PAID-UP SHARE CAPITAL EURO 18,116,804.42

BERGAMO COMPANY REGISTER AND TAX CODE No. 04218720961

***AUDITED CONSOLIDATED FINANCIAL
STATEMENTS***

For the period ended December 31, 2022 and 2021

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

To the Shareholders of
Giovanni Bozzetto S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Giovanni Bozzetto Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity 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 December 31, 2022, 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.

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 Giovanni Bozzetto S.p.A. 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 Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Directors are 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 parent company Giovanni Bozzetto S.p.A. 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 Directors.
- 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 Directors of Giovanni Bozzetto S.p.A. are responsible for the preparation of the report on operations of Giovanni Bozzetto Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their 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 Giovanni Bozzetto Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations are consistent with the consolidated financial statements of Giovanni Bozzetto Group as at December 31, 2022 and are 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
Matteo Bresciani
Partner

Bergamo, Italy
April 27, 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.

Consolidated Statement of Financial Position

<i>Amounts in thousands of euros</i>	NOTES	31.12.22	31.12.21
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	1	46,910	42,632
Goodwill	2	38,796	32,405
Intangible assets	3	11,340	9,821
Investments in associates	4	2,310	2,051
Other non-current assets	5	471	538
Deferred tax assets	21	5,497	7,001
Total non-current assets		105,323	94,447
CURRENT ASSETS			
Inventories	6	31,478	35,678
Trade receivables	7	39,903	41,855
Tax receivables	8	3,355	3,528
Other current assets	9	782	966
Current financial assets	10	1,753	409
Cash and cash equivalents	11	19,939	19,084
Total current assets		97,209	101,520
TOTAL ASSETS		202,532	195,967
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	18,117	18,117
Reserves	13	55,196	38,031
Net result for the year		14,676	12,740
Group net equity		87,989	68,887
Capital and reserves attributable to minority interests		132	87
Profit (loss) for the period of third parties		(2)	42
Net equity attributable to minority interests	14	129	130
Total Shareholders' equity		88,119	69,017
NON-CURRENT LIABILITIES			
Non-current financial liabilities	15	52,492	53,510
Post-employment benefit plan	16	7,313	10,984
Provisions	17	1,047	1,013
Deferred tax liabilities	21	5,559	5,204
Total non-current liabilities		66,411	70,710
CURRENT LIABILITIES			
Current financial liabilities	15	14,926	9,052
Trade payables	18	25,788	40,880
Tax payables	19	2,492	1,424
Other current liabilities	20	4,796	4,884
Total current liabilities		48,002	56,240
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		202,532	195,967

Consolidated Statement of Income

Amounts in thousands of euros

	NOTES	2022	2021
PROFIT AND LOSS			
REVENUES			
Revenues from sales and services	22	218,253	194,278
Other revenues and income	23	4,571	1,806
Total revenues and income		222,824	196,084
COSTS			
Purchases	24	(127,997)	(110,571)
Services	25	(38,949)	(34,393)
Personnel Expenses	26	(24,148)	(24,545)
Other Operating costs	27	(1,099)	(1,026)
Total Operating expenses		(192,193)	(170,535)
OPERATING RESULT PRE-AMORTISATION, ALLOWANCES, CAPITAL GAINS/LOSSES, IMPAIRMENT LOSSES, REVERSAL OF NON- CURRENT ASSETS (EBITDA)		30,630	25,549
Amortization of Property, plant, and equipment	1	(5,258)	(4,739)
Amortization of intangible assets	3	(1,613)	(1,616)
Allowance for credit risks	7	184	(122)
Gain / losses from the non-current assets	4	0	0
OPERATING PROFIT (EBIT)		23,943	19,072
Financial income	29	68	164
Financial expenses	29	(3,322)	(2,543)
Monetary position result - IAS29	29	(482)	0
Net revenues and expenses on financial instruments and exchange rate differences	29	(297)	(555)
Results from associates	4	315	531
PROFIT BEFORE TAX		20,226	16,668
Taxes	30	(5,552)	(3,887)
NET RESULT FOR THE YEAR		14,674	12,781
Profit (loss) for the year attributable to minority interests		(2)	42
GROUP PROFIT (LOSS) FOR THE YEAR		14,676	12,739

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	31.12.22	31.12.21
NET PROFIT FOR THE PERIOD (A)	14,674	12,781
<i>Components of overall profit and loss that will not be subsequently reclassified into profit and loss:</i>		
(Losses)/ Actuarial gains for defined benefit plans	2,281	605
<i>Components of overall profit and loss which will be reclassified into profit and loss:</i>		
Exchange rate differences from converting financial statements in foreign currency	1,810	(2,155)
Cash flow hedge reserve	222	153
Total components of overall profit and loss (B)	4,312	(1,397)
OVERALL PROFIT (LOSS) FOR THE FINANCIAL YEAR (A + B)	18,986	11,384
of which:		
is attributable to minority interests	(2)	42
is attributable to the Group	18,988	11,342

Consolidated Statement of changes in Shareholders' equity

	Share capital	Legal reserve	Share Premium reserve	Cash flow hedge reserve	Employee severance indemnity reserve	FTA (First time adoption Reserve)	Translation reserve	Others	Profit (loss) carried forward	Profit (loss) for the year of the Group	Shareholders' equity of the Group	Minority interests	Group net Equity
Amounts at December 31, 2020	18,117	340	18,269	(178)	(1,138)	(427)	(4,810)	52	15,215	12,078	57,518	87	57,605
Allocation of profit for the 2020 financial year		300							11,778	(12,078)	0		0
Consolidation area variation - Enzygh and QuimTex									(8)		(8)		(8)
Capital increase											0		0
Subscription derivatives				153							153		153
Actuarial income and defined benefit plans					605						605		605
IFRS 9 and 16 FTA (First time adoption) Reserve											0		0
Other variations			(8,384)					8,369	47		33		33
Variation of reserves from conversion							(2,153)				(2,153)		(2,153)
Group Profit (loss) for the financial year 2021										12,740	12,740		12,740
Net Profit (loss) of minorities 2021											0	42	42
Amounts at December 31, 2021	18,117	640	9,285	(25)	(533)	(427)	(6,962)	9,022	27,032	12,740	68,888	129	69,017
Effect IAS 29 opening balances Bozzetto Turkey									123		123		123
Amounts at December 31, 2021 - IAS29	18,117	640	9,285	(25)	(533)	(427)	(6,962)	9,022	27,156	12,740	69,011	129	69,140
Allocation of profit for the 2021 financial year		300							12,440	(12,740)	0		0
Capital increase											0		0
Subscription derivatives				222							222		222
Actuarial income and defined benefit plans					2,281						2,281		2,281
IFRS 9 and 16 FTA (First time adoption) Reserve						1					1		1
Other variations								(6)	1		(5)		(5)
Variation of reserves from conversion							1,804				1,804	2	1,806
Group Profit (loss) for the financial year 2022										14,676	14,676		14,676
Net Profit (loss) of minorities 2022											0	(2)	(2)
Amounts at December 31, 2022	18,117	940	9,285	196	1,748	(426)	(5,159)	9,016	39,596	14,676	87,989	129	88,119

Consolidated Statement of Cash Flows

Amounts EUR/000

	31.12.22	31.12.21
Net result from operating activities	14,674	12,739
Non-cash elements:		
Depreciation, amortization, revaluations and impairments	6,687	6,477
Adjustments to financial assets	0	0
Financial expenses	4,032	2,934
Dividends / Result of investments valued at Equity	-315	-531
Income taxes (including advance-deferred taxes)	5,552	3,887
Other non-cash movements	1,012	-2,858
Cash flows before variations in net working capital	31,642	22,649
Variations in current assets and liabilities:		
Decrease (increase) in inventories	4,828	-11,518
Decrease (increase) in trade receivables	1,952	-4,760
Decrease (increase) in tax receivables	173	-1,149
Increase (decrease) in trade payables	-14,908	13,691
Increase (decrease) in tax payables	-701	239
Decrease (increase) other current / non-current assets	1,755	-94
Increase (decrease) other current/non-current liabilities	-573	-943
Net monetary position profit/loss	-3,617	0
Income taxes paid	-3,428	-4,099
Dividends received	56	329
Interest paid / received	-2,220	-2,306
Cash flows from operating activities (a)	14,959	12,038
Payments for investments property, plant and equipment	-4,197	-3,544
Payments for investments in intangible assets	-1,029	-872
Net increases in financial assets	-1,147	-207
Cash flow from Business combinations net of cash and cash equivalents	-9,200	0
Cash flows from investment activities (b)	(15,573)	(4,624)
New loans	7,000	0
Reimbursement medium - long term loans	0	-4,653
Reimbursement short term financial liabilities	-4,122	-7,219
Payments due for financial leases	-1,409	-1,636
Cash flows from financial activities (c)	1,469	(13,508)
Net increase (decrease) in Cash and cash equivalents a+b+c	855	(6,094)
Cash and cash equivalents at 1st January	19,084	25,179
Cash and cash equivalents at 31st December	19,939	19,084
Net increase (decrease) in Cash and cash equivalents	855	(6,095)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2022

General information

Giovanni Bozzetto S.p.A. is a company domiciled in Filago (BG) and organized according to the legal order of the Italian law. The Company has its registered office in Filago – Via Provinciale n. 12.

Giovanni Bozzetto S.p.A., together with its subsidiaries, has as its main object the production and marketing of chemical products for the textile industry, for the building industry and of sequestering, wetting and dispersing agents for the detergency and water treatment industry and for the agricultural sector.

The publication of this consolidated financial statements was authorized by the Board of Directors on April 26, 2023.

Deloitte & Touche S.p.A. is the independent auditors.

Financial Statement Criteria

This financial statements for the financial year ended 31 December 2022 were prepared in accordance with the International Accounting Standards (International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS interpretations Committee (IFRIC) and the Standing interpretations Committee (SIC), recognized in the European Union under Regulation (EC) No. 1606/2002 and in force at the end of the financial year (all the above-mentioned standards and interpretations are defined as “IAS-IFRS” below). In particular, it should be noted that Giovanni Bozzetto S.p.A. has availed itself of the faculty provided for in the Legislative Decree of 28 February 2005, n. 38, which governs the exercise of the options provided for in European Regulation No. 1606/2002 on international accounting standards. It should also be noted that this financial statements have been drawn up on the basis of the best knowledge of IAS-IFRS and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent financial years, in accordance with the procedures laid down in the accounting reference principles.

The financial statements were drawn up on the assumption of business continuity in accordance with paragraphs 24 and 25 of IAS 1, thus using principles specific to an operating company. In particular, taking into account the results achieved in 2022 and the first quarter of 2023, as well as the forecasts of the plan approved by the Board of Directors on 28 February 2023 and the management forecast for 2023, as well as the conditions for reimbursement of senior financing, the Directors believe that the Group can continue to operate in the foreseeable future for at least 12 months, and carry out its assets and meet its liabilities during the normal course of its operations.

The description of the ways in which the Group manages financial risks is given in the following Note 31 – Information on financial risks.

The consolidated financial statements consist of the “Consolidated statement of financial position”, the “Consolidated statement of income”, the “Consolidated statement of comprehensive income”, the

“Statement of changes in consolidated shareholders’ equity”, the “Consolidated Statement of Cash Flows” and the related “Explanatory Notes”.

In particular, the Consolidated statement of financial position was drawn up in accordance with the scheme showing the breakdown of “current/non-current” assets and liabilities as permitted by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

1. it is expected to be realized/extinguished or it is expected to be sold or used in the normal operating cycle; or
2. it is owned primarily for negotiation; or
3. it is expected that it will be realized within twelve months from the date of closure of the consolidated financial statements.

In the absence of all three conditions, assets/liabilities are classified as non-current.

The consolidated statement of income is drawn up according to the classification scheme of revenues and costs by nature, highlighting intermediate results relating to their operating margin, operating profit and pre-tax profit, in order to allow a better representation of the trend of normal operating management. The form chosen conforms to the internal reporting and business management procedures, is in line with international practice and is therefore considered more representative than the presentation per destination, with more reliable and more relevant indications for the sector of which it belongs.

The Prospectus of the Consolidated statement of comprehensive income includes changes in the period, generated by transactions other than those with shareholders and on the basis of specific IAS-IFRS. Changes in “other consolidated total profits (losses)” are exposed net of related tax effects.

The Prospectus of the Consolidated statement of comprehensive income was defined in accordance with IAS 1 and shows the changes in the items of consolidated net worth relating to:

1. allocation of the consolidated result for the financial year;
2. Each item of profit and loss net of any tax effects which, as required by IAS-IFRS, is alternatively charged directly to consolidated equity (actuarial gains and losses generated by the valuation of defined benefit plans, valuation of derivative financial instruments at fair value) or has a return in a reserve of equity whose impact is therefore directly reflected in equity;
3. the effect of any changes in accounting policies.

Consolidated Statement of Cash flows presents cash flows during the period classified as operating, investment and financial assets; cash flows deriving from the operating asset are represented using the indirect method.

The consolidated financial report shall also be accompanied by the management report accompanying the consolidated financial statements.

The functional currency of the Group is the Euro, the Presentation base of the consolidated financial statements; the financial statements are in Euros. All amounts included in the tables of the explanatory notes, unless otherwise indicated, are expressed in thousands of Euros.

The consolidated financial statements were drawn up using the historical cost method, taking into account, where appropriate, value adjustments, with the exception of items of financial statements which, according to IAS-IFRS, are to be recognized at fair value, As stated in the assessment criteria and without prejudice to cases where IAS-IFRS permits a different assessment criterion.

The consolidated financial statements for the year ended 31 December 2022 were prepared by the parent company Giovanni Bozzetto S.p.A. in accordance with the IAS-IFRS international accounting standards on the basis of the period 1 January 2022 to 31 December 2022.

Business combinations

As stated in the Directors Report on operations, on 3 November 2022, the parent company Giovanni Bozzetto S.p.A. finalized the acquisition of 100% of the Fiber division of Levaco, a German company based in Leverkusen and part of the Diersch & Schröder GmbH group.

The transaction is a business combination and, in accordance with IFRS 3, the difference between the consideration paid and the net carrying amount of the assets and liabilities acquired at the date of acquisition of control was definitively allocated (i) to tangible assets (laboratory instruments) for Euro 0.1 million, (ii) intangible assets for € 2.1 million, based on the value attributed to *Levaco customer relationship* (iii) to inventories for € 0.6 million and the residual amount (€ 6.4 million) to goodwill.

The fair value of Levaco's assets acquired and identifiable liabilities assumed at the date of acquisition is shown in the following table (figures in thousands of Euros):

Amounts in Euro	Fair value recognised at the time of acquisition to the assets and liabilities assumed
Property, plant and equipment	83
Intangible assets - Client list	2,100
Inventory	627
Total net assets acquired (A)	2,810
Amount for acquisition of control (B)	9,200
GOODWILL (B-A)	6,390
Payment already made	9,200
Cash acquired	0
Net cash flow from business combination	9,200

TURKEY - hyperinflationary economy: Impacts for the application of IAS 29

Starting from April 2022, the Turkish economy is considered to be hyperinflationary according to the criteria set out in "IAS 29 – Accounting in hyperinflationary economies". For the purposes of preparing this consolidated financial statements, in accordance with IAS 29, certain non-monetary items included in Bozzetto Kimya's financial statements were remeasured by applying the general index of consumer prices to historical data, in order to reflect the changes in the purchasing power of the Turkish Lira at the date of the financial statements. In the application of IAS 29 on a continuous basis, the comparative data were not restated but, according to the criterion adopted, the differences between equity as at 31 December 2021, as reported, and equity after the restatement of the non-monetary items at 31 December 2021 was charged to equity. The re-measurement of Bozzetto Kimya's non-monetary assets was carried out by applying the general indices of consumer prices from 31 December 2005, when the Turkish New Lira currency came into force. The following are the cumulative levels of the general indices of consumer prices:

GENERAL CONSUMER PRICE INDICES

Year	Index
2005	122.65
2006	134.49
2007	145.77
2008	160.44
2009	170.91
2010	181.85
2011	200.85
2012	213.23
2013	229.01
2014	247.72
2015	269.54
2016	292.54
2017	327.41
2018	393.88
2019	440.50
2020	504.81
2021	686.95
2022	1,128.45

Source: Turkish National Institute of Statistics

The accounting effects of this adjustment, in addition to already being reflected in the balance sheet opening on 1 January 2022, reflect changes in the period. In particular, the effect on the re-measurement of non-monetary assets and liabilities, of the equity reserves and of the income statement items recognized in 2022, was represented in the income statement item in financial income and expense named “monetary position result – IAS29”. In 2022, the application of IAS 29 resulted in the recognition of a net financial charge (before tax) of **€ 0.5 million**. The tax effect of non-monetary assets was recognized as tax for the period.

In order to take account of the impact of hyperinflation also on the local currency rate, the amounts of the statement of income items expressed in hyper-inflationary currencies were converted into Euros by applying the December 31, 2022 exchange rate instead of the average exchange rate for the period, in line with the requirements of the IAS21.

The effects of IAS 29 on the balance sheet at December 31, 2022 are as follows:

	Cumulative hyperinflation effect 01/01/2022	Hyperinflation effect of the period	Exchange rate effect	Cumulative hyperinflation effect 31/12/2022
Fixed assets	2,304	961	- 547	2,719
Inventory	211	126	- 50	287
DTA/DTL	530	160	- 126	565
Shareholders' Equity (ShareCapital and reserves)	1,862	1,152	- 442	2,572
Shareholders' Equity (Retained earnings)	123	0	- 29	94
Impact on income statement (currency revaluation)		482	0	482

Scope of consolidation

Subsidiaries

Subsidiaries are companies in which the Group is exposed to variable returns, or holds rights to such returns, arising from its relationship with such companies and at the same time has the ability to affect such returns by exercising its power.

The Group ensures control of entities through the presence of three elements:

- Power: the Group's current ability, deriving from substantial rights, to direct the relevant assets of the assets that significantly affect the returns of the entity;
- Exposure of the Group to the variability of the returns of the investment entity;
- Correlation between power and returns, the Group has the ability to exercise its power to affect the returns arising from this relationship.

The subsidiaries are consolidated item by item in the consolidated financial statements from the date of the acquisition of control and until control is transferred outside the Group.

Associates

Associates are companies in which the Group has a considerable influence on the determination of administrative and management choices, although they do not have control of them. The existence of a significant influence is generally assumed when the Group directly or indirectly holds at least 20% of the voting rights or, even with a lower share of voting rights, has the power to participate in the determination of financial and management policies by virtue of particular legal links such as, by way of example, participation in syndicated agreements or other forms of significant exercise of governance rights. Investments in associates are valued with the equity method. On the basis of this method, investments are initially recognized at cost, subsequently adjusted as a result of changes in the value of the Group's equity stake in the shareholders' equity of the associate. The Group's share of the result of associates is accounted for in a specific income statement item from the date on which significant influence is exercised and until it is lost.

The consolidated financial statements include the financial statements of the parent Company Giovanni Bozzetto S.p.A. and that of the following subsidiaries and associates*:

Consolidated companies	Share capital in Euro thousand	Registered office	% held directly	% held indirectly	Consolidation method
Giovanni Bozzetto S.p.A.	18,117	Italy	100		Full
BGB Giovanni Bozzetto SAU	16,950	Spain	100		Full
Bozzetto GmbH	2,750	Germany	100		Full
Bozzetto INC	0.047	U.S.	100		Full
P.T. Bozzetto Indonesia	151	Indonesia	99.5	0.5	Full
Bozzetto Polska Spolka zo.o.	1,175	Poland	90	10	Full
Bozzetto Kimya Sanayi ve Ticaret A.S.	2,535	Turkey	69.56	30.44	Full
Brede Srl	32	Italy	100		Full
Bozzetto Shanghai Trading	125	China	100		Full
Asutex SAU	1,000	Spain		100	Full
Ledechem Iberica SL	46	Spain		100	Full
Asutex International SND BHD	213	Malaysia		85	Full
Cecolor SAS	110	Colombia		42.002	Equity
Prosyntex SA	268	Morocco		50	Equity
Suzhou Asutex	1,178	China		35	Equity

*for companies outside the Euro area, the equivalent in Euro was used as at December 31, 2022

Fully consolidated companies carry out the following activities:

1. BGB Giovanni Bozzetto S.A.U. - Salcedo (Spain): Mainly produces and markets chemical products for the construction industry in the South-West of Europe and in particular in Spain and Portugal;
2. Bozzetto GmbH - Krefeld (Germany): Carries out the marketing of chemicals for the building and textile industries;
3. Bozzetto Inc. - Greensboro (North Carolina, USA): Carries out marketing activities for the textile industry;
4. Shanghai Chemical Trading Co. Ltd – Shanghai (China): Markets products mainly for the textile and agro industries;
5. PT Bozzetto Indonesia - Bandung (Indonesia) is engaged in the production and marketing of products for the textile industry;
6. Bozzetto Polska Spolka zo.o. - Zabrze (Poland): Produces and markets chemicals for the construction industry;
7. Bozzetto Kimya St. ve TIC. A.Ş. - Tire (Turkey): Produces and markets chemical products for the textile, construction and agro and water treatment industries;
8. Brede S.r.l. – Ugnano (Italy): It carries out real estate leasing activities to a company of the Group and the acquisition of shareholdings for the purpose of stable investment and not placement;
9. Asutex S.A.U. – Barcelona (Spain): Mainly produces and markets chemicals for the textile industry;
10. Ledechem Iberica SL – Barcelona (Spain): Mainly trades chemicals for the textile industry only in Spain;
11. Asutex International SND BDH – (Malaysia): Mainly produces and markets chemicals for the textile industry in South-East Asia.

The associates relate to minority interests held by Asutex S.A.U. and are active in the production and marketing of chemicals for the textile industry in Colombia, Morocco and China.

In 2021, the parent company had opened a representative office in Dhaka, Bangladesh, in order to increase commercial control in the country. In 2022 the costs related to the maintenance of this office amounted to Euro 123 thousand and are included in the income statement of Giovanni Bozzetto S.p.A.

Consolidation criteria

The data used for consolidation are derived from the financial statement of each equity investment at December 31, 2022. These data have been appropriately modified and reclassified, where necessary, in order to comply with international accounting standards and uniform classification criteria within the Group.

The consolidation criteria are as follows:

- (A) the assets and liabilities, income and charges of the financial statements consolidated by the full method are included in the Group's financial statements, irrespective of the size of the participation; the carrying value of the investments against the net assets of the subsidiaries has also been eliminated;

- (b) the positive differences resulting from the elision of equity investments against the value of net book assets at the date of the first consolidation are charged to the higher values attributable to assets and liabilities and, for the remainder, to goodwill;
- c) the debt/credit, cost/income batches between consolidated companies and the profit/loss resulting from intra-group transactions are eliminated;
- (d) the share of the shareholders' equity and the net result of the minority shareholders' period is allocated to them in special items in the balance sheet and the Consolidated statement of income.

Translation into Euro of financial statements drawn up in foreign currency

The statutory financial statements of each company belonging to the Group are prepared in the currency of the primary economic environment in which it operates (functional currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euros, which is the functional currency of the Group and the currency of Presentation of the consolidated financial statements.

The translation of the items in the balance sheet and financial statements expressed in currency other than the Euro is carried out by applying current exchange rates at the end of the period. The income statement is converted at the average exchange rates for the period.

The exchange-rate differences resulting from the comparison between the initial net worth converted at current exchange rates and the same converted at historical exchange rates, and the difference between the economic result expressed at average exchange rates and that expressed at current exchange rates, are charged to the item "Translation reserve" of equity.

The exchange rates used for translation into Euros are shown in the following table:

Description of the currency	At 31.12.2022 End of period rate	For the year ending 2022 Average rate	At 31.12.2021 End of period rate	For the year ending 2021 Average rate
Us Dollar	1.0666	1.05300	1.1326	1.1827
Renminbi	7.3582	7.07880	7.1947	7.6282
Indonesian rupee	16,519.82	15,625.25	16,100.42	16,920.72
Zloty (Poland)	4.6808	4.68610	4.5969	4.5652
Turkish lira*	19.9649	19.9649	15.2335	10.5124
Malaysian Ringgit	4.6989	4.62790	4.7184	4.9015

* the value of the average exchange rate of the Turkish Lira is equal to that on 31 December 2022 as a result of the adoption of the IAS29 principle.

RECONCILIATION STATEMENT
BETWEEN CONSOLIDATED AND PARENT COMPANY NET PROFIT
AND THE CONSOLIDATED SHAREHOLDERS' EQUITY

Description	31.12.22		31.12.21	
	Result for the year	Net equity	Result for the year	Net equity
Balance from the Parent Company's financial statement	6,879	58,921	4,176	51,678
Elimination of carrying value of consolidated shareholdings				
-Difference between carrying value and pro-quota value of subsidiaries' Shareholders' equity	0	13,536	0	1,681
-Pro-quota results achieved by subsidiaries	11,935	0	19,765	0
- Consolidation difference	0	0	0	0
Elimination of infra-group transactions				
- Dividends	(3,460)	0	(10,662)	0
- PPA	(371)	542	(276)	15,295
- Others	(307)	14,990	(264)	234
Group's result for the year and Shareholders' equity	14,676	87,989	12,740	68,887
Result of the year and Shareholders' equity for minority interests	(2)	129	42	130
Consolidated result for the year and Shareholders' equity	14,674	88,119	12,782	69,017

Evaluation criteria applied

The following are the most significant evaluation criteria used for the preparation of the consolidated financial statements.

Property, plant, and equipment

Property, plant, and equipment (material assets) are recorded at the purchase or production cost, net of accumulated depreciation and any impairment losses. The cost of purchase or production includes the directly incurred costs to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.

The costs of improvement, modernization and transformation of material assets are recognized for asset assets. The costs incurred for maintenance and repairs of an ordinary nature are directly charged to the income statement when incurred.

Depreciation is calculated systematically and consistently on the basis of the rates considered representative of the estimated economic and technical useful life of the tangible assets. Depreciation is calculated from the moment the asset is available for use, according to the intentions of the management. Land is not depreciated.

The estimated useful life and the resulting Amortization rates for each category of material activity are summarized in the following table:

Tangible Assets	Useful life	% Amortization
Buildings	25-40	2.50-4.00%
Light construction	27	3.70%
General plants	18	5.56%
Reaction plants	20	5.00%
Equipment	12	8.33%
General plants and light Construction for on-site storage	12	833%
Miscellaneous and small equipment	3	33.33%
Canteen equipment	8	12.50%
Storage equipment	5	20.00%
Office machinery and furniture	8	12.50%
Electro-mechanic and electronic machinery	5	20.00%
Trucks	5	20.00%
Cars	4	25.00%

For assets that have entered into service during the period, the amortization quotes calculated on the basis of the rates indicated above are reported on the actual period of use of the asset.

The useful life of the material assets and their residual value shall be reviewed and updated, where necessary, at least at the end of each financial year.

Material assets are also verified to identify any impairment annually or whenever there is an indication that the asset may have been reduced in value. Reference is made to the following paragraph "Impairment of assets".

Rights of use

As of January 1, 2019, the Group adopted the IFRS16 principle, which provides a new lease definition without distinction between operational and financial, with the "fully retrospective" enrollment method. According to this principle, the right of use is recorded in the assets in return for a financial debt determined on the basis of the present value of future actualized payments using a unique Incremental Borrowing Rate for each country, considering this rate appropriate to represent the different types of contracts in place.

The debt is progressively reduced according to the repayment plan of the capital shares included in the contractually provided fees, the interest share is instead entered in the income statement and classified as financial charges. The value of the right of use entered in the tangible assets is systematically depreciated according to the terms of the lease contracts, also considering the probability of renewal of the contract in the event of an *enforceable renewal option*.

Goodwill

Goodwill represents the difference between the cost of acquiring a business asset and the current value of its identifiable assets and liabilities acquired at the time of acquisition. Goodwill is classified as intangible assets of indefinite life and, therefore, is not subject to systematic Amortization but to at least an annual assessment to identify any loss of value. Goodwill is not allowed to be restored in the event of a previous impairment for loss of value. Reference is made to the following paragraph "Impairment of assets", and to Note 2 concerning the methodology and the results of the impairment test.

Intangible assets

Intangible assets are non-monetary, identifiable and unphysical, controllable elements that generate future economic benefits. These items are recognized at the purchase and/or production cost, including the expenses directly attributable to prepare the activity for its use, net of cumulative depreciation and any impairment losses.

Depreciation begins at the time the asset is available for use, according to the intentions of the management, and is distributed systematically in relation to the residual potential for use of the asset, or on the basis of the estimated useful life indicated in the following table:

Intangible assets	Useful life
Rights to use intellectual works (of third parties)	5
Trademarks	10

Intangible fixed assets with a defined useful life are also audited to identify any impairment whenever there is an indication that the immobilization may have suffered a impairment. In this regard, reference is made to the following paragraph "Impairment of assets".

Impairment of assets

Tangible and intangible assets with a defined useful life

A check shall be made at each reporting date to determine whether there is any indication that tangible and intangible assets may have been reduced in value. For this purpose, both internal and external sources of information shall be considered. With regard to the first (internal sources) we consider: the obsolescence or the physical deterioration of the activity, any significant changes in the use of the activity and the economic evolution of the activity with respect to what foreseen. With regard to external sources, the following shall be considered: The development of market prices of assets, any technological, market or regulatory discontinuity, the development of market interest rates or the cost of capital used to assess investments.

If the presence of these indicators is identified, the recoverable amount of the above assets is estimated (impairment test), accounting for any depreciation with respect to the relative value of the income statement. The recoverable amount of an asset is the largest of the fair value, net of ancillary sales costs, and its value of use, which is the present value of the estimated future cash flows for that asset. In determining the value of use, expected future cash flows are discounted using a discount rate that reflects current market valuations of the cost of money, in relation to the investment period and asset-specific risks. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the cash generating unit (CGU) to which that asset belongs.

A loss of value is recognized in the income statement if the value of the asset, or of the cash generating unit to which it is allocated, is higher than its recoverable amount. The reductions in the value of the cash generating unit are charged to a reduction in the assets, in proportion to their carrying amount and within the limits of their recoverable amount. If the assumptions for a write-down previously made are not met, the carrying amount of the asset is restored by crediting the profit and loss account, within the limits of the net carrying amount that the asset would have had it not been depreciated and amortized.

Goodwill and intangible assets not yet available for use

The recoverable amount of goodwill and that of intangible assets not yet available for use are subject to impairment tests annually or more frequently, in the presence of indicators that may suggest that such assets may have been reduced in value. The original value of the goodwill will not be restored.

Financial assets

All financial assets are initially recognized, at the trading date, at the cost corresponding to the increased fair value of the charges directly attributable to the purchase, with the exception of the financial assets held for trading (fair value to income statement).

All financial assets must then be recognized at amortized cost or fair value based on the entity's business model for managing financial assets and financial assets characteristics relating to the contractual cash flows of the financial asset.

Specifically:

- Debt instruments held within the framework of a business model whose objective is ownership

of financial assets for the purpose of collecting contractual cash flows, and which have flows cash payments represented solely by capital payments and interest on the amount of the capital to be repaid, are then valued at amortized cost;

- Debt instruments held within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets, and which have cash flows represented solely by capital payments and by interest on the amount of the principal to be repaid, is then measured at fair value with Changes recognized in the Consolidated statement of comprehensive income (FVTOCI);

- All other debt instruments and investments in equity instruments are Subsequently measured at fair value, with recognized changes in net profit (loss) for the period (FVTPL).

Debt instruments subsequently valued at amortized cost or FVTOCI are subject to impairment. In relation to the loss of value of financial assets, the Group applied a model based on expected losses on loans, with particular reference to commercial receivables, by adopting a model to measure the loss-cover fund for trade credits and estimating expected losses over the life of credit, using a methodology based on parameters of probability of insolvency and which also requires a customer-by-customer analysis of overdue debts of doubtful due claim.

Financial assets are removed from the balance sheet when the right to receive cash has ceased, the Group has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and: (i) has transferred substantially all the risks and benefits of ownership of the financial asset, or (ii) has not transferred or retained substantially all the risks and benefits of the asset, but has transferred control of the asset. In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (*pass-through*), it assesses whether and to what extent it has retained the risks and benefits inherent in ownership.

Inventories

Inventory inventories are valued at the lower of the purchase or production cost, determined on the basis of the weighted average cost method, and the corresponding realization value derived from market trends. This market value is represented by the replacement cost for the purchase materials and the presumed realization value for the Finished goods and semi-finished products, calculated taking into account the possible manufacturing costs and the direct selling costs still to be incurred. The cost of inventories includes ancillary costs and direct and indirect production costs for the quota reasonably attributable to the latter.

Obsolete and slow-running stocks are devalued in relation to their possibility of use or realization. The devaluations of such inventories shall be eliminated in subsequent years if the reasons for such inventories are lost.

Cash and cash equivalents

Cash and cash equivalents include cash, available bank deposits, other short-term investments with a maturity of three months or less. Items included in the Cash and cash equivalents are measured at *fair value*.

Post-employment benefit plans

The Group has both defined contribution plans and defined benefit plans.

Defined contribution plans are managed by third party fund managers, in relation to whom there are no legal or other obligations to pay additional contributions if the fund does not have sufficient assets to fulfill its commitments to employees. For defined contribution plans, the Group pays contributions, either voluntary or contractually established, to public and private pension insurance funds. Contributions shall be entered as personnel costs in accordance with the principle of economic competence. The advance contributions shall be entered as an asset which shall be repaid or made to compensate for future payments, if they are due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In programs with defined benefits, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the "projected unit credit method". The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and taking into account the duration of the relevant pension plan. The profits and losses arising from the actuarial calculation are fully charged to equity in the reference period.

In particular, it should be noted that the Group manages a defined benefit plan, represented by the end-of-relationship treatment fund ("TFR"). The TFR is compulsory for Italian companies under Art. 2120 of the Civil Code; it is in the nature of deferred remuneration and is related to the duration of the working life of the employees and to the remuneration received during the period of service provided. As of 1 January 2007, Law No 296 of 27 December 2006 "Financial Law No 2007" and subsequent decrees and regulations introduced significant changes to the TFR framework. This includes the choice of the employee as to whether his or her FRS will be used by the supplementary pension funds or the "Treasury Fund" managed by the INPS. It follows, therefore, that the obligation to INPS and contributions to supplementary pension schemes have assumed, under IAS 19 "Employee Benefits", the nature of defined contribution plans. Whereas the shares entered in the TFR fund as at 1 January 2007 maintain the nature of defined benefit plans.

In addition, the Group has a defined benefit pension plan in place for the retirement fund of employees of the subsidiary Bozzetto GmbH, whose accounting treatment of the benefits produced and the effects deriving from the actuarial valuation are the same as for the TFR fund.

Provision for risks

Provisions for risks are entered against losses and charges of a specific nature, of a certain or probable existence, of which, however, the amount and/or date of occurrence cannot be determined. Enrollment is recognized only when there is a current obligation (legal or implicit) for a future exit of economic resources as a result of past events and it is likely that such exit is required for the fulfillment of the obligation. This amount is the best estimate of the cost of settling the obligation. When the financial effect of the time is significant and the payment dates of the bonds are reliably predictable, the funds are valued at the present value of the expected disbursement using a rate that reflects

market conditions, the change in the cost of money over time, and the specific risk related to the obligation. The increase in the value of the fund due to changes in the cost of money over time is accounted for as passive interest. The risks for which the occurrence of a liability is deemed possible are indicated in the relevant information section on Contingent liabilities and no allocation is made for them.

Loans

Financing is initially recognized at the fair value of the amount paid/received net ancillary costs directly attributable to the financial asset/liability. After initial recognition, loans are measured on the amortized cost basis using the actual interest rate method.

Trade and other payables

Commercial debts and other debts are initially recognized at the fair value of the initial consideration received in return and then valued at amortized cost.

Revenue recognition

Revenues are valued taking into account the consideration specified in the contract with the customer. The Group recognizes revenues when transferring control of goods or services.

Revenue is recognized using a five-step model such as explained below:

- Identification of the contract with the customer;
- Identification of the “Performance Obligation ” provided for in the contract;
- Determination of the consideration of the transaction;
- Allocation of consideration to individual “Performance Obligation ”;
- Revenue recognition at the time (or during) of individual “Performance Obligation ” satisfaction.

Revenue is recognized to the extent that the economic benefits associated with the sale of goods or the provision of services are likely to be achieved by the Group and the amount of the revenue can be determined reliably.

Revenues are recorded at fair value, equal to the consideration received or receivable, taking into account the value of

any commercial discounts granted and reductions related to quantities.

As regards the sale of goods, revenue is recognized when the enterprise has transferred the significant risks and benefits associated with ownership of the asset to the buyer.

Customer contracts typically include a single Performance Obligation . The performance obligation is considered satisfied at the delivery of the good.

Cost recognition

The costs are recognized by economic competence and in compliance with the principle of inertia.

Financial income

Financial income is recognized by competence and includes interest income, exchange differences in assets, dividends from associates and income from financial instruments.

Interest income shall be charged to the income statement at the time of maturity, taking into account the actual yield. Dividends are accounted for by competence at the time when there is the right to perception, which corresponds to the distribution decision.

Financial expenses

Borrowing costs include interest on borrowing liabilities calculated using the effective interest method, passive exchange differences and charges arising from borrowing instruments.

Income taxes for the financial year

Current taxes are calculated on the basis of taxable income for the period, applying the tax rates in force at the balance sheet date. Deferred taxes are calculated against all differences between the taxable amount of an asset or liability and its carrying amount.

Advance taxes are recognized to the extent that a future taxable income is likely to be available for which they can be recovered. Deferred taxes are determined using the tax rates that are expected to apply in periods in which differences will be made or extinguished. The recoverability of assets for deferred tax is reviewed at each period closure. Deferred tax assets not recognized in the balance sheet are reanalyzed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will enable the deferred tax asset to be recovered.

Current and deferred taxes are recognized in the profit and loss account, with the exception of those relating to items directly charged or credited to equity, in which cases the tax effect is recognized directly to equity and in the consolidated total profit and loss account. Taxes shall be compensated when applied by the same tax authority and when there is a legal right of compensation and a settlement of the net balance is expected.

Derivatives financial instruments

The Group uses financial derivatives such as cap and SWAP to manage interest rate risks.

These derivative financial instruments are valued and accounted for at fair value.

Derivatives are accounted for as assets when fair value is positive and as liabilities when fair value is negative.

Derivative instruments, except those identified as hedging, are classified in current assets and gains and losses arising from fluctuations in fair value are accounted for in the account economic period.

In accordance with IFRS 9, derivative financial instruments may be accounted for as hedging if they meet the following rules:

- there is a formal designation and specific documentation is provided at creation the cover;
- coverage is expected to be highly effective;
- effectiveness is reliably measurable;
- the effectiveness of the cover exists at the beginning and throughout the duration of the cover.

Cash flow hedges cover the exposure to changes in cash flows attributable to a particular risk associated with a recognized liability (i.e. interest on variable rate financing). The effective part of the change in fair value of the hedging derivative is recognized among the components of the overall profit and loss account while the non-effective part is recorded in the profit and loss account. The amounts recorded in the specific equity reserve shall be returned to the income statement when the covered transaction is carried out.

Information ex art. 1, paragraph 125, of the law of 4 august 2017 n. 124

In relation to the provisions referred to in art. 1(125) of law no 124/2017, concerning the obligation to provide information in the explanatory notes to the financial statements of any amounts of money received during the financial year as grants, contributions, positions paid and in any case economic advantages of any kind by the public administrations and by the subjects referred to in paragraph 125 of the same article, It is noted that during 2022 Euro 91 thousand received by the Group Parent Company from GSE as a contribution for the electricity produced by photovoltaic plants (of which Euro 17 thousand related to the 2021 competences and Euro 74 thousand related to 2022) And Euro 16 thousand from the management fund for staff training. In addition, the Company has benefited from a tax credit of Euro 344 thousand in respect of a contribution for the purchase of gas, divided as follows:

- Euro 21 thousand for tax credit for companies with high consumption of natural gas (art. 15.1 of the Decree-Law of 27 January 2022, n. 4)
- Euro 42 thousand for tax credit for companies with high consumption of natural gas (art. 5 of the Decree-Law of 1 March 2022, n. 17)
- Euro 40 thousand for tax credit for companies with high consumption of natural gas (art. 6, c. 2, of the Decree-Law of 9 August 2022, n. 115)
- Euro 241 thousand for tax credit for companies with high consumption of natural gas (art. 1, c. 2, of the Decree-Law of 23 September 2022, n. 144)

Finally, it should be noted that the Company has benefited from a tax credit linked to investments in new capital goods (other than the assets referred to in Annexes a and b to Law No. 232/2016) ex art. 1, comm. 1054 and 1055, law no. 178/2020, for a total of Euro 131 thousand.

Foreign currency translation criteria

Transactions in currency other than functional currency are recognized at the exchange rate in place at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate outstanding at the year-end date. Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at the historical cost using the exchange rate in force at the date of initial recognition of the transaction. Any emerging exchange-rate differences are reflected in the income statement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE 1 JANUARY 2022

The following International Financial Reporting Standards accounting standards, amendments and interpretations were first applied by the Group from 1 January 2022:

On 14 May 2020, the IASB published the following amendments:

- Amendments to International Financial Reporting Standards 3 Business combinations: The purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of the Standard;
- Additions to IAS 16 property, plant and Equipment: The purpose of the modifications is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the income statement;
- Amendments to IAS 37 provisions, Contingent Liabilities and Contingent assets: The amendment clarifies that in the estimate of the possible oneness of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of the possible oneness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used for the performance of the contract);
- Annual improvements 2018-2020: Changes were made all'IFRS 1 first-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and illustrative Examples of IFRS 16 leases.

The adoption of these amendments did not have any effect on the Group's balance sheet.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS
APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY
THE GROUP AS AT 31 DECEMBER 2022**

- On May 18, 2017, the IASB published the International Financial Reporting Standards 17 – insurance contracts principle, which is intended to replace the International Financial Reporting Standards 4 – insurance contracts principle.

The aim of the new principle is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, principle-based framework to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new Standard also provides for Presentation and disclosure requirements to improve comparability between entities in this sector.

The new principle measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation approach (“PAA”).

The main features of the General Model are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of the money;
- the estimates provide for extensive use of market-observable information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity provides that such liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to update those cash flows if the balance to be paid or paid will be expected to occur within one year of the claim date.

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

The Standard applies from 1 January 2023 but is allowed to apply in advance only to entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from contracts with customers.

By not carrying out the Group's insurance activities, the directors do not expect an effect on the financial statements.

- On December 9, 2021, the IASB published an amendment called “Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards

9 – Comparative Information”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of the International Financial Reporting Standards 17 principle.

By not carrying out the Group's insurance activities, the directors do not expect an effect on the financial statements.

- On 12 February 2021, the IASB published two amendments entitled “*Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2*” and “*Definition of Accounting estimates—Amendments to IAS 8*”. The changes aim to improve *disclosure of accounting policies* in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in *accounting policies*. The amendments will apply from 1 January 2023, but advance application is allowed.

Directors do not expect an effect on the Group's financial statements.

- On 7 May 2021, the IASB published an amendment called “Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities arising from a Single Transaction”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from 1 January 2023, but advance application is allowed.

Directors do not expect an effect on the Group's financial statements.

Realignment of the statutory-tax values of the assets ex Decree Law no. 104 of 2020

The Parent Company, in compliance with the provisions of Decree Law no. 104 of 2020 (so-called decree “August”) and later, by the law of the financial statements for 2021 (art. 1, paragraph 83, L. n. 178/2020), brought the tax value of tangible and intangible assets back into line in 2020 with the higher accounting values entered in the balance sheet, by payment of a replacement tax of 3% calculated on the difference between the civil value and the fiscal value of the same and to be paid in a maximum of three annual installments within the time limit for the payment of the income taxes balance. To date, two of the three installments have been paid, totaling Euro 184 thousand.

The effectiveness of this realignment starts from the financial year 2020 with regard to depreciation and from the financial year ending 31 December 2024 with regard to possible disposal of realignment assets.

As shown in the statement of changes in equity, after the approval of the 2020 financial statements, reserves corresponding to the higher realigned values net of the replacement tax of 3%, equal to Euro 9,0 million, were tied in suspension of tax.

Use of estimates

The preparation of the consolidated financial statements and related notes in application of IAS-IFRS requires the Directors to make estimates and assumptions that affect the values of the assets and

liabilities and the information relating to assets and potential liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered relevant. The results that will be produced may therefore differ from those estimates. The estimates and assumptions shall be reviewed periodically and the effects of any changes made to them shall be reflected in the income statement during the period during which the valuation review takes place if the revision itself affects only that period, or even in subsequent periods if the revision affects both the current and future periods.

The following summarizes the valuation processes used by the Group in the process of applying accounting policies for future events that may have significant effects on the values recognized in the consolidated financial statements or may result in significant value adjustments to the carrying amount of the assets and liabilities in the period subsequent to the reporting date.

Recoverability of the value of tangible and intangible assets

The procedure for determining impairment losses of tangible and intangible assets described in the paragraph “impairment of assets” implies – in estimating the value of use – the use of a Business Plans that is based on a set of assumptions relating to future events and to strategic actions made by the Group management, which will not necessarily take place. In the fair value estimate, however, assumptions are made about the foreseeable trend of trading between third parties on the basis of historical trends that may not be repeated.

Useful life of tangible and intangible assets

Tangible and intangible assets with a defined useful life are amortized over the estimated useful life of the related assets. The economic useful life of the assets is determined by the directors at the time the asset was purchased; it is based on historical experience for similar fixed assets, market conditions and advances on future events that could have an impact on useful life. Thus, actual economic life may differ from estimated useful life. The Group periodically evaluates technological and sector changes to update the remaining useful life. This periodic update could lead to a change in the period of Amortization and therefore also in Amortization's share of future periods.

Credit risk

The allowance for doubtful receivables reflects the Group's estimate of losses in the receivable portfolio.

Provisions are made against expected losses on receivables, estimated on the basis of past experience with respect to loans with similar credit risk, as well as careful monitoring of the quality of the receivable portfolio, also in a perspective as required by the IFRS9.

Although the provision allocated are reasonable, the use of different assumptions or the change in economic conditions could be reflected in changes in the allowance for doubtful receivable and therefore have an impact on the Group's results. Estimates and assumptions are reviewed periodically and the effects of any change are reflected in the income statement in the exercise of competence.

Inventories and related provisions

The valuation of inventories and the related depreciation provision reflects the best estimate of the normal capacity of the Group, the sales prices of the products and the forecasts of their realization over time on the basis of sales plans or historical experience. The Group believes that the estimates made and the input data taken into consideration allow a correct detection of the inventories and a reasonable estimate of the obsolescence fund; However, given the complex nature of the estimates concerning the factors mentioned above and the underlying areas of uncertainty related thereto, it is

not possible to exclude that additional requirements for provisions or devaluations may emerge from the revision of estimates in the coming financial years.

Post-employment benefit plans

The Group uses various statistical assumptions and valuation factors with the aim of anticipating future events for the calculation of the liabilities and liabilities of these plans. The assumptions relate to the discount rate, the expected return on the activities in the service of the plan, and the rates of future wage increases. In addition, actuaries of the Group also use subjective factors, such as mortality and turnover rates.

Income taxes

The Group is subject to various income tax laws. The determination of the Group's tax liability requires the use of management assessments in respect of transactions whose tax implications are not certain as of the balance sheet date. In addition, the valuation of advanced taxes is made on the basis of expected income expectations in future periods; the valuation of these expected incomes depends on factors that may vary over time and have significant effects on the valuation of deferred tax assets.

Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not listed in asset markets is determined using valuation techniques. The Group - with the help of independent third party external consultants - uses valuation techniques that use inputs directly or indirectly observable from the market at the date of the end of the accounting year, related to the assets or liabilities being assessed. While considering the estimates of these fair values reasonable, possible variations in the estimation factors on which the calculation of these values is based could produce different assessments.

NOTES ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following details and comments are given for the items of the consolidated statement of financial position. It should be noted that, unless otherwise stated, the amounts are expressed in thousands of Euros.

1) PROPERTY, PLANT, AND EQUIPMENT

The categories which make up the item in question and their handling during the financial year are highlighted in the following table:

(euro/000)	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Non-current assets under construction and advance payments	TOTAL
COST						
Opening balance	25,029	55,485	3,907	3,719	2,108	90,247
Opening balance IFRS 16	5,507	0	0	2,865	0	8,373
Monetary revaluation - IAS29	2,390	104	0	35	0	2,530
Business combinations	0	0	82	1	0	83
Increases	405	1,989	199	289	1,600	4,482
Increases ex IFRS 16	907	0	0	1,271	0	2,178
Decreases	-3	-4,703	-182	-316	-179	-5,383
Reclassifications	-880	0	0	-78	0	-959
Revaluations/devaluations	0	56	9	83	0	149
Reclassifications	190	1,299	7	1	-1,497	0
Exchange rate effects	-7	-295	-5	-86	-27	-420
Closing balance	33,538	53,936	4,017	7,785	2,003	101,280
Opening balance	7,398	39,207	2,836	2,938	0	52,379
Opening balance IFRS 16	1,975	0	0	1,633	0	3,608
Monetary revaluation - IAS29	-91	-589	0	-46	0	-726
Business combinations	0	0	1	0	0	1
Amortization for the year	858	2,420	169	337	0	3,785
Amortization ex IFRS 16	822	0	0	651	0	1,472
Elimination due to disposals	-2	-4,666	-153	-275	0	-5,096
Elimination ex IFRS 16	-847	0	0	-77	0	-924
Revaluations/devaluations	66	0	0	0	0	66
Reclassifications	0	1	0	0	0	1
Exchange rate effects	-41	-68	-4	-83	0	-196
Closing balance	10,138	36,305	2,849	5,077	0	54,370
NET VALUE	23,400	17,631	1,169	2,707	2,003	46,910

The main investments for the financial year concerned:

1. Land and buildings for Euro 405 thousand of which mainly Euro 67 thousand in Giovanni Bozzetto S.p.A. for the replacement of the fixtures in the office building, Euro 145 thousand in Bozzetto Indonesia and Euro 110 thousand in Bozzetto Poland for the improvement of the buildings.
2. Plants and machinery for Euro 1,989 thousand, of which mainly Euro 828 thousand in Bozzetto Indonesia for the new production line of sulfur black and Euro 663 thousand in Giovanni Bozzetto S.p.A. (Euro 388 thousand for increased plant efficiency and production capacity and Euro 279 thousand for safety and environment).

3. Industrial equipment for Euro 199 thousand, mainly for the purchase of laboratory equipment in Giovanni Bozzetto S.p.A. a further Euro 82 thousand relating to laboratory equipment were acquired following the Levaco operation.
4. Other goods for Euro 289 thousand, mainly for new furniture, it equipment and reading terminals position for the warehouse.
5. Fixed assets under way for Euro 1,600 thousand, of which mainly Euro 580 thousand in Giovanni Bozzetto S.p.A. (Euro 430 thousand for the adjustment of production plants, Euro 150 thousand for safety and environment), Euro 480 thousand in Asutex for a new reactor, Euro 258 thousand in Bozzetto Kimya for preparatory work for the installation of the new spray dryer that will be installed at the end of 2023.

It should be noted that in the course of the financial year plants and machinery of the subsidiary Brede S.r.l. have been disposed of, by now obsolete, whose historical cost of Euro 5.3 million was fully amortized. A gain of Euro 29 thousand was realized on this sale. The Brede plant has been out of operation since 2017.

The net carrying amount at 31 December 2022 of the right of use ex IFRS16 was € 5.4 million (€ 4.0 million in 2021). The increase in the year, equal to Euro 2.2 million, mainly refers to the signing of a new lease for an external warehouse by Asutex.

As in previous financial years, there are no non-instrumental real estate investments.

2) GOODWILL

	31.12.22	31.12.21	Variation
Goodwill	38,796	32,405	6,391
Total	38,796	32,405	6,391

This item refers to the higher value paid for the acquisition of the Bozzetto Group in 2017 and for the acquisition of the Asutex Group in 2020, compared to the fair value of the assets assumed and the identifiable liabilities acquired, which reflects the income capacity achievable by the acquired groups. That goodwill, coming from two subsequent acquisitions, is considered both as a whole and in its breakdown with reference to the corresponding CGUs.

The change from the previous year is linked to the Levaco acquisition, of which information has already been provided in relation to the Directors report on operation and in the "Business Combinations" paragraph.

Since it is not possible to distinguish clearly the relative cash flows, as the assets have been included in the Giovanni Bozzetto S.p.A. financial statements and the products / customers, as well as the production assets, are similar, it was decided not to create a specific *Cash generating Unit* ("CGU").

At 31 December 2022, goodwill attributable to each CGU was subjected to an impairment test required at least annually in accordance with IAS 36, as commented below.

The recoverability of goodwill was verified by determining the "value in use" by discounting the cash flows resulting from the five-year business plans 2023-2027, prepared on the basis of the assumptions approved by the Board of Directors of Giovanni Bozzetto S.p.A. on 28 February 2023, of the CGU identified.

Consistent with the Group's organizational business structure as of December 31, 2022, the following table shows the amounts and allocation of goodwill in each CGUs:

CGU	31.12.22	31.12.21
Giovanni Bozzetto Group	29,192	22,801
Asutex Group	9,604	9,604
Total Goodwill	38,796	32,405

CGU – Giovanni Bozzetto Group

The recoverable amount was identified in the value of use equal to the sum of discounted future cash flows and terminal value that the assets belonging to the CGU "Bozzetto Group" will be able to generate according to management estimates. For discounting, the post-tax WACC was used as discount rates, which takes account of asset-specific risks and reflects current market valuations of the cost of money, based on a weighting between the cost of debt and the cost of equity, developed on the basis of the values of groups comparable to the "Bozzetto Group" as they operate in the same sector of activity. The WACC value thus determined was 10.49% (13.80% pre-tax WACC).

The terminal value was calculated with the formula of the perpetual annuity and determined as the ratio between the normalized flows (NOPAT) and the discount rates.

The long term growth rate ("g") used to extrapolate the financial flows beyond the explicit periods was 2.0%, consistent with the most recent medium/long-term inflation forecasts for Italy and for the countries in which the products of the CGU-related assets are sold, based on publicly available sources of information.

The above impairment test demonstrated the recoverability of the value of the CGU's net invested capital, including goodwill.

In addition, the impairment test was subjected to a sensitivity test, which concerned the WACC (+/- 1%), the long term growth rate "g" (+/- 0.5%), and also the estimated profitability in the Business Plan, assuming negative variations of up to 20%.

Even in these scenarios, the impairment test confirmed the recoverability of the value of net invested capital including goodwill, without making it necessary to proceed with any impairment.

CGU – Asutex Group

The recoverable amount was identified as the value of use equal to the sum of discounted future cash flows and terminal value that the assets belonging to the CGU Asutex will be able to generate according to management estimates. For discounting, the post-tax WACC was used as discount rates, which takes account of asset-specific risks and reflects current market valuations of the cost of money, based on a weighting between the cost of debt and the cost of equity, based on the values of groups comparable to the "Asutex Group" as they operate in the same sector of activity. The WACC value thus determined was 11.85% (15.80% pre-tax WACC).

The terminal value was calculated with the formula of the perpetual annuity and determined as the ratio between the normalized flows (NOPAT) and the discount rates.

The long term growth rate ("g") used to extrapolate the financial flows beyond the explicit period was 2.00%, consistent with the most recent medium/long-term inflation forecasts for the countries in which the products of the CGU-related assets are sold, based on publicly available sources of information.

The above impairment test demonstrated the recoverability of the value of the CGU's net invested capital, including goodwill.

In addition, the impairment test was subjected to a sensitivity test, which concerned the WACC (+/- 1%) the long-term growth rate “g” (+/- 0.5%) and also the estimated profitability in the Business Plan, assuming negative variations of up to 10%.

Even in these scenarios, the impairment exercise confirmed the recoverability of the value of the net invested capital including goodwill, without making it necessary to proceed with any impairment.

As indicated in paragraph “use of estimates”, it should be specified that assumptions concerning future performance and the data used for the impairment test are characterized by a significant degree of uncertainty which could lead to the assessment of future results other than those estimated, making, where necessary, adjustments to the value of goodwill.

3) INTANGIBLE ASSETS

The categories which make up the item in question and their handling during the financial year are highlighted in the following table:

(euro/000)	Research and development costs	Ind. patent rights and intellectual property use	Concessions, licenses, trademarks and similar rights	Non-current assets under construction	Others	TOTAL
COST						
Opening balance	909	252	13,622	968	3,049	18,799
Monetary revaluation - IAS29	0	0	(24)	0	0	(24)
Business combinations	0	0	0	0	2,100	2,100
Increases	0	3	32	834	215	1,083
Decreases	0	0	0	0	(53)	(53)
Revaluations	0	0	0	0	5	5
Reclassifications	0	0	0	0	1	1
Exchange rate effects	0	0	(11)	0	(4)	(15)
Closing balance	909	254	13,619	1,802	5,312	21,895
ACCUMULATED DEPRECIATION						
Opening balance	909	195	5,321	0	2,553	8,977
Monetary revaluation - IAS29	0	0	(28)	0	0	(28)
Business combinations	0	0	0	0	25	25
Amortisation in the financial year	0	18	1,361	0	209	1,589
Decreases	0	0	0	0	(0)	(0)
Revaluations	0	0	0	0	6	6
Reclassifications	0	0	0	0	(0)	(0)
Exchange rate effects	0	0	(10)	0	(4)	(14)
Closing balance	909	213	6,645	0	2,788	10,555
NET VALUE	0	41	6,974	1,802	2,523	11,340

The increases under “other fixed assets” for a total of Euro 215 thousand concerned mainly the investments necessary for the registration of chemical substances in the reach register of the parent company Giovanni Bozzetto S.p.A.

The item “ongoing fixed assets” includes Euro 834 thousand related to the implementation of the new SAP operating system under Giovanni Bozzetto S.p.A., whose amortization will begin after the go live of the system, carried out on 1 January 2023 and which concerned the parent company and Bozzetto GmbH.

Finally, the increase from € 2.1 million deriving from Business combination is due to the allocation of part of the purchase price to Levaco’s customer relationship.

4) INVESTMENT IN ASSOCIATES

	31.12.22	31.12.21	Variation
Investments in associates	2,310	2,051	259
Total	2,310	2,051	259

The item includes minority interests held by the indirect subsidiary Asutex S.A.U. in the following companies:

- Cecolor SAS - Colombia
- Suzhou Asutex – China
- Prosyntex SA – Morocco

During the financial year, the value moved as follows:

	31.12.22
Opening balance	2,051
Effect of Equity valuations 31.12.2022	259
Closing balance	2,310

The following table summarizes the shares held on the basis of the percentage of ownership and the values of the investments valued with the Equity method. No potential loss of value was found in these assessments. It should be noted that the evaluations were carried out taking into account the Consolidated statement of financial position data available at the date of approval of these consolidated financial statements.

Associate companies	% of ownership	Registered office	Book value in Euro thousand	Net Equity in Euro thousand	Net result in Euro thousand
Cecolor SAS	42.002	Colombia	1,495	6,676	408
Prosyntex SA	50	Morocco	154	1,360	160
Suzhou Asutex	35	China	402	1,573	181

Finally, the Group's attributable profit of companies valued at Equity was accounted for in the amount of Euro 315 thousand, of which:

- Euro 171 thousand related to Cecolor SAS
- EUR 64 thousand related to Suzhou Asutex
- Euro 80 thousand related to Prosyntex SA

5) OTHER NON-CURRENT ASSETS

	31.12.22	31.12.21	Variation
Other non-current assets	471	538	(67)
Total	471	538	(67)

Other Non-current assets refer to:

- Euro 299 thousand: Credit for dividends (approved in the period prior to the acquisition of the Asutex Group) not distributed claimed by Asutex S.A.U. against the related company Cecolor SAS. In 2022, Euro 99 thousand were received compared to the original credit. Subsequent payments are foreseen in the course of the next financial years until the complete collection;
- Euro 172 thousand: deposits with a claim of more than 12 months.

6) INVENTORIES

The stock balance as at 31 December 2022 is detailed in the following table:

	31.12.22	31.12.21	Variation
Raw and subsidiary materials and consumable materials	16,218	20,798	(4,581)
Work in progress	1,002	697	305
Finished products and goods	16,962	15,928	1,034
Subtotal	34,182	37,424	(3,242)
Obsolesce provision	(2,869)	(2,268)	(600)
Payment in advance	165	523	(358)
Total	31,478	35,678	(4,200)

The change reflects the lower purchases of raw materials made in the last part of the year, due to the slowdown in demand in the last part of the year.

The table below shows the movement of the related provision, whose releases refer to the subsidiary Asutex S.A.U. due to the lower inventories and better stock rotation.

	31.12.22	31.12.21
Opening balance	(2,268)	(2,166)
Accrual of the year	(903)	(220)
Utilisation	90	117
Releases	200	0
Exchange rate differences	12	1
Closing balance	(2,869)	(2,268)

7) TRADE RECEIVABLES

Trade receivables, equal to Euro 39,903 thousand, are exposed net of a provision estimated to take account of the risks of recoverability of the receivables, equal to Euro 1,733 thousand.

	31.12.22	31.12.21	Variation
Accounts receivable	39,903	41,855	(1,952)
Receivables from associates and joint ventures	0	0	0
Total	39,903	41,855	(1,952)

The decrease compared to the previous year is due to the abovementioned decrease in market demand in the last part of 2022.

The provision for bad debt during the year moved as follows:

	31.12.22	31.12.21
Opening balance	2,113	3,505
Changes in scope of consolidation	0	0
Accrual of the year	71	156
Utilisation	(144)	(1,393)
Releases	(236)	0
Exchange rate differences	(71)	(155)
Closing balance	1,733	2,113

The decrease compared to the previous year is mainly due to the use and release of the provision mainly carried out by Asutex S.A.U. and Bozzetto Shanghai, to close unrecoverable receivables generated in the past years for impaired receivables whose collection was realized during the year.

The provision is to be considered appropriate for the presumed risks of insolvency and has been determined by considering analytically the claims in dispute and the situations of expected unrecoverability. In addition, in accordance with IFRS 9, an evaluation based on *expected losses* was carried out on all positions held at the end of the financial year. This estimate was made through the use of a provision matrix for the period of expiry, taking into account the historicity of the losses on loans realized by each company of the Group.

The overall effect generated was Euro 378 thousand, in substantial continuity with the comparative period.

The following table summarizes the fund composition by expired band:

	% Write-down	Trade receivables	Write-down
	%	EUR/000	EUR/000
To expire	1%	35,229	196
expired 0 -30 days	2%	3,214	53
expired 31 -60 days	4%	1,385	52
expired 61 -90 days	4%	205	8
expired more than 90 days	89%	1,603	1,424
TOTAL	4%	41,636	1,733

Accounts receivable, before the bad debt provision, are mainly composed of trade receivables denominated in the following currencies:

	31.12.22	31.12.21
Receivables in Euro	28,786	28,510
Receivables in US Dollars	2,939	4,607
Receivables in Chinese Renminbi	1,533	1,953
Receivables in Indonesian Rupiah	2,701	3,658
Receivables in Turkish Lira	5,468	4,933
Receivables in Polish Zloty	208	241
Receivables in Malaysian ringgit	2	67
Total	41,636	43,968

The following table shows the breakdown by geographical area of the Accounts receivable:

	31.12.22	31.12.21
Italy	8,240	8,026
EU Countries	12,988	9,387
Non-EU Countries	20,407	26,555
Total	41,636	43,968

It should be noted that at the reporting date that there are no receivable due more than 12 months. In addition, all receivables that have expired for more than 90 days, which are not covered by credit letters or received during the first quarter of 2023, are fully covered bad debt provision.

8) TAX RECEIVABLES

This item consists of the following tax credits:

	31.12.22	31.12.21	Variation
VAT receivables	1,972	2,579	(608)
Income tax receivables for the financial year	1,383	948	435
Total	3,355	3,528	(173)

Receivables from Tax Authority for VAT decreases compared to last year mainly due to lower international transactions in the last quarter of the year compared to 2021.

Income tax receivables are mainly due to higher payments made on account by the Group companies and tax credits under Law 178/20 (Euro 380 thousand) and as a contribution for the purchase of gas (Euro 241 thousand) claimed of Giovanni Bozzetto S.p.A.

9) OTHER CURRENT ASSETS

The other current assets are divided as follows:

	31.12.22	31.12.21	Variation
Miscellaneous receivables	161	148	13
Accrued income and deferred liabilities	621	818	(197)
Total	782	967	(185)

Accruals and repayments relate mainly to repayments on insurance, passive rents and other service costs.

10) CURRENT FINANCIAL ASSETS

Current financial assets are divided as follows:

	31.12.22	31.12.21	Variation
Financing to Chem Invest BV	557	409	148
Financial receivables for derivative instruments	196	0	196
Other financial receivables	1,000	0	1,000
Total	1,753	409	1,344

Current financial assets are mainly represented by:

- Financing to Chem Invest BV for Euro 557 thousand: This financing, originally equal to Euro 400 thousand, was increased in the year by a further Euro 140 thousand, in addition to interest. The annual financing, with interest-bearing interest rate of 1.5%, was concluded on market conditions. The last renewal is dated December 2022;
- Other financial receivables of Euro 1.0 million: payment made by the Parent Company to A2A for Euro 1.0 million to guarantee the gas supply contract concluded in October 2022 and lasting 12 months.

11) CASH AND CASH EQUIVALENTS

The Cash and cash equivalents and equivalent means are subdivided as follows:

	31.12.22	31.12.21	Variation
Bank and post office deposits	19,930	19,074	856
Cash and cash equivalents	9	10	(1)
Total	19,939	19,084	855

The bank deposits relate to stocks, in Euros and currency, at primary credit institutions, which are fully and freely available. For the change in available balances of refer to the Consolidated Statement of Cash flows.

12) SHARE CAPITAL

The share capital is represented by indivisible registered shares, without indication of the nominal value, represented by equity certificates. The share capital amounts to Euro 18,116,804 and is represented by 7,090,825 shares. There are no changes compared to the previous year. The Parent Company has not issued any other securities of any kind.

13) RESERVES

As of December 31, 2022 , the Group reserves were as follows:

	31.12.22	31.12.21	Variation
Share capital	9,285	9,285	0
Legal reserve	940	640	300
Translation reserve	(5,159)	(6,962)	1,803
Cash Flow hedge reserve	196	(25)	222
Employee severance indemnity reserve	1,748	(533)	2,281
Others	9,016	9,022	(6)
FTA (First Time adoption Reserve)	(426)	(427)	1
Profit (loss) carried forward	39,596	27,032	12,565
Total	55,196	38,031	17,165

The main change relates to actuarial reserves, which reflect the significant increase in rates during the year.

The change in the translation reserve, Euro 1.8 million, is mainly due to the significant devaluation of the Turkish lira in 2022.

14) SHARE CAPITAL OF THIRD PARTIES

The shareholders' equity and net profit attributable to third parties is recognized, accounting for 15% of the shareholding held in Asutex International SDB BDH by a party outside the Group.

	31.12.22	31.12.21
Minority interests	131	87
Net profit (loss) of minorities	(2)	42
	129	130

15) CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities are constituted at 31 December 2022 by the following components:

Description	31.12.22		31.12.21	
	Current	Not current	Current	Not current
Due to banks	4,028		2,995	
Due to banks - Senior Loan	9,556	49,134	4,760	50,817
Financial liabilities ex IFRS 16	1,342	3,357	1,271	2,693
Fair value measurement of derivatives			25	
Total	14,926	52,492	9,051	53,510

Bank financing consists mainly of Senior financing signed with a pool of banks leading UniCredit S.p.A. in July 2017. Following the merger with Chem Invest S.p.A. in 2018, the entire financing is allocated to Giovanni Bozzetto S.p.A. The original nominal amount is Euro 45 million and is recorded at the amortized cost. Following the acquisition of Asutex in January 2020, the original financing was subject

to a change in terms and conditions, granting the Company, as well as BGB Giovanni Bozzetto SAU, additional financing for the amounts indicated below.

In addition, the repayment deadlines for the original financing have been amended to align them with those for the additional financing to be granted under the operation and certain modifications to covenants.

As regards the additional financing, the financing banks have made available five financing lines, of which: (i) two lines for an amount of approximately Euro 6,5 million each, one reimbursable in 5 (five) years with half-yearly deadlines and one bullet to be reimbursed at the maturity of 6 (six) years to Giovanni Bozzetto Spa; (ii) two lines for an amount of approximately Euro 11.5 million each, one reimbursable in 5 (five) years also with half-yearly deadlines and one bullet to be reimbursed at the maturity of 6 (six) years to BGB Giovanni Bozzetto SAU; And (iii) bridge financing for an amount of approximately EUR 2 million to be repaid within one year of the closing of the acquisition of the Asutex Group.

In addition to the original financing, a pledge was given on the Asutex shares in favor of the financing banks to guarantee the additional financing.

For 2022, the interest rate applied to the Senior is EURIBOR + spread 225 basis points for financing tranches with half-yearly capital share repayment and EURIBOR + spread 275 basis for loan tranches with bullet reimbursement. Therefore, the average rate for the year was 2.85%.

Following the acquisition of Levaco in November 2022, an agreement amending the financing Agreement was concluded with the banks currently funding the financing Agreement, aimed at obtaining a further line of credit from the Parent Company of Euro 7,0 million, delivered in a single solution at the closing of the transaction on 3 November 2022. The expected duration is 3 years from the date of disbursement, with the expected reimbursement of half-yearly installments at constant capital from 30 June 2023. The rate is set at an up-front fee of 275 basis points and a flat margin of 250 basis points.

The relative guarantees are already explicit in Directors Report on Operation.

In 2020, a total of €5 million was also signed, which was reimbursable in 5 years. This financing was provided by Monte dei Paschi di Siena ("MPS") and is guaranteed by the European Central Bank at 90%, as provided for in the liquidity Decree of 5 June 2020 which strengthened the Guarantee Fund.

The remaining short-term bank loans include the amounts of current account overdrafts, invoice advances and other short-term loans outstanding at the reference date for a total of Euro 4 million.

Finally, according to the IFRS16 principle, financial debts relating to existing lease contracts totaled Euro 4.7 million (Euro 4.0 million in 2021), of which Euro 1.3 million represents the non-current share.

In relation to Senior financing, the Company has undertaken to comply with a number of financial and information obligations ("covenants"). At December 31, 2022, all financial covenants were respected (calculated on the basis of the consolidated financial statements prepared by Giovanni Bozzetto S.p.A.). Reference is made to paragraph "predictable management evolution" of the Directors Report on Operation concerning the analyzes conducted by the management on the group's ability to meet the commitments made with regard to senior financing in terms of capital repayment and interest payments.

16) POST-EMPLOYMENT BENEFIT PLANS

The employee benefit funds are mainly the end-of-relationship treatment for Italian employees and the retirement fund for German, Turkish and Indonesian employees.

The fund showed the following handling during the year:

	31.12.22	31.12.21	Variations
Opening balance	10,983	12,137	(1,154)
Provisions	0	191	(191)
Interest cost	61	35	26
Uses	(434)	(346)	(88)
Actuarial gains of losses	(3,278)	(984)	(2,294)
Exchange rate differences	(19)	(51)	32
Closing balance	7,313	10,983	-3,670

The determination of the end-of-relationship treatment in the parent company Giovanni Bozzetto S.p.A. is the result of the application of an actuarial model that has at its base different hypotheses, both demographic and economic. The following table shows the economic technical bases used at 31 December 2022:

1. Annual discount rate: EUR Composite AA rate curve at 30/12/2022
2. Annual inflation rate: European Zero-Coupon inflation -indexed Swap curve at 30/12/2022 (2.588% % at maturity 30 years)
3. Average annual percentage of personal leave: 6.03%
4. Mortality tables: SI 2019

It was not necessary to assume a hypothesis of wage growth, since the maturing TFR will be paid by the company outside and therefore is not an actuarial valuation.

In particular, it is noted that the annual discount rate used for the determination of the present value of the obligation was derived, in accordance with paragraph 83 of IAS 19, from the Euro Composite AA curves index recognized at the date of the valuation. For this purpose, the yield was chosen with a duration comparable to *the duration* of the collective of the companies subject to the evaluation.

In accordance with the IAS19, for defined benefit plans, the additional information required for *sensitivity purposes on* the discount rate is given below:

Discount rate	Discount rate
+0.50%	-0.50%
917	982

The determination of the retirement fund in the subsidiary Bozzetto GmbH is the result of the application of an actuarial model based on demographic and economic assumptions. The following table shows the economic technical bases used at 31 December 2022:

1. Annual discount rate: 3.0%
2. Annual inflation rate: 2.00%
3. Wage increase rate: 2.5%
4. Average annual percentage of personal leave: 2.5%

17) PROVISIONS FOR RISKS AND CHARGES

	31.12.21	Allowance	Uses	Releases	Exchange rate diff.	31.12.22
Provisions for retirement treatment and similar obligations	83	0	0		0	83
Other funds for risks and charges	930	135	(50)	(48)	(2)	964
Total	1,013	135	(50)	(48)	(2)	1,047

The funds for retirement treatment and similar obligations refer to the supplementary customer allowance provisions for agents and the leave indemnity provision of Giovanni Bozzetto S.p.A. for Euro 83 thousand.

The movement of other provision for risks and charges in 2022 is summarized in the following table :

	31.12.21	Allowance	Uses	Releases	Exchange rate diff.	31.12.22
Waste disposal	520	135	(50)	(48)	(2)	554
Tax and legal risk provision	116	0	0	0	0	116
Environmental risks provision	294	0	0	0	0	294
Total	930	135	(50)	(48)	(2)	964

The funds for risks and charges are constituted as follows:

1. Waste disposal Fund: equal to Euro 554 thousand, it has been set aside against the likely costs that will be incurred in subsequent financial years for the disposal of obsolete finished goods. No significant changes were reported compared to 2021;
2. Tax and legal risk fund: Equal to Euro 116 thousand and wholly owned by Giovanni Bozzetto S.p.A.
3. Environmental risk provision: equal to Euro 294 thousand refers to Euro 140 thousand for the renovation of industrial sites and Euro 154 thousand to cover environmental risks belonging to the company Brede S.r.l.

18) TRADE PAYABLES

At December 31, 2022, trade payables amounted to Euro 25,788 thousand. The balance includes the invoices to be received for the costs for the purchase of goods and services that fall within the scope of the financial year.

	31.12.22	31.12.21	Variation
Accounts payable	25,788	40,880	(15,092)
Total	25,788	40,880	(15,092)

The following tables show the currency and geographic area allocations of commercial debts:

	31.12.22	31.12.21
Payables in Euro	21,924	33,820
Payables in US Dollars	1,342	2,824
Payables in Chinese Renminbi	530	845
Payables in Indonesian Rupiah	917	2,501
Payables in Turkish Lira	316	369
Payables in Polish Zloty	595	455
Payables in Swiss Francs	45	67
Payables in Malaysian ringgit	118	0
Total	25,788	40,880

	31.12.22	31.12.21
Italy	11,570	17,316
EU Countries	9,236	10,901
Non-EU Countries	4,982	12,663
Total	25,788	40,880

19) TAX PAYABLES

The detail of the entry is as follows:

	31.12.22	31.12.21	Variation
VAT payables	37	55	(18)
Payables for income taxes for the financial year	2,099	1,038	1,062
Payables for IRPEF withholding tax	62	123	(60)
Others payables	294	209	85
Total	2,492	1,424	1,068

20) OTHER CURRENT LIABILITIES

The item in question is composed as follows:

	31.12.22	31.12.21	Variation
Payables due to social security institutions	979	985	(6)
Miscellaneous payables	2,945	3,058	(113)
Accrued liabilities and deferred income	872	841	31
Total	4,796	4,884	(88)

Different debts mainly refer to employees' debts for salaries, holidays, permits and outstanding premiums.

21) DEFERRED TAX ASSETS AND TAXATION FOR DEFERRED TAXES

The composition of the Deferred tax assets is described below:

Description	31.12.22			31.12.21		
	Gross	Rate	Tax effect	Gross	Rate	Tax effect
Employee benefits	866	24.0%	208	798	24.0%	192
Non-competition agreement	0	24.0%	0	0	24.0%	0
Inventory Write-Downs	996	24.0%	240	802	24.0%	193
Waste disposal provision	314	27.9%	88	316	27.9%	88
Legal risks provision*	24	27.9%	7	24	27.9%	7
Agents and FIRR* indemnity provision	40	27.9%	11	40	27.9%	11
Bad debt provision	201	24.0%	48	202	24.0%	49
Maintenance activities	92	24.0%	22	165	24.0%	40
Amortisation of intangible non-current assets	253	27.9%	71	309	27.9%	86
Foreign exchange not realized	50	24.0%	12	39	24.0%	9
Depreciation of tangible assets	2,158	27.9%	602	2,165	27.9%	604
Non-deductible CEM interest receivable	0	24.0%	0	0	24.0%	0
IFRS16	14	24.0%	3	14	24.0%	3
Brand realignment	1,632	27.9%	455	816	27.9%	228
Others	92	24%-27.9%	22	131	24%-27.9%	33
Subtotal Giovanni Bozzetto S.p.A.	6,730		1,789	5,821		1,543
Employee Severance Indemnity	2,209	32.6%	721	5,469	32.6%	1,784
BGB Bozzetto Spain	258	24.0%	62	796	24.0%	191
Bozzetto Inc.	11	27.0%	3	215	27.1%	58
PT Bozzetto Indonesia	859	22.0%	189	819	20.7%	170
Bozzetto Polska	64	19.0%	12	80	19.0%	15
Bozzetto Kimya	1,018	22.0%	225	1,195	22-23.8%	256
Brede S.r.l.	144	24%-27.9%	40	193	24%-27.9%	45
Bozzetto Shanghai Trading	691	25.0%	173	887	25.0%	222
Asutex	612	25.0%	153	841	25.0%	210
Asutex Intl	301	25.0%	75	300	25.0%	75
Consolidation transactions			2,055			2,432
Subtotal other consolidated companies			3,709			3,674
TOTAL			5,497			7,001

The composition of deferred tax liabilities is as follows:

	31.12.22			31.12.21		
	Gross value	Rate	Tax effect	Gross value	Rate	Tax effect
Differences in civil and fiscal values of assets	9,817	27.9%	2,739	9,898	27.9%	2,761
Differences in the civil and tax values of assets (Chem merger)	2,333	27.9%	651	2,339	27.9%	653
Exchange rate risk	47	24.0%	11	61	24.0%	15
Subtotal Giovanni Bozzetto S.p.A.	12,197		3,401	12,298		3,429
BGB Bozzetto Spain	4,664	24.0%	1,119	3,110	24.0%	746
Bozzetto Polska	3	19.0%	1	-		0
Bozzetto Kimya	2,545	22.0%	560	-	20.0%	0
Brede S.r.l.	1,860	27.9%	519	1,925	27.9%	537
Ledechem	8	25.0%	2	33	25.0%	8
Consolidation transactions			-43			483
Subtotal for other Consolidated Companies	9,081		2,158	5,068		1,775
TOTAL			5,559			5,204

NOTES ON THE MAIN ITEMS OF CONSOLIDATED STATEMENT OF INCOME

The details and comments for the items in the consolidated profit and loss account are given below.

22) REVENUES FROM SALES AND SERVICES

The breakdown of the item by type of product sold in the financial year is as follows:

	31.12.22	31.12.21	Variation
Textile Solutions	117,876	119,574	(1,698)
Dispersion Solutions	74,427	55,135	19,292
Water Solutions	25,950	19,569	6,381
Total	218,253	194,278	23,975

Reference is made to the Directors Report on Operation for the analysis of revenue performance in 2022 compared to 2021.

23) OTHER REVENUES AND OPERATING INCOME

Other operating income and revenues, equal to Euro 4.6 million (Euro 1.8 million in 2021) mainly include recoveries of transport costs to customers, insurance reimbursements. The increase compared to the previous year is due to the change of invoicing to the final customer: due to the significant increase in logistics costs, the price quotation was completely unlinked from that of transport. In addition, for the Parent Company, they also include the public contributions received of Euro 0.5 million (mainly for electricity generated by photovoltaic plants and for the purchase of gas).

24) PURCHASES AND CHANGE IN INVENTORY

The breakdown of the purchases item into its components is highlighted in the following table:

	31.12.22	31.12.21	Variation
Purchases of raw and auxiliary materials, consumables and goods	120,896	107,329	13,567
Purchase of packaging	5,972	6,738	(766)
Purchases of replacement parts and misc. Materials	788	812	(24)
Changes in inventory	341	(4,309)	4,649
Total	127,997	110,571	17,426

25) SERVICES

The following table shows the division of the Services item into its main components:

	31.12.22	31.12.21	Variation
Transport and logistics costs	12,730	10,775	1,956
Maintenance services	575	446	129
Electricity and gas costs	4,629	3,080	1,548
Production services	4,961	4,978	(16)
Sales services	7,468	8,377	(909)
General services	8,325	6,242	2,083
Leases and rentals	261	495	(234)
Total	38,949	34,393	4,556

As already stated, costs for logistics and energy services increased significantly during 2022. In addition, the costs for general services include advice of € 1.0 million linked to M&A operations carried out during the year.

26) PERSONNEL EXPENSES

The breakdown of personnel costs into its components is highlighted in the following table:

	31.12.22	31.12.21	Variation
Salaries and wages	18,288	18,714	(426)
Social security contributions	4,583	4,534	50
Employee benefits	656	815	(159)
Other costs	620	482	139
Total	24,148	24,545	(397)

The number of employees at the end of the financial year 2022 is divided as follows:

	31.12.22	31.12.21
Managers	3	3
Administrative staff	294	284
Workers	219	231
Total	516	518

The average number of employees in the Group is as follows:

	31.12.22	31.12.21
Managers	3	3
Administrative staff	284	270
Workers	231	244
Total	518	517

27) OTHER OPERATING COSTS

The other Operating expenses totaled € 1,099 thousand (€ 1,026 thousand in 2021), and mainly include taxes and taxes other than those on income for the year and other miscellaneous costs.

28) NON-RECURRING REVENUE AND COSTS

Non-recurring revenues and costs were not accounted for in the period.

29) FINANCIAL INCOME / (LOSSES)

Financial income amounted to Euro 68 thousand (Euro 164 thousand in 2021) and mainly refer to:

1. Bank interest in the amount of Euro 39 thousand;
2. Cash discounts received for Euro 29 thousand.

Financial charges amount to Euro 3.322 thousand (Euro 2,543 thousand in 2021) and mainly include:

1. Interest on senior financing of Euro 2,967 thousand;
2. Interest payable to banks and cash discounts of Euro 113 thousand;
3. Interest due to the adoption of the IFRS16 principle for Euro 150 thousand;
4. Financial charges for discounting funds for employee benefits, amounting to Euro 79 thousand;
5. Interest cost branch swap contract for euro 13 thousand.

No financial charges of any kind have been capitalized in the financial year.

As anticipated, the adoption of the IAS29 principle resulted in a negative monetary position result of Euro 0.5 million.

As of December 31, 2022, net exchange differences were negative by Euro 297 thousand (Euro 555 thousand in 2021), mainly due to the payment and collection of debts and receivables in a currency different from that adopted in the individual companies of the Group.

30) INCOME TAXES

Current taxes are calculated on the basis of the rates in force on 31 December 2022.

	31.12.22	31.12.21	Variation
Current taxes	(4.500)	(3.722)	(779)
Deferred taxes	(1.051)	(165)	(886)
Total	(5.552)	(3.887)	(1.665)

The reconciliation between the tax burden entered in the Consolidated statement of financial position and the theoretical tax burden for the financial year 2022, determined on the basis of the tax rates in force in the various Group countries, is as follows:

	31.12.2022
PRE-TAX INCOME	20,226
Local tax rate	19-33%
NOTIONAL TAX	6,281
Non-taxable amounts	-817
Not deductible expenses	351
Variations relating to previous tax periods	-263
TOTAL CURRENT AND DEFERRED TAXES	5,552
Effective tax rate	27.4%

31) INFORMATION ON FINANCIAL RISKS

According to IFRS 7, the different valuation methodologies used for the different classes of financial instruments provided for by the IFRS9 are:

	31.12.22	31.12.21
Financial assets	65,732	65,842
<i>Amortized cost</i>		
Cash and cash equivalents	19,939	19,084
Other current assets	782	966
Tax receivables	3,355	3,528
Financial receivables	1,557	409
Trade receivables	39,903	41,855
<i>Fair value to OCI</i>		
Fair value of Derivatives	196	
Financial liabilities	(100,493)	(109,750)
<i>Amortized cost</i>		
Other current liabilities	(4,796)	(4,884)
Tax payables	(2,492)	(1,424)
Debts vs. banks / loans	(67,418)	(62,537)
Trade payables	(25,788)	(40,880)
<i>Fair value to OCI</i>		
Fair value of Derivatives		(25)
NET	(34,762)	(43,907)

The following table lists the different classes of financial instruments divided by the hierarchy of fair value levels (1 to 3, based on the degree of observability of the information):

Level 1 fair value valuations are those derived from prices quoted (unmodified) in asset markets for identical assets or liabilities;

Level 2 fair value valuations are those derived from inputs other than the quoted prices at level 1 that are observable for assets and liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives); and

Level 3 fair value valuations are those derived from the application of valuation techniques that include inputs for assets or liabilities that are not based on observable market data (non-observable inputs).

31.12.22		FAIR VALUE		
		Level 1	Level 2	Level 3
Financial assets	65,732	0	196	0
<i>Amortized cost</i>				
Cash and cash equivalents	19,939			
Other current assets	782			
Tax receivables	3,355			
Financial receivables	1,557			
Trade receivables	39,903			
<i>Fair value to OCI</i>				
Fair value of Derivatives	196		196	
Financial liabilities	(100,493)	0	0	0
<i>Amortized cost</i>				
Other current liabilities	(4,796)			
Tax payables	(2,492)			
Debts vs. banks / loans	(67,418)			
Trade payables	(25,788)			
NET	(34,762)	0	196	0

The Group is exposed to financial risks related to its operations and mainly:

- credit risk;
- market risk, in relation to the volatility of raw materials prices, exchange rates and interest rates,
- liquidity risk.

In the continuation, the Group's exposure to the main financial risks related to the activity and the procedures and processes for managing the activity and the methods used to assess them are explained.

Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations under a financial instrument or a commercial contract, leading to a financial loss. The Group is exposed to credit risk arising from its operating activities (mainly for commercial loans), including deposits with banks and financial institutions.

Credit risk related to commercial counterparties is managed and monitored. The Group does not have high concentrations of credit risk. However, procedures are in place to ensure that sales of products and services are made to customers with high reliability, taking into account their financial position, past experience and other factors. Credit limits on major customers are based on internal and external assessments based on management approved thresholds. The use of credit limits is monitored periodically.

The Accounts receivable are exposed net of the devaluation fund. The fund is to be considered appropriate in the face of the presumed risks of insolvency and has been determined by considering analytically the claims in dispute and the situations of expected inadmissibility.

The following table shows the breakdown of Accounts receivable by time-out bands:

	TO MATURITY	0-30	31-60	61-90	> 90	TOTAL
Giovanni Bozzetto S.p.A.	12,508	472	129	5	43	13,157
BGB Giovanni Bozzetto	3,350	36	118	0	0	3,504
Bozzetto GmbH	911	0	0	0	0	911
Bozzetto Inc.	858	100	15	0	-2	971
Bozzetto Shanghai Chemical Trading	1,241	110	34	31	131	1,549
P.T. Bozzetto Indonesia	3,030	176	58	0	0	3,265
Bozzetto Polska	1,785	125	0	0	0	1,911
Bozzetto Kimya	6,078	342	4	104	188	6,718
Brede	28	0	0	0	0	28
Asutex	5,372	1,849	1,025	63	1,011	9,322
Ledechem Iberica	11	0	0	0	146	157
Asutex International SND BHD	52	0	0	0	85	137
Total	35,229	3,213	1,385	204	1,603	41,635

Risk of exchange rate fluctuation

Exchange risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to exchange rate changes mainly refers to the Group's operating activities (revenues or costs denominated in a foreign currency) and to the Group's net investments in foreign subsidiaries.

Thanks to careful management of currency flows along the entire value chain, the exchange risk linked to operating activities is partly reduced by "natural" hedges, i.e. by revenue and cost flows denominated in the same currency.

The Group does not use hedging instruments to deal with the risks arising from the fluctuation of exchange rates, considering, in the state, the exchange rate risk is limited with respect to the charges connected with the timely management of the exchange rate.

See paragraphs 7 and 18 for the summary of foreign currency trade receivables and payables at 31 December 2022.

By carrying out a simulation that predicts a depreciation of 10% of foreign currencies against the Euro, net exposure (trade receivables in foreign currencies – trade payables in foreign currencies) would change to Euro 1,0 million. By contrast, simulating a 10% appreciation of foreign currencies against the euro, such exposure would undergo a negative change of Euro 0,8 million.

In addition, in view of recent significant fluctuations, the following table summarizes the effects of the sensitivity *analysis* on trade receivables denominated in Turkish lira:

31/12/2022 Values in EUR/000	EUR.	Turkish Lira	Potential loss EUR.
Exchange rate	1	19.9649	
Trade receivables	5,468	109,161	
10 bps	4,971	99,238	-497
20 bps	4,556	90,968	-911

Risk of interest rate fluctuation

The interest rate risk is the risk that the value of a financial instrument, and/or the level of cash flows generated by it, will vary as a result of fluctuations in market interest rates.

Exposure to interest rate risk arises from the need to finance operating activities, both in their industrial component and in the financial component of acquiring the same assets, and to use available

liquidity. The change in market interest rates may have a negative or positive impact on the Company's economic performance, indirectly affecting the costs and returns of financing and investment operations.

The Group uses, to cover part of its financing, some derivative financial instruments designating them to cover cash flows with the aim of predetermining the interest paid on part of the financing. At 31 December 2022, an interest rate swap ("IRS") instrument was established with a notional amount of € 20.95 million. The counterparties to this contract are primary financial institutions. Derivative instruments are recognized at their fair value.

With reference to the risk of interest rate fluctuations, it is noted that if the Euribor rate had increased by 100 basis points compared to the levels recorded during the year, the Company would have borne a higher burden on senior financing of Euro 510 thousand.

Risk of raw materials price fluctuation

The Group uses in the production process mainly products derived from oil processing. The purchase prices of the products are negotiated on a quarterly basis. Any increase in Raw materials prices could have a negative effect on the expected marginalization.

In this regard, the Group constantly monitors the price levels on the market in order to obtain the values assumed in the budget. However, although the Group has adopted these risk management policies in the procurement process to mitigate the risk of Raw materials cost fluctuations, it has not subscribed to financial instruments during the year to cover the risk of Raw materials price fluctuations.

In addition, from the point of view of the increase in costs, *the pass-through system* used by the Group allowed the Raw materials increases in the year to be transferred to final customers, while maintaining the Group's average margin.

Liquidity risk

Liquidity risk, or financing risk, represents the risk that the Group may encounter difficulties in obtaining – under economic conditions – the funds necessary to honor commitments arising from financial liabilities.

The liquidity risk to which the Group is subject may arise from difficulties in obtaining financing in support of operating activities at the right time or from the failure to comply with the financial covenants provided for by the senior financing contracted by the Group because, in such an event, The benefit of the term would be lost, and the lending institutions would have the option of obtaining the advance repayment of the funds granted.

The cash flows, financing needs and liquidity of the Group companies are monitored or managed centrally under the control of the financial management, with the aim of ensuring effective and efficient management of financial resources.

The three main factors determining the Group's liquidity situation are:

1. the resources generated or absorbed by the operational and investment activities of the same;
2. the maturity and renewal characteristics of the debt or liquidity of the financial uses;
3. market conditions.

The Financial Directorate has adopted a series of policies and processes aimed at optimizing the management of financial resources, reducing liquidity risk:

1. constant monitoring of projected financial needs in order to implement any necessary actions in a timely manner;
2. obtaining adequate credit lines;
3. correct composition of net financial debt as compared to investments made;
4. periodic and centralized control of collection and payment flows;

5. maintaining an adequate level of liquidity available;
6. diversification of the instruments and sources of financial resources;
7. periodic monitoring of prospective liquidity conditions, in relation to the business planning process;
8. periodic and prospective monitoring of compliance with covenants associated with the senior financing obtained.

The following is an analysis by maturity of financial liabilities at 31 December 2022 and 2021:

31 December 2022

	Carrying amount	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Short-term bank financing and bank overdrafts	6,973	6,012	1,011	3,037	1,964	0
Senior Financing	55,581	58,913	0	11,555	47,358	0
Financial leases ex IFRS16	4,863	4,885	390	1,171	3,324	0
Total financial liabilities	67,418	69,810	1,401	15,763	52,646	0
Trade payables	25,788	25,788	24,388	1,400		
Total	93,206	95,598	25,789	17,163	52,646	0

31 December 2021

	Carrying amount	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Short-term bank financing and bank overdrafts	6,957	7,017	3,261	768	2,988	0
Bank financing - Senior	51,396	55,124	0	5,550	49,574	0
Financial leases ex IFRS16	4,183	5,209	393	1,142	3,336	338
Financial debt from Swap derivatives	25	25			25	
Total financial liabilities	62,561	67,375	3,654	7,460	55,923	338
Trade payables	40,880	40,880	39,139	1,741		
Total	103,441	108,255	42,793	9,201	55,923	338

The various maturity bands shall be determined on the basis of the period between the Consolidated statement of financial position date and the contractual maturity of the bonds; cash flows include capital and interest shares and, for variable rate liabilities, interest shares are determined on the basis of the benchmark at the year-end date plus the spread provided for each contract.

Management believes that the funds and credit lines currently available, in addition to those generated by the operating and financing activities, will enable the Group to meet its needs arising from the investment activities, management of working capital and repayment of debts at their natural maturity.

32) COMMITMENTS NOT SHOWN IN THE STATEMENT OF FINANCIAL POSITION

In addition to what has already been stated in Note 15 above regarding the guarantees of senior financing provided by the banking pool led by UniCredit S.p.A., it is recalled that the following additional commitments are met by the Group (expressed in thousands of Euros in the table):

Description of commitment	Pledging entity	Beneficiary	Amount	Notes
Guarantees for bank lending Bozzetto Kimya	Giovanni Bozzetto S.p.A.	TEB	250	(1)
Subtotal of bank guarantees			250	
Guarantee guarantees for the Lombardy Region	Giovanni Bozzetto S.p.A.	Lombardy Region (Italy)	2	(2)
Guarantees for lease contracts Municipality of Filago	Giovanni Bozzetto S.p.A.	Commune of Filago (BG)	512	(3)
Subtotal of guarantees for Public Bodies			514	
Guarantees for lease contracts Immobiliare Torcello	Giovanni Bozzetto S.p.A.	Real estate Torcello	25	(4)
Subtotal of guarantees to third parties			25	
Total commitments			789	
Turkish distributor warranty	Clarity Kimya Teks	Asutex S.A.	200	(5)
Subtotal guarantees from third parties			200	
Total warranties received			200	

Notes:

- 1) Guarantee granted by Giovanni Bozzetto S.p.A. to the Turkish credit institution TEB as a guarantee for bank transfers by Bozzetto Kimya.
- 2) These guarantees are granted to the Lombardy Region against the water discharge concession.
- 3) These are bank guarantees in favor of the Municipality of Filago to guarantee the commitments made by Giovanni Bozzetto S.p.A. for the maintenance of the environmental agreement concluded in 2010.
- 4) This is a bank guarantee in favor of Immobiliare Torcello S.r.l. as a guarantee of the security deposit provided for by the lease contract concluded in 2011 between the parties.
- 5) This is a guarantee issued by the Caixa Bank credit institution on behalf of the Turkish distributor Clarity Kimya in favor of Asutex.

33) AGREEMENTS NOT SHOWN IN THE STATEMENT OF FINANCIAL POSITION

In addition to what is already indicated in explanatory note no. 32 with regard to commitments, it should be noted that, pursuant to art. 2427 no. 22 b of the civil code, there are no other agreements not resulting from the financial balance sheet which involve significant risks and benefits.

34) DIVIDENDS

The Parent Company did not distribute dividends in the period.

35) RELATED-PARTIES TRANSACTIONS

The Group has not established any transactions with Related parties other than its subsidiaries or associates.

Relations with the above companies are based on contractual, economic and financial conditions in line with the normal market value of transactions between independent and autonomous companies, in compliance with *the transfer-pricing principles*. Financial ratios are governed by market conditions.

36) COMPENSATION TO DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDITORS

No compensation was paid to administrators during the period under review. The compensation paid to the statutory auditors of the parent company Giovanni Bozzetto S.p.A. amounted to Euro 48 thousand (Euro 48 thousand in 2021), while the independent auditors was paid a total of Euro 289 thousand (Euro 317 thousand in 2021: This amount included Euro 37 thousand linked to the drafting of the sustainability report).

37) SHARE-BASED PAYMENTS

The Group has no stock option plan in place.

38) SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

As stated in the Directors report on operation, on 5 March 2023, Aimia Inc, an holding company listed on the Toronto stock exchange specializing in medium-to long-term investments in public and private companies, has signed the agreement to purchase all the shares of the parent company Giovanni Bozzetto S.p.A. from Chequers Capital and other minority shareholders of the Company.

The transaction will be financed with a mix of equity and debt, with a debt level of approximately 3 times the Group's EBITDA. The transaction is expected to be closed in May 2023.

Filago, April 26, 2023

The Chairman of the Board of Directors
Philippe Bernard Hervé Guérin

Schedule C

Unaudited condensed interim consolidated financial statements of Giovanni Bozzetto S.p.A.

See attached.

GIOVANNI BOZZETTO S.P.A.

REGISTERED OFFICE IN FILAGO (BG), VIA PROVINCIALE N. 12

SUBSCRIBED AND PAID-UP SHARE CAPITAL EURO 18,116,804.42

BERGAMO COMPANY REGISTER AND TAX CODE NO. 04218720961

***CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
For the three months ended March 31,
2023 and 2022
Unaudited***

Consolidated Statement of Financial Position

<i>Amounts in thousands of euros</i>	March 31, 2023	December 31, 2022
ASSETS		
NON-CURRENT ASSETS		
Property, plant, and equipment	46 955	46 910
Goodwill	38 796	38 796
Intangible assets	11 323	11 340
Investments in associates	2 309	2 310
Other non-current assets	471	471
Deferred tax assets	5 497	5 497
Total non-current assets	105 351	105 323
CURRENT ASSETS		
Inventories	29 472	31 478
Trade receivables	46 145	39 903
Tax receivables	3 059	3 355
Other current assets	713	782
Current financial assets	1 953	1 753
Cash and cash equivalents	25 755	19 939
Total current assets	107 097	97 209
TOTAL ASSETS	212 448	202 532
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	18,117	18,117
Reserves	69,745	55,196
Net result for the year	4,494	14,676
Group net equity	92,356	87,989
Capital and reserves attributable to minority interests	129	132
Profit (loss) for the period of third parties	20	(2)
Net equity attributable to minority interests	149	129
Total Shareholders' equity	92,505	88,119
NON-CURRENT LIABILITIES		
Non-current financial liabilities	49,135	52,492
Post-employment benefit plan	7,375	7,313
Provisions	1,097	1,047
Deferred tax liabilities	5,559	5,559
Total non-current liabilities	63,167	66,411
CURRENT LIABILITIES		
Current financial liabilities	17,585	14,926
Trade payables	32,134	25,788
Tax payables	2,481	2,492
Other current liabilities	4,577	4,796
Total current liabilities	56,777	48,002
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	212,448	202,532

Consolidated Statement of Income

<i>Amounts in thousands of euros</i>		Three months ended	
		March 31	
	NOTES	2023	2022
PROFIT AND LOSS			
REVENUES			
Revenues from sales and services	3	51,110	58,152
Other revenues and income		1,071	683
Total revenues and income		52,181	58,836
COSTS			
Purchases		(29,224)	(32,602)
Services		(8,400)	(10,001)
Personnel Expenses		(6,218)	(5,857)
Other Operating costs		(854)	(774)
Total Operating expenses		(44,696)	(49,234)
OPERATING RESULT PRE-AMORTISATION, ALLOWANCES, CAPITAL GAINS/LOSSES, IMPAIRMENT LOSSES, RESTORATIONS OF NON- CURRENT ASSETS (EBITDA)			
		7,485	9,602
Amortization of Property, plant, and equipment		(1,232)	(1,180)
Amortization of non-current assets		(411)	(364)
Allowance for credit risks		48	-
Gain / losses from the non-current assets		-	21
OPERATING PROFIT (EBIT)		5,890	8,079
Financial income		70	90
Financial expenses		(977)	(953)
Net revenues and expenses on financial instruments and exchange rate differences		(26)	206
PROFIT BEFORE TAX		4,956	7,422
Taxes		(443)	(1,110)
NET RESULTS		4,514	6,312
Profit (loss) for the year attributable to minority interests		20	3
GROUP PROFIT (LOSS)		4,494	6,309

Consolidated statement of other comprehensive income (loss)*Amounts in thousands of euros*

	Three months ended March 31	
	2023	2022
NET PROFIT FOR THE PERIOD (A)	4,514	6,313
OTHER COMPREHENSIVE INCOME (LOSS):		
<i><u>Components of overall profit and loss which will be reclassified into profit and loss:</u></i>		
Exchange rate differences from converting financial statements in foreign currency	(128)	29
Cash flow hedge reserve		
Total components of other comprehensive income (loss) (B)	(128)	29
COMPREHENSIVE INCOME (LOSS) (A + B)	4,386	6,342
of which:		
is attributable to minority interests	20	3
is attributable to the Group	4,366	6,339

Statement of variations in consolidated net equity

	Share capital	Legal reserve	Share Premium provision	Cash flow hedge reserves	Employee severance indemnity reserve	FTA (First time adoption Reserve)	Conversion reserve	Others	Profit (loss) carried forward	Profit (loss) for the year of the Group	Shareholders' equity of the Group	Minority interests	Group net Equity
<i>Amounts in thousands of euros</i>													
Balances at December 31, 2022	18,117	940	9,285	196	1,748	(426)	(5,159)	9,016	39,596	14,676	87,989	129	88,119
Allocation of profit for the 2022 financial year									14,676	(14,676)	0		0
Variation of reserves from conversion							(128)				(128)		(128)
Group profit (loss) for the financial year 2023										4,494	4,494		4,494
Net worth and profit (loss) of third parties 2023											0	20	20
Balances at March 31, 2023	18,117	940	9,285	196	1,748	(426)	(5,286)	9,016	54,273	4,494	92,356	149	92,505

Consolidated Statement of Cash Flows*Amounts in thousands of euros*

	Three months ended March 31	
	2023	2022
Net result from operating activities	4,514	6,312
Non-cash items:	-	-
Depreciation, amortization, revaluations and impairments	1,595	1,525
Financial expenses	933	415
Income taxes (including advance-deferred taxes)	443	1,110
Other non-cash movements	(127)	-
Cash flows before variations in net working capital	7,358	9,362
Changes in current assets and liabilities:	1,911	(12,218)
Cash flows from operating activities	9,268	(2,856)
Payments for investments property, plant and equipment	(1,194)	(554)
Payments for investments in intangible assets	(394)	-
Net increases in financial assets	(200)	-
Cash flows from investment activities	(1,789)	(554)
Reimbursement medium - long term loans	(1,250)	(260)
Reimbursement short term financial liabilities	(413)	-
Cash flow from financing activities	(1,663)	(260)
Net increase (decrease) in Cash and cash equivalents	5,817	(3,670)
Cash and cash equivalents at 1st January	19,939	19,084
Cash and cash equivalents at 31st March	25,755	15,414
Net increase (decrease) in Cash and cash equivalents	5,816	(3,670)

Note 1 –General Information

Giovanni Bozzetto S.p.A. (the “Company”) is a company domiciled in Filago (BG) and organized according to the legal order of the Italian law. The Company has its registered office in Filago – Via Provinciale n. 12.

Giovanni Bozzetto S.p.A., together with its subsidiaries, designs, develops, manufactures and markets chemical products for the textile industry as well as the construction industry, and sequestering, wetting and dispersing agents for the detergency and water treatment industry as well as the agricultural sector.

The Company was acquired by Aimia Inc., through certain of its subsidiaries, on May 9, 2023.

Note 2 – Summary of Significant Accounting Policies

BASIS OF PREPARATION

(a) Statement of compliance

These condensed unaudited consolidated interim financial statements ("interim financial statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements have been omitted or condensed. These interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2022.

The interim financial statements include all adjustments considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. The results of the Company are not significantly impacted by seasonality.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 20, 2023.

(b) Basis of measurement

The condensed unaudited consolidated interim financial statements were drawn up using the historical cost method, taking into account, where appropriate, value adjustments, with the exception of items of financial statements which, according to IFRS, are to be recognized at fair value.

Bozzetto Kimya - hyperinflationary economy: Impacts for the application of IAS 29

Starting from April 2022, the Turkish economy is considered to be hyperinflationary according to the criteria set out in “IAS 29 – Accounting in hyperinflationary economies”. For the purposes of preparing the annual consolidated financial statements, in accordance with IAS 29, certain non-monetary items included in Bozzetto Kimya's financial statements were remeasured by applying the general index of consumer prices to historical data, in order to reflect the changes in the purchasing power of the Turkish lira at the date of the annual financial statements. The re-measurement of Bozzetto Kimya's non-monetary assets was carried out by applying the general indices of consumer prices from 31 December 2005, when the Turkish New Lira currency came into force.

The accounting effects of this adjustment do not reflect the changes in the three months ended March 31, 2023, period as they are not considered significant by the Company given the limited fluctuation of the Turkish lira combined with the inflation index evolution.

In order to take account of the impact of hyperinflation also on the local currency rate, the amounts of the consolidated statement of income items expressed in hyper-inflationary currencies were converted into Euros by applying the March 31, 2023, exchange rate instead of the average exchange rate for the period, in line with the requirements of “IAS 21 – The Effects of Changes in Foreign Exchange Rates”.

Should the inflation and Turkish lira materially change with divergent dynamics, the IAS 29 application could materially affect the Group results.

(c) Presentation currency

The condensed unaudited consolidated interim financial statements at March 31, 2023, have been prepared in Euro.

(d) Use of estimates and judgements

The estimates and assumptions used are based on experience and other factors considered relevant. The estimates and assumptions are periodically reviewed, and the effects of any changes made to them shall be reflected in the income statement during the period during which the valuation review takes place if the revision itself affects only that period, or even in subsequent periods if the revision affects both the current and future periods. The estimates made by the Group mainly consider the recoverability of the value of tangible and intangible assets, the useful life of tangible and intangible assets, the recoverability of doubtful receivables and the inventories selling price considering the fair market value.

(e) Accounting Policies

The accounting standards and policies adopted by the Company are the same as those that were applied for the annual consolidated financial statements for the year ended 31 December 2022, to which reference is made.

Note 3 - Revenue disaggregation

<i>Amounts in thousands of euros</i>	March 31, 2023	March 31, 2022
Textile Solutions	25.868	33.917
Dispersion Solutions	20.141	17.580
Water Solutions	5.101	6.662
Total	51.110	58.159