



B.F. S.p.A.
CONSOLIDATED ANNUAL
FINANCIAL REPORT
AT 31 DECEMBER 2022



LE
STAGIONI
D'ITALIA

coltiviamo
bontà

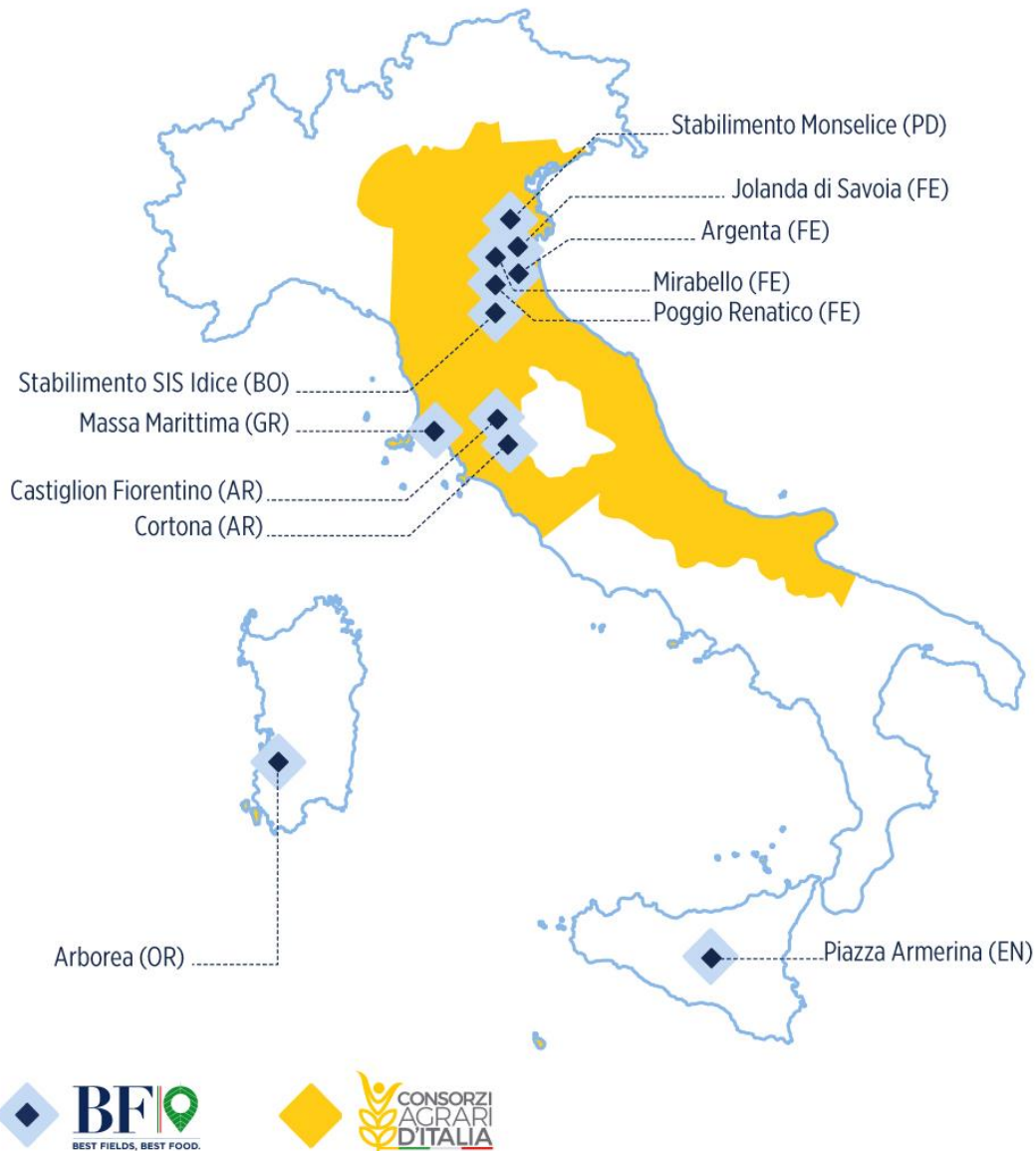


THE MISSION - FROM SEED TO TABLE

The BF Group's mission is to bring to consumers' tables a wide range of high quality food products, traceable right from the seed, obtained through innovative, sustainable agriculture, capable of enhancing the excellence of the Italian agri-food chain and protecting the country's territory and natural resources. Internationally, BF aims to be a hub that develops and exports innovative technologies for sustainable agro-industrial activities.



THE BF GROUP'S OPERATING SITES



BF

- 7,750 hectares of UAA (Utilised Agricultural Area) in the provinces of Ferrara, Arezzo, Oristano, Bologna and Grosseto;
- 10 operating sites;
- 90,000 hectares of agricultural land where Precision Farming is applied.

CAI

- The largest platform for the placement of domestic agricultural production;
- It assists over 200 thousand farms in Italy;
- Active in 31 provinces in 10 regions.

THE PRODUCT PORTFOLIO

LE STAGIONI D'ITALIA



CONTENTS

CORPORATE BODIES	7
GROUP COMPOSITION	8
REPORT ON OPERATIONS	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT AT 31 DECEMBER 2022	51
NOTES TO THE CONSOLIDATED REPORT	57
CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98	125
AUDIT REPORT ON THE CONSOLIDATED FINANCIAL REPORT	126

Corporate Bodies



Board of Directors

In office until the shareholders' meeting to approve the financial statements at 31.12.2024

Chair	Michele Pisante*
Chief Executive Officer	Federico Vecchioni
Directors	Giuseppe Andreano Maria Teresa Bianchi* Andrea Bignami* Emilio Giorgi* Gabriella Fantolino* Gianluca Lelli Rossella Locatelli Claudia Sorlini Stefania Quintavalla*

** Independent directors*

Control and Risks Committee	Andrea Bignami (Chair) Giuseppe Andreano Emilio Giorgi Gabriella Fantolino Michele Pisante
------------------------------------	--

Appointments and Remuneration Committee	Emilio Giorgi (Chair) Rossella Locatelli Maria Teresa Bianchi
--	---

Related Party Transactions Committee	Maria Teresa Bianchi (Chair) Gabriella Fantolino Stefania Quintavalla
---	---

Board of Statutory Auditors

In office until the shareholders' meeting to approve the financial statements at 31.12.2022

Standing Auditors	Roberto Capone (Chair) Giovanni Frattini Silvia Passilongo
--------------------------	--


Alternate Auditors	Federico Mariscalco Inturreta Paola Ginevri Latoni
---------------------------	---

Financial Reporting Manager	Simone Galbignani
------------------------------------	-------------------

Independent Auditors

Deloitte & Touche SpA

Until the shareholders' meeting to approve the financial statements at 31.12.2025



Group Composition

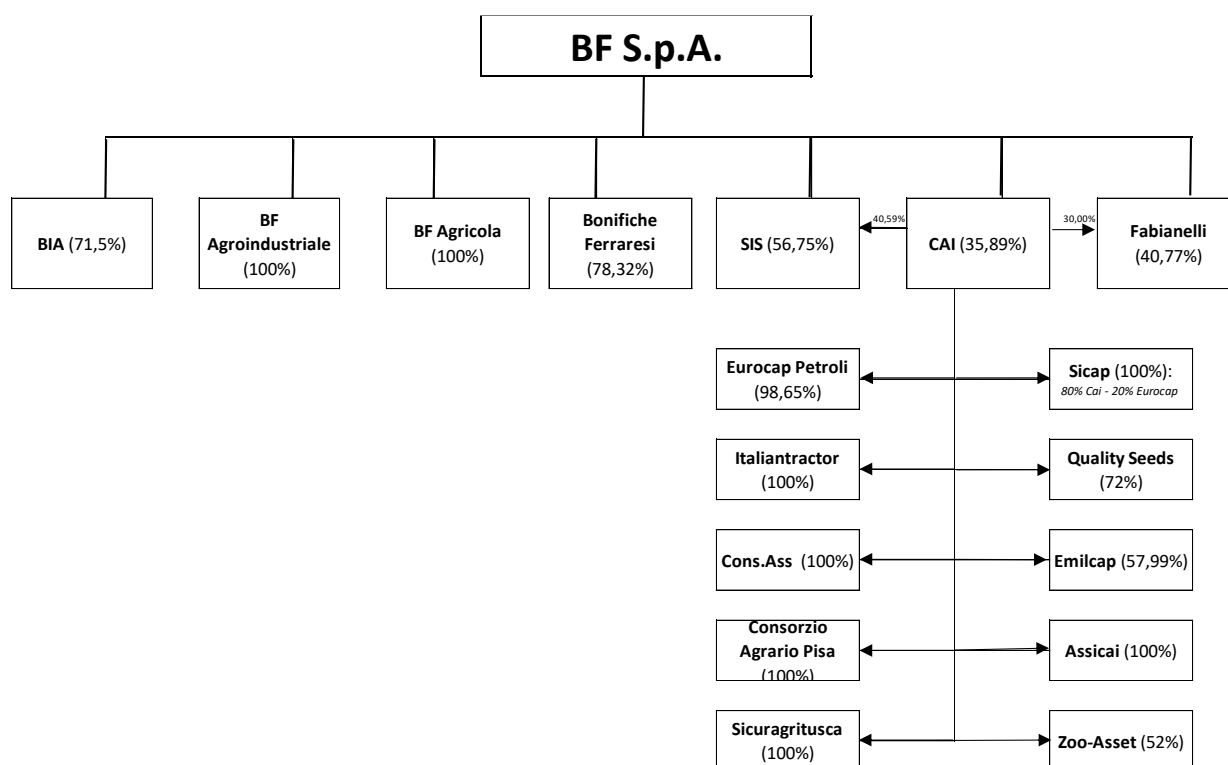
GROUP COMPOSITION

The B.F. Group (hereinafter also the "**Group**") consists of the parent company B.F. SpA (hereinafter also referred to as the "**Parent Company**", "**Parent**", "**BF**" or the "**Company**") incorporated on 30 May 2014 for the acquisition of Società per la Bonifica dei Terreni Ferraresi e per Imprese Agricole SpA Società Agricola (hereinafter also referred to as "**Bonifiche Ferraresi**"). BF, as of 23 June 2017, is listed on the Italian Stock Exchange, following the completion of the public purchase and exchange offer ("**OPAS**") on Bonifiche Ferraresi.

Below is the corporate structure of the Group, of its operating subsidiaries only, at the closing date of this Report, i.e. 31 December 2022.

Compared to the consolidated financial report at 31 December 2021, the scope of consolidation was changed as a result of:

- Full consolidation of the subsidiary BIA S.p.A. as of 1 October 2022;
- Full consolidation of the subsidiary Pastificio Fabianelli S.r.l. as of 31 December 2022;
- Deconsolidation of the subsidiary IBF Servizi S.p.A. and consequently of its direct subsidiary Agronica S.r.l. as of 31 December 2022;
- Full consolidation of the subsidiary Zoo Assets S.r.l. as of 31 December 2022.



- **Bonifiche Ferraresi SpA Società Agricola ("Bonifiche Ferraresi")**: a historical player in the Italian agricultural sector, Bonifiche Ferraresi transferred most of its historical business to BF Agricola with effect from 1 January 2021. As a result of this transfer, Bonifiche Ferraresi currently fully manages the farm of the estate located in Sardinia (municipality of Marrubio) and, through a 20-year concession, the farm unit "Le Piane" (located in the municipalities of Massa Marittima and Monterotondo Marittimo). In addition to carrying out this activity, Bonifiche Ferraresi owns the bare ownership of land granted in usufruct to the company BF Agricola and owns full ownership of real estate not instrumental to farming activities, thus holding the Group's land and real estate. During 2022, as part of the process of strengthening and enhancing the value of the subsidiary Bonifiche Ferraresi

started in 2021, BF S.p.A. sold a total of 11.93% (of which 2.125% during the first half of 2022) of the share capital held in the subsidiary, whose shareholding therefore decreased from 90.25% at 31 December 2021 to 78.325% at 31 December 2022.

- **BF Agricola Srl ("BF Agricola"):** a company formally incorporated at the end of 2020, it received, effective 1 January 2021, the transfer of assets that had previously belonged to Bonifiche Ferraresi and is therefore active in the cultivation of vegetables and fruit marketed directly to the end customer, in cattle fattening and in the production of agricultural raw materials, also transferred to BF Agro-Industriale Srl for the production of packaged food products of its own chain. The purpose of the transferred business unit was to carry out agricultural and livestock breeding activities, as well as related activities consisting in the processing and valorisation of agricultural products and agri-tourism activities, organised and located in the five agricultural estates located in Jolanda di Savoia, in Poggio Renatico, in Terre del Reno, in Cortona and Castiglione Fiorentino, and in Massa Marittima. The agricultural activity is carried out by virtue of the 20-year usufruct right held by Bonifiche Ferraresi, while the full ownership of the transferred assets allows for the processing and valorisation of agricultural products.
- **BF Agro-Industriale Srl ("BF Agro"):** incorporated on 13 December 2017, it is active in the purchase, production and marketing of packaged food products under the Group's proprietary and private label brands, mainly to large-scale distribution (GDO) and primary foreign channels;
- **Società Italiana Sementi SpA ("SIS"):** SIS is a leading seed company in Italy and plays a key role in the growth of productivity and quality in the national cereal industry. SIS activities cover all stages of the seed cycle and are expressed in the establishment of new varieties, seed multiplication and seed processing and marketing. The acquisition transaction involved a total investment representing 41.19% of the share capital of SIS, and the acquisition of control by BF pursuant to IFRS 10 was implemented through the adoption by SIS itself of appropriate governance guidelines. Pursuant to control, the acquisition was completed on 27 November 2017. During the 2018 financial year, an additional 1% was acquired, which increased the shareholding to the current 42.18%. In addition to this direct shareholding, the indirect shareholding in SIS through CAI of 37.16% will be added in the course of 2021 and in particular as of October 2021 following the takeover in CAI. This indirect shareholding increased during the year 2022 following the transfer of the Consorzio Agrario del Nord Est business unit to CAI S.p.A., which includes a 3.44% shareholding in SIS. Therefore, at 31 December 2022, the CAI shareholding in SIS (indirect) is 40.59%.
- **CAI S.p.A. ("CAI"):** in July 2020, B.F. SpA, Consorzi Agrari d'Italia Srl ("CAI"), Società Consortile Consorzi Agrari d'Italia ScpA ("SCCA"), Consorzio Agrario Adriatico Società Cooperativa ("Consorzio Adriatico"), Consorzio Agrario Centro Sud Società Cooperativa ("Consorzio Centro Sud"), Consorzio Agrario dell'Emilia Società Cooperativa ("Consorzio Emilia"), Consorzio Agrario del Tirreno Società Cooperativa ("Consorzio Tirreno" and, jointly, the "Agrarian Consortia") entered into the investment agreement (the "Agreement") setting forth the terms and conditions of an overall transaction (the "Transaction") concerning: (x) the transfer by the Consorzi Agrari to CAI of their respective business units instrumental to the marketing, production, and provision of services and agricultural products, consisting in particular of a series of properties instrumental to their typical activities, plant and equipment, intangible assets, working capital, personnel and related liabilities, cash and cash equivalents, and financial debt (the "Business Units"), to be paid for by an equal number of capital increases (the "Consortia Capital Increases") and (y) the subscription by BF of a cash capital increase reserved to it (the "Capital Increase" and, jointly with the Consortia Capital Increases, the "Capital Increases"). The total amount of the Capital Increase carried out in July 2020 therefore amounted to Euro 169,463,000, of which Euro 146,192,000 was the nominal component and Euro 23,271,000. As a result of the subscription of these Capital Increases, the shareholdings in CAI were, as of the date of the transfer, equal to: BF 36.79% Consorzio Adriatico 1.84% Consorzio Centro Sud 6.29% Consorzio Emilia 31.10% Consorzio Tirreno 20.02% SCCA 3.96%. The Agreement provided that the share premium reserves created by the Consorzi Agrari as a result of the Transfers were subject to adjustment to account for any differences that might arise between the value of the equity of the relevant Business Unit as resulting from the reference statement of financial position for the Transfer and the value of the equity of the relevant Business Unit at the date of the Transfers. As a result of these targeted reserve adjustment mechanisms and the agreement reached with the transferring Agrarian Consortia, following the actual adjustments resulting from the transfer transactions, the shareholding held by the shareholder BF S.p.A. went from 36.79% to 38.58% in 2021.

Furthermore, on 13 April 2022, the Board of Directors of B.F. S.p.A. approved: (a) the overall transaction (the "Transaction") involving: (i) the transfer by Consorzio Agrario Nordest Società Cooperativa ("Consorzio Nordest") to CAI of the business unit consisting of the company assets instrumental to the marketing, production and supply of agricultural services and products (i.e. all the assets, tangible and intangible, relative to the core business carried out by Consorzio Nordest) together with certain real estate instrumental to the core business, plant and equipment (with the exception of machinery relating to the mechanisation sector), intangible assets, working capital, personnel and related liabilities, and a portion of the financial debt, to release the share capital increase reserved for the same (the "Consorzio Nordest Capital Increase") and (ii) the subscription by BF of a Euro 25 million cash capital increase reserved for the same (the "BF Capital Increase"); and (iii) the signing of the investment agreement between BF, the other current shareholders of CAI (Società Consortile Consorzi Agrari D'Italia S.c.p.A., Consorzio Agrario dell'Emilia Società Cooperativa, Consorzio Agrario Del Tirreno Società Cooperativa, Consorzio Agrario Centro Sud Società Cooperativa and Consorzio Agrario Adriatico Società Cooperativa, the "Current Shareholders' Consortia"), CAI and Consorzio Nordest (the "Agreement") containing the terms and conditions of the Transaction. The transaction was executed in July 2022.

On 28 July 2022, Consorzio Agrario Nordest Società Cooperativa, following the reorganisation process aimed at integrating into CAI the activities developed by the agrarian consortia started during the year 2020, transferred its Operating Business Unit to CAI, with legal effectiveness postdated at 00.01 on 1 September 2022.

As a result of this transaction, the controlling shareholding in CAI S.p.A. is currently 35.89%. For a more in-depth examination of the transaction, please refer to the specific section later in this Financial Report.

- **Eurocap Petroli S.p.A. ("Eurocap")**: a company incorporated on 19/11/1991, its main business sector is the wholesale trade of automotive, agricultural and lubricant fuels. On 28/09/2021 with deed no. 39767/26567 of Notary Public Maltoni Consorzi Agrari d'Italia S.p.A. purchased the shares of the shareholder CCFS (Consorzio Cooperativo Finanziativo per lo Sviluppo Società Cooperativa), increasing its total shareholding to 98%. On 22/11/2021 by deed of notary Public Marco Maltoni file 40111/26811 registered in Forlì on 15 November 2021 and effective as from 22/11/2021 Consorzi Agrari d'Italia S.p.A. subscribed to the Eurocap share capital increase of 1,829,630 shares through the transfer of the business unit related to the marketing of carbo-lubricant products for the agricultural sector and related services operating mainly in the Adriatic, Emilia, Tyrrhenian and Central-Southern regions. The CAI shareholding to date is 98.65%.
On 9 September 2022, in line with the Group's organisational structure, following the effectiveness of the transfer of the Consorzio Agrario del Nord Est business unit to CAI, CAI and Eurocap signed a business unit lease contract for the "carbo-lubricants nord est" BU. This three-year contract took effect on 1 November 2022.
- **Sicap S.r.l. ("Sicap")**: company incorporated on 30/07/1999, its business sector is the storage, handling, distribution, preservation, packaging, withdrawal, processing and transport of useful agricultural and petroleum products. The stake held is 80% directly and 20% indirectly through Eurocap Petroli S.p.A.;
- **Italian Tractor S.r.l. ("Italian Tractor")**: the business sector is the sale, rental and maintenance of tractor machines, New Holland dealer. The Consorzio Agrario dell'Emilia in the year 2021 signed, by deed of the Notary Public of Forlì, Lawyer Marco Maltoni, file 39620/26466, a shareholding in the newly formed company Italian Tractor S.r.l. through the contribution of its machinery BU. On 1 September 2021, Consorzio Agrario dell'Emilia therefore transferred to Consorzi Agrari d'Italia S.p.A. the shareholding it held in Italian Tractor S.r.l. for a value of Euro 15,500,000, and subsequently contributed to CAI the shareholding acquired as part of its "targeted" reserve. Upon completion of these transactions, CAI became the owner of the 100% shareholding in Italian Tractor S.r.l.
- **Quality Seeds S.r.l. ("Quality Seeds")**: company incorporated on 02/04/1996, its main business sector is the marketing of seed potatoes and seeds for all agricultural crops. The stake held is 72%.
- **Cons. Ass S.r.l. ("Cons. Ass.")**: company incorporated on 12/07/2004, its business sector is insurance intermediation. Cattolica Assicurazioni agent. The stake held is 100%.
- **Emilcap soc. cons. a r.l. ("Emilcap")**: company incorporated on 16/12/1999, its main business sector is the production of animal feed, produced in its Parma plant. The stake held is 57.99%.
- **Consorzio Agrario Assicurazioni S.r.l. ("Consorzio Pisa")**: company incorporated on 01/06/2005, its business sector is insurance brokerage. Cattolica Assicurazioni agent. The stake held is 100%.
- **Assicai S.r.l. ("Assicai")**: company incorporated on 23/11/2020, the business sector is insurance brokerage. Subordinate to the registration of the resolution to increase the share capital resulting from the minutes of the

deed executed by the Notary Public of Forlì, Lawyer Marco Maltoni, dated 30 July 2021 file 39621/26466, Consorzio Agrario dell'Emilia on 1 September 2021 transferred the shares held in Assicai Srl to CAI, for a value of Euro 3,000,000. As of 01 October 2021, Assicai became operational with an agency mandate on behalf of Cattolica Assicurazioni. The stake held is 100%.

On 3 August 2022, following the contribution of the operating unit (including, inter alia, the insurance business) of Consorzio Agrario del Nord Est on 28 July 2022, the shareholders' meeting of Assicai resolved to increase the share capital to be paid in by means of the contribution of the Insurance BU of the North East, with an initial effective date of 2 September 2022.

This transaction is also part of the group's broader reorganisation project aimed at verticalisation and concentration of business units into specific entities.

- **Sicuragri-Tuscia s.r.l. ("Sicuragrituscia")**: company incorporated on 27/10/2011, the business sector is insurance brokerage. Cattolica Assicurazioni agent. The stake held is 100%.
- **Zoo Assets S.r.l. ("Zoo Assets")**: on 16 December 2022, CAI acquired 52% of the share capital of Zoo Assets S.r.l. at a price of Euro 2,080 thousand. Zoo Assets is active in the livestock industry. With this acquisition, CAI integrates the range of products and services to livestock farmers, combining animal welfare and sustainability, with the aim of reducing atmospheric emissions and the use of drugs through natural, 100% plant-based products without chemical additives. The subsidiary has been consolidated using the line-by-line method from 31 December 2022.
- **BIA S.p.A. ("BIA")**: on 14 July 2022, the parent company B.F. S.p.A. signed a contract for the purchase of a shareholding equal to the entire share capital of BIA S.p.A. from Alto Partners SGR S.p.A. (owner of 95% of BIA capital) and GESCAD S.p.A. (owner of 5% of BIA capital). The transaction was closed on 14 October 2022 and is part of the Group's broader cereal cluster development project. BIA S.p.A. is active in the production and marketing of couscous from the Italian supply chain. Following the acquisition, BF S.p.A. sold 28.5% of the subsidiary's share capital. At the closing date of this report, therefore, the investee company was 71.5% owned.
- **Pastificio Fabianelli S.p.A. ("Fabianelli")**: on 28 December 2022, the subsidiary CAI S.p.A. acquired for a consideration of Euro 3 million, 30% of the share capital of the company Pastificio Fabianelli S.p.A., formerly an associate company following the BF purchase of 30% of the share capital for a consideration of Euro 3 million in April 2022. The investment is therefore held by the parent company with an interest of 40.77% (30% direct and 30% indirect through the subsidiary CAI). The investee company has been consolidated using the line-by-line method as of 31 December 2022, also as a result of shareholders' agreements that give BF control over it pursuant to IFRS 10.

Therefore, compared to the consolidated financial situation at 31 December 2021, the scope of consolidation has changed:

- Full consolidation of the subsidiary BIA from 1 October 2022;
- Full consolidation of the subsidiary Fabianelli from 31 December 2022;
- Full consolidation of the subsidiary Zoo Assets from 31 December 2022.
- Deconsolidation of IBF Servizi S.p.A. and its subsidiary Agronica S.r.l. as of 31 December 2022.

With regard to the deconsolidation of IBF Servizi, on 23 December 2022, Nextalia Sgr, on behalf of the Nextalia private equity fund, signed a binding agreement to purchase from BF Agricola S.r.l. Società Agricola ("BF Agricola"), a company of the Group headed by B.F., and other minority shareholders, of the entire share capital of IBF Servizi S.p.A. ("IBF"), Italy's leading operator in precision farming services, technological innovation and professional software solutions for the agri-food sector. The transaction was executed on 30 December 2022 following the fulfilment of the conditions precedent stipulated in the aforementioned agreement.

The transaction carried out on 30 December 2022, in execution of the binding agreement signed on 23 December 2022, provided for the incorporation of the company Agri-Holding S.p.A., which owns 100% of the company Agri S.p.A., which acquired the entire shareholding in IBF Servizi S.p.A. (51% by BF Agricola and the remaining 49% by the other minority shareholders). As a result, the investment in IBF Servizi was derecognised, recognising a capital gain on the consolidated income statement of Euro 18 million (gross of expenses incurred to realise the transaction). Also on 30 December 2022, in a logic consistent with the strategic development plan of the digitalisation activity in the agribusiness area, BF Agricola reinvested part of the consideration received for the sale in Agri-Holding S.p.A. for the amount of Euro 8.4 million, corresponding to a 20% shareholding.

Alongside the described corporate transactions, agreements were made to initiate a multi-year business partnership whereby, among other things, IBF Servizi S.p.A. will provide content and services in digitalisation and precision farming for the BF Group.

In summary, the Group is active, through its subsidiaries, in all sectors of the Italian agro-industrial chain: from the selection, processing and marketing of seeds (S.I.S. and CAI), to the ownership of land from which 100% Made in Italy agricultural products are obtained (through Bonifiche Ferraresi S.p.A. Società Agricola, Italy's largest agricultural company in terms of UAA - Utilised Agricultural Area and BF Agricola S.p.A.), their processing and marketing through its own distribution brand (Le Stagioni d'Italia) or in partnership with the most important large-scale retail chains, through the supply and procurement of products to the agricultural sector through CAI main business lines and in the field of services to the agricultural sector and beyond.

It is, therefore, a single player for the agricultural and agro-industrial world, unique in its size, business model and completeness of the goods and services offered that make the BF Group the main player in the Italian agro-industrial sector.

Report on operations



1. OPERATING PERFORMANCE

In 2022, the B.F. Group continued the path of strengthening outlined in the Group's strategic guidelines, giving full emphasis to the development of the Business perimeter, the supply chain concept, high-tech innovation services and horizontal integration, in a market context characterised by high variability in both supply costs and material procurement schedules.

The industrial project outlined in the 2021-2023 strategic guidelines and elaborated at the beginning of 2021 is briefly based on the following foundations:

- The processing of agricultural products;
- The control of the supply chain in the seed business;
- The strengthening of land assets;
- The provision of innovative products and services to the agricultural world.

With this in mind, the Group positions itself as a major player in the Agro-business sector and has put in place, in the course of 2021 and in the course of 2022, operations consistent with this objective aimed at strengthening its control of the supply chain by reinforcing its margins. With this in mind, we would like to mention the most significant operations launched in the course of 2021/2022:

- The acquisition of control of CAI as a major player in the agricultural world whose business is the provision of goods and services in the agricultural sector.
- Enhancement of the subsidiary IBF Servizi, a company active in innovative consultancy services to the agricultural world (precision farming). The company was acquired in terms of control in the course of 2021, with subsequent integration as part of the group project. In 2022, the investee company underwent derecognition following the opportunity to outline a broader industrial growth project, while maintaining support as a service within the Group's strategy.
- Integration of the cereal chain with the acquisition of control of BIA: a leading company in the couscous sector.

The technical expertise and know-how acquired in the sector of operation, places the Group in a context of presiding over key supply chains, a preparatory aspect to the development of actions to enable and facilitate relations between agro-industrial supply chains, thus designing a true integrated and replicable model.

In this new configuration, which has been strengthened from the second half of 2021 and, in particular, from 1 October 2021 due to the integration of CAI S.p.A. and its subsidiaries, the Group at 31 December 2022 realised a total of Euro 1,062 million in revenues from sales and a production value of Euro 1,120 million compared to Euro 283 million in revenues and Euro 269 million in production value at 31 December 2021.

The significant growth in revenues from sales and production value at 31 December 2022 compared to the corresponding values at 31 December 2021 mainly resulted, as mentioned above, from the line-by-line consolidation of the subsidiary CAI and its subsidiaries as of 1 October 2021.

Therefore, the figure at 31 December 2021 shows only 3 months of activity, compared to the figure at 31 December 2022, which shows 12 months of activity. In addition, as already extensively mentioned in the analysis of the scope of consolidation and the main events of the year 2022, effective 1 September 2022, the production BU of the Consorzio Agrario del Nord Est was transferred to CAI, the effects of which are therefore reflected for only 4 months on the consolidated financial situation.

General economic performance

In early 2022, the effects of the easing health crisis were overlaid by the conflict between Russia and Ukraine, which increased uncertainty and sharply heightened tensions in commodity markets. The war in Ukraine triggered a costly humanitarian crisis and, at the same time, produced economic damage that contributed to a significant slowdown in global growth and inflation in 2022 (although the fourth quarter was characterised by a gradual deceleration of inflationary pressures).

In any case, the inflation forecast in 2023 is still significant, remaining around 7% in the EU countries, including Italy. In 2023, world economic growth is expected to slow down - from 3.2% in 2022 to 2.7% - mainly due to the more than stagnant performance of advanced economies.

The year 2022 was characterised by the intensification of the energy crisis and geopolitical instability caused by the war in Ukraine; however, the year closed with a gradual deceleration of inflationary pressures triggered by a restrictive monetary policy in the main countries and falling energy prices. Expectations of a moderation in the Federal Reserve restrictive monetary policy stance linked to declining inflation have led to a gradual depreciation of the Dollar exchange rate in recent months: the Euro has recovered around 10% against the US currency in the most recent period compared to the lows at the end of September. In the Euro area, inflation, on average, also slowed (+9.2% in December from +10.1% in November) halted, similarly to the US, by the European Central Bank official rate hikes and the moderation of energy commodity prices.

The combination of these elements is expected to lead to a slowdown in the growth of the world economy in the months to come.

According to estimates by the International Monetary Fund (World Economic Outlook, October 2022), world GDP growth will stand at 3.2% for 2022 and fall to 2.7% in 2023, after 6% in 2021. The slowdown will be most evident in advanced economies, while stable growth is expected for emerging countries.

For the EU in particular, the Commission's autumn forecast (European Economic Forecast, autumn 2022) shows growth of 3.3% in 2022 and 0.3% for 2023. For Italy, GDP growth is estimated at 3.8% for 2022, bringing real GDP to a higher level than in 2019, and 0.3% for 2023.

In the EU, inflation reached a record high of 9.3% in 2022, and is expected to remain above 7% in 2023. In Italy, the inflation forecast for 2022 is 8.7%, while the forecast for 2023 is 6.6%.

Brent prices continued to fall at the end of the year (USD 80.9 per barrel in December, USD 99.8 the average for 2022), while European natural gas prices remained stable at USD 36/mmbtu¹, a value that was nevertheless much lower than in the summer months (USD 60.2/mmbtu the average for the July-September quarter).

Agricultural commodity prices, as measured by the FAO index, after increases at the beginning of the year mainly attributable to the conflict between Russia and Ukraine, also declined in the final quarter of the year (-2.8% compared to the previous quarter), confirming the negative trend that had already emerged in the third quarter of 2022 (-12% compared to the second quarter). Cereals and vegetable oils continued to fall in December compared to the previous month. The prices of some domestic agricultural products (cereals, oilseeds, wine, industrial crops), as measured by the Ismea index, declined cyclically in the last quarter of 2022; despite this, the index as a whole increased by 3.9% compared to the previous quarter's level, mainly due to increases in olive oil, fruit, vegetables and livestock products. The increase in prices is even more pronounced in trend terms: the overall index increased by 13.7% compared to the fourth quarter of the previous year, a summary of +29.3% for livestock products and +2.8% for crop products,

Performance of the markets in which the Group operates

The following is a detailed breakdown of the direct markets in which the Group operates and which are related to the core agro-industrial business; please refer to the table at the end of this paragraph for the price trends in related markets, i.e. where the Group mainly acts as a retailer, with explicit reference to the main sales sectors for CAI (source: Agri-Markets Report published by Ismea on 1 March 2023). What follows, therefore, represents the national and international economic context in which the group directly (through direct activity in the Agro-Industrial Division) or indirectly (through the supply of goods and services to the agricultural sector, which is obviously affected by the sector context) operates.

The prices of some domestic agricultural products (cereals, oilseeds, wine, industrial crops), as measured by the Ismea index, declined cyclically in the last quarter of 2022; despite this, the index as a whole increased by 3.9% compared to the previous quarter's level, mainly due to increases in olive oil, fruit, vegetables and livestock products. The increase in prices is even more pronounced in trend terms: the overall index increased by 13.7% compared to the fourth quarter of the previous year, a summary of +29.3% for livestock products and +2.8% for crop products.

On the side of agricultural production costs, there was a cyclical increase in the prices of current means of production; in particular, the prices of energy products rose again in the fourth quarter (+7.5%) after a drop observed in the third quarter (-4.6%). The comparison with the last quarter of 2021 still shows a significant tendency increase in the price index of current means of 21.7% for crop production costs and 25.2% for livestock production costs. The largest increases were recorded for energy products (+71.2%), contract work (+33.9%) and animal feed (+31.5%).

Looking at the summary data for 2022, for crops the increase in prices of current inputs (+24.3%) was higher than that of product prices (+18.1%), leading to a deterioration in the terms of trade. On the contrary, for livestock, the increase in product prices (+25.5%) counterbalanced that of current inputs (+21.8%), ensuring an improvement in the terms of trade compared to 2021. The increase in prices was accompanied, in the case of crops, by a drop in the volumes produced in 2022 (-2.2% compared to 2021, see Preliminary estimate of the economic accounts for agriculture, January 2022), which was attributable to a year characterised by particularly unfavourable climatic events, with low spring temperatures, exceptional heat waves in the summer period and almost no rainfall, and hot, dry weather that lasted for much of the year in many areas of the country. The livestock sector, on the other hand, maintained substantially stable production volumes compared to 2021 (-0.3%). Considering these dynamics, ISTAT estimates that agricultural value added in 2022 is expected to decline by 1% in volume and increase by 14.2% in value compared to the previous year.

Industrial food production in November showed a cyclical increase of 0.7%, breaking a phase of declining production rates in the previous two months. Overall, between January and November, compared to the same period last year, the Food & Beverage industrial production index grew by 1.5% compared to 0.7% for manufacturing as a whole. With regard to foreign trade in Italian agri-foodstuffs, there was a significant increase in the value of both imports and exports, attributable to inflation, but also a significant growth in volumes traded compared to 2021.

Italian agri-food exports continued to grow in 2022, up 14.8% on the 2021 level to Euro 60.7 billion. For overall national exports, the growth was even higher (+20%). Contributing to the result for the agro-food industry were mainly exports from the food industry (+16.7%), but the change was also positive for the agricultural component (+4.1%). In 2022, the value of shipments abroad of all the main made-in-Italy agri-food products increased. Among the most successful production segments abroad are wines, mature cheeses, pasta, bakery products and tomato preparations, for which the export value continues to show a very positive dynamic, largely due to price increases, but also to growing volumes.

In detail, compared to 2021, exports of pasta (+40% in value), fresh cheese and dairy products (+30%) and canned tomatoes (+29%) have grown significantly, followed by tomato purée (+27%), sparkling wines (+21%) and bakery products (+15%); also worthy of note is the increase in exports in value of coffee, which is up 27% on a trend basis. Over the same period, agri-food imports increased by as much as 27.2%, the result of +30% for agricultural products and +25.7% for food industry products. From a surplus of Euro 3.9 billion in 2021, the Italian agri-food balance has shifted to a deficit of more than Euro 1.6 billion in 2022. Among the main products imported from Italy, imports of coffee (+83% in value), corn (+93%), live cattle (+54%), soft wheat (+48%) and palm oil (+58%) increased particularly significantly. Germany, the United States and France are confirmed as the main destinations for domestic agri-food exports. The value of Made in Italy products shows significant growth in these markets, particularly in the US market (+20%); however, the distorting effect of inflation should be highlighted once again. In 2022, the value of exports to the Netherlands (+25%), Spain (+24%) and the UK (+15%) also increased, while exports to Japan decreased significantly (-25%). The shopping

trolley, according to data from the Ismea-NielsenIQ Observatory on Food Consumption, cost Italians 6.4% more in 2022 than last year, with dynamics that become more acute in the months of August to December (always above 10%). This percentage value, which is lower than inflation, is the result of the product composition of the shopping cart changing as a consequence of the very strategies implemented by consumers to reduce the impact of inflation. The increase in expenditure in 2022 adds up to those of the previous 5 years and is among the highest after the +7.4% increase in the exceptional year 2020. Consumer price increases are not only the result of rising prices for agricultural products, but along the supply chain, they include the various increases that also affect intermediate steps such as logistics and packaging. In this sense, it is very interesting that the increase in expenditure is more evident for packaged products (+6.9% vs. +5.2% for bulk)

Among the distribution channels, the supermarket remains the predominant channel with a 40% share and a positive turnover performance of 6.7% in 2021, which compared to pre-Covid gives it a 2 percentage point share gain. Discount with a value share of 21% gained 3 percentage points over 2019 in share, with sales up almost 41% in three years and 11.7% in the last year alone. The number of households using the digital channel to shop for groceries declined (-8.8% the number of households buying online, -3.3% the value of expenditure on this channel). However, purchases through digital channels remain 125% higher than in the pre-Covid period, covering about 3% of the value of retail purchases.

The market for the main agri-food chains in 2022 as measured by Ismea data shows:

Cereals: The 2021/22 marketing year saw a flare-up of the international market, resulting in historically unprecedented price levels. Fundamentals did not always justify these increases; for all cereals and other commodities, however, the reason was the concomitant action of the sudden post-pandemic recovery in demand, the marked increase in cereal and oilseed imports by China, speculative actions, extreme weather events and, last but not least, the conflict between Russia and Ukraine, which put further pressure on international markets. For the 2022/23 marketing year, which is currently underway, there are signs that prices will fall back. In the case of durum wheat, prices reached record levels well above Euro 500/tonne in some weeks last year; the average price in 2022 was Euro 491.31/tonne with a year-on-year increase of 38% (Euro 356.07/tonne in 2021). In addition to more general reasons, the dynamic is mainly explained by the annual contraction of harvests in Canada in 2021 (-54% to 3 million tonnes), leading to a contraction of both stocks and exports. From July 2022 onwards, however, the inflationary dynamics of quotations slowed down, showing slight price decreases, which nevertheless remain at rather high levels. The market is not yet well defined; while a very strong recovery of harvests in Canada in 2022 is expected (+79% to 5.4 million tonnes), the latest indications on Canadian crop yields point to a less optimistic outcome than previously expected due to the heat and drought at the end of the season. National production in 2022, according to ISTAT, is down by 9.2% on 2021 to 3.7 million tonnes due solely to the reduction in yields per hectare (-9.9% to 3 t/ha); areas, in fact, increased to 1.24 million hectares (+0.8%). Unit yields were compromised by unfavourable weather conditions characterised by water deficits in the post-sowing phase and high temperatures in May and June that did not allow optimal caryopsis development. On the domestic grain imports front, a trend decline in the period January-October 2022 (-27.1% to 1.4 million tonnes) is to be highlighted, following the -25.7% in 2021 on 2020; the contraction of the Canadian product was also reflected in the lower availability for international markets. In the 2021/22 marketing year, the basic variables of the international market were rather favourable for common wheat. However, despite this, in 2022, price lists rose to an average of Euro 369.52/tonne, revaluing the 2021 average price of Euro 254.93/tonne by 44.9%; again, in some weeks, record quotations were recorded, exceeding the Euro 400/tonne mark. The market was influenced solely by the macroeconomic and geopolitical factors mentioned above. For soft wheat, the impact of the crisis between Russia and Ukraine, which started on 24 February 2022, was more evident in view of the fact that the two countries jointly account for around 30% of global exports; in fact, in March 2022, the price of grain revalued by 25% over the previous February. As of July 2022 (which represents the start of the new 2022/23 marketing year), prices have declined slightly, but still remain at sustained levels, affected by the positive outlook for world harvests in 2022, which are expected to reach record levels (+2% per annum to 796 million tonnes thanks mainly to the excellent performance estimated for Russia, Kazakhstan, North America and Australia). The

national supply of soft wheat was very disappointing in 2022: while there was a consistent increase in areas (+10.2% to about 539 thousand hectares), grain harvests decreased by 9.6% per year to just over 2.7 million tonnes due to the sharp drop in yields (-17.9% to 5.1 t/ha) penalised by the prolonged drought and high temperatures during the ripening phase, which in many cases compromised the proper development of the caryopses.

Grain imports grew in January-October 2022 (+2% year-on-year to 4 million tonnes and +51% in value to just under Euro 1.4 billion) supported by increased industrial demand for the raw material due to growing exports of bakery products and domestic consumption of bulk bread and bread substitutes. Even for corn, the 2021/22 agricultural commodity market flare-up was triggered despite the fact that international market fundamentals were entirely positive. Again, therefore, the sharp and generalised rise in prices can be attributed to the international macroeconomic scenario. Also for this product, the war between Russia and Ukraine had a very substantial impact (Ukraine satisfies an average of 15% of total exports), witnessed by the monthly increase in the price of grain of 35% in March 2022 (Euro 382.05/tonne vs. Euro 283.10/tonne in February); in summary, the average price in 2022 reached Euro 350.10/tonne (+38.3% over 2021). In 2022, world harvests are expected to fall by 5% per year due to lower investments and, above all, lower yields due to droughts; stocks are also declining and are estimated to be at their lowest level in the last decade. Such a result, if confirmed in the coming months, could support a still tense price scenario. In Italy, the contraction of corn production is attributable both to investments (-4.2% to just under 564 thousand hectares) and, more importantly, to the yields per hectare, which drop by 19.3% in 2021 to 8.3 t/ha in 2022, causing a 22.7% reduction in harvests to around 4.7 million tonnes. Disappointing production results led to a substantial recourse to imports, which increased by 33.6% in January-October 2022 compared to the first ten months of the previous year to 5.5 million tonnes. The price of paddy rice was also subject to significant price increases in 2022, rising by 71.6% per year to Euro 639.68/tonne compared to Euro 372.76/tonne in 2021. The production outlook for the 2022/23 marketing year raises some concerns considering that the latest available indications estimate a drop of around 2% in global supply (especially in China, Philippines, Vietnam, India and Pakistan) and 6% in stocks. Also disappointing is national production, which the Ente Nazionale Risi estimates to be down by 17.3% to 1.24 million tonnes, the result of a drop in areas (-3.8% to just over 218 thousand hectares) and yields (-14% to 5.7 t/ha in 2022).

Fruit and vegetables:

The international economic tensions and the war in Ukraine have also had a significant impact on the fruit and vegetable sector, on the one hand with the increase in production costs and on the other hand with the flare-up of inflation that has affected the consumption of Italian and European households. In the fourth quarter of 2022, input prices continued to register strong year-on-year increases (+21%) but stabilised compared to the previous quarter (+3.7% compared to the third quarter of 2022). In particular, the price of energy products continued to rise (+8.9% compared to the third quarter and +59% year-on-year), but fertiliser prices also recorded further increases, +3.7% quarter-on-quarter and +27% year-on-year. For vegetables, the overall input price index increased by 5.4% compared to the third quarter of 2022 and by 25% year-on-year, while for fruit there was an increase of 2% compared to the third quarter of 2022 and 17% year-on-year. In the fourth quarter of 2022, prices at origin for fruit and vegetables decreased by 3.5% year-on-year, but showed a completely opposite trend for the two main categories. In fact, for vegetables, the price index increased by 1.3% compared to the fourth quarter of 2021 while the fruit index decreased by 8%. The rise in vegetable prices at origin is mainly attributable to the increase in production costs. On the other hand, the increased production and thus supply of autumn fruit compared to the 2021/22 marketing year led to a significant drop in prices at origin, in particular, for table grapes (-29%), kiwis (-29%) and pears (-39%). As far as foreign trade is concerned, there was a sharp year-on-year deterioration in the fruit and vegetable trade balance in the first ten months of 2022, which fell from Euro 2,421 million to Euro 2,063 million due to a 3% increase in imported quantities and stagnating exports (+1%). In monetary terms, the increase in import expenditure (+18%) is attributable to both the increase in imported volumes and the increase in average import prices, which rose by 18%. On the export side, total revenues grew by 8% mainly due

to the increase in the average price of the basket of products shipped. Finally, with regard to retail sales on the domestic market, household spending on fruit and vegetables increased by 5.7% year-on-year in the fourth quarter of 2022, due solely to higher average prices (+8.2%).

Wine:

The year 2022 ended for wine with many more worries than how it had opened. Just a year ago, the sector seemed to be finally overcoming the pandemic emergency and all the good signs were there, especially on the foreign demand front. The invasion of Ukraine drastically changed the scenario by bringing out new critical issues. The problems were not so much related to the two markets involved in the conflict, which were definitely of little relevance for national wine exports, but rather to the staggering increase in energy prices, which had a multiplier effect on the costs of other factors, such as glass and logistics, which had already started to increase in an unsustainable manner since autumn 2021.

From there on, the escalation of production costs was difficult to manage, even in light of the hottest and driest summer in decades. The unfavourable weather and climate had caused great pessimism among producers, which was quickly quelled by the early autumn forecast, which confirmed production levels for 2021. The 2022 production of just over 50 million hectolitres, added to stocks of 48 million hectolitres, helped to exceed the previous year's internal availabilities by 4 million hectolitres, easing the tension on prices, which began to fall. However, the market in the last months of the year was very wait-and-see and characterised by uncertainty. With the increase in packaging costs, the large bottlers bought in small batches, certain of availability, and at cheaper prices. In the meantime, contracts were renewed with the large-scale distribution, which was unwilling to accept all the proposed increases. It was precisely the raw material "wine" that seemed to act as a bit of a shock absorber to avoid excessive price increases in the finished product. In the table wine segment, ordinary whites had already dropped below Euro 4 per hectolitre by September, gradually reaching Euro 3.85 per hectolitre in December. Similar trend in reds, which reached Euro 3.72 per hectolitre at the end of the year. The situation is also not particularly bright in Spain, the largest competitor in ordinary wines, where a poor production campaign had given the illusion of revitalising prices, but by October the bullish trend had already been reduced, especially in whites. The end-of-year price reduction was not, however, limited to ordinary wines, but was felt in the higher segments of the quality pyramid such as PGIs, both white and red, which debuted with lower prices than in July. The situation is similar in PDOs, where price declines are evident, although it is difficult to identify unambiguous trends in this segment. In spite of the year-end decreases, the Ismea producer price index indicates a general price increase of 8% for 2022 compared to the previous year, mainly in PDO wines (+16%). Less brilliant, however, were the results for PGI wines (+3%) and ordinary wines (+5%).

Oil:

The last three months of 2022 confirmed the pessimistic production outlook outlined, in fact, already in the summer. In fact, world production is set to be one of the worst in recent years, with volumes estimated at under 3 million tonnes. Driving the trend, according to the IOC and the EU Commission, is certainly Spain, for which it is estimated that volumes may not exceed 800 thousand tonnes, almost halved compared to last year. Significant decreases are also to be expected in Italy, where, however, the latest Ismea estimates, taking into account the production declarations of oil mills up to December 2022, have been slightly revised upwards, bringing production to 235 thousand tonnes (-28%). Keep in mind that this year's harvest, for climatic reasons and also to avoid pathogen attacks, is shorter than in a normal year. Escaping the general worldwide decline are Greece and Turkey, which could take Italy's second place in the world ranking this year. This, moreover, could be the campaign with the smallest gap between EU and non-EU production. It should be borne in mind that in recent years the role of other non-EU Mediterranean countries has also grown, especially Tunisia, where a generalised renewal strategy has been implemented, starting with the primary sector and ending with olive mills. In the EU, it is Portugal that has made significant investments, although it does not escape a 2022 discharge. In such a complex year for production, international data point to a slight recovery in consumption, which the IOC puts at 3.2 million tonnes, 2% more than in 2021, while a further decline

is expected in 2023. Producer prices can only reflect this production situation and generalised increase in costs. Italian extra virgin olive oil on average has gradually risen from Euro 5.32 per kilo in October to the threshold of Euro 6 per kilo, and a similar level for years had not been seen for years. In the north of Apulia this threshold was exceeded, while in Sicily it reached seven euro with peaks of eight euro per kilo. In Calabria, prices are around Euro 5.70 per kilo. There was also a definite upward trend for lampante, which, in the wake of increases throughout the year, accelerated in the last months of the year to Euro 3.93 per kilo in December. Record prices were also achieved in Spain where an average of 4.77 euro per kilo was reached with lampante following a few cents behind, just 10 cents, as is traditional in the Iberian market. Rising prices also affected international trade, pushing up the average value of volumes handled. And Italy, being the world's largest importer and second largest exporter, is somewhat emblematic of this dynamic. In the first ten months of 2022, according to Ismea's elaborations on Istat data, imports, at 500 thousand tonnes, were up 3% on the previous year, against an increase in disbursements of 26%. The export trend was also similar, growing by 5% in volume and 23% in value. Projecting to the year 2022 as a whole, the value of imports could exceed two billion euro for the first time, while exports would only touch this threshold, marking an absolute record in both trade balance items

Beef and veal: The production situation in Italy for beef and veal reflects the consequences of rising production costs, with more "cull cattle" going to slaughter and a contraction in the veal category. It is especially in the last quarter of 2022 that a major decline in slaughterings of the latter is estimated, due to a limited supply of mature animals. As a consequence of rising input costs, the cattle industry is opting for a slowdown in fattening and slaughtering activities, which is limiting supply volumes. The Ismea production cost index stood at 131 points in the fourth quarter, i.e. 21 points above the value for the same period in 2021 and a good 30 points above the fourth quarter of 2020. Compared to the previous quarter, the costs for feed and energy products continued to rise, while the costs for feedstuffs remained at the level of the previous quarter, registering a year-on-year increase of 15 percentage points. Prices are also clearly on the rise and above the seasonal averages of previous years, driven not only by rising costs but also by less competitive pressure from our usual supplier countries, where significant price increases are recorded for similar situations. European production continues to contract (-1.5% in the first eight months of 2022), confirming the negative trend of the last three years. The limited availability of mature cattle will keep prices at high levels also in the coming months. The price index for beef rose to 142 points in the fourth quarter, marking a year-on-year increase of 18 percentage points. Specifically in Italy at the end of the year, the average breeding prices for Charolais calves were above 3.37 €/Kg and gained 20% over the value of the same period in 2021; the price increase for cows was also notable (+25%) despite the increase in national supply due to increased culling activity in dairy farms.

Dairy: Soaring input prices and adverse weather conditions in some production basins continued to drive down global milk production in the final months of 2022. In particular, in the Southern Basin, the 2022/2023 marketing year was marked by -3.1% in New Zealand (cumulative June-November) and -6.7% in Australia (period July-November), while in the EU, deliveries were essentially stable (-0.1% in the period January-November). Faced with a steadily rising farm-gate milk price (EU weighted average of Euro 57.8/100 kg in November) and rising energy costs, European manufacturers also slowed down production, especially of whole milk powder (-5.7% in January-November) and, albeit to a lesser extent, butter (-0.1%) and cheese (-0.5%). The EU market reacted with the first signs of sagging dairy prices in the final phase of 2022, but it was mainly the contraction of Chinese demand that led to the change of course, with double-digit negative changes for all major products (powders-fat -19% in January-November; powders-fat -24%; cheeses -18%), not adequately compensated by the momentum of the world's major importers (UK, Indonesia, Japan, USA). The domestic market continued to be very positive in the last quarter, as shown by the Ismea Index of dairy product prices at origin (+34.1%

compared to the fourth quarter of 2021), ending the year with an average double-digit change (+26.5%). The upward push was generalised and affected all stages of the supply chain. In the last quarter, the price perceived by farmers increased further, averaging Euro 58/100 litres at the barn (+45% on a trend basis, excluding VAT without premiums). However, the prices of production inputs, especially feed (+39%) and energy products (+66%), also increased, and milk production decreased further, ending the year with -1.3% compared to 2021 (provisional data, Source: Agea-Sian). At the wholesale stage, the increase in quotations concerned, in particular, Grana Padano (+31% compared to the fourth quarter of 2021) and fresh products such as cow's mozzarella (+36%). Although slightly higher than last year, wholesale prices for Parmigiano Reggiano remained stable in the last part of 2022 (+3.6% on a trend basis) and on the fat front, similarly to the continental level, there was a gradual fall in prices, with butter once again dropping below Euro 4/kg in December. The price increase also materialised at the consumer stage with a significant impact on spending on dairy products - up 8.6% in 2022 - which led households to reduce the quantities in their trolley, with no exception in terms of product references.

The positive trade balance narrowed considerably in the first ten months of 2022, as a result of an increase in imports in value (+40% year-on-year) that was much greater than that recorded by exports (+18%). High prices discouraged some of the main buyers of Italian dairy products and, in particular, exports of Italian cheese and dairy products suffered a real setback on the German market (-11% in volume) and, albeit to a lesser extent, on the US market (-1% in volume).

In general, the agro-industrial sector was affected during 2022 by the continuous increase in raw material and energy prices.

Below is the trend of changes in GDP segmented by sectors in trend and cyclical terms.

PIL e Valore aggiunto a prezzi di base, valori reali (dati concatenati - anno di riferimento 2015)

	Var.% annua	Var. % trimestrali tendenziali*				
	21/20	T3 2021	T4 2021	T1 2022	T2 2022	T3 2022
Pil a prezzi di mercato	6,6	4,8	6,5	6,4	5,0	2,6
Agricoltura, silvicoltura e pesca	-0,8	-3,6	-2,4	0,2	-1,2	-0,8
Industria in senso stretto, di cui:	11,9	5,7	4,9	1,7	1,9	0,0
<i>Industria alim., bev. e tabacco</i>	6,2	8,1	9,9	-**	-**	-**
Costruzioni	21,3	9,5	16,7	18,1	14,3	8,0
Servizi	4,5	4,2	6,3	7,0	5,3	2,8
		congiunturali°				
		T3 2021	T4 2021	T1 2022	T2 2022	T3 2022
Pil a prezzi di mercato		2,8	0,8	0,2	1,1	0,5
Agricoltura, silvicoltura e pesca		-1,8	0,6	1,5	-1,5	-1,4
Industria in senso stretto, di cui:		1,3	0,1	-0,8	1,3	-0,6
<i>Industria alim., bev. e tabacco</i>		1,6	0,9	-**	-**	-**
Costruzioni		3,7	4,4	4,9	0,5	-2,0
Servizi		3,3	0,7	0,1	1,2	0,9

* Var % rispetto allo stesso trimestre dell'anno precedente; ° Var% rispetto al trimestre precedente

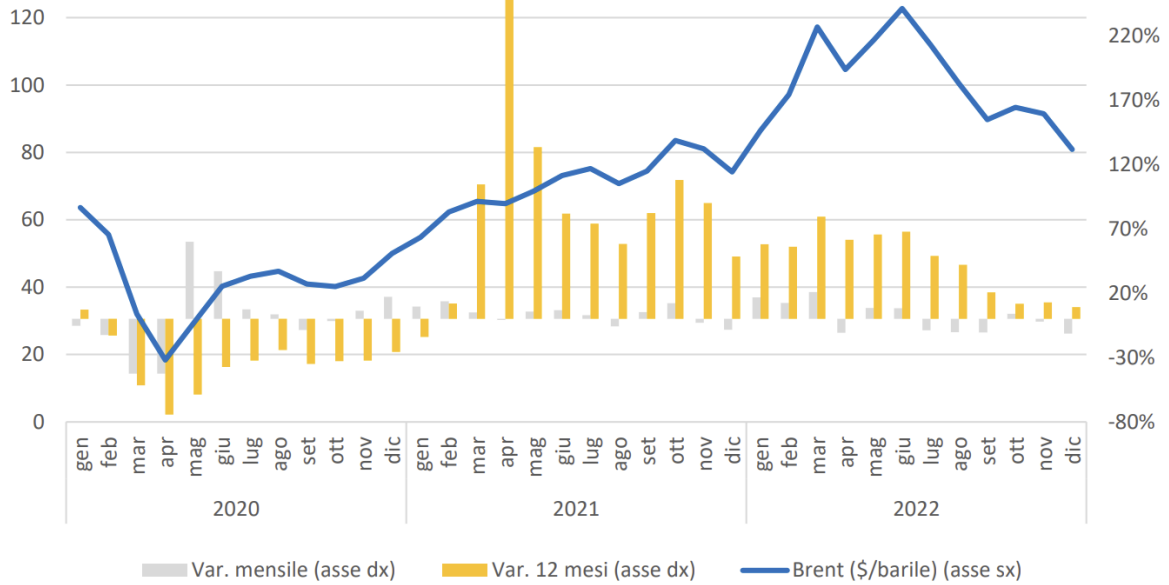
**Nota Istat: il fenomeno esiste, ma i dati non si conoscono per qualsiasi ragione

I dati trimestrali sono destagionalizzati e corretti per gli effetti di calendario (se necessario), quelli annuali grezzi.

Fonte: elaborazioni Ismea su dati Istat, Conti economici nazionali annuali e trimestrali

Below are the dynamics of oil price developments

Prezzo del petrolio (Brent - \$/barile, variazioni mensili e annue)



Fonte: elaborazioni Ismea su dati U.S. Energy Information Administration

The increase in prices of current means of production was also highlighted by the index compiled by Ismea, which in the fourth quarter of 2022, marked a trend +25%, mainly due to the prices of energy (+71%), fertilisers (+26%), animal feed (31%) and then ruminants (+22%), but also agricultural services (+34%).

Indice dei prezzi dei mezzi correnti di produzione Ismea per voce di spesa (2010=100)

	Var.% annuali	Var. % trimestrali				
		tendenziali*				
	2022/21	T4 2021	T1 2022	T2 2022	T3 2022	T4 2022
Sementi e piantine	10,9	7,7	10,7	12,5	13,0	7,7
Concimi	37,0	27,4	36,2	46,2	41,6	26,3
Antiparassitari	2,9	1,3	2,8	3,3	3,2	2,2
Prodotti energetici	64,9	19,0	53,1	81,5	67,2	71,2
Animali allevamento	12,8	3,3	9,7	8,8	14,9	22,0
Mangimi	28,5	14,8	21,0	27,6	35,9	31,5
Salari	1,9	1,3	1,0	1,3	2,7	2,6
Servizi agricoli (lavoro conto terzi)	39,6	17,8	34,1	43,5	47,6	33,9
Altri beni e servizi	6,8	9,7	10,6	2,9	7,5	6,3
Totale	23,0	10,3	18,4	24,5	26,4	25,1

	Var. % trimestrali				
	congiunturali°				
	T4 2021	T1 2022	T2 2022	T3 2022	T4 2022
Sementi e piantine	6,5	3,1	2,3	0,7	1,4
Concimi	15,0	9,3	9,6	2,8	2,5
Antiparassitari	1,3	1,3	0,5	0,1	0,3
Prodotti energetici	5,0	39,4	19,8	-4,6	7,5
Animali allevamento	-6,5	11,4	10,5	-0,2	-0,7
Mangimi	7,6	9,9	7,6	6,9	4,1
Salari	0,0	0,0	0,9	1,8	0,0
Servizi agricoli (lavoro conto terzi)	15,1	14,0	7,0	5,2	4,4
Altri beni e servizi	8,0	2,9	-1,4	-1,9	6,8
Totale	4,2	10,6	7,7	1,9	3,1

*Variazione tra il dato del trimestre e il dato del trimestre corrispondente nell'anno precedente.

° Variazione tra il dato del trimestre e il dato del trimestre precedente.

Fonte: Ismea

Regarding the performance of the main businesses in the agro-supply sector (the sector in which the CAI network operates), the following is summarised below:

Fertilisers: With regard to the fertiliser market, 2022 started with slightly lower prices than at the end of 2021, following a drop in energy costs between January and February. Since March, as a result of soaring energy costs and product shortages, there has been a sharp and sudden increase in the prices of all fertilisers, which reached an all-time high in spring 2022. This context has had a decisive influence on the market. High prices have led farmers to reduce the use of fertilisers, which have fallen in marketing by more than 40%. The autumn phase was characterised by a stagnant market with little trade due to still high prices. Only in the second half of December did a downward phase in prices begin in parallel with the reduction of energy costs.

Seeds: The spring campaign saw substantial stability in the various commodity groups, with a normal sowing trend. There was stability in first-crop corn sowing and an increase in sunflower and soy bean areas, favoured by rising prices following the war in Ukraine and the embargo on Russian and Belarusian products. Turnover in vegetable seed and potato seed declined. There was also a drop in sales of rice seed due to the drought. The drought characterising spring 2022 reduced, if not cancelled, second harvest sowing in some territories, contracting corn and soy bean seed sales at this stage.

The drought, which penalised spring-summer crop harvests, the high cereal prices of summer 2022 and the EC suspension of the restriction on rotations and set-aside areas, have oriented the choices of farms towards an increase in the areas planted with autumn-winter cereals. In northern Italy in particular, there was an increase in the areas sown to soft and durum wheat, barley and fodder cereals. Durum wheat sowing in the south was similar to previous years, the seasonal trend in November and December in these areas led to a postponement of sowing in January and February 2023.

Phytopharmaceuticals:

For the 2022 crop year, there were some difficulties represented by the seasonal trend that was really against the use of these production inputs, especially for fungicide products that, following the drought, found little reason to be used.

Feed and Livestock

During 2022, the feed sector was strongly influenced by the ever-increasing commodity market due to various factors, including the Ukraine-Russia war, which caused energy costs to rise sharply, reaching peaks of up to 3-4 times higher than during the year. Against this backdrop of high uncertainty, with sharp increases in the prices of both raw materials and energy, business was particularly complex.

Cereals:

The first quotations for 2022 started out on a downward trend compared to December 2021 for soft wheat and barley and stationary for corn and durum, up for soy bean. Since March, increases of 30/35% have been recorded for soft wheat, sorghum, corn and barley. Crops with origins other than Ukraine and Russia saw more moderate increases, +12% soy bean and unchanged durum wheat. Prices remained stable until the end of marketing. New threshing prices were very high, compared to the same period of 21 + 65% for soft wheat, + 60% barley + 47% sorghum + 3% soy bean. The whole sector then remained stable until the end of the year.

Commentary on the main results for the year 2022

As previously noted, starting in 2021, the B.F. Group embarked on an important path to strengthen its business model by controlling the activities carried out by CAI and its subsidiaries in the field of supplying goods and services to the agricultural world; the integration and complementarity with the historical business of Bonifiche Ferraresi has made it possible to give concrete form to the concepts of supply chain, services and horizontal integration expressed in the Group's strategic guidelines.

To date, therefore, the Group is active in the following business and development cycles:

- **Agro-Industrial:**

- The development of the activity of transforming agricultural raw materials into pasta, rice and legumes packaged under the "Le Stagioni d'Italia" or Private Label brand, destined for large-scale distribution (GDO) with the aim of delivering to the end consumer a genuine, Italian product, traced throughout its life cycle. In this regard, the company BF Agro-Industriale Srl., has as its specific "core business" the processing of raw materials and marketing of finished products to the large-scale distribution. Already during 2021, the range of marketed chain products was increased with the new references of Passata and Eggs under Le Stagioni d'Italia brand, which became fully operational during the first half of 2022. In the second half of 2022, the categories were further increased with the inclusion of "frozen" bakery products;
- Expansion of the packaged product offer under the "Le Stagioni d'Italia", "Zorzi" and Private Label brands, with the line of herbal teas produced with organic raw materials grown on the Arborea (OR) estates;

- Expansion of the production offer with the acquisition of BIA and the placement of couscous on the market;
- The programming of cultivation plans, developed within the approximately 6,900 hectares of Bonifiche Ferraresi in coherence with the activity of transforming agricultural materials into packaged products. Shown in the table below are the 2022 cropping plans by sown area and compared with those of 2021; the strategic approach of a cropping plan that also includes planning for the second harvest emerges.

Harvest type	Surface area 2022	Surface area 2021
1ST HARVEST		
Grain cereals	1,018	1,421
Fodder	1,659	512
Fruit	79	43
Medicinal	49	86
Oleaginous	737	516
Olive trees	64	52
Horticulture	1,040	984
Products for livestock	785	734
Paddy rice	556	702
1ST HARVEST Total	5,987	5,050
2ND HARVEST		
silage cereals	3	-
Oleaginous	79	454
Horticulture	27	93
Products for livestock	35	52
Paddy rice	10	-
2nd HARVEST Total	154	598
Overall total	6,141	5,648

As early as 2020, the crop plan programme was set up with the reintroduction of second harvests, although these were reduced in the 2022 crop plan due to the specific environmental situation of this last crop year, which saw in particular a marked drought, resulting in the rescheduling of the crop plan. Compared to the total area of owned land, there are about 1,100 hectares that are used for the cultivation of agricultural products for third parties (mainly alfalfa, wheat and olives).

- **Seed:**

The seed business, through its subsidiary SIS, expanded its network and sales structure in 2022, seizing important market opportunities that enabled it to increase production values as part of a designated growth and development project.

As an event subsequent to 31 December 2022, it should be noted that as of February 2023, the Group implemented an internal reorganisation through the contribution of the industrial business managed by CAI to SIS. CAI will continue to market and distribute the products purchased/produced by SIS in the territory.

In this logic, therefore, the Group's project to create hubs has been implemented in line with the creation of sector-specific companies that specialise in research and innovation expertise and objectives and have the CAI network as their route to market in the area.

- **CAI:**

The CAI division contributed Euro 956 million in turnover in 2022. CAI division means the contribution by the subsidiary CAI and its subsidiaries.

In the following analysis, and in particular in the sectoral analysis, this activity was broken down into:

- Fuels activities, relating to the marketing of fuel-lubricant products for the agricultural sector and related services.
- Seed business: included in the Group's seed business.
- CAI: CAI residual activity net of the Fuels and Seed business.

In order to provide a complete representation of revenue activities by line of business inherent in the CAI division, the relevant detail is provided, gross of intra-group eliminations and therefore referring to the CAI sub-consolidated scope at 31 December 2022:

Business	Revenues from sales 2021	Revenues from sales 2022
Fertilisers	16,771	77,382
Seeds	21,658	62,096
Feed	9,261	90,528
Phytopharmaceuticals	3,666	60,695
Machines	5,001	24,309
Garden	3,772	20,813
Plastics	695	9,149
Plants	1,092	8,520
Irrigation	832	6,886
Cereals	50,390	225,239
Fruit and vegetables	2,245	13,032
Petroleum	72,510	335,659
Insurance	1,918	8,995
Other	12,275	12,923
Total	202,086	956,226

It should be noted that the column 2021 shows data only referring to the fourth quarter of 2021, i.e. those included in the first consolidation of CAI.

The following tables show Group revenues from sales by company and by business sector.

Revenues by company	31/12/2022 Consolidated	31/12/2021 Consolidated	Change	31/12/2022 In % of Tot	31/12/2021 In % of Tot
BF	166	182	(16)	0%	0%
Bonifiche Ferraresi	1,198	1,213	(15)	0%	0%
BF Agricola	25,454	24,218	1,236	2%	9%
BF Agro-Industriale	24,152	17,381	6,771	2%	6%
SIS	39,605	36,767	2,838	4%	13%
IBF Servizi	5,090	1,611	3,479	0%	1%
CAI	956,226	202,086	754,140	90%	71%
BIA	9,986	0	9,986	1%	0%
Revenues from sales	1,061,878	283,458	778,420	100%	100%

Revenues from sales by sector	31/12/2022 Consolidated	31/12/2021 Consolidated	Change	31/12/2022 In % of Tot	31/12/2021 In % of Tot
Agricultural	29,691	11,233	18,457	3%	4%
Livestock	17,892	14,197	3,695	2%	5%
Industrial/Packaged	24,946	26,433	(1,487)	2%	9%
Agricultural services (precision farming)	7,809	1,611	6,198	1%	1%
Intra-sectoral eliminations	(14,457)	(9,052)	(5,405)	-1%	-3%
Tot. Agro-Industry	65,881	44,422	21,459	6%	16%
Seeds	101,701	60,694	41,007	10%	21%
Fuels	335,659	72,510	263,149	32%	26%
CAI (excluding seeds)	558,471	105,649	452,821	53%	37%
Services/Other	166	182	(16)	0%	0%
Revenues from sales	1,061,878	283,458	778,421	100%	100%

From a methodological point of view, in the first table above, which shows the revenues per company, intra-group revenue eliminations are applied on a company-by-company basis. Therefore, the revenues from sales in the first table are net of intra-group transactions.

With regard to the second table, the revenues of the specific segments were reorganised within the Group's business model, summarising in a single line the relevant inter-sectoral ratios eliminated in the total grouping of the Division. In order to provide a comparable representation, the figures at 31.12.2021 have been restated with this logic and therefore the amount at 31 December 2021 has been reported in the line Inter-sectoral eliminations.

In continuity with respect to 31 December 2021 and 30 June 2022, the following have been included:

- The "Agricultural Services" Business Unit related to consultancy activities concerning the as-service model. The business unit was disclosed in the consolidated financial report at 30 June 2022 following the consolidation of IBF Servizi in the second half of 2021. As mentioned in the context of group composition, IBF Servizi was deconsolidated as of 31.12.2022 and therefore the consolidated income statement for 2022 includes the figures of this company;
- The "Fuels" Business Unit for the marketing and distribution of fuel-lubricant products for the agricultural sector and related services. This B.U. was also segmented in the consolidated financial report at 30 June 2022 following the consolidation of Eurocap in the second half of 2021;

- The "CAI" business unit for the marketing and distribution of agricultural products and the storage business for the agricultural sector. This B.U. was also segmented in the consolidated financial report at 30 June 2022 following the consolidation of CAI in the second half of 2021.

The Group increased revenues by approximately Euro 780 million from Euro 283 million at 31 December 2021 to over Euro 1,061 million at 31 December 2022.

As already explained, the increase is mainly the result of the change in the scope of consolidation following:

- Full consolidation of CAI as of October 2021, so the year 2021 shows only 3 months of activity;
- In 2022 and precisely on 1 September 2022, the transfer of the Consorzio Agrario del Nord Est business unit to CAI became effective.

The sector that contributes the most to the Group's revenues, with about Euro 558 million, is the CAI division, which accounts for about 53% of revenues. Within this item, the "cereals", "animal feeds" and the "phytopharmaceuticals and fertilisers" business accounted for the largest contribution.

The seed sector experienced significant growth in the first half of 2022 due to the contribution of the CAI Division. In fact, in addition to the activities of the subsidiary SIS, the "seed" division of CAI and its subsidiary Quality Seed was also included. The value of turnover increased from Euro 61 million on 31 December 2021 to the current Euro 102 million.

The percentage share of the other sectors decreases proportionally due to the contribution made by the CAI Division. Thus, the entire agro-industrial business, which accounts for 6% of the entire value of revenues from sales, amounted to approximately Euro 66 million, an increase of Euro 21 million compared to the figure at 31 December 2021.

In the agro-industrial sector, the contribution of the innovative services sector was made explicit, which contributes total revenues of about Euro 8 million.

The livestock hub, a strategic asset for the Group in the context of the circular management of the livestock business, is also being expanded, allowing the agricultural production side to become more efficient.

The packaged industrial sector declined slightly as a result of the commercial streamlining activity aimed at seeking margins rather than volume.

Concerning sales in the agricultural sector, there was a significant increase in 2022 compared to the previous period of 2021 due to the following crops:

- durum and soft wheat and barley accounted for a total of 7% of the sector's total revenues;
- the 2022 crop plan was planned with an increase in fodder crops, also in view of the start of livestock on the Arborea estate in Sardinia;
- start-up on the Arborea estate of experimental testing activities in the open-air laboratory in synergy with Agrienergy S.r.l.;
- paddy rice, which continues to be an excellence of the area in which it is carefully cultivated at the Bonifiche Ferraresi estates in Jolanda di Savoia (FE), with a harvest of around 600 ha.

The following tables show production value by company and business sector, which follow the same methodology for construction as for revenues from sales.

Production value by company	31/12/2022 Consolidated	31/12/2021 Consolidated	Change	31/12/2022 In % of Tot	31/12/2021 In % of Tot
BF	7,920	5,797	2,123	1%	2%
Bonifiche Ferraresi	1,866	2,686	(820)	0%	1%
BF Agricola	56,146	32,918	23,228	5%	12%
BF Agro-Industriale	25,736	18,278	7,458	2%	7%
SIS	39,997	38,122	1,875	4%	14%
IBF Servizi	8,425	3,028	5,397	1%	1%
CAI	970,259	167,711	802,548	87%	62%
BIA	10,047	-	10,047	1%	0%
PV	1,120,394	268,540	851,854	100%	100%

Production value by sector	31/12/2022 Consolidated	31/12/2021 Consolidated	Change	31/12/2022 In % of Tot	31/12/2021 In % of Tot
Agricultural	46,306	28,100	18,206	4%	10%
Livestock	21,115	15,787	5,328	2%	6%
Industrial/Packaged	36,602	18,691	17,911	3%	7%
Agricultural services (precision farming)	10,681	3,261	7,420	1%	1%
Intra-sectoral eliminations	(12,485)	(8,929)	(3,556)	(1%)	(-3%)
Tot. Agro-Industry	102,219	56,910	45,309	9%	21%
Seeds	106,989	62,049	44,940	10%	23%
Fuels	345,617	72,860	272,757	31%	27%
CAI	557,650	70,924	486,726	50%	26%
Services/Other	7,920	5,797	2,123	1%	2%
PV	1,120,394	268,540	851,854	100%	100%

Production value increased compared to the previous year mainly due to the increase in volumes generated by all business areas.

2. EPIDEMIOLOGICAL EMERGENCY FROM COVID 19 AND THE RUSSIAN-UKRAINIAN CONFLICT

The epidemiology from Covid 19 also characterised the course of the first half of 2022, albeit with lesser impacts in terms of mobility and pandemic risk.

With the decree of 24 March 2022, the Draghi government set the road map for the end of restrictions. A tight schedule of gradual lifting of the bans and obligations that have accompanied us so far in these two pandemic years. As is well known, the Covid state of emergency ended on 31 March, and we have returned to a near-normal state of living with the virus, which is likely to last for years, as experts warn.

In spite of this changed context, in 2022 the Group has maintained the measures and procedures already initiated during 2020 and 2021, while gradually easing the imposition and strict measures to allow normal conditions to begin, always within the framework of the regulations in force.

Although current regulations have eased the restrictions, the Group has never stopped operating and has made it a priority to ensure the safety of all employees, stakeholders and consumers, in line with the instructions of the relevant authorities, in order to ensure the continuity of the production and procurement process.

The Group continues, within its own organisation, to guarantee all health and safety measures in compliance both with the provisions issued from time to time by the Government and by the individual Regions where the production sites are located.

The measures in force to date envisage the following in summary:

- require all company employees to respect the rules of hygiene and social distancing laid down;
- place and constantly stock common areas, offices and facilities with antibacterial sanitisers;
- intensify the sanitisation of working areas.

With regard to the more general issue of health and safety in the workplace, the BF Group operates in a sector characterised by relatively higher rates of accidents and occupational diseases than other sectors, which can be explained by the specific nature of typical operations, particularly manual ones, involving the movement of loads, the use of heavy machinery, the handling of vehicles, and field work. All BF Group companies scrupulously apply accident prevention regulations and related prevention programmes.

Thanks to the training of personnel, the consequent increased attention paid by each operator, increasing technological innovation and increased mechanisation, there has been a steady increase in the already high levels of safety, confirmed by the improvements in the main occupational health and safety indicators achieved by the BF Group.

In compliance with Legislative Decree no. 81/2008, a Prevention and Protection Service Manager (RSPP), company doctor and emergency team have been appointed in each Group company.

RUSSIA - UKRAINE CONFLICT

The current pandemic context and the impact of the Russia-Ukraine conflict was also taken into account in connection with the assessments made on the economic outlook, noting in the estimates the negative global repercussions on financial markets of commodity prices, in particular energy commodities, the circulation of goods and the inflationary price dynamics. It should be noted that the Group does not operate either directly or indirectly in the Russian and/or Ukrainian markets. Therefore, the effects on economic performance are those solely attributable to the evolution of the global macroeconomic framework.

The Group was and is affected in all sectors of its business by the indirect consequences of the Russian-Ukrainian conflict, such as the increase in the prices of raw materials, the increase in energy costs, the increase in interest rates and other aspects related to the inflationary trend, while the Group's internal supply chain integration has guaranteed and continues to guarantee the procurement of raw materials for the processing and marketing of agro-food products. During 2022, the increase in energy, transport and raw material costs was substantially absorbed by the increase in the sales prices of goods and services produced by the Group without significantly affecting profitability and the results recorded compared to the forecasts made.

In addition to what is described above, the areas of the financial statements that are being monitored most closely at present are those of loans to customers (in order to promptly identify any new bad loans, which, however, have not manifested themselves appreciably at present), and of inventories, in order to observe any reductions in product turnover rates, which again have not occurred, highlighting a rather counter-cyclical dynamic at present.

In addition, the Directors believe that the financial conditions in which the Group currently finds itself, which has also benefited from recent capital increases, do not call into question its solvency in the short term and, on the contrary, guarantee greater autonomy to take the measures deemed necessary to preserve the achievement of its objectives. Finally, at present, despite the strong fluctuations suffered by world stock market prices as a result of the situation described above and the increased macroeconomic instability generated by the Russia-Ukraine conflict, the current stock market value of the shares of B.F. S.p.A. is higher than the corresponding values implied in the consolidated equity at 31 December 2022.

3. SIGNIFICANT EVENTS IN 2022

The following significant events occurred during 2022:

- i. Sale in several tranches of an 11.93% shareholding in the company Bonifiche Ferraresi S.p.A. Società Agricola;
- ii. Results of the rights offering and pre-emption of shares for which the right of withdrawal had been exercised;
- iii. Resolution to approve a dividend of Euro 0.030 per share;
- iv. Appointment of the Board of Directors for the three-year period 2022 - 2024 and determination of the relevant remuneration;
- v. Supply chain integration of BF S.p.A. and development and growth of Consorzi Agrari d'Italia S.p.A. (CAI)
- vi. Acquisition of control of the company BIA S.p.A.;
- vii. Acquisition of control of the company Pastificio Fabianelli S.p.A.;
- viii. Acquisition of control of the company Zoo Assets S.r.l.;
- ix. Transfer of control of IBF Servizi S.p.A.;
- x. Vertical group integration: Seed Hub;

The following is a summary of the operations indicated.

- i. Sale in several tranches of an 11.93% shareholding in the company Bonifiche Ferraresi S.p.A. Società Agricola;

During 2022, as part of the process of strengthening and enhancing the value of the subsidiary Bonifiche Ferraresi started in 2021, through the entry of one or more parties interested in sharing in the group's development in the agri-tech & food sector, BF S.p.A. sold a total of 11.93% of the share capital held in the subsidiary, whose shareholding therefore decreased from 90.25% at 31 December 2021 to 78.33% at 31 December 2022.

In total, the following minority shareholding disposals were carried out sequentially during 2022:

- On 1 June 2022, BF S.p.A. sold 0.625% of the share capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to LEB S.r.l. (Loacker Group). The consideration recognised for the transaction amounted to Euro 2.5 million;
- On 17 June 2022, BF S.p.A. sold 1.50% of the capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to Fondazione Sardegna. The consideration recognised for the transaction amounted to Euro 6 million;
- On 13 October 2022, BF S.p.A. sold 1.25% of the capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to Finsipo S.r.l. (Salvi Group). The consideration recognised for the transaction amounted to Euro 5 million;
- On 22 December 2022, BF S.p.A. sold 0.55% of the capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to Fondazione Banca del Monte di Lombardia. The consideration recognised for the transaction amounted to Euro 2 million;
- On 23 December 2022, BF S.p.A. sold 3% of the capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to Compagnia Valdostana delle Acque - Compagnie Valdotaïne des Eaux S.p.A. The consideration recognised for the transaction amounted to Euro 12 million;

- On 29 December 2022, BF S.p.A. sold 5% of the capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola to Eni Natural Energies S.p.A. The consideration recognised for the transaction amounted to Euro 20 million.

As part of the above transactions, BF S.p.A. sold a total of 11.93% of the share capital of its subsidiary Bonifiche Ferraresi S.p.A. Società Agricola for a total value of Euro 48 million. These transactions, even if entered into with third parties, fall within the scope of IFRS 10 relating to changes in interest in the subsidiary that do not result in a loss of control and are therefore accounted for as equity transactions.

It should be noted that the above transactions were carried out in implementation of the plan to enhance the value of the subsidiary Bonifiche Ferraresi through the entry of one or more parties (provided that BF S.p.A. retains control) interested in sharing in the BF Group's development in the Agri-tech & Food sector and, more generally, in consolidating and strengthening the BF Group's network in the Italian agri-food industry, initiatives in which BF intends to invest the proceeds from such enhancement.

- ii. Results of the rights offering and pre-emption of shares for which the right of withdrawal had been exercised;

In connection with the amendments to the articles of association approved by the extraordinary shareholders' meeting of B.F. S.p.A. on 21 December 2021 and, in particular, to the amendment of the corporate purpose, pursuant to Article 6, and the insertion of a new Article 5 entitled "Purpose of the Company", as well as, following the exercise of the right of withdrawal for 12,400 shares of BF, representing approximately 0.0066% of the share capital (the "Shares"), on 16 February 2022, the acceptance period ended for the option and pre-emption offer pursuant to Article 2437-quater, paragraph 2, of the Italian Civil Code (the "Offer") addressed to the shareholders who did not exercise, in whole or in part, their withdrawal right to purchase the Shares at the Liquidation Value.

In the context of said Offer, all 12,400 Shares were allotted, both as a result of the exercise of option rights and as a result of the exercise of option rights, pursuant to Article 2437-quater of the Italian Civil Code, second and third paragraphs.

BF proceeded to liquidation with a value date of 23 February 2022.

- iii. Resolution to approve a dividend of Euro 0.030 per share;

The Shareholders' Meeting, which met on 10 May 2022 and approved the company's financial statements at 31 December 2021, simultaneously resolved to distribute a total dividend of Euro 0.030 per share.

In detail, the Shareholders' Meeting resolved to allocate the year's profit of Euro 9,100,066.66 as follows:

- Euro 3,149,086.98, to "Non-distributable profit reserve", unavailable pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005;
- Euro 297,548.98 to the "Legal Reserve";
- Euro 5,611,786.95 to the Shareholders as dividend, equal to Euro 0.030 per share;
- Euro 41,643.75 to "Profits available for distribution reserve".

The dividend was paid with an ex-dividend date of 23 May 2022 (coupon number 6), record date 24 May 2022 and payment date 25 May 2022.

- iv. Appointment of the Board of Directors for the three-year period 2022 - 2024 and determination of the relevant remuneration;

The Shareholders' Meeting, which met on 10 May 2022 and approved the company's financial statements at 31 December 2021, simultaneously appointed as directors for the three-year period 2022-2024, and therefore until the Meeting convened for the approval of the financial statements at 31 December 2024, the following:

1. Giuseppe Andreano*;
2. Maria Teresa Bianchi*;

3. Michele Pisante*;
4. Federico Vecchioni**;
5. Rossella Locatelli**;
6. Gianluca Lelli**;
7. Stefania Quintavalla**;
8. Emilio Giorgi**;
9. Gabriella Fantolino**;
10. Claudia Sorlini***;
11. Andrea Bignami***.

* drawn from the list presented by the shareholder Dompé Holdings s.r.l., owner of 20.04% of the BF share capital, which obtained 26.92% of the votes cast at the Shareholders' Meeting.

** taken from the list presented by the shareholder ARUM S.p.A., owner of 19.67% of the BF share capital, which obtained 50.18% of the votes cast at the Shareholders' Meeting and was therefore the list voted by the majority.

*** taken from the list presented by the shareholder Fondazione Cariplo, owner of 19.29% of the BF share capital, which obtained 22.90% of the votes cast at the Shareholders' Meeting.

The Shareholders' Meeting resolved to approve a total emolument of Euro 220,000, gross of withholding taxes and accessories required by law, where applicable, pro rata temporis and during the term of office, for each financial year, in addition to the reimbursement of expenses, delegating the Board of Directors to allocate the relative amount pursuant to Article 2389, paragraph 3 of the Italian Civil Code, without prejudice to any remuneration for Directors holding special offices that may be assigned by the Board of Directors pursuant to Article 2389, paragraph 3 of the Italian Civil Code.

- v. Supply chain integration of BF S.p.A. and development and growth of Consorzi Agrari d'Italia S.p.A. (CAI);

Furthermore, on 13 April 2022, the Board of Directors of B.F. S.p.A. approved: (a) the overall transaction (the "Transaction") involving: (i) the transfer by Consorzio Agrario Nordest Società Cooperativa ("Consorzio Nordest") to CAI of the business unit consisting of the company assets instrumental to the marketing, production and supply of agricultural services and products (i.e. all the assets, tangible and intangible, relative to the core business carried out by Consorzio Nordest) together with certain real estate instrumental to the core business, plant and equipment (with the exception of machinery relating to the mechanisation sector), intangible assets, working capital, personnel and related liabilities, and a portion of the financial debt, to release the share capital increase reserved for the same (the "Consorzio Nordest Capital Increase") and (ii) the subscription by BF of a Euro 25 million cash capital increase reserved for the same (the "BF Capital Increase"); and (iii) the signing of the investment agreement between BF, the other current shareholders of CAI (Società Consortile Consorzi Agrari D'Italia S.c.p.A., Consorzio Agrario dell'Emilia Società Cooperativa, Consorzio Agrario Del Tirreno Società Cooperativa, Consorzio Agrario Centro Sud Società Cooperativa and Consorzio Agrario Adriatico Società Cooperativa, the "Current Shareholders' Consortia"), CAI and Consorzio Nordest (the "Agreement") containing the terms and conditions of the Transaction.

On 28 July 2022, Consorzio Agrario Nordest Società Cooperativa, following the reorganisation process aimed at integrating into CAI the activities developed by the agrarian consortia started during the year 2020, transferred its Operating Business Unit to CAI, with legal effectiveness postdated at 00.01 on 1 September 2022.

As a result of this transaction, the controlling shareholding in CAI S.p.A. is currently 35.89%. For a more in-depth examination of the transaction, please refer to the specific section later in this Financial Report.

- vi. Acquisition of control of the company BIA S.p.A.;

On 14 July 2022, the parent company B.F. S.p.A. signed a contract for the purchase of a shareholding equal to the entire share capital of BIA S.p.A. from Alto Partners SGR S.p.A. (owner of 95% of BIA capital) and GESCAD S.p.A. (owner of 5% of BIA capital). The transaction was closed on 14 October 2022 and is part of the Group's broader cereal cluster development project. BIA S.p.A. is active in the production and marketing of couscous

from the Italian supply chain. Following the acquisition, BF S.p.A. sold 28.5% of the subsidiary's share capital. At the closing date of this report, therefore, the investee company was 71.5% owned.

- vii. Acquisition of control of the company Pastificio Fabianelli S.p.A;
On 28 December 2022, the subsidiary CAI S.p.A. acquired for a consideration of Euro 3 million, 30% of the share capital of the company Pastificio Fabianelli S.p.A., formerly an associate company following the BF purchase of 30% of the share capital for a consideration of Euro 3 million in April 2022. The investment is therefore held by the parent company with an interest of 40.77% (30% direct and 30% indirect through the subsidiary CAI).
- viii. Acquisition of control of the company Zoo Assets S.r.l.;
On 16 December 2022, CAI acquired 52% of the share capital of Zoo Assets S.r.l. at a price of Euro 2,080 thousand. Zoo Assets is active in the livestock industry. With this acquisition, CAI integrates the range of products and services to livestock farmers, combining animal welfare and sustainability, with the aim of reducing atmospheric emissions and the use of drugs through natural, 100% plant-based products without chemical additives.
- ix. Transfer of control of IBF Servizi S.p.A.;
On 23 December 2022, BF and Nextalia SGR, on behalf of the Nextalia Private Equity Fund, signed a binding agreement for the sale by BF Agricola and other minority shareholders, of the entire share capital of IBF Servizi S.p.A. ("IBF"), Italy's leading operator in precision farming services, technological innovation and professional software solutions for the agri-food sector.
More specifically, the structure of the transaction provided for the acquisition, by a newly incorporated company indirectly controlled by Nextalia, of the entire capital of IBF (and therefore indirectly of its subsidiary Agronica Group S.r.l.), at a purchase price of Euro 50 million, and the simultaneous creation of a strategic partnership with BF and its investee Consorzi Agrari d'Italia S.p.A. ("CAI").
At the date the binding agreement was signed, the completion of the transaction was subject to (i) the obtaining of the Golden Power authorisation and (ii) the completion of the acquisition by IBF of the entire share capital of its subsidiary Agronica Group S.r.l., from the current minority shareholders.
These conditions precedent were fulfilled by 30 December 2022 and the above transaction was executed on that date.
BF Agricola, after the sale, reinvested, through the subscription of a capital increase, part of the purchase price received in the company, in order to hold a shareholding of about 20% of the share capital of Agri-Holding S.p.A..
The articles of association of Agri-Holding S.p.A. provide: (i) certain veto powers over BF Agricola both in the Shareholders' Meeting and in the Board of Directors; (ii) BF Agricola right to appoint the Chair of the Board of Directors, a statutory auditor and an alternate auditor; (iii) clauses limiting the circulation of shares (three-year lock-up for BF Agricola, pre-emption).
As part of this transaction, also signed were (i) multi-year agreements for the exclusive provision of agronomic advisory services and technology solutions by IBF to the entire BF Group, and (ii) an exclusive agreement with CAI for the distribution of services rendered by IBF, to accompany farmers in the digital transition process of the agricultural sector.
As a result of this transaction, the subsidiary's shareholding in IBF Servizi was deconsolidated, and consequently a capital gain of Euro 18 million was recognised in the consolidated income statement (after transaction costs).
- x. Vertical integration: Seed Hub;
On 22 December 2022, the Board of Directors of SIS resolved to call an Extraordinary Shareholders' Meeting whose agenda included a proposal for (1) a paid share capital increase, divisible, with the exclusion of option rights, to be paid in cash and to be offered to shareholders in proportion to the number of shares held, for a total of Euro 23.4 million and a proposal for (2) a paid share capital increase, divisible, to be paid in cash and offered to shareholders in proportion to the number of shares held for a total of Euro 4 million.

The purpose of the overall transaction is to transfer to SIS the ownership of the industrial business unit held by CAI, organised to carry out seed multiplication and processing activities. This group reorganisation was put in place with a view to strengthening the Group's presence in the seed market, a sector that is considered strategic and whose marketing activities in the territory remained with CAI. The commercial relations between CAI and SIS have been defined in a commercial agreement between the two companies, which defines their operating methods, fees and mutual commitments and rights.

The transaction was executed in January 2023. More precisely, the actual integration into SIS of the CAI Industrial Seed Business Unit was realised (with legal effect as of 01.02.2023) through a transfer of the aforementioned BU to SIS. In particular, a paid share capital increase was approved by the shareholders of SIS, with the exclusion of option rights pursuant to Article 2441, paragraph 4(1) of the Italian Civil Code, which was paid off by CAI through the transfer of the aforementioned business unit. It should be noted that pursuant to applicable regulations, the SIS Board of Directors prepared an illustrative report that, among other things, illustrated the "reasons" for the transaction as well as "the criteria adopted to determine the issue price" of the new shares resulting from the Capital Increase in Kind, and furthermore, the directors had a fairness opinion on the appropriateness of the issue price, for the Capital Increase in Kind, set by the same Board, prepared by the independent expert Fabrizio Pea, all of which was made available to shareholders in the time and manner required to decide on the transaction.

In addition, the SIS Shareholders' Meeting also resolved on a cash share capital increase, divisible, to be offered as an option to shareholders in strict proportion to the number of shares held, with the assignment to the same shareholders who make a simultaneous request, pursuant to Article 2441, paragraph 3, of the Italian Civil Code, of the right of pre-emption to purchase the shares that remained unopted and to be completed within the legal terms. In particular, a divisible cash capital increase was planned to be realised through the issue of 6,950,123 shares, for a total of Euro 4,000,000.00, of which Euro 3,614,064.00 was to be allocated as capital and Euro 385,936.00 as share premium.

4. ECONOMIC AND FINANCIAL RESULTS

In order to allow for a better assessment of the economic and financial performance, the following tables also show some "Alternative Performance Indicators" that are not required by IFRS. The figures below are in thousands of Euro unless expressly stated.

	31/12/2022	31/12/2021	CHANGES	31/12/2022
Carrying amounts and Alternative Performance Indicators		Euro/000	Euro/000	In % of PV
REVENUES FROM SALES	1,061,878	283,458	778,421	95%
PRODUCTION VALUE (PV)	1,120,394	268,540	851,854	100%
GROSS OPERATING RESULT (EBITDA) (1)	56,804	16,294	40,510	5%
OPERATING RESULT (EBIT) (1)	20,251	2,545	17,707	2%
PRE-TAX RESULT	13,608	328	13,280	1%
RESULT FOR THE YEAR	9,336	625	8,711	1%

With regard to the net financial debt parameter, please refer to Note 17 for information and calculation.

ROE (Return on Equity) (1)	31/12/2022	31/12/2021	CHANGES
Net result for the period	9,336	625	8,711
Equity	698,670	603,798	94,872
	1.34%	0.10%	

(1) Refer to as outlined in paragraph 6. Alternative performance indicators. As far as EBITDA is concerned, it was considered net of costs incurred strictly related to the transfer to CAI of the Consorzio Agrario del Nord Est operating BU and relative to costs for legal expenses, appraisals and due diligence, amounting to Euro 1,763 thousand

The production value stood at Euro 1.1 billion, compared to about Euro 270 million in 2021. The growth stems from the increase in volumes due to the change in the scope of consolidation that occurred significantly in the second half of 2021 following the full consolidation of the subsidiary CAI. Also effective in 2022, with effect from 1 September, was the contribution of the operating BU of the Consorzio del Nord Est to CAI.

EBITDA was Euro 57 million, up from Euro 16 million in 2021, as a result of the increase in the production value described above and the capital gain realised during the year from the sale of the subsidiary IBF Servizi described above.

The net operating result (EBIT), on the other hand, was over Euro 21 million.

The Group ended 2022 with a profit of Euro 9.3 million compared to a profit of Euro 0.6 million in 2021.

Net financial debt went from a balance of about Euro 26 million at the end of 2021 to a balance of about Euro 180 million at 31 December 2022; the main reason for the change, in addition to the contribution of the net debt resulting from the transfer of Consorzio Agrario del Nord Est, is explained by the trend of the financial cycle influenced by cyclicity and the nature of the Group's business. In addition to this typical business characteristic, there is also the dynamic of investments made during the period and consequent to the strengthening of the Group's supply chain integration strategy.

5. COMPANY INFORMATION

5.1 SHARE CAPITAL INFORMATION

Share capital at 31 December 2022

Number of Ordinary Shares at 31 December 2022 187,059,565 without nominal value
Share Capital fully paid-up Euro 187,059,565

Shareholders with significant shareholdings at 31 December 2022

Shareholder	%
Dompè Holdings S.r.l.	24.58%
Federico Vecchioni (directly and indirectly)	20.31%
Fondazione Cariplo	15.29%
ISMEA - Istituto di Servizi per il Mercato Agricolo Alimentare	6.04%
TOTAL	66.21%

5.2 HEALTH, SAFETY AND ENVIRONMENT

ACTIVITIES RELATED TO OCCUPATIONAL HEALTH AND SAFETY

The main activities carried out or commenced in the first half of 2022 by the Group are outlined below.

All BF Group companies have a Covid-19 anti-contagion protocol, which has been scrupulously observed by the workers, who have shown to be attentive and participative in respecting the rules. Despite these efforts, there were cases of contagion, which the Group's companies promptly dealt with in accordance with the law. Covid Committees were established in all local units of all companies.

The work of reviewing and updating the Risk Assessment Documents continued in 2022. The results of the assessments were discussed at the periodic safety meetings required by current legislation (Article 35 Legislative Decree no. 81/80) during which the progress of the training processes and the results of the health surveillance carried out on employees were also examined.

Training activities continued in 2022 while complying with anti-contagion rules and with particular reference to compulsory training on health and safety in the workplace by replacing, where permitted by the regulations, in-person courses with video conference or e-learning courses.

The audit programme required by the application of the organisational model continued during the period, with no significant exceptions noted.

ACTIVITIES RELATED TO THE ENVIRONMENT

In 2022, there were no incidents with significant impacts on environmental aspects (soil, subsoil, surface water and biodiversity).

The audit programme required by the application of the organisational model continued during the year without any significant exceptions being noted.

5.3 RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Group essentially bears the risks associated with the activities of its subsidiaries, which, in any case, have developed a risk management model based on the principles of Enterprise Risk Management (ERM), the main purpose of which is to adopt a systematic approach to identifying the companies' main risks, to assess their potential negative effects and to take appropriate action to mitigate the potential effects.

The main risk factors are outlined below.

RISK FACTORS

- **Volume risks**

Production volumes are subject to variability mainly due to weather conditions. Climatic phenomena that are able to influence the agricultural cycle can in fact lead to significant reductions in production, thus potentially making it difficult to meet customer demands and/or to comply with expected delivery dates.

The Directors believe that they have adopted safeguards to mitigate these risks, thanks in part to crop diversification, the use of specific cultivation techniques in agronomic operations, such as interventions aimed at reducing the varying structure and composition of soils, and practices aimed at reducing the impact of extraordinary weather events that mitigate natural variability. Similarly, the planning of inventories and volumes within the Group's various warehouses makes it possible to contain the possible impact of excess demand or contraction of required volumes.

The Group continuously takes out insurance coverage to protect itself against operational risks, in particular the risk of damage caused by adverse weather conditions on all crops grown on the estates, verifying for each crop the type of adverse event that can be insured and taking into account the cultivation and ripening period and the type of soil.

- **Credit risk**

The Group diversifies the credit quality of the counterparty on the basis of internal or external ratings and sets regularly monitored credit limits.

- **Liquidity and cash flow risk**

In view of its ability to generate positive cash flows from operations, the Group constantly monitors both the availability of financial resources and its access to the credit market and its financial exposure. As a result of the macroeconomic situation characterised by strong uncertainty in the commodity markets, and widespread economic instability in general, the Group pays particular attention to the management of its financial assets.

- **Climate change risks**

The agricultural and livestock sectors in which the Group operates are exposed to risks arising from climate change. Downstream product processing activities are less directly affected by this change. However the activity of selling goods and services to the agricultural market is also affected by this risk. In particular, transitional risks and physical risks can be identified.

The former include political/regulatory, technological, market and reputational risks; in this specific case, the risks mainly related to the Group's activities refer to the possibility that market conditions may change due to the increased attention of consumers and legislators to the pollution produced by certain production activities or the inefficient use of resources. To guard against these risks, the Group has long been committed to developing more soil-friendly and less invasive methods of growing agricultural products through the practices of geo-referencing and precision farming.

The physical risks associated with climate change, on the other hand, take the form of the increasingly frequent occurrence of acute climatic adversities (such as flood storms, heat waves, hailstorms) and chronic climatic adversities (such as prolonged periods of drought, loss of biodiversity or reduced water availability for irrigation purposes). On these aspects, the Group's attention is maximised and the measures undertaken have led to a greater geographical diversification of the farms managed, a diversification of crops and an expansion of water systems to irrigate new land.

In the area of covering energy needs, the Group continues to pursue a policy of progressive energy autonomy from renewable sources, through the construction of photovoltaic plants and their valorisation through partnerships with a major operator specialised in the sector.

In the agri-food sector - which is one of the main areas in the battle against global warming - the reduction of the impacts of agricultural activity can be achieved through a variety of plans, programmes and actions. The intervention strategies identified by the Group to address and solve climate change problems can be grouped into two main strands:

- 1) **Mitigation strategies:** capable of acting on the causes of the phenomenon by seeking a reduction or stabilisation of greenhouse gas emissions. Examples of this are the use of organic fertilisers, improved cattle breeding and manure management techniques. This is accompanied by agronomic sustainability practices, such as the cultivation of plants (cover crops) that improve soil fertility and optimise soil management techniques, improving fertility and CO₂ storage.
- 2) **Adaptation strategies:** capable of acting on the effects through plans, programmes and actions that minimise the impacts of climate change. Examples are the redefinition of the sowing calendar and the varieties sown, the relocation of crops to other areas, and the improvement of land management techniques.

The effects related to the potential negative impacts of climate change have also been addressed by the Group in the planning of economic activities for the financial year 2022, expressed in numerical synthesis in the formulation and approval of the 2023 Budget document and in the multi-year programme plan, for the description of which please refer to the continuation of this document.

Furthermore, during the second half of 2022, the Group further strengthened its focus on possible risks/opportunities related to the impact of climate change through the preparation and definition of a qualitative sustainability and climate risk assessment.

Risk Assessment

With regard to risk assessment, the Group, with the help of external professionals, has carried out a preliminary mapping through the observation of the corporate context and the guidelines applicable to it, also in relation to the business sectors in which the entire Group operates, thus looking at the role that the companies analysed have in the chain.

Taking the recommendations of the TCFD as a reference, the risks and opportunities related to climate change applicable to the companies in the scope of analysis included in the Agro-industrial, Seed, CAI and Fuels divisions were identified, and, in particular, potential transition risks and physical risks were identified.

Among the former, compliance, market, technological and reputational risks were analysed and defined. Physical risk, on the other hand, may result from extreme weather events (acute physical risk) or from chronic climatic factors (chronic physical risk). Opportunities, on the other hand, included those related to resource efficiency, energy efficiency, product and service development and market opportunities.

For each of these categories, a number of "typical" risks have been defined in the abstract, depending on the sector and the Group's specificities, and a mapping of the risks and opportunities deemed applicable to the BF Group and an initial qualitative assessment have been carried out.

As far as the **CAI** division is concerned, in general, most of the risks identified can be considered to be connected to CAI S.p.A. only indirectly: since it operates mainly as an intermediary in the supply chain and as a commercial entity, in fact, the applicable risks/opportunities are intrinsically linked to those to which the agricultural sector is subject. The risks to which the division is most exposed are mainly related to the inherent seasonality of the industry, possible changes in subsidies and regulatory provisions, and the chronic effects of climate change in the long term. With regard to the latter,

however, the risk is considered by management as remote with respect to the time horizon considered in the company's strategic plans.

Precision farming represents a significant opportunity to address the transition and adaptation to climate change. In this sense, CAI plays an accompanying role for companies and farmers, including this model of agriculture among the strategic lines of its multi-year programme, in order to prospectively offer innovative services and technologies, in connection in particular with IBF Servizi as a privileged business partner.

With regard to energy transition, a number of projects and feasibility studies are already in place to reduce consumption and adopt strategies oriented towards the green economy, evaluated as an investment opportunity.

As far as the **Eurocap** division is concerned, risks are constantly assessed, through the definition/updating of business plans, and it is also an active and integrated participant in sector working groups (e.g. Assopetroli) on energy transition issues. Management believes that the current energy transition does not have any significant short- or medium-term impact on Eurocap business, as at the regulatory level there is no imminent change related to the trading of automotive and agricultural fuels that is in place that may require the attention of this subsidiary company. With reference to the latest regulatory developments on the stop of internal combustion engines by 2035, it should be noted that these bans do not apply to commercial and agricultural vehicles, and therefore do not involve Eurocap Petroli core business at present.

The most significant risks to which Eurocap Petroli is subject are those arising from possible slowdowns or changes in practices in the agricultural sector, which accounts for the largest percentage of volumes sold in Extra network. Agricultural fuel also has a lower excise (product tax) regime than transport fuel, and any changes to these concessions could cause greater difficulties for farms, also affecting Eurocap sales. It should be noted, however, that these concessions are currently available and represent an opportunity and a form of protection for the sector in which this subsidiary operates.

Eurocap represents the main intermediary between major fuel companies, such as ENI and API, and the agricultural sector, acting as an interlocutor and promoter for the definition of a fuel with an innovative technological profile specifically for agriculture.

In general, Eurocap presents itself as a well-established company, whose market strategy is based on a solid and rationalised presence throughout the country. The products it distributes are mature in the market and the division's management does not foresee any radical changes that would challenge its business in the near future.

As far as the **agricultural** division (Agro-Industrial and Seed) is concerned, the risks and opportunities related to climate change that are relevant for the Group and, in particular, for the Agro-Industrial sector, are both direct and indirect. Based on the assessments from the Group's ERM, the main risks for the division in question are the general rise in temperature (chronic physical risk), the depletion and pollution of the water sources on which the company relies, the over-exploitation of soil as a result of cultivation activities, and the inadequate reconciliation of the cultivation plan with expected climatic conditions. These risks entail impacts on the company's business, such as:

- decrease in available product quantities with possible consequences on the ability to meet supply and market demand;
- negative impacts in terms of the quality of marketed products, both on the purchase and sales side;
- possible negative impacts on the volatility of commodity prices and seasonally-related product prices with consequent negative financial repercussions.

In order to provide a summary of the Group and the risk factors arising from climate change to which it is transversally exposed, it is noted that the downstream activities of product processing are less directly affected by this change. However, the activity of selling goods and services to the agricultural market is more affected by this risk.

In this context, the risk assessment prepared on the Group's main divisions (CAI and Eurocap Petroli) did not reveal any relevant aspects with respect to the acute risk of climate change, i.e. linked to extreme and increasingly frequent weather events. The assets of these companies are mainly of a commercial nature (e.g. agencies and logistics and storage centres for CAI; warehouses, tanks and commercial premises for Eurocap). These types of assets have not suffered

significant damage from such events in the past, and insurance coverage for exogenous factors, including weather, is considered adequate to handle any unforeseen burdens.

Another aspect considered is instead the consideration of the impacts that an acute event can have across all divisions of the Group in terms of transition, such as shortage/lack of raw material or sudden and uncontrolled increase in purchase price. As a rule, however, management regards these impacts as medium and in any case manageable due to the following:

- the diversification of raw material source areas, in the face of "localised" exogenous events;
- the presence of supply chain contracts as a "buffer" against price volatility;
- the contraction of volumes is counterbalanced by the intermediary role in the sector, and thus a potential increase in margins.

On the other hand, as far as "chronic" risk is concerned, it is indirectly relevant to the extent that, particularly for CAI, there may be a depletion of resources, raw material and thus marketed products (e.g. due to prolonged drought, loss of biodiversity and reduced water availability). The risk of a displacement of agricultural raw materials and products marketed by CAI to date is not considered relevant except in the long term.

With regard to the lower availability of water resources, the Group does not consider it directly relevant to the business as it has limited consumption and limited use in predominantly commercial activities. However, the Group's overall focus on adopting technical solutions to contain consumption and the introduction of irrigation techniques and assets that minimise water withdrawal is emphasised. In fact, thanks to innovative technologies introduced in the Agro-Industrial Division, the Group monitors crops, and in particular identifies those best suited to the type of soil, in order to optimise the use of technical means, the fertilisation and sowing plan, and yields, with consequent benefits on product quality. By monitoring and analysing climatic data, the Group defines an adequate water supply for crops, which is also optimised by precision irrigation systems.

In addition, we highlight the Group's proactive role in providing its customers with professional service and awareness in the introduction of innovative and predictive practices, digital services (e.g. in partnership with IBF Servizi) and in encouraging precision farming. From this point of view, the transition risks associated with chronic climate change can turn into opportunities.

A relevant aspect for the Group as a whole is the regulatory developments related to environmental requirements for products and services, energy transition and towards a low-carbon economy. For Eurocap, in particular, it is important to continuously monitor, also through participation in trade and industry associations, and as part of the interface with the main oil and gas operators, policies on the production and distribution of fossil products. However, the automotive fuel used in agriculture, and representing the Eurocap main product, is considered a "mature" product, in respect of which continued research into its "green" and organic composition leads to an improvement in the environmental characteristics of the product, which, however, appears difficult to replace in the medium term.

In terms of opportunities, however, the following areas are of particular interest:

1. Energy efficiency and the adoption of energy transition policies towards renewables, envisaging on the one hand, collaborations and activation of agreements with leading operators in the energy&utilities world (e.g. through BF Energy and with the promoting role of BF S.p.A.) and, on the other hand, the launch of significant investment plans for the modernisation of infrastructures and assets, reducing consumption and cutting emissions;
2. The proactivity and the push for technology and digitalisation, also thanks to the strong collaboration and integration within the Group. In particular, the push towards the use of careful techniques and practices supported by innovative and digital solutions (e.g. with IBF Servizi) to promote precision farming, develop more soil-friendly and less invasive cultivation methods, and the use of geo-referencing, are a key element of the Group's business strategy;
3. Development through Agrienergy, in partnership with ENI, of research and experimentation activities in the development of oil seeds for use in bio-refineries;

4. The possible activation of external partnerships, research agreements and the increase of R&D activities, including strengthening collaboration between the Group's different cores to develop products and services geared to intercept market opportunities, reacting proactively to regulatory developments and changing customer habits/preferences. In this context, SIS appears to be the Group's most suitable operator to take the lead, experimenting with the introduction of seeds that are resilient to phenomena such as drought or flooding, a product that is particularly interesting for foreign markets and geographical areas that are dramatically exposed to chronic and acute physical risk.

In summary, therefore, the overall risk assessment revealed for both the CAI and Eurocap divisions the presence of a remote risk with respect to the time horizon considered by the company in its strategic plans, also due to the aspects of opportunity and mitigation described above.

On the other hand, with regard to the agricultural division (Agro-industrial and Seed), whose impacts are estimated to be more marked, the Group has put in place a mix of actions envisaged in the 2023 crop plan, in its relative budget and in the multi-year programmatic plan, the data of which have been used for the purpose of preparing the impairment tests, for the discussion of which reference should be made to a specific section of the notes to the financial statements, in the following areas:

- search for the best crop rotations aimed at limiting climate risk (e.g. extension of sunflower hectares at the expense of tomatoes);
- caution in estimating second harvests in view of the potential risk of climate change (e.g. drought);
- planned rotation to improve fertility (legumes) as part of a multi-year programme;
- reduction in the use of chemicals in favour of organic substances (barn) and plant extracts;
- more conservative tillage techniques (limited ploughing and soil tillage), resulting in less use of mechanical means in favour also of containing costs and environmental impacts (approach towards sustainable agriculture);
- valorisation of land assets not only for purely agricultural activities but linked to the agri-business and agri-voltaic world;
- strengthening, in specific development areas such as the division in Sardinia, of local integration: the area is not only an organic plan but also fits into a purely livestock local context. With the start-up of the livestock asset, the cultivation plan was consequently remodelled (strengthening of alfalfa) with a potential further upside through the drying process, again with a view to containing the risk of climate change, by making specific investments;
- specific agricultural insurance coverage to compensate for potential crop damage caused by climatic events, specifically providing for the estimated burden of any deductibles;
- estimation of crop yields considering both the historical trend of the most recent years and also forecasting potential yield reductions to account for drought impacts;
- strengthening investments in irrigation and plant engineering aimed at reducing the dependence of crops on drought events.

- **Price and market risks**

The Group is exposed to the risk arising from changes in the price of commodities to the production of which part of the Group's business is dedicated (wheat, corn, soy, etc.). Commodity prices fluctuate continuously depending on the following main factors: product availability, weather events, current weather conditions at production locations, reports and news on future production estimates, geo-political tensions, government choices such as incentives, embargoes, tariffs and other tariff policies. Prices are not regulated in any way, nor are there any constraints imposed on their determination.

This means that the price can be considered highly volatile and characterised by potentially significant fluctuations, even in the order of 70%.

As recalled, global events leading to macro-economic uncertainties place even more emphasis on these risk factors.

To mitigate the exposure to price risk, the Group has developed a strategy to stabilise margins by using contractualisation spread over the year, based on continuous price monitoring, in addition to production diversification.

With reference to the aforementioned ongoing conflict between Russia and Ukraine, the trends in purchase prices of materials from these countries are constantly monitored, with particular reference to fertilisers, urea and animal feed.

With reference to the risks related to fluctuations in market prices and values used for the measurement of certain assets recognised in the financial statements, the items of the financial statements for the measurement of which a fair value is used are listed below, together with the qualification of the type of fair value used, according to the definitions provided by FRS 13:

- the fair value of property investments falls under level 2;
- the fair value of current crop advances falls within level 2;
- the fair value of financial instruments falls within level 3 in respect of other investments held in unlisted companies.

- **Interest rate risk (fair value and cash flow)**

The Group is subject to the risk of fluctuations in the interest rate on its debt. Changes in interest rates (EURIBOR) could have an effect on the increase or decrease of financing costs. In order to mitigate this risk, the Group has entered into interest rate hedging derivatives related to existing loan agreements.

- **Cyber security risk**

With a view to continuous innovation, which is the hallmark of BF Spa and therefore of the Group, new security systems have also been implemented in the area of IT security, further improving on the measures implemented last year. Specifically, BF Spa or the Group completed the migration of the entire server farm to a state-of-the-art hyper-converged solution. The backup system was replaced and real-time replication was introduced with a third "server node" on the cloud. With this type of technology, even in the event of a potentially disastrous event (disaster recovery), the company's operations are still guaranteed without any downtime for users (business continuity). Special attention was paid to the preservation of "critical" company files. The storage system allows up to 15 different versions of each file to be kept online at all times. This makes it possible to instantly retrieve a previous version (e.g. if the user has mistakenly saved changes). Using the same mechanism, the risk of a crypto-locker attack is also minimised, as all files rendered inaccessible by the virus can be recovered instantly.

Finally, with regard to perimeter security, the migration project to Sophos Central technology was completed. Each network device is then monitored through one central console. In the event of an attack on a PC, the system immediately isolates the machine, access point or switch so that the potential risk is isolated and thus cannot "spread" to the company level.

5.4. DISCLOSURE OF INDEPENDENT AUDITORS' FEES

According to the provisions of Article 149-duodecies of the Issuers' Regulations, implementing Legislative Decree no. 58 of 24 February 1998, it is hereby notified that the amount accrued for the audit of the consolidated and separate financial statements of BF and the other Group companies totalled Euro 510 thousand, exclusively considering fees net of expenses incurred for other activities. The following statement, prepared pursuant to Article 149-duodecies of the CONSOB Issuers' Regulations, shows the fees for the year 2022 for audit and non-audit services rendered by the independent auditors Deloitte & Touche SpA and entities belonging to its network.

Company	Service	Company	Fees
BF Spa	Audit	Deloitte & Touche S.p.A.	176
Bonifiche Ferraresi	Audit	Deloitte & Touche S.p.A.	13
BF Agricola	Audit	Deloitte & Touche S.p.A.	43
BF Agroindustriale	Audit	Deloitte & Touche S.p.A.	23
Sis	Audit	Deloitte & Touche S.p.A.	27
CAI	Audit	Deloitte & Touche S.p.A.	184
Ibf	Audit	Deloitte & Touche S.p.A.	44
CAI	Other	Deloitte & Touche S.p.A.	3
Sis	Other	Deloitte & Touche S.p.A.	4
Total			517

5.5 ATYPICAL AND/OR UNUSUAL TRANSACTIONS, SIGNIFICANT NON-RECURRING EVENTS AND OPERATIONS

In 2022, there were no atypical and/or unusual transactions and no significant non-recurring events and transactions, as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

5.6. OTHER INFORMATION

Pursuant to Article 2428 of the Italian Civil Code it is noted that:

- A) The Group carried out research and development activities in 2022, in continuity with the ones carried out at 31 December 2021, mainly in four areas: development of the packaged product pasta, rice, herbal teas and legumes; activities carried out by IBF Servizi SpA in order for it to increase its offerings regarding the provision of precision farming services; research and development activities carried out by the subsidiary SIS also in collaboration with international structures (CIMMYT, ICARDA, USDA GRIN-XZECK) in the field of germ-plasm in order to improve the genetic quality of seeds and, consequently, to create the prerequisites for registering new varieties with particular reference to soft and durum wheat, rice and soy.
- During the 2022 crop year, the Research and Development (R&D) sector, operating through its own Assay Centre authorised by the MASAF (Ministry of Agriculture, Food Sovereignty and Forestry), carried out intensive experimentation activities in collaboration with companies in the sector and research organisations on the main agronomic issues affecting crops in its territory. More than 140 trials were carried out on a total of more than 3,000 experimental plots.
- The main objective of the activity carried out is new technical solutions in the area of defence, fertilisation and bio-stimulation of the different plant species that are cultivated in the area.
- The results of this activity are then transferred to the respective business sectors (Phytopharmaceuticals, Fertilisers) and is preparatory to the selection of new products to be purchased from the multinationals in the sector and prepare our technical lines for the following crop year. Therefore, taking advantage of the results of this experimental work, the sector supports the technical network of CAI (phytopharmaceuticals and fertilisers) during the agricultural year with regular web-based meetings and specific meetings in the field. It should also be noted that since September 2022, the Group's Research and Development sector has been involved in the activities of a national research project Agri-tech (National Research Centre for Agricultural Technologies - Agriculture Spoke 2), the main objective of which is to find new technological approaches to reduce the use of traditional chemistry in agriculture, in line with the European Union's innovative directives on agro-environmental issues.

In particular, the experimentation and research activities during 2022 involved the main crops of our territory, investigating the agronomic problems that arise on individual species in order to seek solutions through the product innovations that international research makes available to us. On herbaceous crops, the main topics of experimentation concerned the defence and weed control of straw cereals. In this context, dedicated test fields have been set up in Tuscany and Apulia for the problems of weed resistance (ryegrass and poppy), in which all the solutions available to date have been compared; these fields are visited by technicians and farmers in the area. Specific activities with new products were also carried out to weed sugar beet, corn and sorghum. Trials were carried out on rice for "brusone" with new products also permitted in organic farming. Innovative lines of defence against "brown spot" fungal disease, which is causing extensive damage to pear trees, were tested on tree crops. In the vineyard, work continued with new products against mealybugs (Planococcus and Comstoki), dangerous pests that are widespread in almost all wine-growing areas in the centre-north. Also in vineyards, new resistance inducers against downy mildew and other fungal pathogens have been used in integrated and organic farming to reduce the use of classical chemistry.

- B) At 31 December 2022, there were no treasury shares in the BF portfolio; no transactions relating to treasury shares were carried out during the financial year.

6. ALTERNATIVE PERFORMANCE INDICATORS

In this Half-Year Financial Report, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators are presented, in order to allow for a better assessment of the economic performance and financial position. These indicators, which will also be presented in the other (annual and interim) financial reports, should not be considered as substitutes for the conventional ones codified by IFRS.

The alternative performance indicators used are as follows:

➤ EBITDA

This indicator is used by the Group as a financial target and is a useful unit of measurement for assessing the Group's operating performance in addition to **EBIT** (or Operating Result).

These indicators are determined as follows:

Pre-tax result
+ Financial expenses
+ Financial income
Ebit
+ Amortisation, Depreciation and Provisions for risks and receivables
+ Direct charges Nord-Est transfer to CAI
Ebitda

As far as EBITDA is concerned, it was considered net of costs incurred strictly related to the transfer to CAI of the Consorzio Agrario del Nord Est operating BU and relative to costs for legal expenses, appraisals and due diligence.

➤ Technical investments (Capex)

This indicator refers to the investments made in fixed assets and is determined by the algebraic sum of the values of purchases (INCREASES) and sales (DECREASES net of REVERSAL OF ACCUMULATED DEPRECIATION) of TANGIBLE ASSETS, PROPERTY INVESTMENTS and NON-CURRENT BIOLOGICAL ASSETS as reported in the Notes.

➤ **Net financial debt**

This indicator shows the Group's ability to meet its financial obligations, represented by gross financial debt, reduced by the balance of cash and other financial assets as reported in the Notes to this Financial Report. Net Financial Debt is determined in accordance with the provisions of paragraph 175 of the recommendations contained in document ESMA32-382-1138 of 4 March 2021 (hereinafter also "ESMA Guidance"), on which Consob issued the Attention Notice 5/21 on 29 April 2021.

➤ **R.O.E.**

The ROE measures the return on equity and is calculated by comparing the RESULT FOR THE YEAR (or PERIOD) to the CONSOLIDATED EQUITY.

BF

SpA

BF S.p.A.

Registered office in Via Cavicchini, 2 Jolanda di Savoia
(Ferrara, Italy) SpA (Joint Stock Company)

Share Capital Euro 187,059,565

Registered in the Ferrara Register of Companies, tax code and VAT 08677760962

Registered with the REA (Economic Administrative Index) of Ferrara no. 217478

Holding of investments active in agriculture and the food industry



BF

SpA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT AT 31 DECEMBER 2022



STATEMENT OF FINANCIAL POSITION (thousands of Euro)		31/12/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS	Notes		
Tangible assets	(1)	550,243	380,798
Property investments	(2)	26,044	26,087
Biological assets	(3)	4,969	4,746
Intangible assets	(4)	163,778	90,866
Goodwill	(5)	64,576	52,291
Investments in JV, associates and other financial assets	(6)	118,185	84,928
Receivables	(7)	42,965	20,534
TOTAL NON-CURRENT ASSETS		970,760	660,250
CURRENT ASSET			
Inventories	(8)	293,355	168,086
Current biological assets	(3)	12,774	11,304
Receivables from customers	(9)	345,297	217,973
Other current assets	(10)	38,136	31,303
Cash	(11)	173,731	125,051
TOTAL CURRENT ASSETS		863,293	553,717
TOTAL ASSETS		1,834,053	1,213,967
LIABILITY			
EQUITY			
Share Capital		187,060	187,060
Other reserves	(12)	262,930	253,994
Retained profits	(13)	37,075	32,029
Profit (loss) for the year		4,992	(509)
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY		492,056	472,574
<i>Equity attributable to minority interests</i>		202,269	130,090
<i>Profit/(loss) for the year attributable to minority interests</i>		4,344	1,134
EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		206,614	131,224
EQUITY		698,670	603,798
NON-CURRENT LIABILITIES			
Provision for taxes and deferred taxes	(14)	62,607	52,686
Other provisions	(15)	19,100	12,372
Employee benefits	(16)	10,229	7,088
Long-term loans	(17)	100,737	52,421
Other non-current payables	(18)	98,253	41,199
TOTAL NON-CURRENT LIABILITIES		290,926	165,766
CURRENT LIABILITIES			
Payables to suppliers	(19)	579,115	309,362
Short-term loans	(20)	185,150	74,616
Other payables	(21)	80,192	60,425
TOTAL CURRENT LIABILITIES		844,457	444,403
TOTAL LIABILITIES AND EQUITY		1,834,053	1,213,967

INCOME STATEMENT (in thousands of Euro)		31/12/2022	31/12/2021
PRODUCTION VALUE			
Revenues from sales	(22)	1,061,878	283,458
Changes in product inventories and advances	(23)	2,434	(39,225)
Other revenues	(24)	47,499	14,197
Measurement of investments in Equity	(24)	1,630	5,878
Increases for internal works	(25)	6,952	4,232
TOTAL PRODUCTION VALUE		1,120,394	268,540
OPERATING COSTS			
Change in inventories of raw and ancillary materials, consumables and goods	(26)	(11,865)	1,755
Costs for raw and ancillary materials, consumables and goods	(27)	903,634	194,033
Costs for services and use of third-party assets	(28)	108,336	31,520
Personnel costs	(29)	50,418	19,253
Amortisation/depreciation and write-downs	(30)	33,391	14,504
Provision for risks and charges	(30)	1,503	376
Other costs and expenses	(31)	14,725	4,554
TOTAL OPERATING COSTS		1,100,142	265,995
	-		
OPERATING RESULT		20,251	2,545
Financial income	(32)	2,529	176
Financial expenses	(32)	(9,173)	(2,392)
-			
PRE-TAX RESULT		13,608	328
Income taxes of the year	(33)	(4,272)	297
RESULT FOR THE YEAR		9,336	625
Profit/(loss) for the year attributable to minority interests		4,344	1,134
Profit (loss) for the year attributable to the Group		4,992	(509)

STATEMENT OF COMPREHENSIVE INCOME (in thousands of Euro)		31/12/2022	31/12/2021
RESULT FOR THE YEAR			
Actuarial gain (loss) on defined benefit plans		523	116
Gain (Loss) from remeasurement at F.V. of Derivative Instruments		1,870	788
Total other gains/losses net of tax effect		2,393	904
COMPREHENSIVE RESULT FOR THE YEAR		11,729	1,529
Comprehensive profit (loss) for the year attributable to minority interests		4,677	1,178
Comprehensive profit (loss) for the year attributable to the group		7,052	351

CASH FLOW STATEMENT AT 31 DECEMBER 2022 (in thousands of Euro)			
	Notes	31/12/2022	31/12/2021
OPERATING ACTIVITIES			
Pre-tax result		13,608	328
Adjustments for:			
- Amortisation/depreciation	30	30,212	12,888
- Provisions for employee benefits	16	1,943	727
- Write-downs (Revaluations) of investments accounted for using the equity method	6	(2,376)	(5,878)
- Write-downs (Revaluations) of fixed assets	2	1,220	(2,229)
- Other allocations	9, 15	2,578	1,238
- Gains/Losses from the disposal of assets		(18,139)	(399)
- Interest and financial expenses	32	6,644	2,217
Cash flows from operating activities before changes in working capital		35,690	8,891
- Net change in trade receivables	9	49,138	16,496
- Change in current biological assets	3	(1,470)	(1,424)
- Change in closing inventories	8	(13,432)	42,801
- Change in other current assets	10	(4,613)	1,226
- Change in trade payables	19	52,802	(31,133)
- Change in other current liabilities	21	(9,618)	24,124
Cash flows generated by changes in working capital		72,807	52,089
- Payment of taxes	33	(4,172)	(2,171)
- Financial expenses paid	32	(7,674)	(2,217)
- Change in provisions	15	(1,488)	(939)
- Employee severance indemnity paid to employees	16	(3,318)	(964)
A. CASH FLOW GENERATED BY OPERATING ACTIVITIES		91,845	54,688
- (Investments) / Disinvestments financial assets	6	(24,093)	(5,323)
- Changes in other non-current receivables	7	(17,537)	(2,257)
- Changes in other non-current payables	18	17,521	1,837
- (Investments) / Disinvestments tangible assets	1	(25,354)	(15,477)
- (Investments) / Disinvestments property investments	2	(445)	(138)
- (Investments) / Disinvestments intangible assets	4	(12,129)	(15,837)
- (Investments) / Disinvestments non-current biological assets	3	(290)	(960)
- Changes arising from the scope of consolidation	Equity	10,260	31,178
B. CHANGES GENERATED BY INVESTMENT ACTIVITIES		(52,068)	(6,976)
- Share capital increase	Equity	0	40,000
- New revocable/maturity cash lines	17	22,301	0
- Repayment of revocable/maturity cash lines	17	(60,841)	0
- Costs for share capital increase	Equity	(1,121)	(2,453)
- New loans and other current financial payables	17	0	0
- Repayment of loans and other current financial payables	17	(1,298)	(19,790)
- New loans and other non-current financial payables	17	45,800	0
- Repayment of loans and other non-current financial payables	17	(21,715)	(10,800)
- Dividends	Equity	(8,566)	(2,619)
- Changes in interests in subsidiaries not involving loss of control	Equity	42,444	35,250
- Change in payables for rental contracts	17	(8,102)	946
C. CASH FLOW GENERATED BY FINANCING ACTIVITIES		8,903	40,534
D. NET INCREASE (DECREASE) IN CASH (A+B+C)		48,680	88,247
E. CASH AT THE BEGINNING OF THE YEAR		125,051	36,804
F. CLOSING CASH (E+D)		173,731	125,051

STATEMENT OF CHANGES IN EQUITY
(in thousands of Euro)

	Share capital	Other Re-serves	Group result for the year	Total Group Equity	Capital and reserves attributable to minority interests	Result for the year attributable to minority interests	Total equity attributable to minority interests	Total consolidated equity
Balances at 1 January 2021	174,656	247,609	1,290	423,556	12,412	1,131	13,543	437,098
Allocation of 2020 result		1,290	(1,290)	-	1,131	(1,131)	-	-
Share capital transactions - BF SpA:				-			-	-
- ENI Capital Increase	6,202	13,798		20,000			-	20,000
- Intesa Capital Increase	6,202	13,798		20,000			-	20,000
- Expenses incurred for AUCAP		(2,453)		(2,453)			-	(2,453)
- Dividend distribution		(2,619)		(2,619)			-	(2,619)
- Sale of shares in Bonifiche Ferraresi		13,038		13,038	22,212		22,212	35,250
Other consolidation adjustments:								
- CAI entry into the scope of consolidation		997		997	110,778		110,778	111,775
- IBFS entry into the scope of consolidation		(186)		(186)	5,851		5,851	5,665
- Options accounting					(22,331)		(22,331)	(22,331)
- Other consolidation adjustments		(110)		(110)	(5)		(5)	(115)
Result for the year								
- Result at 31 December 2021			(509)	(509)		1,134	1,134	625
- Overall profitability at 31 December 2021		860		860	44		44	904
Balances at 31 December 2021	187,060	286,024	(509)	472,574	130,090	1,134	131,224	603,798

STATEMENT OF CHANGES IN EQUITY
(in thousands of Euro)

	Share capital	Other Reserves	Group result for the year	Total Group Equity	Capital and reserves attributable to minority interests	Result for the year attributable to minority interests	Total equity attributable to minority interests	Total consolidated equity
Balances at 1 January 2022	187,060	286,024	(509)	472,574	130,090	1,134	131,224	603,798
Allocation of 2021 result		(509)	509		1,134	(1,134)		
Share capital transactions - BF SpA:								
- Expenses incurred for AUCAP		(1,121)		(1,121)				(1,121)
- Dividend distribution		(5,610)		(5,610)				(5,610)
- Sale of shares in Bonifiche Ferraresi		15,543		15,543	9,233		9,233	24,775
Other consolidation adjustments:								
- Transfer Consorzio Agrario NE		1,061		1,061	64,913		64,913	65,974
- Changes in the scope of consolidation					3,585		3,585	3,585
- Dividend distribution subsidiaries					(2,956)		(2,956)	(2,956)
- Other consolidation adjustments		2,556		2,556	(4,060)		(4,060)	(1,505)
Result for the year								
- Result at 31 December 2022			4,992	4,992		4,344	4,344	9,336
- Overall profitability at 31 December 2022			2,061	2,061		332	332	2,393
								-
Balances at 31 December 2022	187,060	297,944	7,053	492,056	201,937	4,677	206,614	698,670

NOTES TO THE CONSOLIDATED ANNUAL REPORT

ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The publication of the Group's consolidated financial statements for the year ending 31 December 2022 was authorised by a resolution of the Board of Directors on 30 March 2023.

CONTENT AND FORM OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ending 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IFRS also includes all valid International Accounting Standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The accounting standards and measurement criteria applied in the preparation of the 2021 consolidated financial statements are in continuity with those of the previous year.

These Consolidated Financial Statements at 31 December 2022 comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and these Notes.

SCOPE OF CONSOLIDATION

The consolidated financial statements include data from the financial statements at 31 December 2022 of the following companies:

Company Name office	Registered	Equity	Interest	Consolidation method
B.F. SpA	Jolanda di Savoia (FE)	481,826	Parent Company	Line-by-line
Bonifiche Ferraresi SpA	Jolanda di Savoia (FE)	242,553	78.33%	Line-by-line
B.F. Agro-Industriale Srl	Jolanda di Savoia (FE)	2,372	100.00%	Line-by-line
B.F. Agricola Srl Società Agricola	Jolanda di Savoia (FE)	104,324	100.00%	Line-by-line
Società Italiana Sementi SpA	S. Lazzaro di Savena (BO)	24,433	56.75%	Line-by-line
Consorzi Agrari d'Italia SpA	San Giorgio di Piano (BO)	273,558	35.89%	Line-by-line from 01/10/2021(***)
Pastificio Fabianelli	Castiglion Fiorentino (AR)	5,905	40.77%	Line-by-line from 31/12/2022
BIA SpA	Argenta (FE)	6,578	71.50%	Line-by-line from 01/10/2022
BIA SpA	Argenta (FE)	6,097	100.00%	Equity (**) until 30/09/2022
Progetto Benessere Italia Srl	Milan (MI)	8,644	35.00%	Equity (**)
Leopoldine SpA	Jolanda di Savoia (FE)	10,158	90.00%	Equity (*)
Ghigi 1870 SpA	San Clemente (RN)	14,714	79.36%	Equity (*)
La Pioppa srl Soc Agricola	Poggio Renatico (FE)	6,385	48.00%	Equity (**)
Erba del Persico srl	RipaPersico (FE)	4,569	45.00%	Equity (**)
Terra del Persico Società Agricola	RipaPersico (FE)	416	45.00%	Equity (**)

(*) *Jointly controlled companies*

(**) *Associate*

(***) *Consolidated equity according to IFRS*

The scope of consolidation changed compared to 31 December 2021 as a result of:

- Acquisition of control in BIA Spa as at 30 September 2022 with a shareholding of 81.5% and subsequent disposal of 10%;
- Acquisition of control in Pastificio Fabianelli following the purchase of a further 30% shareholding by the subsidiary CAI Spa at the end of December 2022, which, together with the 30% shareholding already held by BF Spa, brought the BF Group's shareholding to 40.77%;
- Acquisition of control in Zoo Assets Srl at the end of December 2022 with a 52% shareholding held by the subsidiary CAI Spa, as better described below;
- Deconsolidation of the subsidiary IBF Servizi SpA following the sale of the investment completed on 30 December 2022.

Following these transactions, the consolidation process affected BIA Spa from 1 October 2022, Pastificio Fabianelli Spa and Zoo Assets Srl from 31 December 2022. Whereas, the deconsolidation of IBF Servizi coincides with 31 December 2022.

The following table details the subsidiaries of CAI Spa and subject to consolidation by virtue of their relevance to the Group's consolidated financial statements.

Company Name office	Registered	Equity	Interest	Consolidation method
Eurocap Petroli SpA	Modena	24,317	98.65%	Line-by-line
Quality Seeds Srl	Minerbio (Bo)	726	72.00%	Line-by-line
Sicap Srl	S. Giorgio di Piano (Bo)	384	100.00%	Line-by-line
Emilcap Srl	Parma	3,621	57.99%	Line-by-line
Assicai Srl	Rome	3,964	100%	Line-by-line
Italian Tractor Srl	S. Giorgio di Piano (Bo)	15,539	100%	Line-by-line
CONS ASS Srl	Pescara	2,268	100%	Line-by-line
Sicuragri-Tuscia Srl	Viterbo	256	100%	Line-by-line
Consorzio Agrario Assicurazioni Srl	Pisa	50	100%	Line-by-line
Zoo Assets Srl	Bologna	678	52%	Line-by-line

In turn, within the CAI sub-consolidated scope, there were changes arising from the integration operation with the Consorzio Agrario del Nordest (discussed below) and the aforementioned acquisition of control of Zoo Assets, a company operating in supplements used by the livestock sector, for a 52% share. The transaction was finalised to complete the CAI Spa distribution offer in the niche market represented by supplements for livestock.

Line-by-line consolidation of Consorzi Agrari d'Italia Spa and merger operation with Consorzio Agrario del Nordest

In July 2020, B.F. SpA, Consorzi Agrari d'Italia Srl ("CAI"), Società Consortile Consorzi Agrari d'Italia ScpA ("SCCA"), Consorzio Agrario Adriatico Società Cooperativa ("Consorzio Adriatico"), Consorzio Agrario Centro Sud Società Cooperativa ("Consorzio Centro Sud"), Consorzio Agrario dell'Emilia Società Cooperativa ("Consorzio Emilia"), Consorzio Agrario del Tirreno Società Cooperativa ("Consorzio Tirreno" and, jointly, the "Agrarian Consortia") entered into the investment agreement (the "Agreement") setting forth the terms and conditions of an overall transaction (the "Transaction") concerning: (x) the transfer by the Consorzi Agrari to CAI of their respective business units instrumental to the marketing, production, and provision of services and agricultural products, consisting in particular of a series of properties instrumental to their typical activities, plant and equipment, intangible assets, working capital, personnel and related liabilities,

cash and cash equivalents, and financial debt (the "Business Units"), to be paid for by an equal number of capital increases (the "Consortia Capital Increases") and (y) the subscription by BF of a cash capital increase reserved to it (the "Capital Increase" and, jointly with the Consortia Capital Increases, the "Capital Increases"). The total amount of the Capital Increase carried out in July 2020 therefore amounted to Euro 169,463,000, of which Euro 146,192,000 was the nominal component and Euro 23,271,000. As a result of the subscription of these Capital Increases, the shareholdings in CAI were, as of the date of the transfer, equal to: BF 36.79% Consorzio Adriatico 1.84% Consorzio Centro Sud 6.29% Consorzio Emilia 31.10% Consorzio Tirreno 20.02% SCCA 3.96%.

The Agreement provided that the share premium reserves created by the Consorzi Agrari as a result of the Transfers were subject to adjustment to account for any differences that might arise between the value of the equity of the relevant Business Unit as resulting from the reference statement of financial position for the Transfer and the value of the equity of the relevant Business Unit at the date of the Transfers.

As a result of these targeted reserve adjustment mechanisms and the agreement reached with the transferring Agrarian Consortia, following the actual adjustments resulting from the transfer transactions, the shareholding held by the shareholder BF S.p.A. went from 36.79% to 38.58% in 2021.

In addition, during the first days of October 2021, the relevant agreements between the shareholders were redefined, stipulating in particular: (1) the operational reinforcement in management by the Chief Executive Officer (hereinafter also referred to as "CEO"), whose appointment is attributed to the shareholder BF, by means of delegation mechanisms such that the CEO management activities and influence on relevant matters are such as to exert power over the entity to affect the amount of its returns, (2) limited to mere rights of protection preceding exit clauses attributed to consortium members. In consideration of these aspects, formalised in the underwriting by the consortia of these new shareholders' agreements, the Company carried out a qualitative and quantitative analysis aimed at verifying whether these powers attributed to the Chief Executive Officer appointed by BF gave the latter the ability to direct CAI relevant activities, i.e. those activities that significantly affect the returns of the entity being invested in.

As a result of this review, the Company's Directors have concluded that the actual exercise of power by the BF Appointed Chief Executive Officer is such that the latter has decisive influence over the relevant activities and, therefore, the ability to exercise the relative power over the entity to affect the amount of its returns.

It should also be noted that, by virtue of the provisions of the shareholders' agreements in place with reference to the distribution of dividends, the Company is exposed to and entitled to variable returns from its relationship with CAI.

In view of these transitions, as of 1 October 2021, the directors of Bf assessed that Bf had acquired control of CAI, pursuant to the provisions of IFRS 10, having power over the entity being invested in and therefore exposed to its returns as well as entitled to them. Consequently, CAI entered the scope of consolidation of BF and with it all its subsidiaries.

Furthermore, on 13 April 2022, the Board of Directors of B.F. S.p.A. approved: (a) the overall transaction (the "Transaction") involving: (i) the transfer by Consorzio Agrario Nordest Società Cooperativa ("Consorzio Nordest") to CAI of the business unit consisting of the company assets instrumental to the marketing, production and supply of agricultural services and products (i.e. all the assets, tangible and intangible, relative to the core business carried out by Consorzio Nordest) together with certain real estate instrumental to the core business, plant and equipment (with the exception of machinery relating to the mechanisation sector), intangible assets, working capital, personnel and related liabilities, and a portion of the financial debt, to release the share capital increase reserved for the same (the "Consorzio Nordest Capital Increase") and (ii) the subscription by BF of a Euro 25 million cash capital increase reserved for the same (the "BF Capital Increase"); and (iii) the signing of the investment agreement between BF, the other current shareholders of CAI (Società Consortile Consorzi Agrari D'Italia S.c.p.A., Consorzio Agrario dell'Emilia Società Cooperativa, Consorzio Agrario Del Tirreno Società Cooperativa, Consorzio Agrario Centro Sud Società Cooperativa and Consorzio Agrario Adriatico Società Cooperativa, the "Current Shareholders' Consortia"), CAI and Consorzio Nordest (the "Agreement") containing the terms and conditions of the Transaction. The transaction was executed in July 2022.

On 28 July 2022, Consorzio Agrario Nordest Società Cooperativa, following the reorganisation process aimed at integrating into CAI the activities developed by the agrarian consortia started during the year 2020, transferred its Operating Business Unit to CAI, with legal effectiveness postdated at 00.01 on 1 September 2022.

As a result of this transaction, the controlling shareholding in CAI S.p.A. is currently 35.89%.

At the same time as the transaction described above, a new shareholders' agreement was signed between BF and the

Shareholders' Consortia (hereinafter the "New Agreement"), whose agreements do not substantially change what was previously signed by the shareholders, and therefore BF control of CAI is confirmed even after the Capital Increase. Specifically, a new shareholders' agreement was drawn up between CAI current shareholders, which not only confirmed all the elements previously outlined, but further strengthened the powers to direct relevant activities following certain additions to the powers of the CAI CEO appointed by BF.

The New Shareholders' Agreement, in fact, grants the CAI CEO, appointed by BF, the following additional powers, compared to the Shareholders' Agreement signed in October 2021:

- directing and regulating the activities for the management and implementation of the Business Plan, selecting the consequent investments and monitoring their compliance with the Company's strategic direction;
- developing and promoting actions in agro-industrial development projects, innovation and technological development, supply chain, both upstream and downstream, defining business and corporate opportunities with all potential stakeholders;
- representing the company in ordinary and extraordinary shareholders' meetings of investee companies;
- performing Merger and Acquisition (M&A) and industrial relations transactions.

These additions made it possible to strengthen both qualitatively and quantitatively (as there were no limits on the amount) the power of control over the relevant activities as a result of the integration of existing rights held by the CAI CEO appointed by BF.

In addition, the New Shareholders' Agreement provides for an expansion, compared to the shareholders' agreement signed in October 2021, of the mechanism for adjusting the monetary limits of the powers granted to the Chief Executive Officer, the amounts of which provide for an automatic proportional increase upon the occurrence of an increase in the production value with respect to the value reported in the financial statements for the year ended 31 December 2021.

This analysis showed that:

- the Company has the substantial ability to appoint all of CAI top executives, starting with the CEO and then, through the latter, the General Manager;
- the CEO has full autonomy in the definition and execution of the annual Budget without the need for any approval by the Board of Directors and can identify or undertake even significant operations through the flexibility granted to achieve significant deviations of expenditure commitments with respect to the Business Plan without the need for ratification by the Board of Directors;
- the powers granted to the CEO provide that the latter may negotiate and enter into contracts for the purchase, sale and processing of goods of any amount, may enter into contracts for the purchase of services for significant amounts, and may negotiate and finalise numerous other types of contracts below predetermined thresholds, also with regard to the future development of the CAI, including contracts for the purchase of tangible assets, investments and loans;
- CAI key executives with strategic responsibilities, who have the ability to conduct the relevant activities, are also employees of the Company.

As a result of this review, the Company's Directors have again concluded that the power and the actual exercise of power by the BF Appointed Chief Executive Officer is such that the latter has decisive influence over the relevant activities and, therefore, the ability to exercise the relative power over the entity to affect the amount of its returns.

In relation to this last aspect, and specifically with reference to the ability to exercise the power to really affect CAI returns, it is hereby confirmed that no changes have been made in the New Agreement compared to the previous version with regard to the clauses concerning the way in which the Agrarian Consortia members may exercise their options to purchase the shares held by BF (which would take place at market values on the basis of pre-established procedures

and with pre-defined medium-term exercise windows), which are limited to mere protection rights for the Agrarian Consortia members, as indicated above.

Lastly, the Directors point out that the CAI project stems from the desire to integrate the activities of the Agrarian Consortia, which stand out for being a unique reality in the Italian economic panorama, due to their historical heritage, territorial presence, and equipment, with the parent company BF, a national reference point in the agro-industrial and livestock sectors, as well as in the field of services to agricultural companies.

The aim of CAI is to contribute to the innovation and improvement of agricultural production through the provision of goods and services for the agricultural world.

Business combinations in the financial year 2022

Below is a detailed breakdown of the corporate transactions that led directly and/or indirectly to the new Group perimeter as set forth in the "Group Composition" section of the Report on Operations.

Corporate transactions with a direct correlation on the scope of consolidation:

- Acquisition of control of BIA S.p.A. pursuant to IFRS 10, resulting in the line-by-line consolidation of the subsidiary as of 1 October 2022;

On 14 July 2022, the parent company B.F. S.p.A. signed a contract for the purchase of a shareholding equal to the entire share capital of BIA S.p.A. from Alto Partners SGR S.p.A. (owner of 95% of the BIA capital) and from GESCAD S.p.A. (owner of 5% of the BIA capital).

On 14 October 2022, the closing of the transaction was finalised for an 81.5% shareholding, implementing the Group's broader cereal cluster development project; BIA S.p.A. is in fact active in the production and marketing of couscous from the Italian supply chain. The consideration for the acquisition amounted to Euro 16.5 million. Subsequently, the parent company B.F. Spa sold a 10% shareholding in BIA Spa to a third party at the same per-share purchase price.

- Acquisition of control of Pastificio Fabianelli S.p.A. pursuant to IFRS 10, with consequent line-by-line consolidation of the subsidiary at 31 December 2022;

At the end of December 2022, the subsidiary CAI Spa acquired a 30% shareholding in Pastificio Fabianelli corresponding to Euro 3 million; this transaction was part of the already agreed share purchase and sale agreements signed in April 2022 by the Parent Company at the time of its first acquisition of 30% of the capital.

As a result of the latter transaction, at 31 December 2022, the BF Group holds 40.77% of Pastificio Fabianelli as the sum of the direct and indirect shareholdings; the definition of the governance lines of the agreement qualify the shareholder BF Spa as a company exercising de facto control over Pastificio Fabianelli.

Following these transactions, which can be configured as a Business Combination, and as provided for by the joint application of IAS 28 and IFRS 3, it should be noted that the allocation processes of the prices paid for the acquisitions of control of the investments in BIA Spa and Pastificio Fabianelli Spa were carried out by the Parent Company when preparing the Consolidated Financial Statements, even though they were provisional and in accordance with the 12 months allowed for their complete definition.

However, in the specific case of Pastificio Fabianelli, the allocation process will be fully developed during the 2023 financial year, resulting in a provisional allocation to Goodwill of the entire differential between the equity acquired and the consideration paid at 31 December 2022, pending in-depth analyses on the assets acquired that will allow for a real Purchase Price Acquisition ("PPA") process.

Therefore, this table shows the results of the PPA valuations pertaining to the acquisition of control of BIA Spa.

Values in Euro	Carrying amounts	PPA BIA Spa	Acquired assets fair value
Non-current assets			
Intangible assets	3,004	7,991	10,995
Tangible assets	10,666		10,666
Property investments			-
Investments			-
Goodwill			-
Other non-current assets	51		51
Current assets			
Inventories	3,272		3,272
Trade receivables	9,240		9,240
Other assets	1,765		1,765
Cash	2,620		2,620
			-
Non-current liabilities			
Provision for charges and risks	(818)		(818)
Benefits to emp. and dir.	(707)		(707)
Other non-current liabilities	(298)		(298)
Current liabilities			
Financial liabilities	(13,169)		(13,169)
Trade payables	(8,681)		(8,681)
Tax liabilities	(327)	(2,230)	(2,557)
Other liabilities	(521)		(521)
Total net assets acquired	6,843	5,762	12,605
Equity attributable to minority interests	1,266	1,066	2,332
Group equity	5,577	5,762	10,273
Percentage acquired			81.50%
Acquisition price Investment at 30/09/2022			16,500
Goodwill			6,227

From the above, the PPA process recognised and measured the identifiable assets and liabilities by making the following fair value adjustments:

Intangible assets for:

- Euro 7,500 thousand allocated to intangible assets related to acquired customers or "Customer List";
- Euro 491 thousand allocated to assets from the BIA brand.

Tax liabilities for:

- Euro 2,230 thousand as the tax effect of previous fair value allocations to individual items.

Residual goodwill for:

- Euro 6,227 thousand as goodwill arising from the difference between the price paid and the fair value of the net assets acquired.

With regard to the PPA process concerning the acquisition of Pastificio Fabianelli Spa, we further underline what was previously reported, i.e., that due to the acquisition date coinciding with the end of the financial year, the differential on the purchase value of Euro 4,273 thousand was provisionally allocated to Goodwill.

Deconsolidation of IBF Servizi Spa; on 23 December 2022, Nextalia Sgr, on behalf of the Nextalia private equity fund, signed a binding agreement to purchase from BF Agricola S.r.l. Società Agricola ("BF Agricola"), a company of the Group

headed by B.F., and other minority shareholders, of the entire share capital of IBF Servizi S.p.A. ("IBF"), Italy's leading operator in precision farming services, technological innovation and professional software solutions for the agri-food sector. The transaction was executed on 30 December 2022 following the fulfilment of the conditions precedent stipulated in the aforementioned agreement.

The transaction carried out on 30 December 2022, in execution of the binding agreement signed on 23 December 2022, provided for the incorporation of the company Agri-Holding S.p.A., which owns 100% of the company Agri S.p.A., which acquired the entire shareholding in IBF Servizi S.p.A. (51% by BF Agricola and the remaining 49% by the other minority shareholders). As a result, the investment in IBF Servizi was derecognised, recognising a capital gain on the consolidated income statement of Euro 18,139 thousands. Also on 30 December 2022, in a logic consistent with the strategic development plan of the digitalisation activity in the agribusiness area, BF Agricola reinvested part of the consideration received for the sale in Agri-Holding S.p.A. for the amount of Euro 8.4 million, corresponding to a 20% shareholding. In view of the fact that this company was sold at the end of the financial year, its income statement for the year 2022 was consolidated on a line-by-line basis. Furthermore, taking into account that IBF Servizi Spa was not an important stand-alone line of business for the BF Group at 31 December 2022 and therefore did not meet the definition of a discontinued operation in accordance with IFRS 5 paragraph 32, the profit realised by this company in 2022 and the related gain from the sale thereof were included in the result from operating activities for the year.

Corporate transactions with indirect effects on the Group's scope of consolidation:

- Transfer of the business unit of Consorzi Agrari del Nordest to CAI Spa as of 01 September 2022;
- Acquisition of a 52% controlling shareholding in Zoo Assets effective 31 December 2022.

In relation to the first transaction, we report the measurement estimates that are still provisional and emerged in the allocation process, as well as the fair value adjustments attributed to the assets acquired and the reversal of the goodwill emerging in CAI Spa for Euro 992 thousand, i.e.:

Intangible assets for:

- Euro 13,258 thousand for intangible assets related to the "Consorzi Agrari del Nordest" brand and identification, therefore, as value related to the commercial network contributed with the transfer;
- Euro 1,785 thousand as assets related to the Customer list of the transferred fuel BU;

Tax liabilities for:

- Euro 2,977 thousand tax effect of previous fair value allocations to individual items.

Other liabilities for:

- Euro 1,300 thousand to the provision for risks and charges for contingent liabilities arising from legal disputes;
- Euro 1,500 thousand to inventory write-down provision for potential deterioration of end products in stock;
- Euro 1,500 thousand to the bad debt provision as an application of the simplified model provided for by IFRS9, which regulates impairment on financial assets in a simplified manner for trade receivables.

In summary:

Values in Euro	Carrying amounts	Consorzio Nordest PPA	Acquired assets fair value
Non-current assets			
Intangible assets	1,768	15,043	16,811
Tangible assets	139,246		139,246
Property investments			-
Investments			-
Goodwill	992	(992)	-
Other non-current assets	7,122		7,122
Current assets			
Inventories	106,541	(1,500)	105,041
Trade receivables	171,996	(1,500)	170,496
Other assets	6,514		6,514

Cash	8,711		8,711
			-
Non-current liabilities			-
Provision for charges and risks	(5,666)	(1,300)	(6,966)
Benefits to emp. and dir.	(1,979)		(1,979)
Other non-current liabilities	(40,530)		(40,529)
Current liabilities			0
Financial liabilities	(122,137)		(122,137)
Trade payables	(201,774)		(201,774)
Tax liabilities	(2,023)	(2,997)	(5,020)
Other liabilities	(9,562)		(9,562)
Total net assets acquired	59,218	6,754	65,973

No unallocated differentials emerged from the PPA exercise. The acquisition price was determined to be equal to the Consorzio Agrario del Nord Est interest in CAI Spa following the BU transfer transaction compared to the latter's net assets expressed at their fair value and already subject to valuation in the most recent PPA carried out by the BF Group during this and last year.

With regard to the second transaction carried out by CAI Spa and relative to the acquisition of 52% of Zoo Assets, it is specified that, also in this case and as previously indicated for the acquisition of Pastificio Fabianelli, given the coincidence between the acquisition date and the year-end date, the PPA process led to a provisional allocation to Goodwill of Euro 1,727 thousand.

PRINCIPLES OF CONSOLIDATION

The financial reports used for consolidation are those approved by the competent administrative bodies of the respective companies, suitably modified, where necessary, to adapt them to the Group's accounting standards.

Consolidation is carried out using the line-by-line method; the assets and liabilities, expenses and income of the consolidated companies are fully included in the consolidated financial statements. The carrying amount of the investment is eliminated against the corresponding fraction of the subsidiary's equity, with individual assets and liabilities and contingent liabilities being assigned their current value at the date control is acquired. The positive residual difference is recorded under the non-current asset item "Goodwill".

The portions of equity and profit for the year attributable to minority shareholders are shown separately in the Consolidated Statement of Financial Position, Consolidated Income Statement and Consolidated Statement of Comprehensive Income, respectively.

Payables and receivables, expenses and income relating to transactions between companies included in the scope of consolidation are derecognised. Profits resulting from transactions between these companies and relating to values still included in equity attributable to the shareholders of the parent company are derecognised.

Associates are companies in which the Group exercises significant influence, as defined by IAS28, but not control, over financial and operating policies. Investments in associates are accounted for using the equity method from the date on which significant influence begins until such time as it ceases to exist or is transformed into control by subsequent share acquisitions.

APPLICATION OF NEW ACCOUNTING STANDARDS

The process of developing and endorsing international accounting standards constantly results in the revision of certain documents. The following paragraphs summarise the changes and revisions made and their, if any, applicability for the Group.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED FROM 1 JANUARY 2022

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

- On 14 May 2020, the IASB published the following amendments entitled:
 - **Amendments to IFRS 3 Business Combinations:** the amendments are intended to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing amendments to the provisions of the standard.
 - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset itself. These revenues from sales and the related costs will therefore be recognised in the income statement.
 - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that in estimating whether a contract is onerous, all costs directly attributable to the contract should be considered. Consequently, the evaluation of the possible onerousness of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid as it has stipulated the contract (such as, for example, the share of the depreciation of the machinery used to fulfil the contract).
 - **Annual Improvements 2018-2020:** the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments became effective as of 1 January 2022. The adoption of these amendments had no impact on the Group's financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET OBLIGATORILY APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP AT 31 DECEMBER 2022

- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts intended to replace IFRS 4 – Insurance Contracts.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting standards by providing a single principle-based framework to account for all types of insurance contracts, including the reinsurance contracts that an insurer holds. The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector.

The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").

The main features of the General Model are:

 - the estimates and assumptions of future cash flows are always the current ones;
 - the measurement reflects the time value of money;
 - the estimates envisage extensive use of information observable on the market;
 - 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 recognised in the contractual coverage period, taking into account the adjustments deriving from changes in the assumptions relating to the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects 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 deriving from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date on which the claim occurred.

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

The standard applies from 1 January 2023; however, early application is permitted, only for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said standard.

- On 9 December 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The amendments will apply from 1 January 2023, in conjunction with the application of IFRS 17. The Directors do not expect a significant impact on the Group's consolidated financial statements to arise due to the adoption of such amendment.
- On 12 February 2021, the IASB published two amendments called "Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023. However, earlier application is permitted. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of such amendments.
- On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes are to be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023. However, earlier application is permitted. The directors are currently assessing the possible effects of the introduction of said amendment on the Group's consolidated financial statements

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

As of the date of this document, the competent bodies of the European Union have not yet concluded the approval process necessary for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify payables and other short-term or long-term liabilities. The amendments take effect on 1 January 2024. However, earlier application is permitted. The Directors do not expect a significant impact on the Group's consolidated financial statements to arise due to the adoption of such amendment.
- On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising

from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024. However, earlier application is permitted. The directors are currently assessing the possible effects of the introduction of said amendment on the Group's consolidated financial statements

- On 30 January 2014, the IASB published the standard IFRS 14 – Regulatory Deferral Accounts that allows only those that adopt IFRS for the first time to continue to recognise the amounts related to activities subject to regulated tariffs ("Rate Regulation Activities") under previous accounting standards adopted. As the Company/Group is not a first-time adopter, said standard is not applicable.

AUDIT

This Report has been audited by Deloitte & Touche pursuant to the audit assignment granted by the Shareholders' Meeting of 8 May 2017. Please refer to section "5.4 Disclosure of independent auditors' fees" included in this Consolidated Financial Report for details of the fees accrued by the independent auditors during the financial year 2022.

FINANCIAL STATEMENTS

The Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement have been prepared in expanded form and are the same as those adopted for the consolidated financial statements at 31 December 2021.

The results for the year 2022 are presented in comparison with the previous year ended 31 December 2021.

The preparation of the Consolidated Annual Financial Report at 31 December 2022 requires the use of estimates and assumptions based also on subjective judgements, past experience and assumptions considered reasonable in relation to the information known at the time of the estimate. These estimates affect the values of assets and liabilities and related disclosures at the date of the Report.

Actual results may differ even substantially from these estimates due to changes in the factors considered when determining said estimates.

The Group's financial statements have the following characteristics:

- in the Statement of Financial Position, assets and liabilities are analysed by maturity, separating current and non-current items due within and beyond 12 months from the reporting date, respectively;
- the Income Statement, in view of the specific activity performed, is scaled with the individual items analysed by nature; the Statement of comprehensive income shows the components of the result suspended in equity and is presented as a separate statement;
- the Statement of Changes in Equity shows the changes in reserves and results for the year;
- the Cash Flow Statement is prepared reporting the cash flows in accordance with the "indirect method", as permitted by IAS 7.

The Group's functional and presentation currency is the Euro.

Unless otherwise specified, the values shown in the Notes to the Financial Statements are in thousands of Euro.

RECOGNITION, CLASSIFICATION AND MEASUREMENT CRITERIA

The consolidated financial statements at 31 December 2022 have been prepared on the basis of the modified historical cost principle, as required for the measurement of "non-instrumental" land and buildings, available-for-sale financial assets and biological assets, as well as on the going concern assumption.

Taking into account the soundness of the statement of financial position and operating profitability, the Directors have assessed that there are no material uncertainties, as defined in paragraph 25 of IAS 1, concerning the ability of the companies included in the consolidation to operate as a going concern in the foreseeable future.

a) Tangible assets

1) Land and real estate

The Group applies both the rules of IAS 16 "Tangible assets", in respect of capital land and buildings, and the rules of IAS 40 "Investment Property", as it holds non-instrumental land and buildings for which it receives lease fees or makes long-term capital appreciation or short-term sales in the normal course of business.

- "Instrumental" land and real estate (IAS 16)

Acquired "instrumental" assets are recognised at purchase cost, net of ordinary maintenance costs and accumulated impairment losses. These assets are depreciated on the basis of their estimated useful life and their estimated realisable value at the end of their useful life. Land, having an unlimited useful life, is not subject to depreciation. In view of the importance of the value of land and "instrumental" real estate for the Group's statement of financial position, every year, Management commissions an independent expert to prepare an appraisal of the market value of the aforementioned real estate assets, carried out on a sample basis and aimed at identifying any impairment.

- "Non-instrumental" land and real estate (IAS 40)

So-called investment property, i.e. land and buildings that do not form part of the Group's core business (agricultural activity), are classified separately from capital assets, are initially recorded at historical cost, including negotiation costs, and are subsequently measured at fair value, as determined by an independent expert with recognised and relevant professional qualifications.

In particular, the estimative criteria adopted refer to the methods most frequently used in measurement practice to determine the market value of the asset.

The market value represents the "estimate of the price at which, on the date of the measurement, a given property should be exchanged, after an appropriate marketing period, in a transaction between two well-informed and unencumbered parties, both of whom have an interest in the transaction and are able to make decisions with equal capacity and without any restrictions".

Changes in fair value are recorded in the income statement under "Other revenues", if positive, and under "Amortisation/depreciation and write-downs", if negative. No real estate units are held for sale to date.

Reclassifications from or to investment property occur when, and only when, there is a change of use. For reclassifications from investment property to instrumental property, the reference value of the property for subsequent accounting is the fair value at the date of change in use. If an instrumental asset becomes non-instrumental, the Company recognises said asset in accordance with the specific criteria for instrumental investments up to the date of change of use.

Real estate, whether instrumental or not, is derecognised when sold or when the investment is permanently unusable and no future economic benefits are expected from its disposal.

Any gains or losses arising from the withdrawal or disposal of real estate are recognised in the income statement in the period in which the withdrawal or disposal occurs.

2) Plant and machinery, equipment, furniture and furnishings

They are recorded at cost and depreciated over their useful life. After initial recognition, tangible assets are recognised at cost, less accumulated depreciation and any impairment losses. The depreciable amount of each significant component of an asset, having a different useful life, is allocated on a straight-line basis over its estimated useful life.

Depreciation is calculated on the basis of the difference between carrying amount and residual value and is recorded in the income statement on a straight-line basis over the estimated useful life:

Description	Useful life
Urban and rural instrumental buildings	33 years
Plant and machinery	5 -10 years
Equipment	3 - 5 years
Other assets	3 - 5 years

The depreciation criteria used, the useful lives and residual values are reviewed and restated at least at the end of each accounting period to take into account any significant changes.

A tangible asset is derecognised when it is sold or when there is no expected future economic benefit from its use or disposal. Gains and losses on disposal are determined by comparing the consideration with the net carrying amount. The amount determined in this way is entered in the income statement for the relevant year. Costs associated with any financing for the acquisition of fixed assets are recognised in the income statement.

Financial expenses incurred on investments in assets for which a specified period of time normally elapses before the asset is ready for use or sale (12 months) are capitalised and amortised over the useful life of the class of assets to which they relate.

b) Biological assets (non-current and current)

The Group engages in agricultural and livestock activities and applies IAS 41 "Agriculture" to the accounting events and items of the financial statements within its specific scope of application. IAS 41 applies to biological assets and agricultural products up to the time of harvest. From that point onwards, IAS 2 "Inventories" or any other international accounting standard as may be appropriate is applied.

The Group, in its classification of Biological assets, distinguishes between:

- assets that are intended to remain at the company for more than one financial year (e.g. orchards, poplar and olive groves);
- "current biological assets", which represent the value at the end of each period of crops that will be harvested in subsequent periods realised up to the time of harvest (e.g. wheat field sown immediately prior to the reporting date), and the value of growing cattle at the barn managed by the Group estimated at the reporting date.

The distinction of biological assets on the basis of economic use implies the separate disclosure in the financial statements of non-current (e.g. orchards, poplar and olive groves) and current (e.g. fields under sowing or livestock raised) biological assets.

Current biological assets are measured at fair value less estimated point-of-sale costs. Marketing costs are representative of incremental sales costs including commissions paid to intermediaries and dealers. Changes in fair value are recognised in the income statement for the period to which they relate. In some cases, fair value may be approximated by the costs incurred up to the reporting date to prepare fields for cultivation or bring produce to maturity, particularly when only minor biological transformation has occurred since the initial cost was incurred or when biological transformation is not expected to have a material impact on price. At the end of the financial year, current biological assets refer to plants that have not yet developed or are not sown. This item therefore includes work performed, using in-house labour, third-party processing and technical means, in order to bring crops into production the following year, measured at the cost incurred.

Non-current biological assets such as orchards, poplar and olive groves (falling under the category of "bearer plants"), following the amendment to IAS 41 published by the IASB on 30 June 2014, as of 1 January 2016 no longer fall under

IAS 41 but under IAS 16. These assets are therefore measured at cost and depreciated over a useful life of 15 years, an approach that the Company has historically adopted even before the introduction of the aforementioned amendment. Such assets are derecognised when they are sold or when the investment is permanently unusable and no future economic benefits are expected from its disposal. Any gains or losses arising from the withdrawal or disposal of said assets are recognised in the income statement in the period in which the withdrawal or disposal occurs.

c) Intangible assets

Acquired or internally generated intangible assets are recognised as assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be measured reliably. These assets are measured at purchase or production cost. The acquisition cost is the price paid to acquire the asset and any direct costs incurred in preparing the asset for its use. The cost, thus defined, is the equivalent cash price upon recognition; therefore, if the payment of the price is deferred beyond the normal extension terms of the receivable, the difference with respect to the equivalent cash price is recognised as interest over the extension period.

Intangible assets with definite useful life are amortised on a straight-line basis over their estimated useful life and are recorded in the financial statements net of accumulated amortisation, except in specific cases, and any impairment losses. The amortisation criteria used, the useful lives and residual values are reviewed and restated at least at the end of each accounting period to take into account any significant changes.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the fixed assets, with the exception of intangible assets with indefinite life, which, if any, are not amortised and are systematically assessed for impairment at 31 December of each year. Intangible assets are amortised from the moment they are usable. The useful life of intangible assets recorded in the financial statements is detailed below:

Description	Useful life
Variety rights	15 years
Software licences and others	3 to 10 years
New product development costs	5 years
Trademarks	10 to 20 years
Rights of use	Contractual Duration

Goodwill, in application of IFRS 3, constitutes the excess of the cost of the combination over the Group's share of the fair value of the assets, liabilities and contingent liabilities acquired that are individually identifiable and separately recognisable. It represents an intangible asset with indefinite useful life.

Goodwill is not amortised, but allocated to Cash Generating Units (CGUs) and tested for impairment annually, or more frequently if events or changed circumstances indicate the existence of impairment losses, in accordance with IAS 36. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Rights of use (IFRS 16)

Assets held by the Group under leases, including operating leases, in accordance with IFRS 16, effective as of 1 January 2019, are recognised as assets with a balancing entry of a financial payable. Specifically, assets are recognised at a value equal to the present value of future payments at the date the contract is entered into, discounted using the applicable incremental borrowing rate for each contract, and amortised over the term of the underlying contract, taking into account the effects of any extension or early termination clauses, the exercise of which has been deemed reasonably certain. In compliance with IFRS 16, as of 1 January 2019, the Group identifies contracts under which it obtains the right to use an identifiable asset for a period of time in exchange for consideration as leases.

With respect to each lease contract, as of its commencement date, the Group recognises an asset (right of use of the asset) as a balancing entry to a corresponding financial liability (lease payable), except in the following cases: (i) short term leases; (ii) low value leases applied to situations where the leased asset has a value not exceeding Euro 25

thousand (value as new).

For short-term, low-value contracts, the financial liability of the lease and the associated right of use are therefore not recognised, but the lease payments are charged to the income statement on a straight-line basis over the term of the respective contracts. In the case of a complex contract that includes a lease component, the latter is always handled separately from the other services included in the contract.

Rights of use are shown under intangible assets. Upon initial recognition of the lease contract, the right of use is recognised at a value corresponding to the lease payable, determined as described above, increased by prepaid lease instalments and accessory charges and net of any incentives received. Where applicable, the initial value of the right of use also includes the associated costs of dismantling and restoration of the area.

Situations involving the restatement of lease obligations imply a corresponding change in the value of the right of use. After initial recognition, the right of use is amortised on a straight-line basis, starting on the commencement date of the lease, and subject to impairment losses. Amortisation is provided over the shorter of the lease term and the useful life of the underlying asset; however, where the lease contract provides for the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, amortisation is provided over the useful life of the asset.

Lease payables are shown in the financial statements under financial liabilities, current and non-current, together with the Group's other financial payables. At initial recognition, the lease payable is recognised at the present value of the lease payments to be paid determined using the interest rate implicit in the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Group); where this rate is not stated in the contract or easily determinable, the present value is determined using the "incremental borrowing rate", i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the Group would have recognised for a loan with a similar duration and guarantees.

Lease payments subject to discounting include fixed lease fees; variable lease fees due to an index or rate; the redemption price, if any and where the Group is reasonably certain to use it; the amount of the payment expected to be made against any release of guarantees on the residual value of the asset; and the amount of penalties to be paid in the event of the exercise of early extinguishment options on the contract, where the Group is reasonably certain to exercise them.

After initial recognition, the lease liability is increased to account for accrued interest, determined on the basis of amortised cost, and decreased for lease payments.

In addition, the lease liability is subject to restatement, either upwards or downwards, in the event of changes in contracts or other situations envisaged by IFRS 16 that result in a change in the amount of the lease payments and/or the lease term. In particular, in the presence of situations involving a change in the estimate of the likelihood of exercising (or not exercising) the options to renew or terminate the contract early or in the expectation of redeeming (or not redeeming) the asset at the end of the contract, the lease liability is redetermined by discounting the new value of the lease payments to be made at a new discount rate.

d) Impairment losses of non-financial assets

As mentioned above, assets that have indefinite useful life are not amortised, but are subject at least annually to an impairment test to determine whether their carrying amount has decreased.

Assets subject to amortisation are subject to an impairment test if there are events or circumstances indicating that the carrying amount cannot be recovered (so-called trigger event). In both cases, any impairment loss is recognised for the amount of the carrying amount that exceeds the recoverable amount. The latter is the higher of the asset fair value less costs to sell and its value in use. If the value in use of an asset cannot be determined individually, the recoverable amount of the cash-generating unit (CGU or Sectors) to which the asset belongs must be determined.

Subsequently, if a loss on an asset, other than goodwill, no longer exists or decreases, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, which, however, may not exceed the amount that would have been determined had no impairment loss been recognised.

The reversal of an impairment loss is immediately recognised in the income statement in accordance with the impairment model of IAS 16 "Property, Plant and Equipment".

e) Investments in joint ventures, associates and other financial assets

This item refers to investments in joint ventures and associates and, residually, to investments in companies, cooperatives and consortia, which are deemed not functional to the company's business.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Investments in joint ventures and associates are measured using the equity method. Under the equity method, investments are recognised in the statement of financial position at cost, adjusted for post-acquisition changes in net assets, net of any impairment of individual investments. Pursuant to paragraph 28 et seq. of IAS 28, gains and losses from transfer or sales made to joint ventures and associates are recognised in the financial statements of the Company only to the extent of the minority interest in the joint venture. The same criterion is adopted in recognising gains and losses arising from sales transactions carried out by joint ventures and associates in favour of the Company.

With regard to other investments of residual value and over which the Group does not exercise significant influence, the classification of these financial assets at the time of acquisition is determined according to the business model chosen from those provided for by IFRS 9.

f) Financial assets

IFRS 9 provides for the following types of financial instruments: financial assets at amortised cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. Initially, all financial assets are recognised at fair value, increased, in the case of assets other than those at fair value, by ancillary charges. The company determines the classification of its financial assets upon initial recognition and, where appropriate and permitted, revises this classification at the end of each financial year.

All standardised (regular way) purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the company enters into a commitment to purchase the asset. Standardised purchases and sales are defined as all buying and selling transactions in financial assets that provide for the delivery of assets in the period generally prescribed by the regulations and conventions of the market in which the exchange takes place.

Financial assets at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows;
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Amortised cost is calculated as the value initially recognised less repayment of principal, plus or minus the accumulated amortisation using the effective interest rate method of any difference between the value initially recognised and the amount at maturity. This calculation includes all commissions or points paid between the parties that are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, gains and losses are recognised in the income statement when the investment is derecognised or when an impairment loss occurs, in addition to the amortisation process.

Financial assets at fair value through other comprehensive income

Financial assets that meet the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held as part of a business model whose goal is achieved through both the collection of contractual flows and the sale of financial assets;
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

When the financial asset is disposed of, the amounts that previously flowed into other comprehensive income are reclassified to profit or loss, unless the financial asset in question was an equity instrument not held for trading, in which case there is no provision for recycling upon disposal and the reserves in other comprehensive income accumulated over time are directly reclassified to other available reserves.

Financial assets at fair value through profit or loss

If a financial asset is not measured at amortised cost or at fair value through other comprehensive income, it must be measured at fair value through profit or loss in the period in which they arise.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset no longer apply;
- the Group retains the right to receive the future cash flows of the assets but has assumed a contractual obligation to pass them on to a third party internally without material delay;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) it has neither retained nor transferred substantially all of the risks and rewards of the asset, but has transferred its control over the same.

If the Group has transferred the right to receive cash flows from an asset while it has neither retained nor transferred substantially all of the risks and rewards or has retained control over the asset, the Group continues to recognise the asset to the extent to which it has a continuing involvement in the asset. The continuing involvement, which consists of a guarantee on the transferred asset, is measured at the lower between the initial carrying amount of the asset and the maximum amount that the Group could be required to pay.

In cases where the residual involvement takes the form of an issued and/or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a written put option on an asset measured at fair value (including cash-settled or similar options), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

g) Inventories

Inventories, belonging to the category raw materials, goods and finished goods other than agricultural products, are recorded at the lower of purchase cost, determined using the weighted average cost method, and net realisable value.

The cost is represented by the fair value of the price paid and any other directly attributable cost, except for financial expenses. Net realisable value is the estimated selling price in the normal course of business, net of completion costs and selling expenses. Write-downs, if any, are eliminated in the following years if the reasons for making them have ceased to exist.

Inventories, belonging to the category agricultural finished products, as required by IAS 41, are measured at the market price corresponding to the fair value recorded in local commodity exchanges on the date of harvest, net of estimated costs at the point of sale. This value represents the cost as of the date of harvest and is adjusted if the market value at the reporting date is lower.

If their sale is secured by a forward contract or a commitment by a government agency, or if there is an active market and the risk of not being able to sell the product is negligible, inventories are measured at net realisable value, being in such cases excluded from the scope of IAS 2 only with regard to the measurement criteria.

Inventories belonging to the category packaged and semi-finished products (i.e. processed products) are measured at the lower of cost and estimated realisable value. The cost is determined on a weighted average basis and includes: (i) the measurement of its own agricultural products at the market price as required by IAS 41; (ii) all costs incurred in processing these agricultural products under the conditions of the reporting date. The cost of semi-finished and packaged products includes, in addition to direct processing costs, a share of indirect costs, determined on the basis of normal production capacity.

h) Receivables

Receivables, recorded as current assets, the due dates of which fall within normal commercial terms or which accrue interest at market values, are not discounted and are recorded at cost (identified by their nominal value) net of a bad debt provision, shown as a direct deduction from the receivables in order to bring their measurement to fair value. If existing, receivables whose maturity exceeds normal commercial terms are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method, net of any impairment losses.

Provisions for impairment losses are made when there are objective indications (such as the likelihood of insolvency or significant financial difficulties of the debtor) that the Group will not be able to recover the amounts due under the original terms of the contract.

i) Public contributions

Public contributions are recognised when it is reasonably certain that they will be received and when all conditions for attaining them have been met.

1) Operating contributions

Operating contributions consist of public contributions and subsidies received to supplement revenues. The Group accounts for these contributions on an accrual basis in accordance with IAS 20, as they are provided against biological assets measured at cost.

2) Plant contributions

In the event that the contribution is related to an investment, the investment and the contribution are recognised for their nominal values and the release to the income statement occurs progressively over the expected useful life of the relevant investment on a straight-line basis.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank and postal deposits.

Current account overdrafts and advances, if any, are deducted from cash and cash equivalents only for the purposes of the cash flow statement.

m) Equity

1) Share capital

The item is represented by the subscribed and paid-up capital of the Parent Company. Costs related to the issue of new shares or options are classified, if any, in equity as a decrease of the amounts arising from the issue of these instruments.

2) Other reserves

They refer to:

- earmarked reserves;
- reserves arising from the transition to IAS, net of tax effect;
- reserve for treasury shares in the Group's portfolio, generated as a result of consolidation adjustments;
- share premium reserve. Deducted from this reserve are the costs incurred for the Reorganisation operations carried out over the years.

3) Retained profits

The item includes:

- legal reserve;
- profits carried forward. This last item refers to:
 - the economic results of previous years for the portion not distributed or allocated to reserves (in the case of profits) or set aside (in the case of losses);
 - transfers from other asset reserves when the restriction to which they were subject ceases to apply;
 - the effects of the recognition of changes in accounting standards and material errors.

Equity attributable to minority interests refers to the share held by the other shareholders of SIS (43.25%), the CAI Group (64.11%), BIA Spa (28.5%), Pastificio Fabianelli (59.23%), and Bonifiche Ferraresi (21.68%).

n) Employee benefits

1) Employee severance indemnity

It is determined by applying an actuarial-type methodology with reference to the accrued severance remaining in the company.

The application of IAS 19 revised, which is mandatory as of 1 January 2013, requires that the amount of the rights accrued during the year by employees and the notional finance cost, which the company would incur if the market were asked for a loan in the amount of the indemnity, are recognised in the income statement, while actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions used, are recognised directly in equity.

The rates and assumptions used in the calculation are shown in the table below:

	2022	2021
Annual technical discount rate	3.77%	0.98%
Annual inflation rate	5.9% for 2023, 2.3% for 2024, 2.0% from 2025	1.20%
Employee severance indemnity increase rate	5.9% for 2023, 3.2% for 2024, 3.0% from 2025	2.40%

2) 2020-2022 LTI Plan

The Company has granted incentive plans pursuant to article 114-bis of the TUF (Consolidated Law on Finance), reserved to the Company's Chief Executive Officer, as well as to certain executives identified by name by the Board of Directors upon the proposal of the Chief Executive Officer, to be implemented through the assignment of Phantom Shares against the achievement of a predetermined performance target over the 2020-2022 financial years, accompanied by a two-year non-availability restriction for 50% of the assigned Phantom Shares.

The total cost is recognised over the vesting period, which is the period in which all conditions (service and performance) for the vesting of rights must be fulfilled. At each reporting date, the Company revises the estimates that it expects to accrue based on the accrual conditions.

o) Provisions for risks and charges

In cases where the Group has a legal or constructive obligation resulting from a past event and it is probable that a loss of economic benefits will be incurred to fulfil that obligation, a provision for risks and charges is recognised. If the time factor of the expected loss of benefits is significant, the amount of future cash outflows is discounted at a pre-tax interest rate that takes into account market interest rates and the specific risk of the liability to which it relates.

No provision is made for any future operating losses.

Provisions are measured at the current value of the best estimate of expenditure made by management to meet the current obligation at the reporting date. In the case of lawsuits, the amount of funds was determined on the basis of estimates made by the Group, together with its legal advisors, in order to determine the likelihood, timing and amounts involved and the probable outflow of resources. The provision made will be adjusted as the case develops. At the conclusion of the dispute, any amount that differs from the provision set aside in the financial statements will be recorded in the income statement.

p) Trade payables, other payables and financial payables

Trade and other payables are measured at cost, which is representative of their extinguishment value, as the discount effect is not significant. They are derecognised when the obligation underlying the related liability is discharged, cancelled or fulfilled.

All loans are initially recognised at the fair value of the consideration received net of incidental acquisition costs. After initial recognition, loans are measured at amortised cost.

Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

A financial liability is derecognised when the underlying obligation is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another financial liability of the same lender, under substantially different terms, or the terms of an existing liability are substantially changed, this transaction is treated as a derecognition of the original liability and the creation of a new liability, with any differences between the carrying amounts recognised in the income statement.

q) Recognition of revenues

The revenues recognised by the Group mainly refer to the following types:

- Sales of agricultural products;
- Sales of meat;
- Sales of seeds;
- Sales of packaged food products;
- Sales and leases of property;
- Sale of electricity;
- Provision of consultancy and specific services;
- Sales of other products such as phytopharmaceuticals, plastics and plant engineering, garden, insurance products and petrochemicals.

Revenues are measured according to the contractually agreed consideration with the customer. The Group recognises revenues when control over the promised goods or services is transferred to the customer.

The Group sells products and provides services to other agricultural and industrial companies or food distribution

companies (so-called Large-scale distribution - GDO) and thus operates mainly in the B2B sector, although sales under the own brand "Le Stagioni d'Italia", made to the large-scale distribution, represent a closer approach along the food chain to the end customer.

Revenues as described above from time to time comprise a single performance obligation that relates to the sale of the product, not including in the sale services or ancillary products that, in accordance with IFRS 15, should constitute separate performance obligations.

Revenues are recognised at the moment of transfer of control of the goods ("at a point in time"). This condition depends on what has been agreed with the customer; in most cases, this transfer of control takes place when the goods are taken over by the carrier (which may alternatively be a carrier or a ship). After the transfer of control, the customer has full discretion over the mode of transport and distribution of the goods and the sales price to be charged, bears full responsibility for their use, and assumes the risks of obsolescence and possible loss of the goods.

The Group recognises the receivable when the transfer of control takes place, as mentioned in the preceding paragraph, as this is the moment when the right to consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

According to the standard contractual terms applied by the Group, the consideration is certain and there are no variable parts. Furthermore, there are no sales with contractually agreed return rights. Returns are only made in the event that there is an error in quality or delivery and thus the goods sold did not meet the organoleptic characteristics agreed with the customer at the time of ordering.

Revenues from the provision of services are recognised over the duration of the contract ("during time") if the contract allows for remuneration for individual outputs up to a certain date. Where this is not the case, the revenue for the provision of the service is recognised at the point in time when the service is provided in its entirety.

Public contributions are recognised as revenues when there is reasonable certainty that they will be granted and when the Group has fulfilled all the conditions necessary to obtain them. Those disbursed on account of plants are recorded at the time when there is reasonable certainty that they will be granted and when the Group has fulfilled all conditions necessary to obtain them, and the release to the income statement occurs progressively over the expected useful life of the relevant investment on a straight-line basis. Please refer to note i) above for further specifications.

Incentives for the renewable energy sector are determined on the basis of production meter readings; an incentive as per the energy account is applied to the KW produced.

Real estate sales are recognised as revenues when the following conditions are met: control of the property is transferred; a fixed purchase and sale price is established that cannot be changed by changes in market prices after the sale; the buyer bears the risk arising from the deterioration of the asset being sold; the Group no longer occupies the property and obtains no profitability related to the asset being sold; the Group has no further obligations to fulfil after the delivery of the asset.

r) Costs and other income statement components

Costs are recorded according to criteria similar to those applied for revenues and however on an accruals basis. Interest income and expense are recognised on an accruals basis, taking into account the applicable effective rate.

s) Income taxes

Income taxes shown in the income statement include current and deferred taxes. Income taxes are generally recorded in the income statement, except when they relate to matters recognised directly in equity. In this case, income taxes are also recorded directly in equity.

Current taxes are the taxes that are expected to be paid calculated by applying the tax rate in effect at the reporting date to taxable income and adjustments to prior years' taxes.

Deferred taxes are calculated using the liability method on the temporary differences at the reporting date between the tax values for assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only if it is probable that sufficient taxable income will be generated in future years for their recovery. This analysis is performed annually at the reporting date.

Temporary differences, both taxable and deductible, arise when the measurement criteria of assets and liabilities result in differences between financial statements and tax valuations. Differences arising from fair value adjustments, whether at the time of acquisition or subsequently, are treated like all other taxable or deductible differences.

t) Earnings per share

1) Basic

Basic earnings per share are calculated by dividing the total earnings per share for the period attributable to holders of ordinary shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

2) Diluted

Diluted earnings per share are calculated by dividing the total earnings per share for the period attributable to holders of ordinary shares of the Parent Company, excluding treasury shares. For the purpose of calculating diluted earnings, the weighted average number of shares outstanding is adjusted by assuming the conversion of all potential shares with dilutive effects, while the Company's net result is adjusted to take into account the after-tax effects of the conversion.

u) Sector information

A sector is defined as an area of activity or a geographical area in which the Group's business is conducted, characterised by conditions and risks that differ from those of other sectors.

An operating sector, as referred to in IFRS 8, is a component of an entity that engages in revenue- and cost-generating business activities, the results of which are periodically reviewed at the highest operational decision-making level for the purpose of making decisions about resources to be allocated to the sector and assessing performance. The objective is therefore to provide the necessary information about the nature and budgetary effects of different business activities and the economic contexts in which they operate.

The Group's activities are organised in the following sectors/activities:

1. Agricultural sector, i.e. the management of owned land for the purpose of cultivation and harvesting and subsequent marketing of the product;
2. Seed sector, an activity carried out mainly by the company SIS and covering all stages of the seed cycle, which is expressed in the creation of new varieties, seed multiplication and seed processing and marketing. Also identified within the sector are activities related to the mere marketing of seed by the seed division of CAI and its subsidiary Quality Seed. To further define the perimeter of the Group's seed sector, the operation was inspired by the creation of the Seed Hub as an aggregation of all the seed divisions into a single legal entity represented by SIS (effective date 01/02/2023);
3. Service sector, consisting of the provision of services to other operators in the agricultural sector;
4. Livestock sector, relating to the breeding of growing cattle at the Group's own barns;
5. Industrial sector, consisting of the production and marketing of packaged products under the brand Le Stagioni d'Italia and private labels;
6. "CAI" Sector; within it, individual divisions can be identified that operate in specific product areas such as, Feed, Fertilisers, Phytopharmaceuticals, Mechanisation and other minor ones in addition to the core business represented

by the "Cereal Storage" division. In general, the CAI sector includes all activities in the marketing of products dedicated to the agricultural sector and the provision of related services, together with the activities carried out by the companies included in the CAI sub-consolidation. The divisions described on pages 2 and 7 are excluded;

7. "Fuels" sector identifiable in the CAI Spa subsidiary, Eurocap Petroli, whose core business is concentrated in the distribution of fuel-lubricant products for agricultural use. It should be noted that, as a result of the rationalisation process of the CAI Group, the business unit of CAI Spa was transferred to this entity in 2021 and the fuel-lubricants division of the Consorzio Nordest was transferred to it through the leasing of a business unit as of 1 November 2022.

In addition, certain sectors were further grouped to measure the results of CGU as identified by the Group and shown in the sector information table. Reference is also made to the perimeters of Goodwill in the consolidated financial statements, to which the reader is referred.

The main values attributed to the individual sectors are reconciled with the Group's statement of financial position and income statement, representing inter- and intra-asset eliminations separately. Transactions between assets are measured at market prices.

At the end of this document, the contribution to the result of the CGU is proposed pertaining to the:

- Agro-Industrial Sector: understood as the agricultural, livestock, industrial/structural and service sector related to the activity generating the related profitability flows (all activities strongly integrated with each other and therefore identified as a single Sector);
- Seed sector: related exclusively to the seed sector of the subsidiary SIS, the CAI "seed" division and its subsidiary Quality seed. This sector also included the flows from the seed division, which was completed by the transfer of the Consorzio Agrario del Nordest business unit as of 1 September 2022;
- Fuels Sector; in this case, there is coincidence with the activities carried out and the activities held by the subsidiary Eurocap Petroli following the extraordinary transfer transactions and lease of the "fuel" BU finalised in 2021 and 2022 with the parent company CAI Spa;
- Group Integration Sector: related to the activity of the parent company within the scope of its services activity both within and outside the Group;
- CAI sector, as previously defined.

v) Fair value estimates

IFRS 13 defines a precise fair value hierarchy organised into three levels, which take into account the degree of observability of the inputs used for estimation. As such, the hierarchy establishes the various levels of reliability of fair value.

The inputs represent the assumptions that market operators would make in determining the relative price of the asset or liability, including assumptions about risk.

In general terms, IFRS 13 requires that measurement techniques use the highest and most reliable level of information. Level 1 inputs are quoted prices in active markets for identical assets or liabilities to which the Group has access at the measurement date. A market is active if transactions take place with sufficient frequency and in sufficient volumes to provide continuous and up-to-date price information. Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than observable quoted prices for assets or liabilities (e.g. interest rates, spreads, etc.), market-corroborated inputs through correlation processing or other means. Level 3 inputs are those that are unobservable, for which no market data are available, and which reflect the assumptions that a market participant would make in trying to attribute a price to an asset or liability, including assumptions about risk.

The fair value of property investments, as reported in note a.1), falls under level 2.

The fair value of current crop advances, as described in note b), falls under level 2.

The fair value of the final inventories of agricultural products (adopted as cost at the time of their harvest), as described

in note e), falls under level 1, referring to the quotations of the products recorded at the Bologna and Milan Commodity Exchanges.

The fair value of financial instruments, as reported in note f), falls under level 3 in respect of investments in unlisted companies.

z) Estimates and judgements on accounting items

The preparation of financial statements and notes in application of IFRS require the directors to apply accounting standards and methodologies that may be based on historical experience and assumptions that depend on the circumstances in which the valuations are made.

The use of estimates affects the value of certain items of the financial statements.

Listed below are the items in the financial statements that require more subjectivity than others on the part of the directors in making estimates, and for which a change in the conditions underlying the measurement may have an even significant impact on the Group's financial statements:

- Goodwill;
- Property investments;
- Current biological assets;
- Employee benefits;
- Investments in joint ventures;
- Receivables for deferred tax assets.

COVID 19 - CONFLICT RUSSIA AND UKRAINE

As mentioned in paragraph 2 of the Annual Report, the year 2022 was also characterised by the global spread of the Coronavirus pandemic and the continuing Russia-Ukraine conflict. The main impacts on the business and the related accounting effects are presented below.

In connection with the periodic assessments of the economic outlook, the current market context was taken into account, noting in the estimates the negative global impact of commodity prices, in particular energy commodities, on the movement of goods and on inflationary price dynamics. It should be noted that the Group does not operate either directly or indirectly in the Russian and/or Ukrainian markets. Therefore, the effects on economic performance are those solely attributable to the evolution of the global macroeconomic framework.

The Group was and is affected in all sectors of its business by the indirect consequences of the Russian-Ukrainian conflict, such as the increase in the prices of raw materials, the increase in energy costs, the increase in interest rates and other aspects related to the inflationary trend, while the Group's internal supply chain integration has guaranteed and continues to guarantee the procurement of raw materials for the processing and marketing of agro-food products. During 2022, the increase in energy, transport and raw material costs was substantially absorbed by the increase in the sales prices of goods and services produced by the Group without significantly affecting profitability and the results recorded compared to the forecasts made.

In addition to what is described above, the areas of the financial statements that are being monitored most closely at present are those of loans to customers (in order to promptly identify any new bad loans, which, however, have not manifested themselves appreciably at present), and of inventories, in order to observe any reductions in product turnover rates, which again have not occurred, highlighting a rather counter-cyclical dynamic at present.

In addition, the Directors believe that the Group's proven financial condition in 2022 does not call into question its solvency in the short term and, on the contrary, guarantees greater autonomy to take the measures deemed necessary to preserve the achievement of its objectives.

Finally, at present, despite the strong fluctuations suffered by world stock market prices as a result of the situation described above and the increased macroeconomic instability generated by the Russia-Ukraine conflict, the current stock market value of the shares of B.F. S.p.A. is higher than the corresponding values implied in the Group equity at 31 December 2022.

POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS, SIGNIFICANT NON-RECURRING EVENTS AND OPERATIONS

During the year 2022, there were no atypical and/or unusual transactions as defined in Consob Communication no. DEM/6064293 of 28 July 2006, nor were there any significant events and transactions other than those reported in section "3. Significant events in 2022" of this Consolidated Annual Financial Report.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2022

1. On 01 February 2023, the Seed Hub was created as an integration of functions and competences between CAI and SIS; this operation is part of the Group's corporate structure plans, the rationalisation of which aims to set up entities aimed at enhancing the value of excellence skills.

In summary, the integration of the Industrial Seed BU will allow SIS to become the largest seed business in the country. The effective integration of the CAI Industrial Seed BU into SIS was resolved by the Extraordinary Shareholders' Meeting on 23 January 2023, with legal effect as of 01.02.2023. In particular, a paid capital increase was approved by the SIS shareholders, with the exclusion of option rights in accordance with Article 2441, paragraph four, first sentence, of the Italian Civil Code, paid up by CAI through the transfer of the aforementioned company BU, and a divisible Cash Capital Increase, to be offered as an option to shareholders, to be realised through the issue of 6,950,123 shares, for a total of Euro 4,000,000.00, with provision for the possibility of offsetting, even partially, the debts deriving from the subscription of the Cash Capital Increase with financial receivables, if any, claimed by the subscribing shareholders.

The share capital increase in kind took place in the following terms:

- (I) capital increase reserved for CAI, through the issue of 21,923,077 shares, for a total of Euro 23,400,000.00, of which Euro 11,400,000.00 was allocated to share capital and Euro 12,000,000.00 to the share premium reserve;
- (II) unit issue price of the new shares equal to Euro 1.0674, of which Euro 0.52 is to be allocated to share capital until the capital increase, as above, set at Euro 11,400,000, is fully covered, and the remainder, up to the total amount of the share premium reserve set, as above, at Euro 12,000,000, as share premium.

The cash capital increase was subscribed by the parent company BF Spa.

PROPOSED ALLOCATION OF THE PARENT COMPANY'S PROFIT

The Board of Directors shall propose to the Shareholders' Meeting convened at the Marchetti Notary Office, Via Agnello 18, Milan, on 10 May 2023 at 11:00 a.m., in a single call, to allocate the profit for the year amounting to Euro 8,919,062.74 as follows:

- Euro 2,056,102 to the Non-Distributable Profit Reserve, unavailable pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005;
- Euro 343,148.04 to the Legal Reserve;
- Euro 6,519,812.70 to the Shareholders as dividend, equal to Euro 0.03485 per share;

The proposal to distribute an additional dividend in the amount of Euro 962,569.90, through the utilisation of the "Profits available for distribution reserve" in the amount of an additional 0.00515 per share, will also be submitted to the aforementioned Shareholders' Meeting.

Based on the above, the total amount of the dividend is 7,482,382.60 or 0.04 for each of the 187,059,565 outstanding shares.

STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) TANGIBLE ASSETS

The breakdown of tangible assets belonging to the Group is shown below, with specific indication of the contributions related to the new scope of consolidation, thus including in this section the values of the accounting items of BIA Spa and Pastificio Fabianelli Spa.

CATEGORY	31/12/2022						31/12/2021					Change
	Gross carrying amount	Changes in NE transfer	Accumulated depreciation	Net value	Increases from scope of consolidation at 31/12/2022	Final net value 31/12/22	Gross carrying amount	Accumulated depreciation	Net value	Net value of contributions at 31/12/2021	Final net value 31/12/21	
Land ownership												
Agricultural land	167,319		(317)	167,003	6,465	173,468	167,431	(251)	167,179	-	167,179	6,288
Rice fields, alfalfa and medicinal plants	1,614		(393)	1,220	-	1,220	1,485	(229)	1,256	-	1,256	(35)
Buildings	148,465	100,835	(23,282)	226,018	1,576	227,594	52,949	(11,464)	41,485	85,841	127,326	100,268
Business centre "L. Albertini"	7,077		-	7,077	-	7,077	6,945	-	6,945	-	6,945	132
Assets in progress												-
	324,475	100,835	(23,992)	401,318	8,041	409,360	228,810	(11,944)	216,865	85,841	302,706	106,654
Other assets												-
Plants and Machinery	79,976	34,761	(34,175)	80,561	8,606	89,167	39,912	(19,793)	20,119	28,410	48,529	40,638
Equipment	16,899	721	(10,861)	6,759	914	7,673	8,716	(5,518)	3,198	3,830	7,028	645
Other	6,511	537	(4,083)	2,965	214	3,179	1,897	(1,159)	738	1,585	2,322	857
Assets in progress	36,804	2,393	-	39,197	1,667	40,863	19,545	-	19,545	668	20,213	20,650
	140,189	38,412	(49,119)	129,482	11,400	140,882	70,070	(26,470)	43,600	34,492	78,092	62,790
TOTAL TANGIBLE ASSETS	464,665	139,246	(73,111)	530,800	19,442	550,243	298,880	(38,415)	260,465	120,333	380,798	169,444

Below is a description of the changes that occurred during the year 2022, noting separately the increases and decreases related to the contributions of the new acquisitions and the Transfer transaction that took place in CAI.

CATEGORY	Net value 31/12/21	In- creases	De- creases	Depreciation of the period	Reversal accumulated depreciation	Write- downs	Changes in NE transfer	Increase scope of consolidation	Decrease scope of consolidation	Reclassifica- tions	Net value 31/12/2022 31/12/2022
Land ownership											
Agricultural land	167,179	41	-	(217)	-		-	6,465		-	173,468
Rice fields, alfalfa and medicinal plants	1,256	209	-	(245)	-		-	-		-	1,220
Buildings	127,326	782	(16)	(5,372)	-		100,835	1,576		2,465	227,594
Business centre "L. Albertini"	6,945	59	-	-	-		-			73	7,077
Assets in progress											-
	302,706	1,090	(16)	(5,834)	-		100,835	8,041		2,538	409,360
Other assets											
Plants and Machinery	48,529	3,211	(651)	(5,452)	139		34,761	8,606	(60)	87	89,167
Equipment	7,028	835	(612)	(2,358)	112	(7)	721	914	(223)	1,262	7,673
Other	2,322	619	(45)	(586)	13		537	214	(83)	187	3,179
Assets in progress	20,213	19,372	(64)	-	-		2,393	1,667	-	(2,717)	40,864
	78,092	24,037	(1,372)	(8,396)	264	(7)	38,412	11,400	(367)	(1,180)	140,884
TOTAL TANGIBLE ASSETS	380,798	25,127	(1,389)	(14,230)	264	(7)	139,246	19,442	(367)	1,358	550,243

INCREASES AND RECLASSIFICATIONS

Within tangible assets, the items that recorded the largest increases and/or changes are buildings, plant and machinery and assets in progress.

The increase in **Buildings** is mainly attributable to the transfer of Consorzio Agrario del Nord Est to CAI Spa as of 1 September 2022. The increase attributable to this transaction was Euro 100,835 thousand out of the Group's total of Euro 103,192 thousand as the sum of increases, changes from transfer and changes in the scope of consolidation.

The increase in **Plant and Machinery** is attributable, like the previous item, to the contributions from the transfer of Consorzio Agrario Nordest (for Euro 34,761 thousand to CAI Spa) and the acquisitions of the newly-acquired subsidiaries BIA Spa, Pastificio Fabianelli SpA and Zoo Assets (for Euro 8,606 thousand). Added to these changes are the investments made by the company BF Agricola relating to the facilities located in the Jolanda di Savoia barn and the normal maintenance of equipment dedicated to farming and processing activities.

The increase in **Assets in progress** of Euro 19,372 thousand is mainly attributable to BF Agricola for Euro 11,066 thousand and concerns the construction of the peanut and legume processing plant together with the works for the "Il Cicalino" Estate. Also worth mentioning are other interventions on plants under construction for about Euro 6,833 thousand for CAI Spa and specifically for projects related to the completion of the milling plant in co-partnership with Milling Hub and other projects included in the PNRR measures. It should be noted that these balances also include increases in assets in progress resulting from the Transfer of Nordest in the amount of Euro 2,393 thousand. Lastly, investments continue for the construction of the barn located in Marrubiu, the continuation of works for the projects called Water4agri, Ecrops, and the Open-Air Laboratory, all at the Sardinia agricultural estate, thus resulting in an increase in this item also attributable to the company Bonifiche Ferraresi for Euro 1,504 thousand. Residual increases arise from investment activities of operational relevance and related to the normal cycle of asset maintenance.

DECREASES

Regarding the decreases affecting the detailed item of the financial statements, totalling Euro 1,755 thousand and including changes in assets arising from the contributions of the newly acquired subsidiaries and decreases arising from the deconsolidation of IBF, there are no particularly significant indications other than those related to normal operating activities and related disposals. In parallel with the sale of assets, the accumulated depreciation provision was reversed for a total of Euro 264 thousand.

Decreases recorded in the item **Assets in progress** are also attributable to reclassifications and related to the management of the asset or putting into use of assets within the production cycle of individual entities.

(2) PROPERTY INVESTMENTS

This item consists of the property investments held by the Group in land and buildings.

CATEGORY	Net value 31/12/21	Increases	Decreases	Reclassifications	Revaluations IS	Write-downs IS	Net value 31/12/22
Land ownership							
Land	7,409		(120)				7,290
Buildings	18,678	391	(301)		16	(29)	18,754
TOTAL PROPERTY INVESTMENTS	26,087	391	(421)		16	(29)	26,044

Increases in the item Buildings refer to improvements and extraordinary maintenance performed on Group-owned buildings.

Revaluation and impairment items are typically changed following the measurement of IAS 40 buildings at the corresponding fair value determined on the basis of an appraisal report prepared annually and at year-end by a leading real estate consulting firm.

As required by IFRS 13, it should be noted that the fair value adopted for the measurement of property investments falls within hierarchical level 2. Below is a table containing the minimum and maximum values per square metre per municipality used in the measurement of urban buildings at 31 December 2022, as inferred from the appraisal report prepared with reference to that date. In some cases, the significant difference between minimum and maximum values may be due to the measurement made of some ancillary plots attached to the main complexes.

URBAN BUILDINGS	Value (Euro/sqm)	
	MIN	MAX
MUNICIPALITY OF ROME	6400	8200
MUNICIPALITY OF FERRARA	1240	1750
MUNICIPALITY OF IOLANDA DI SAVOIA	780	1200
MUNICIPALITY OF MESOLA	386	1185
MUNICIPALITY OF MIRABELLO	530	970
MUNICIPALITY OF POGGIO RENATICO	566	814
MUNICIPALITY OF CORTONA	300	4000

(3) BIOLOGICAL ASSETS

The item includes the value of the Group's biological assets divided into current and non-current.

CATEGORY	31/12/2022			31/12/2021			Change
	Gross carrying amount	Accumulated depreciation	Net value	Gross carrying amount	Accumulated depreciation	Net value	
Non-current	3,340	(290)	3,050	3,340	(226)	3,114	(64)
Non-current in progress	1,919		1,919	1,632			287
Current	12,774		12,774	11,304			1,470
TOTAL	18,033	(290)	17,743	16,276	(226)	16,050	1,693

Non-current biological assets in progress include the value of the olive grove in progress at the S. Caterina estate in the municipality of Cortona.

NON-CURRENT BIOLOGICAL ASSETS	31/12/2021	Increases	Decreases	Depreciation	31/12/2022
Gross carrying amount	3,340				3,340
Accumulated depreciation	(226)			(64)	(290)
Non-current in progress	1,632	287			1,919
TOTAL	4,746	287	0	(64)	4,969

Current biological assets comprise (i) the valuation of crops for the 2022/2023 marketing year that had not completed their cultivation cycle with harvesting at 31 December 2022, the date of this report ("Crop Advances") and (ii) the value of livestock in the barn at the reference date.

Crop advances are measured at fair value less costs to sell. In some cases, fair value may be approximated by the costs incurred to bring produce to maturity, particularly when only minor biological transformation has occurred since the initial cost was incurred or when biological transformation is not expected to have a material impact on price.

The following table provides a breakdown of Current biological assets by type and nature:

CURRENT BIOLOGICAL ASSETS	31/12/2022	31/12/2021	Change
Crop advances at Cost	587	403	184
Crop advances at Fair Value	2,352	3,448	(1,096)
Livestock	9,835	7,453	2,382
TOTAL	12,774	11,304	1,470

With reference to the **Crop advances at cost**, the changes recorded between 2021 and 2022 are mainly attributable to the seed sector and only residually to the agricultural sector.

With reference to **Crop advances at Fair Value**, the decrease is mainly related to the different crop plan between the two years.

Livestock current biological assets mainly refer to cattle bred at the barn located in Jolanda di Savoia; these assets are measured at fair value net of selling costs, taking into account the growth achieved during the period in terms of kg (barn in Jolanda di Savoia) and type of cattle (cattle at the Le Piane estate).

The increase in value of Euro 2,382 thousand is related to the mix of cattle in the barn, and also to the number of cattle at the Le Piane estate.

(4) INTANGIBLE ASSETS

The following table summarises the balances of Intangible assets broken down into their main items at 31 December 2021 and 31 December 2022 and then shows the related changes:

CATEGORY	31/12/2022					31/12/2021			
	Gross carrying amount	NE transfer	Accumulated amortisation	Net value	Increase from scope of consolidation	Final net value 31/12/22	Accumulated amortisation	Final net value 31/12/21	Change
SOFTWARE	2,138		(908)	1,230	42	1,272	(628)	806	466
INTANGIBLE ASSETS IN PROGRESS	4,138		(4)	4,134	43	4,177	-	3,082	1,095
INTANGIBLE ASSETS IN PROGRESS FOR PRODUCT DEVELOPMENT	4,597		-	4,597	-	4,597	-	5,202	(605)
PRODUCT DEVELOPMENT	7,352		(2,789)	4,563	1	4,564	(1,619)	6,894	(2,330)
VARIETY RIGHTS	9,329		(3,733)	5,595	-	5,595	(3,111)	6,217	(622)
RIGHTS OF USE	29,191	43,170	(10,608)	61,753	2,867	64,620	(1,614)	16,316	48,304
OTHER INTANGIBLE ASSETS	61,273	16,811	(9,833)	68,252	10,701	78,953	(3,479)	52,349	26,605
TOTAL INTANGIBLE ASSETS	118,017	59,981	(27,875)	150,123	13,655	163,778	(10,451)	90,866	72,912

CATEGORY	Net value 31/12/2021	Increases	Decreases	Amortisation of the period	Reversal accumulated amortisation	NE transfer	Reclassifications	Increases from scope of consolidation	Decreases from scope of consolidation	Final net value 31/12/2022
SOFTWARE	806	592	(79)	(284)	-	-	195	42		1,272
INTANGIBLE ASSETS IN PROGRESS	3,082	1,603	(144)	(4)	-	-	(403)	43		4,177
INTANGIBLE ASSETS IN PROGRESS FOR PRODUCT DEVELOPMENT	5,202	6,127	(2,955)	-	-	-	(934)	-	(2,843)	4,597
PRODUCT DEVELOPMENT	6,894	953	-	(1,170)	-	-	354	1	(2,468)	4,564
VARIETY RIGHTS	6,217	-	-	(622)	-	-	-	-	-	5,595
RIGHTS OF USE	16,316	10,611	(2,468)	(6,350)	288	43,170	186	2,867		64,620
OTHER INTANGIBLE ASSETS	52,349	7,277	(1,245)	(7,484)	-	16,811	788	10,701	(244)	78,953
TOTAL INTANGIBLE ASSETS	90,866	27,165	(6,893)	(15,916)	288	59,981	186	13,655	(5,555)	163,778

Among the components reported above that are recognised during the year, there are "Other intangible assets" and "Rights of use"; in continuity with what was recognised in these items at 31 December 2021, we would like to recall the significance of the contribution deriving from the consolidation of CAI Spa as expressed by the values in the column "Net value of contributions at 31/12/2021" in the table above.

In particular, following the purchase price allocation (PPA) process of the assets and liabilities of the acquired entity CAI Spa, as required by IFRS3, the assets subject to the transaction were measured, highlighting the strategic fundamentals acquired by CAI.

For the sake of clarity, we report what was allocated to the item **Other intangible assets**, referring to what was described in the Consolidated Financial Report at 31 December 2021 with regard to the CAI PPA and what emerged from the allocation processes of the newly acquired BIA Spa and Pastificio Fabianelli Spa in 2022 and from the transfer of the BU from Consorzi Agrari del Nordest. Specifically, the values before the respective accumulated amortisation are:

- Euro 2,796 thousand allocated to Contractual Rights arising from the transfers (i) of the 100% investment of Italian Tractor from Consorzi Agrario dell'Emilia to CAI Spa for Euro 506 thousand and (ii) of the 100% investment of Assicai for Euro 2,288 thousand as of 1/10/2021;
- Euro 11,720 thousand allocated to intangible assets related to customers acquired as a result of the acquisition of the investment in Eurocap Petroli;
- Euro 12,780 thousand allocated as intangible assets related to the "Consorzi Agrari d'Italia" brand and therefore to the value of the sales network brought in with the acquisition;
- Euro 1,297 thousand allocated to Contractual Rights, as an increase in 2022, in continuity with the CAI PPA at 31 December 2021;
- Euro 7,500 thousand allocated in the provisional PPA for BIA as intangible assets from customer lists;
- Euro 491 thousand allocated in the provisional PPA for the BIA Brand;
- Euro 13,256 thousand at the time of the provisional PPA for the contribution of Consorzi Agrari del Nordest to CAI Spa and attributed to the higher value contributed by the brand or the intrinsic value of the sales network;
- Euro 1,785 thousand in the provisional PPA for the contribution of Consorzi Agrari del Nordest and specifically for the customer list related to the specific fuel-lubricants BU transferred.

The values shown above are gross of the consequent tax effects; the latter are recognised in the appropriate Deferred Tax Provision.

During the year, the relative amortisation was also accounted for, considering the useful life to be 10 years for contractual rights, 15 years for acquired "Customer List" customers, and 12 years for the "Consorzi Agrari d'Italia" and "Consorzi Agrari del Nordest" brands, respectively.

With regard to the item **Rights of use**, an increase of Euro 56,648 thousand was recorded, mainly due to (i) increases in Sub-consolidated CAI, related to contracts relative to the BU contributed by the Consorzio Agrario del Nordest (for Euro 43,170 thousand), (ii) increases arising from changes in the scope of consolidation (mainly BIA) for Euro 2,867 thousand, (iii) increases related to other Group entities for Euro 10,611 thousand, of which Euro 952 thousand related to the parent company BF Spa.

The increase in the item **Intangible assets in progress** in the amount of Euro 1,603 thousand relates to capitalisations related to the various development projects implemented by the Group and mainly by the parent company in the amount of Euro 1,100 thousand. Also worth noting are capitalisations in the amount of Euro 460 thousand relating to projects developed by BF Agricola, the most significant of which is the "Agrifood" project carried out by the company in coordination with other leading sector partners.

The changes in the item **Intangible assets in progress for the development of new products** mainly refer to investments made for the launch of new products under the "Le Stagioni d'Italia" brand, as well as projects for the launch of new "seed" products by the company SIS. At the conclusion of these projects, i.e. when the products themselves are marketed, the amounts previously capitalised are reclassified under Product Development to reflect said end of the development phase and commencement of the amortisation period.

The increase in **software** expenses, which are residual compared to the previous ones, refers to investments on software in use by Group companies and related customisations.

(5) GOODWILL

The table shows the values of Goodwill:

DESCRIPTION	31/12/2022	31/12/2021	Change
Goodwill	64,576	52,291	12,284

The amounts recorded in this item refer to the differences from cancellation, between the purchase cost of the investments and the portion of equity of the subsidiaries attributable to the Parent Company at the time of purchase measured at fair value and not allocable to specific assets. The total difference and related to acquisitions made in years prior to 2022 was deemed allocable to higher values attributable to land in the amount of Euro 22,652 thousand, gross of the related deferred taxation, and the remaining Euro 34,608 thousand was deemed attributable to goodwill due to the expectation of future excess profitability from the investments. In particular, the acquisitions that generated the goodwill recognised in the past were that of Bonifiche Ferraresi, which today constitutes the core of the Group's Agro-Industrial Sector, carried out in 2014 (goodwill of Euro 31,129 thousand), and that of SIS, to which the Group's Seeds Sector belongs, carried out in 2017 (goodwill of Euro 3,479 thousand).

During 2021, following the acquisition of IBF Servizi, the value of the Agro-Industrial sector increased by Euro 1,136 thousand, more specifically as a result of the sub-consolidation with Agronica srl, which was then eliminated in 2022 following the deconsolidation of IBF Servizi. Also in 2021, as a result of the acquisition of control of CAI Spa, the higher value contributed by the derivative acquisition of Eurocap Petroli was recognised in the amount of Euro 16,547 thousand.

In the year 2022, as a result of all the transactions that took place, the change in this item of Euro 12,284 thousand is detailed as follows:

- Euro 693 thousand for the higher value allocated to goodwill for the acquisition of Eurocap Petroli as part of the PPA (Purchase Price Allocation) process of CAI Spa and as a further measurement process in the final definition of the method adopted by the parent company in the event of a business combination;
- Euro 500 thousand attributable to greater goodwill in the subsidiary Eurocap Petroli of CAI Spa for the acquisition of a BU in the same sector and deemed strategic by the company to expand its product distribution network.
- Euro 1,727 thousand for the acquisition by CAI Spa of 52% of the company Zoo Assets, therefore falling within the scope of consolidation of CAI Spa as of December 2022;
- Euro 1,136 thousand decrease due to the deconsolidation of IBF Servizi; goodwill generated in turn in 2021 for the acquisition of Agronica Srl at 49%, and eliminated as a result of the sale of the company by the parent company BF Agricola;
- Euro 6,227 thousand for the acquisition of BIA Spa; the differential was provisionally allocated to goodwill as all specific assets to allocate fair value adjustments have not yet been specifically identified and measured, and increased the Agro-Industrial CGU;
- Euro 4,273 thousand against the entry of Pastificio Fabianelli in the scope of consolidation; the acquisition of control matured on 28 December 2022; therefore, at the date of preparation of this Financial Report, the Group had not yet completed the preliminary stages of the PPA process.

As already represented elsewhere in this report, the PPA for transactions implemented in the financial year 2022 are outlined in provisional form, thus using the 12 months allowed to make them final.

It is specified that at the end of each financial year, this item is subject to a specific impairment test for each CGU with reference to the possibility of maintaining the value recorded in the consolidated financial statements, pursuant to and for the purposes of IAS 36.

Specifically, goodwill at 31 December 2022 was allocated to the following CGU:

Goodwill by CGU	31/12/2021	Increases	Decreases	31/12/2022
Agro industrial CGU	32,265	10,500	(1,136)	41,629
Seeds CGU	3,479			3,479
Fuels CGU	16,547	1,193		17,740
Zoo Asset		1,727		1,727
	52,291	13,420	(1,136)	64,576

In determining the value in use of net invested capital, cash flow projections were used based on a 5-year time horizon as reported in the Group's 2023-2027 Strategic Guidelines and 2023 Budget; in general, the method used is the Discounted Cash Flow (DCF) measurement method in the asset side variant.

In relation to the CGU Agro-Industrial, the strategies referring to the companies in the agricultural, livestock and industrial sectors envisage, first and foremost, benefiting from the technological development that has been worked on in recent years, aimed at increasing efficiency and increasing the production yields of the land with methods that also envisage a reduction in the consumption of fuels, fertilisers and phytopharmaceuticals through the use of data to support strategic-agronomic decisions. The main actions planned relate to: (i) search for the best crop rotations aimed at containing climate risk, (ii) caution in estimating second harvests in view of the potential risk of climate change (e.g. drought), (iii) rotation to improve fertility, (iv) more conservative tillage techniques, (v) valorisation of land assets not only for purely agricultural activities but also linked to the agri-business and agri-voltaic world. Furthermore, the strategies of the industrial companies envisage both the enhancement of Le Stagioni D'Italia branded products, through the growth of sales channels thanks to the integration with the Consortia and the development of exports, and a greater integration of the new companies that have joined the Group, also through a reorganisation and streamlining of the logistics and sales function.

The aim is to create increasingly integrated supply chains and then to be able to replicate the model for as many supply chains as possible. It should also be noted that the valuations carried out and the perimeter being estimated include the quantitative valuations of the newly-acquired company BIA Spa. Therefore, the perimeter being evaluated for the Agro-Industrial CGU is attributable to the Business activities carried out by the Group's companies and related investments, i.e. BF Agricola, Bonifiche Ferraresi Spa, BF Agro Industriale Srl, BIA Spa and Leopoldine. With reference to as expressed in the paragraph "Climate Change Risks" in the Report on Operations, it is noted that the cash flows used in the estimates incorporate the quantification of the risks identified in this area and included in the 2023 Budget forecasts and in the economic development lines outlined by the Group in the medium-long term. Specifically, in addition to what has been mentioned above with regard to the main actions planned, over the course of the multi-year plan, account has been taken of (i) costs related to insurance coverage in the agricultural field to compensate for potential damage to crops caused by climatic events, specifically foreseeing the estimated burden of any deductibles; (ii) specific estimates of crop yields considering both the historical trend of the most recent years, also foreseeing potential reductions in yields to take into account drought impacts. More broadly, all investment plans were also reviewed in order to optimise yields and strengthen water sustainability with new plants and irrigation systems.

The goodwill arising from the provisional PPA relating to Pastificio Fabianelli Spa, as the Parent Company acquired control only at year-end, was considered an expression of its fair value at 31 December 2022 and was not included in the scope of the measurement.

The Seed CGU is attributable to the activities carried out by Sis Spa and, from 2023, by the Group's seed business unit created as a combination of the activities of Sis, CAI seed division and its subsidiary Quality Seed, as well as, lastly, the seed business unit transferred to CAI Spa as part of the Consorzio Agrario del Nordest transaction. For the Seed Hub, future growth drivers are centred on the development of new seed types, especially by consolidating its core business (wheat and rice), while at the same time developing higher-margin seeds (peanuts, legumes, soya beans) and the so-called spring varieties (corn and soy beans) thanks to the concentration of innovation and research activities on seed genetics dedicated to both the food and non-food sectors.

For the "fuels" CGU, there is full identification with the Eurocap Petroli entity, whose development strategy is centred on the expansion of the "Gasoline" products (for automotive and agricultural use) and "Diesel" products (for heating, automotive and agricultural use) and increasing volumes in the lubricants division, i.e., the products marketed by the company with high margins. In the evaluation of the evolution and projection of flows, based on the results of the Risk Assessment, for the description of which please refer to the specific paragraph "Climate Change Risks" in the Report on Operations, which in fact did not highlight significant climate change risks for the fuel sector over the explicit multi-year plan period, no specific charges on this type of risk were quantified in the latter.

With regard to the test prepared to verify the recoverability of the value in use of the Agro-Industrial Sector CGU, the expected cash flows were determined at nominal values and the rate used to discount these flows was determined to be 5.71% (3.05% for the previous year) using the WACC method. The latter, compared to the assumptions made in the impairment test at 31 December 2021, also takes into account the growth in interest rates on the capital market in 2022. The growth rate used to extrapolate cash flow projections beyond the period covered by the plan is 2%; the choice made is in line with the ECB and IMF long-term inflation target rate.

The criterion of estimating value in use led to the recognition of recoverable amounts higher than the carrying amount of the CGU in question at 31 December 2022. Therefore, no impairment losses were recognised in light of the results of the impairment test. In fact, against a total net invested capital value of the Agro-Industrial Sector CGU of Euro 345.2 million, the test results showed an enterprise value of Euro 403 million.

Alternative scenarios were evaluated, confirming the outcome of the test. In particular, the sensitivity analysis showed positive results even when the growth rate decreased by 25 basis points and the WACC increased by 25 basis points. Furthermore, by further testing, the EBITDA values used in the terminal flow would have to be 11.6% lower than the current estimates in order to result in a zeroing of the cover described above.

The test referring to the Seed CGU and prepared in order to verify the recoverability of its value in use also led in this case to a positive result of value retention with respect to the carrying amount. Therefore, no impairment losses were recognised in light of the results of the impairment test.

The rate used to discount the expected cash flows was determined to be 7.12% (4.38% for the previous year). Again, the growth rate used to extrapolate cash flow projections beyond the period covered by the plan was chosen as 2% based on the expected inflation rate in the medium to long term.

The criterion of estimating value in use led to the recognition of recoverable amounts higher than the carrying amount of the CGU at 31 December 2022. In fact, against a total net invested capital value of the Seeds Sector CGU of Euro 77 million, an enterprise value of Euro 131 million emerges from the test results.

Alternative scenarios were evaluated, confirming the outcome of the test. In particular, the sensitivity analysis resulted in the value differential between enterprise value and carrying amount holding even under conditions of growth rates lower than 25 basis points and WACC higher than 25 basis points. In addition, by further testing, the EBITDA values used in the terminal flow would have to be 35.5% lower than the current estimates in order to result in a zeroing of the cover described above.

Finally, the test referring to the Fuels CGU, as well as the sensitivity analysis on the parameters used in the DCF model, i.e. the growth rate of flows in the medium-long term for the calculation of terminal value and WACC, gave a positive result, confirming a positive differential between enterprise value (for Euro 202 million) and the carrying amount of net invested capital of Euro 67 million. The test assumptions for WACC led to a rate of 6.27% and a flow growth rate of 2%; a range of +/- 25 b.p. was used in the sensitivity analysis for both model parameters. Furthermore, confirming the successful outcome of the test, the EBITDA values used in the terminal flow would have to be 70.6% lower than the current estimates in order to result in a zeroing of the cover described above.

(6) INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND OTHER FINANCIAL ASSETS

Investments in joint ventures and associates refer to the investments held by the Group at 31 December 2022 and mainly in Leopoldine SpA, Milling Hub SpA, Ghigi 1870 SpA, BF Energy Srl, Progetto Benessere Italia Srl, la Pioppa Srl and Agri Holding Spa, referring to the table below for a detailed list.

Below are details of the Group's most important investments, both in terms of the values recorded in the financial statements and strategic depth in accordance with the Group's 2023-2027 strategic guidelines:

In relation to the investment in **Leopoldine SpA** - which has as its object the development of a real estate project aimed at the recovery and valorisation of the properties owned by the same, located in Tuscany, of the type of typical Tuscan farmhouses - it should be noted that the same has been included among investments in associates and JV as early as 2019, following the binding framework agreement entered into by BF with the company Lingotto Hotels Srl and with the parent company IPI SpA, concerning the sale to Lingotto Hotels Srl of an investment representing 20% of the share capital of Leopoldine and the adoption of governance lines (made operative also in the interim phase preceding the final stipulation of the deed of sale, based on the agreements made) aimed at ensuring that BF and IPI SpA, directly and indirectly through the subsidiary Lingotto Hotels Srl, exercise joint control over Leopoldine SpA, pursuant to and for the purposes of the provisions of international accounting standard IFRS 11. At the end of the financial year 2022, the measurement at equity was positive by about Euro 47 thousand.

Milling Hub SpA is a company whose purpose is to build and operate milling plants in JV with Ocrim SpA of Cremona. Milling Hub proposes itself as an aggregating hub for a better control of the territory, guaranteeing the traceability of Italian raw materials from the field to the finished product through the control of the food chain. The project involves the construction of milling plants of which the individual customer will have exclusive use, with the dual advantage of having a customised plant and the absence of operating and running costs. At the end of the year, the measurement of the investment did not lead to any changes in value.

Ghigi 1870 SpA ("Ghigi") is a leading Italian industrial pasta factory located in the province of Rimini. Ghigi, now a long-standing industrial partner of the Group as a subcontractor, for the production of pasta under the Stagioni d'Italia brand, became part of the Group as an associated investment in 2019, following the subscription of a paid capital increase of approximately Euro 3.8 million in kind, through trade receivables, as part of a financial restructuring of the company, which culminated on 21 November 2019 with the signing of the interbank agreement. The subscription of the capital increase by the Group in Ghigi was finalised on 29 November 2019 and, following the same, the Group holds an associated investment in Ghigi equal to 79.36% of the share capital (held in total by BF, SIS and CAI). During 2022, payments were made by the parent company and CAI Spa for future capital increases totalling Euro 6,231 thousand (Euro 3,000 thousand by the parent company and Euro 3,231 thousand by CAI Spa).

At Group level, the total investment in the company is 79.36%; although it exceeds the 50% shareholding, it was not consolidated because, according to current shareholders' agreements, there is joint control with a minority shareholder. The operations carried out in 2022 by BF Spa and CAI Spa are aimed at supporting the company and the path of operational, financial and structural strengthening aimed at containing the impacts of the increase in raw materials and energy costs that emerged during the year. In addition, the Group's strategic objective for this entity is to strengthen the group's cereal supply chain in order to streamline its procurement process.

The development of the expected cash flows and the positive effects of specific financial transactions aimed at significantly reducing the bank debt allow the impairment test carried out at 31 December 2022 not to make any write-downs on the investment. The result of this test in fact led to an equity value higher than the carrying amount of the shareholding held by the respective Group companies, i.e. BF Spa, CAI and SIS, equal to 79.36%; in fact, against a total value of the investment of Euro 25,973 thousand, the test results showed an equity value pertaining to the Group of Euro 28,410 thousand. The cash flows used are those estimated by the company over the 2023-2026 horizon together with the extension for the subsequent period of a growth rate of flows equal to the medium- to long-term inflation rate forecast by the ECB and IMF. The WACC used was 7.06%.

Alternative scenarios were evaluated, confirming the outcome of the test. In particular, sensitivity tests were assumed to combine decreases or increases in the discount rate (WACC) and the long-term growth rate (g) for intervals of +/- 25 bps; no scenario shows areas of impairment of investments. While, from further analysis carried out by the Company, the EBITDA values used in the terminal flow would have to be 6.03% lower than the current estimates in order to result in a zeroing of the cover described above.

BF Energy Srl was created from a partnership in the sustainable energy sector between the BF Group and Graded SpA. In particular, the BF Group established a newco through the transfer of two photovoltaic plants and, subsequently, the company Graded SpA entered into the capital of BF Energy through a reserved Capital Increase for a value of Euro 2,070 thousand, through which Graded SpA acquired ownership of a 60% shareholding in the investee company. The 2022 result of the investee company was Euro 85 thousand. Given the Group's 40% shareholding and the low significance of the figure, no measurement adjustment was made to equity.

Progetto Benessere Italia Srl is a company set up following an extraordinary transaction involving the company Master Investment Srl, the holding company of the group leader in the production and sale of food supplements, functional and organic foods and wellness cosmetics. The company's financial results resulted in a positive equity measurement of approximately Euro 1,288 thousand at 31 December 2022. In May 2022, the company paid dividends of Euro 700 thousand to the parent company BF Spa.

La Pioppa S.r.l. Società Agricola is a company, based in Poggio Renatico, in the province of Ferrara, active in the "primary" agricultural sector and owner of an agricultural estate of over 400 ha. At the end of the 2022 financial year, the investment held by BF Agricola represents 48% of the capital. Increases recorded in 2022 of Euro 295 thousand were due to the equity measurement of the investment on the basis of the economic results achieved by the investee company and of Euro 480 thousand for payments in future capital increase.

Erba del Persico S.r.l. and Terra del Persico S.r.l. are companies active respectively in the drying of alfalfa for the production of feed mainly for the livestock sector and in the cultivation of alfalfa. During the 2021 financial year, BF Agricola entered the share capital of these companies with a 45% interest, through:

- with reference to Erba del Persico S.r.l., a direct purchase of shares and the subscription of a share capital increase for a total investment, including accessory expenses, of Euro 2,543 thousand, then increased by Euro 72 thousand to recognise the BF Agricola share of the profits realised during the 2021 financial year in adoption of the measurement criteria set forth by IAS 28;
- with reference to Terra del Persico S.r.l., a direct purchase of shares for an investment, including ancillary expenses, of Euro 107 thousand, then increased by Euro 72 thousand to recognise the BF Agricola share of the profits realised during the 2021 financial year in adoption of the measurement criteria set forth by IAS 28.

With regard to the adjustment of values already recognised at the end of the 2021 financial year, and based on the results achieved in 2022, the estimate of the BF Agricola value pertaining to realised profits did not lead to further valuation increases.

The investment held in **K.Z. S.R.L. (formerly AGRICORPORATEFINANCE S.R.L.)** was incorporated by the Group as a contribution from the consolidation of CAI Spa. In this regard, it should be noted that this investment is equal to 76.2%. However, even though the Group holds a shareholding of over 50%, it has not consolidated the investee company due to the insignificance of its economic, equity and financial contributions resulting from its substantial non-operating status. Consequently, the shareholders' meeting resolved in early 2022 to put the company into liquidation; the liquidation plan is mainly conditional on the sale of the investment held in turn by K.Z. Srl in CAI Real Estate Spa on which negotiations are underway with third parties in order to allow the sale and consequent closure of the liquidation of K.Z. Srl at the carrying amount of the investment. In accordance with these objectives, during the first half of 2022, CAI Spa acquired minority shareholdings for a value of approximately Euro 200 thousand.

The 45% investment in **Sementi Maremma Srl** is also a contribution from the consolidation of CAI Spa and no value adjustment was made in 2022. It should also be noted that in the context of the operation to set up the Seed Hub finalised

with an effective date of 01 February 2023, the majority shareholder of this company exercised its option right to acquire the entirety of the shareholding; therefore, the sale of this investment will take place in 2023.

The investment in **Agri-Holding S.p.A.** for the amount of Euro 8,438 thousand, corresponding to a 20% shareholding, was acquired on 30 December 2022 and as part of the broader transaction involving the sale of IBF Servizi S.p.A. and its subsidiary Agronica Srl, as mentioned above and in the Report on Operations. The purchase is made in a logic consistent with the strategic development plan of the digitalisation activity in agribusiness; BF Agricola reinvested part of the consideration received for the sale of IBF Servizi in Agri-Holding S.p.A.

Alongside the described corporate transactions, agreements were made to initiate a multi-year business partnership whereby, among other things, IBF Servizi S.p.A. will provide content and services in digitalisation and precision farming for the BF Group.

With regard to the investment in **Pastificio Fabianelli Spa**, please refer to the paragraph on the new scope of consolidation, recalling here that, following the acquisition of control, the investment in the company entered the line-by-line consolidation process at 31 December 2022.

The table shows the key figures for the 2022 Financial Statements for the Group's most important investments:

INVESTMENTS IN JV AND ASSOCIATES	Revenues from sales	Result for the year	Equity at 31/12/2022
Progetto Benessere Italia srl	991	3,230	8,644
Leopoldine S.p.A.	184	52	10,158
Ghigi S.p.A.	24,466	(207)	14,714
IBF **	7,809	2,717	14,492

(**)Agri holding holds IBF Servizi as its sole shareholding and therefore, the figures of the latter are reported as being of greater significance)

Given the importance of the Group's acquisition transactions and the portfolio of existing investments, the M&A activity involved both external professionals and part of the BF Group's management structure and staff. These costs were considered as accessory expenses to the acquisitions made.

The following table shows the changes in the Group's investments in joint ventures and associates at 31 December 2022:

Investment	% interest	31/12/2021	Measurement with the equity method	Other changes	31/12/2022
Progetto Benessere Italia Srl	35.0%	27,952	1,288	(625)	28,615
Leopoldine SpA	90.0%	10,595	47		10,642
Rurall Spa	25.0%	413		1,088	1,500
Milling Hub SpA	51.0%	2,586		500	3,086
Ghigi S.p.A.	79.36%	19,742		6,231	25,973
Erba del Persico Srl	45.0%	2,615			2,615
Terra del Persico Società Agricola	45.0%	179			179
La Pioppa Srl	48.0%	3,582	295	480	4,357
Cerea Srl	60.0%	1,502		469	1,971
BF Energy Srl	40.0%	1,416			1,416
Bio Energy Agriculture	40.0%	10			10
Agri Energy	50.0%	190			190

K.Z Srl	99.9%	6,100		200	6,300
Sementi M. Srl	45.0%	872			872
AGRI HOLDING SPA	20.0%			8,438	8,438
Bond Investments		2,300		9,110	11,410
Other investments		4,875		3,659	8,534
Financial instruments receivable				2,077	2,077
TOTAL INVESTMENTS IN JV AND ASSOCIATES		84,928	1,630	31,627	118,185

The increase in "Other investments" is attributable to the investments in CAI Spa, which changed in 2022 due to the transfer of Consorzi Agrari del Nordest.

Also of note is the item attributable to "Financial instruments receivable", which relates to the recognition and MTM measurement of IRS hedging derivative instruments held by Group companies and whose underlying is m/l-term bank debt.

(7) RECEIVABLES

The following table shows the values for the item "Receivables" at the respective dates:

DESCRIPTION	31/12/2022	31/12/2021	Change
Receivables	42,965	20,534	22,431

Below is the breakdown for the year 2022, which shows a significant increase compared to the previous year, for which the amounts relating to deferred tax assets of Group companies were almost exclusively included, and whose recognition derives from assessments of recoverability in relation to the expected positive results outlined in the Directors' strategic guidelines.

At 31 December 2022, the item includes:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Deferred tax assets	19,586	14,732	4,854
Security deposits	5,605	405	5,200
Prepaid expenses	214	247	(33)
Other receivables from third parties	1,579	127	1,452
Public tax credits as per l 57	38	35	3
Receivables from associates	15,944	4,988	10,956
Total	42,965	20,534	22,431

Deferred tax assets are detailed as follows:

For deferred tax assets, the recognition of which derives from the assessments of recoverability in relation to the positive results expected in the Group's strategic guidelines and confirmed by the final figures for the financial year 2022, the following is detailed below:

1. Euro 2,798 thousand, relating to tax losses for the year and previous years and the excess of the ACE (Aid to Economic Growth) benefit generated in 2017 by the company BF SpA;
2. Euro 1,523 thousand, relating to tax losses and the excess of the ACE benefit of the 2017 and 2018 financial years of the company Bonifiche Ferraresi;
3. Euro 472 thousand, mainly relating to tax losses and the excess of the ACE benefit of the 2017 and 2018 financial years of the company BF Agro-Industriale;

4. Euro 800 thousand, relating to temporary differences deductible in subsequent years of SIS, mainly attributable to provisions not recognised for tax purposes;
5. Euro 611 thousand, relating to temporary differences deductible in subsequent years of BF Agricola and mainly attributable to: (i) allocations to the bad debt provision and (ii) costs deductible under the rules of the TUIR only at the time of payment;
6. Euro 12,146 thousand related to temporary differences deductible in subsequent years for CAI Spa mainly due to provisions not recognised for tax purposes;
7. Euro 1,127 thousand related to temporary differences deductible in subsequent years for BIA Spa related to tax losses and adjustments for the application of IFRS16;
8. Euro 109 thousand recorded for Pastificio Fabianelli Spa.

The item "Security deposits" includes amounts paid to suppliers and attributable mainly to CAI and specifically to Eurocap Petroli; in the course of their business relations with significant third parties, the companies have paid security deposits in favour thereof as guarantee for future supplies.

Other receivables from third parties of Euro 1,579 thousand are attributable to receivables from the FIAF (Fondo italiano Agrifood) investment funds for Euro 531 thousand and Fondo Nextalia for Euro 706 thousand. Both investments are made by the parent company BF Spa and relate to the Group's objectives of strategic growth and leadership in the relevant sectors. The remaining amounts refer to receivables held by CAI Spa and its subsidiary Eurocap for a total of Euro 342 thousand.

The item "Receivables from associated companies" includes the receivables primarily claimed by CAI Spa from its associated companies and BF Spa; these include an interest-bearing loan granted during the year in favour of Pastificio Ghigi for Euro 5,750 thousand, to which is added the increase resulting from BF Spa for Euro 1,250 thousand. Details are provided in the table:

DESCRIPTION	31/12/2022	31/12/2021	Change
Interest-bearing Financial Receivables Leopoldine	2,000	2,000	
Interest-bearing Financial Receivables Agrilimentare Piemonte	1,650		1,650
Interest-bearing Financial Receivables Cerea	300		300
Interest-bearing Financial Receivables Ghigi	7,480	480	7,000
Interest-bearing Financial Receivables La Pioppa	2,650	2,100	550
Interest-bearing Financial Receivables L'Erba del Persico	1,350		1,350
Financial receivables from other minor associates	514	408	106
TOTAL	15,944	4,988	10,956

Also in consideration of what has already been reported with regard to the measurement of investments in associates, there are no critical issues with regard to the recoverability of receivables recognised in the foreseeable future.

CURRENT ASSET

(8) INVENTORIES

DESCRIPTION	31/12/2022	31/12/2021	Change
Raw and ancillary materials and consumables	12,869	4,931	7,938
Finished products and goods	280,486	163,155	117,331
TOTAL	293,355	168,086	125,269

Raw and ancillary materials and consumables saw an increase of about Euro 7,938 thousand, of which Euro 3,984 thousand was due to the change in the scope of consolidation for the year.

The sharp increase in the item **Finished products and goods** for a total of Euro 117,331 thousand was almost entirely due to the transfer of Consorzio Agrario Nordest inventories to CAI Spa for Euro 107,123 thousand, of which about 80% consisted of final products such as cereals, pesticides, fertilisers and seeds. For the other Group companies, changes in inventories did not contribute significantly to the total changes.

Under the item finished products, a value of Euro 3,128 thousand was recognised following the PPA of CAI at 01 October 2021, as a result of the allocation process of the acquisition price of the investment; it should be noted that this effect was completely reabsorbed during the year 2022 with the sales of the year.

Lastly, the value of inventories is shown net of the inventory adjustment provisions at 31 December 2022 pertaining to the individual entities; only CAI Spa, given the importance of its inventories, has an obsolescence provision recognised in the financial statements for Euro 2,275 thousand (Euro 1,677 thousand at 31 December 2021), while the subsidiary Italian tractor contributes a provision for Euro 1,312 thousand (Euro 1,954 thousand at 31 December 2021).

Reference should also be made to as was described in the scope of consolidation, or rather on the Consorzio Nordest PPA, the results of which, albeit provisional, led to the allocation of a Finished products impairment provision of Euro 1,500 thousand for possible impairment on certain inventories.

(9) RECEIVABLES FROM CUSTOMERS

The changes reported between the respective years 2022 and 2021 are shown below and amount to Euro 127,324 thousand as the sum of both "Receivables from customers" and "bad debt provision".

DESCRIPTION	31/12/2022	31/12/2021	Change
Receivables from customers	378,288	237,408	140,880
Provision for risks on receivables	(32,991)	(19,435)	(13,556)
TOTAL	345,297	217,973	127,324

The table below examines the contributions to these changes by entity included in the scope of consolidation, highlighting the significant contribution of CAI Spa. The significant change in the year is mainly due to the effects of the transfer of Consorzio Nordest, amounting to Euro 171,996 thousand net of the related bad debt provision.

Description	31/12/2022			31/12/2021			Change		
	Receivables from Customers	Bad debt provision	Total	Receivables from Customers	Bad debt provision	Total	Receivables from Customers	Bad debt provision	Total
BF Spa	2,939	-	2,939	3,185	-	3,185	(246)	-	(246)
Bonifiche ferraresi	2,446	(249)	2,197	831	-	831	1,615	(249)	1,366
BF Agricola	6,050	(1,107)	4,943	9,430	(796)	8,635	(3,381)	(311)	(3,692)
BFAgro Industriale	9,805	(98)	9,707	8,904	(50)	8,854	901	(48)	852
			-	4,870	(5)	4,866	(4,870)	5	(4,866)
SIS Spa	18,143	(2,550)	15,593	15,444	(2,396)	13,048	2,699	(154)	2,545
CAI Spa	325,650	(28,827)	296,824	194,743	(16,189)	178,554	130,907	(12,638)	118,269
Fabianelli	5,431	-	5,431	-	-	-	5,431	-	5,431
Bia	7,824	(161)	7,663	-	-	-	7,824	(161)	7,663
Total	378,288	(32,991)	345,297	237,408	(19,435)	217,973	140,880	(13,556)	127,324

The increase in the bad debt provision, net of the contributions contributed to CAI by Consorzio Agrario Nordest, also derives from accruals made by the Companies for a total of Euro 1,942 thousand and consequent to the increase in the estimate of expected losses on outstanding receivables or the likelihood of events that may indicate possible bad loan positions in accordance with the simplified model provided for by IFRS9. In addition, and recalling what was discussed

in the section on the Consorzio Nordest PPA, the bad debt provision was increased by Euro 1,500 thousand. All estimates made in application of the simplified model required by IFRS 9 support the measurement made and confirmed that there is no further information on doubtful positions not covered by the bad debt provision.

For further detail and analysis, the table below shows trade receivables broken down by seniority bracket before bad debt provision:

	Not due	•0-30 days	•31-60 days	•61-90 days	•>90 days	Total receivables*
BF Spa	906	12	134	12	1,876	2,939
Bonifiche ferraresi	1,625	191	-	31	598	2,446
BF Agricola	2,316	23	23	12	3,676	6,050
BFAgro Industriale	6,623	267	2	227	2,687	9,805
SIS Spa	8,330	1,471	3,073	1,168	4,101	18,143
CAI Spa	260,034	14,518	3,676	6,180	41,242	325,650
Fabianelli	3,092	189	288	97	1,765	5,431
Bia	4,455	273	414	140	2,543	7,824
Total	287,380	16,945	7,609	7,866	58,489	378,288

The Group's companies have set up appropriate assessment and management tools to monitor credits with greater regard to those relating to the "over 90 days" bracket with the aim of maximising the recovery of obsolete positions already known and foreseeing any expected losses, thus taking appropriate measures.

The following table shows the changes in the bad debt provision, noting that the item "Other changes" includes the balances from the transfer of Consorzio Nordest, which represents the most significant amount (for about Euro 11 million), from the new companies included in the 2022 scope of consolidation, i.e., Zoo Assets, Pastificio Fabianelli, BIA Spa, and the valuations made at the time of the Consorzio Nordest PPA.

Description	31/12/2021	Uses	Other changes	Allocations	31/12/2022
Bad debt provision	19,435	(922)	12,536	1,942	32,991
Totals	19,435	(922)	12,536	1,942	32,991

Lastly, it should be noted that the receivables under this item are due within 12 months of the following year.

(10) OTHER CURRENT ASSETS

DESCRIPTION	31/12/2022	31/12/2021	Change
Tax receivables	19,360	12,294	7,065
Contributions in the year	3,660	4,311	(652)
Other sundry receivables	11,477	12,639	(1,163)
Short-term prepaid expenses	3,647	2,065	1,582
Sub total	38,142	31,310	6,833
Provision for risks on other receivables	(7)	(7)	-
TOTAL	38,136	31,303	6,833

Tax receivables include IRAP credits and advances, IRES credits and refunds, VAT credits and other tax credits. The contribution made by the CAI Group amounting to Euro 12,122 thousand should be noted, which includes, in order of importance, the balances reported by CAI Spa for Euro 8,970 thousand (of which Euro 7,658 as VAT credits), by Eurocap Petroli for Euro 947 thousand, by Emilcap for Euro 874 thousand, and for the other group companies a residual Euro 1,331 thousand.

At consolidated level, it should be noted that total VAT credits account for approximately 75% of the total tax credits recorded.

Contributions in the year mainly include amounts due from AGREA/AGEA/ARTEA for CAP subsidies and, in general, amounts payable in respect of applications for subsidies for the primary sector by Group companies.

AGREA/AGEA contributions specific to the agricultural and livestock sector are estimated at Euro 4,022 thousand in 2022, compared to Euro 3,692 thousand in 2021. In the course of the financial year, contributions were paid out in the amount of about Euro 3,350 thousand pertaining to previous years and 2022. The difference in the balance of the item is due to established and uncollected securities pertaining to previous years.

Short-term prepaid expenses and accrued income include the portion pertaining to subsequent periods of advertising contracts for sponsorship activities that have already been scheduled but not yet executed, insurance premiums, maintenance fees for photovoltaic systems, and certain other service costs such as consultancy and software expenses not pertaining to the year 2022.

The most significant items under **Other sundry receivables** refer to sundry receivables from third parties arising from the balances recognised by CAI Spa (CAI Spa alone contributes Euro 5,093 thousand). By way of example, this item includes estimated amounts for credit notes to be received from suppliers, advances to suppliers and, in general, all receivables from others of a current nature, and Euro 2,627 thousand as advances for consulting expenses related to the execution of the project to transfer the seed business unit to SIS, finalised on 01 February 2023.

(11) CASH

DESCRIPTION	31/12/2022	31/12/2021	Change
Bank and postal deposits	165,970	122,277	43,693
Cash and equivalents on hand	7,761	2,774	4,987
TOTAL	173,731	125,051	48,679

This item includes the cash and cash equivalents recorded in the financial statements of the companies included in the consolidation. Please refer to the annual consolidated cash flow statement for a more detailed discussion of the change in financial resources.

With regard to the cash flow statement, it should be noted that, in accordance with IAS7, only monetary flows are represented and not those arising from non-monetary transactions, which have therefore been excluded. The standard includes among such transactions contributions by shareholders against capital increases, mergers, conversions of debt to equity, acquisition of assets for the right of use through lease contracts, etc.

As mentioned several times, the Group's scope of consolidation changed in 2022 due to various extraordinary transactions, the most significant of which was the contribution of Consorzio Nordest to CAI Spa; the cash flow statement includes adjustments resulting from non-monetary transactions.

EQUITY

The individual items of equity are shown below, and reference is made to the table on changes in consolidated equity at 31 December 2022 for details.

With regard to share capital, there were no transactions that changed this item, and the balance at 31 December 2022 remains unchanged from the balance at 31 December 2021, i.e., Euro 187,059,565.

(12) OTHER RESERVES

The item mainly includes the premium paid at the incorporation of the Parent Company before and at the time of its capital increase.

(13) RETAINED PROFITS

Retained profits include the allocation of the Group's retained results, net of consolidation adjustments.

Consolidated equity changed mainly as a result of:

- Recognition of costs for capital increases related to transactions that occurred in 2021 in the amount of Euro 1,121 thousand;
- Dividend distribution of Euro 0.030 per share, amounting to Euro 5.6 million by the parent company;
- Distribution of the dividend of the subsidiaries CAI and Bonifiche Ferraresi, with an effect towards minority shareholders of about Euro 3 million;
- Change in the scope of consolidation, pursuant to IFRS 10, following the sale of 11.925% of the share capital of the subsidiary Bonifiche Ferraresi S.p.A. Società Agricola for a total countervalue of Euro 47.7 million, which resulted in an increase, net of transaction costs, of about Euro 43 million, net of the recognised amount of about Euro 18.3 million resulting from the recognition of the ENI Put (total net change of Euro 24.7 million);
- Change and consolidation adjustments in CAI due to the contribution of Consorzio Agrario del Nord Est amounting to approximately Euro 66 million;
- Changes in the scope of consolidation and other consolidation adjustments totalling approximately Euro 2 million.

The following is a reconciliation of the parent company's equity and results with the respective consolidated balances:

STATEMENT OF RECONCILIATION OF PARENT COMPANY EQUITY AND GROUP EQUITY (in thousands of Euro)	NET RESULT	EQUITY
Parent company result and equity	8,919	481,826
Subsidiaries' results and equity	21,087	659,723
Consolidation adjustments	(17,441)	(33,201)
Carrying amount of investments in BF		(500,338)
Consolidation difference allocated to:		
- Goodwill		40,922
- Fair value measurement of land and buildings net of taxes		17,377
- Higher value of intangible assets net of taxes	(1,950)	36,662
- Higher value of inventories net of taxes	(1,279)	
- Risk provisions		(4,300)
Consolidated result and equity	9,336	698,670
Group result and equity	4,992	492,056
Result and equity attributable to minority interests	4,344	206,614

NON-CURRENT LIABILITIES

(14) PROVISIONS FOR TAXES AND DEFERRED TAXES

The composition of the deferred tax provision at 31 December 2022 compared to that at 31 December 2021 is detailed below.

DESCRIPTION	31/12/2022		31/12/2021	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax liabilities:				
Higher value of tangible and intangible assets as well as investment property	178,264	44,584	176,407	44,019
Higher value of intangible assets	50,070	13,392	23,467	6,506
Lower value of employee severance indemnity	6,079	1,758	1,274	305
Suspended amortisation	5,759	1,255		
Effect IFRS 16	182	40	148	41
Higher value product inventories/advances	6,699	1,362	4,648	1,572
Ordinary gains taxed over five years	91	22	74	18
Gains investments measured at equity	803	193	936	225
Total deferred taxes	247,947	62,606	206,954	52,686

The significant increase in the provision for deferred taxes is mainly attributable to the integration into the scope of consolidation of BIA and indirectly into the scope of consolidation of CAI for the transfer of Consorzio Agrario Nordest. More specifically, the most significant temporary differences taxable in subsequent years and attributable to the expansion of the scope of consolidation are as follows:

- Euro 1.9 million related to higher carrying amounts of buildings and plant/machinery recorded as part of the recognition of the transfers of the Consorzio del Nordest in favour of CAI;
- about Euro 26.6 million referring to higher carrying amounts of intangible assets, including the customer list of Nordest and Bia, of the "Consorzio Agrario Nordest" brand, recorded at the time of the first allocation of the consolidation difference;
- about Euro 4.8 million deriving from the re-expression of the employee severance indemnity according to the actuarial techniques provided for by IAS 19 and pertaining to the employee severance indemnity received by Consorzio Agrario Nordest.

(15) OTHER PROVISIONS

The item "Other Provisions" is detailed in the following table:

DESCRIPTION	31/12/2022	31/12/2021	Change
Incentive and Bonus provision	250	276	(26)
Tax provision	12,974	8,027	4,946
Provision for dispute risks	2,062	811	1,251
Provision for energy tariff risks	613	552	61
Other provisions	553	55	498
Environmental restoration provision	2,650	2,650	-
	-	-	-
TOTAL	19,100	12,371	6,729

Incentive and bonus provisions mainly refer to allocations for MBO executives parametrised to results achieved in 2022, even if paid in the following year.

The change in the tax provision item is mainly due to the contribution of Consorzio Agrario del Nord Est and the provisions made during the year for CAI Spa, which has an agent network of about 150. Residual amounts are recognised in Sis Spa, which also has a significant network of agents with historical agency agreements.

The Provisions for dispute risks, energy tariff risks (energy-intensive companies) and the Environmental restoration provision are also mainly attributable to CAI Spa for the former and to the subsidiaries Emilcap and Eurocap Petroli respectively for the latter.

With regard to the latter provision, it should be noted that the allocation made in past years was made in anticipation of bringing certain fuel storage stations owned by Eurocap into compliance.

Finally, it should be noted that an additional provision that emerged during the provisional PPA relating to a contingent liability arising from a dispute in progress on the business unit transferred by Consorzio Agrario Nordest for Euro 1,300 thousand was recognised in the provision for dispute risks.

Finally, against a total amount of Euro 19,100 thousand recorded under the item Provisions, the CAI Group's contribution was Euro 18,510 thousand.

(16) EMPLOYEE BENEFITS

The total payable to employees at 31 December 2022 changed as follows:

DESCRIPTION	31/12/2021	Increases	Decreases	31/12/2022
BF Spa	279	80	(101)	258
Sis	616	3	(93)	526
BF Agro Industriale	271	62	(225)	109
Bonifiche Ferraresi				
BF Agricola	211	4	(79)	135
CAI	5,373	4,248	(2,302)	7,319
BIA		785	(69)	716
FABIANELLI		1,165		1,165
IBF	339	111	(450)	
TOTAL	7,088	6,459	(3,318)	10,229

The increases for the year mainly stem from changes in the scope of consolidation and the transfer of the Consorzio Agrario Nordest BU to CAI Spa, while utilisations include liquidations/advances paid to employees.

Below is the number of employees at 31 December 2022 compared to 31 December 2021, broken down by category and expressed in annual average units (FTE):

CATEGORY	31/12/2022	31/12/2021	Change
Executives	28	23	2
Clerks	546	412	71
Workers	244	208	36
SUBTOTAL	818	643	109
Labourers	92	94	(2)
TOTAL	910	737	108

In the table above, the figures in the column 31 December 2021 include the entire year 2021 and not the pro-rata share of the year from the date of acquisition of the subsidiaries Cai Spa and IBF Servizi Spa; this is to highlight the homogeneity of the Group's organisational structure and resources, regardless of the integration operations of the newly acquired companies and their respective dates of completion.

(17) LONG-TERM LOANS

DESCRIPTION	31/12/2022	31/12/2021	Change
Long-term loans	100,737	52,416	48,321
Financial instruments payable	-	5	(5)
TOTAL	100,737	52,421	48,316

The increase in the item **Long-term loans** for about Euro 48,316 thousand is mainly explained by (i) the contribution of long-term bank loans by CAI Spa and specifically by the contribution of Consorzio Agrario del Nordest in 2022 (the CAI Group contributes Euro 54 million to the consolidated financial statements) and in general to new loans and/or new contributions from acquisitions for a total of Euro 90.4 million, (ii) the reclassification between bank payables over 12 months to within 12 months for about Euro 25.3 million (iii) the reduction of the above item for repayments of Euro 16.8 million.

Loans were recorded at amortised cost, i.e. at nominal value less costs incurred (notary fees and bank commissions). At year-end, the value of payables measured at amortised cost is equal to the present value of future cash flows, at the effective interest rate.

The following table shows the breakdown of the Group's net financial debt at 31 December 2022 compared to 31 December 2021:

NET FINANCIAL DEBT	31/12/2022	31/12/2021	Change
CASH	(7,761)	(2,774)	(4,987)
OTHER CASH EQUIVALENTS	(165,970)	(122,277)	(43,693)
SECURITIES HELD FOR TRADING			
LIQUIDITY	(173,731)	(125,051)	(48,679)
SHORT-TERM PORTION FOR LEASE PAYABLES	9,293	4,426	4,867
CURRENT BANK PAYABLES	138,203	55,509	82,694
CURRENT PART OF NON-CURRENT DEBT	45,358	16,252	29,105

OTHER CURRENT FINANCIAL PAYABLES	1,589	2,855	(1,266)
CURRENT FINANCIAL DEBT	194,443	79,042	115,401
PAYABLES FOR RENTAL CONTRACTS	58,447	19,213	39,234
NON-CURRENT BANK PAYABLES	100,737	52,416	48,321
BONDS ISSUED			
OTHER NON-CURRENT PAYABLES	-	5	
NON-CURRENT FINANCIAL DEBT	159,184	71,634	87,550
NET FINANCIAL DEBT	179,896	25,625	154,271

There are covenants on certain outstanding loans with leading banks, calculated on the basis of the ratios between NFP and Equity on the one hand, and between NFP and EBITDA on the other. For the latter, the Group preliminarily obtained a waiver in the year 2022 due to changes in the scope of consolidation. It is emphasised that the above parameter was then found to be equally satisfied.

Financial indebtedness at 31 December 2022 included, in accordance with IFRS 16, the short-term portion and the long-term portion of lease contracts, which accounted for Euro 9,293 thousand and Euro 58,447 thousand, respectively.

Liabilities, totalling Euro 37.5 million, related to put options arising from the agreement with ENI subsequent to the transactions for the sale of the investment in the subsidiary Bonifiche Ferraresi at the end of December 2021 and the end of December 2022, are recorded under the item "Other payables" of non-current liabilities as described below.

In accordance with the provisions of IAS 7, the following table shows the changes in the Group's financial debt in 2022 compared to the balance at 31 December 2022:

NET FIN. DEBT	31/12/2021	NEW LOANS	REPAYMENTS	RECLASSIFICATIONS	CHANGES IN SCOPE	Transfer Nordest	31/12/2022
ST DEBT							
CURRENT BANK PAYABLES	55,509	22,301	(60,841)	(6,994)	6,094	122,134	138,203
CURRENT PART OF NON-CURRENT DEBT	16,252	-	(5,420)	32,975	1,550		45,358
SHORT-TERM PORTION FOR LEASE PAYABLES	4,426		(4,261)	2,616	459	6,053	9,293
OTHER CURRENT FINANCIAL PAYABLES	2,855	-	(1,298)		32		1,589
Total	79,042	22,301	(71,819)	28,597	8,135	128,187	194,443
LT DEBT							
NON-CURRENT BANK PAYABLES	52,416	45,800	(16,295)	(25,981)	4,451	40,346	100,737
PAYABLES FOR RENTAL CONTRACTS	19,213	6,072	(3,840)	(2,616)	2,502	37,117	58,447
BONDS ISSUED	-	-	-	-			
OTHER NON-CURRENT PAYABLES	5	-	(5)	(0)			
Total	71,634	51,871	(20,140)	(28,597)	6,953	77,463	159,184
Cash	(125,051)	(73,987)	34,381	-	(363)	(8,711)	(173,731)
NET FIN. DEBT	25,625	185	(57,579)	(0)	14,725	196,939	179,896

Finally, it should be noted that in line with the indications contained in ESMA document ESMA32-382-1138 of 4 March 2021 (hereinafter also "ESMA Guidance"), the item other non-current payables only includes values referring to financial instruments payable and there are no trade and/or other non-current payables with a significant implicit or explicit financing component. These financial instruments have a positive MTM in 2022 and are therefore classified in other

financial assets.

The item "Other current financial payables" includes financial payables to financial intermediaries other than classic credit institutions, specifically to factoring companies.

(18) OTHER NON-CURRENT PAYABLES

DESCRIPTION	31/12/2022	31/12/2021	Change
Security deposits	1,094	1,059	35
Deferred income	1,223	1,135	88
Other sundry payables	37,489	19,793	17,696
Payables for rental contracts	58,447	19,213	39,234
TOTAL	98,253	41,199	57,053

The item **Security deposits** includes the amounts paid by the partner Lingotto Hotels S.r.l., with reference to the agreement reached with it on the sale of the investment in Leopoldine; this value is therefore recognised by the parent company BF Spa in the amount of Euro 998 thousand. The remaining amounts refer more generally to advances received from customers.

The item **Deferred income** includes the non-current portion pertaining to future years of the plant contributions received. The value was determined on the basis of the depreciation schedule of the assets to which the contributions relate.

The increase in the item **Other payables** was mainly due to the recognition of the put option related to the agreements entered into with the partner Eni Spa in the definition of the agreements for the entry of Eni into the capital of the subsidiary Bonifiche Ferraresi for the transaction concluded in December 2022 (for Euro 18,303 thousand) and to the change for the subsequent measurement in 2022 of the first put option underwritten with the same transaction concluded in December 2021 (for Euro 395 thousand). As a result of this measurement, and in consideration of the classification as a FVTP&L option pursuant to IFRS 9, the total value of the recognition in the consolidated financial statements is Euro 37,489 thousand. This item also includes the non-current portion of the payable by CAI Spa to CCFS (Consorzio Cooperativo Finanziario per lo Sviluppo) based on the agreements signed for the purchase of the additional 49% shareholding in Eurocap Petroli on 28 September 2021 and amounting to Euro 5,292 thousand. The total payable, including the short-term portion, amounted to Euro 7,938 thousand; the short-term portion therefore amounted to Euro 2,646 thousand.

Payables for rental contracts refer to the debt beyond 12 months related to lease contracts and the increase is strictly related to what has already been described with regard to Rights of use classified as Intangible Assets. This item includes the values recorded for the concession obtained on the land known as "Le Piane - Poggione - Macchia al Toro", the concession for land in the locality known as Laore - Sardegna, other leases for land, buildings (production sheds) or instrumental goods, and leases of offices other than the registered office.

CURRENT LIABILITIES

(19) PAYABLES TO SUPPLIERS

DESCRIPTION	31/12/2022	31/12/2021	Change
Payables to suppliers	579,115	309,362	269,753

This item includes payables for production supplies, investments in tangible assets and services received by the Group at 31 December 2022. The balance shows an increase compared to the financial year 2021 due to the entry of Consorzio Agrario del Nordest in CAI Spa into the scope of consolidation. Overall, CAI Spa contributed a supplier balance of Euro 509 million, of which Euro 202 million from the transfer of Consorzio Agrario del Nordest.

(20) SHORT-TERM LOANS

DESCRIPTION	31/12/2022	31/12/2021	Change
Short-term credit lines	113,979	55,509	58,471
Portion of loans due within 12 months	45,358	16,252	29,106
Other current financial payables	1,589	2,855	(1,266)
TOTAL	160,926	74,616	86,310

The table above shows the change at 31 December 2022 compared to 31 December 2021.

The change in short-term credit lines determined and increase of Euro 58.4 million, justified by the predominant contribution of CAI for Euro 80.2 million impacted in turn by the contribution of the Consorzio Nordest bank lines. The item "other current financial payables" arises from transactions with factoring companies.

(21) OTHER CURRENT PAYABLES

This item includes other payables divided into the categories listed in the table below.

DESCRIPTION	31/12/2022	31/12/2021	Change
Advances	11,707	234	11,473
Tax payables	7,145	4,263	2,882
Payables to pension and social security institutions	3,561	3,022	538
Payables to others	38,316	42,983	(4,666)
Accrued expenses and deferred income	10,170	5,498	4,673
Short-term portion of rental contracts	9,293	4,426	4,867
TOTAL	80,192	60,426	19,766

Advances mainly comprise advances from customers. The balance of Euro 11.7 million was mainly attributable to CAI and related to advances received on the sale of cereals.

Tax payables mainly comprise payables for employee withholdings, IRES and IRAP payables, and VAT payables. It should be noted that this item also includes VAT payables generated by the parent company BF Spa following the adoption of the general pro-rata method due to VAT-exempt transactions carried out by the Company (sale of

investments on a systemic basis). Please refer to the comments on economic components in the notes for details of the effect in 2022.

Payables to pension and social security institutions include social security and welfare contributions for the year.

Payables to others primarily include payables to employees for the relevant period and accruals for personnel costs (e.g., holidays, 13th and 14th pay) for Euro 9,307 thousand, payables to corporate bodies, such as the Board of Directors, Board of Statutory Auditors and Supervisory Body in the amount of Euro 472 thousand, payables to consortium bodies in the amount of Euro 683 thousand, payables to agents in the amount of Euro 2,100 thousand (CAI Spa), payables for balances due to customers in the amount of Euro 984 thousand (CAI Spa), and the remainder are classified as payables to third parties. In addition, the item also includes the payable by CAI Spa to CCFS (Consorzio Cooperativo Finanziario per lo Sviluppo) for the purchase of the additional 49% of the investment in Eurocap Petroli on 28 September 2021, and of Euro 2,646 thousand for the current portion.

Accrued expenses and deferred income refer to rental fees and the current portion of plant contributions collected in previous years but pertaining to subsequent years.

The **short-term portion of rental contracts** refers to the payable within 12 months related to all lease and concession agreements, which therefore contain the lease component as defined by IFRS 16. The increase in the financial year 2022 is attributable to the IAS/IFRS treatment of leases received from the Consorzio Nordest contribution.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The table below provides a breakdown of "Financial Assets and Liabilities" in accordance with IFRS 9:

Amounts in thousands of Euro	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	31.12.2022
Non-current financial assets				
Other non-current financial assets (6)		116,108	2,077	118,185
Receivables (7)	42,965			42,965
Current financial assets				-
Receivables from customers (9)	345,297	-	-	345,297
Other current assets (10)	38,136	-	-	38,136
Total	426,398	116,108	2,077	544,583

Amounts in thousands of Euro	Financial liabilities at amortised cost	Financial liabilities at FV through profit or loss	Financial liabilities at FV through OCI	31.12.2022
Non-current financial liabilities				
Long-term loans (17)	100,737			100,737
Other non-current payables (18)	60,764	37,489		98,253
Current financial liabilities				
Payables to suppliers (19)	579,115			579,115
Short-term loans (20)	185,150			185,150
Other payables (21)	80,192			80,192
Total	1,005,958	37,489		1,043,447

With regard to the determination of fair value, reference is made to the application of IFRS 13, indicating the hierarchical levels of FV measurement:

- 1- For financial assets and liabilities at FV in the income statement; level 3. Assets and liabilities are represented by investments in unlisted companies and put options on non-current liabilities, respectively;
- 2- For financial assets in OCI; level 1. They refer to bond investments and derivative instruments receivables to hedge cash flows.

INCOME STATEMENT

(22) REVENUES FROM SALES

The following table shows revenues from sales broken down by product type.

DESCRIPTION	31/12/2022	31/12/2021	Change
Sales of seeds	101,357	60,694	40,663
Packaged product	34,889	19,267	15,622
Breeding	18,035	14,083	3,952
Grain cereals	226,796	40,261	186,535
Fruit and vegetables	13,624	151	13,473
Legumes	531	778	(247)
Oleaginous	1,030	1,067	(37)
Horticulture	4,527	4,274	253
Royalties on seeds	344	2,133	(1,789)
Fodder crops and Feeds	91,961	8,693	83,267
Paddy rice	435	5,863	(5,428)
Services	5,257	4,547	709
Medicinal	-	63	(63)
Silage cereals	-	494	(494)
Farmhouse	1,347	-	1,347
Consultancy	-	1,378	(1,378)
Mechanisation/Plant Engineering	32,830	-	32,830
Pesticide fertilisers	138,077	20,030	118,048
Plastics / irrigation	16,036	9,967	6,069
Garden	20,813	3,726	17,087
Fuels	335,659	81,100	254,559
Sundry services	3,990	1,267	2,723
Other revenues	2,426	1,290	1,135
Insurance	8,995	2,332	6,664
Cellar	2,920	-	2,920
TOTAL	1,061,878	283,458	778,420

The increase in Revenues from sales recorded in 2022, compared to the previous year, was Euro 778,420 thousand, and was mainly attributable to the following factors:

- A substantial increase deriving from consolidation contributions, especially for sales of seed products, cereals, fertilisers and fuels, recalling that for 2021 the integration of CAI Spa took place on 01 October 2021; therefore, the revenues from sales recorded in 2022 refer to the entire year, as well as the contribution given by the BU

transferred by Consorzio Agrario Nordest with reference to the last four months of 2022 and amounting to Euro 426 million;

- Sales relating to the fertiliser and pesticide division developed by CAI Spa account for 13% of the Group's total sales, sales relating to the fuel division account for 31% of total sales, sales relating to the seed division account for 10%, and finally, sales deriving from cereal products (CAI Spa historical core business) account for 21% of the Group's revenues from sales;
- The production of fodder crops and animal feed, and thus sales, increased significantly in 2022 when compared to 2021, thereby supporting the performance of the livestock business and the objective of verticalisation of this business line with agricultural production. The contribution of CAI Spa and its subsidiary Emilcap accounted for the significant share of sales in this product category (amounting to Euro 90,566 thousand);
- Sales related to the livestock business are up, thanks also to the contribution of the services provided at the Marrubiu estate's barn;
- Sales of packaged products increased by Euro 15,622 thousand due to commercial policies aimed at promoting Le Stagioni d'Italia brand and the first shelf positioning in the large-scale distribution, together with the contribution of the new subsidiary BIA Spa for the last quarter of 2022;
- Sales for the seed division are the sum of the respective division in CAI Spa (for Euro 59,961 thousand), the subsidiary Quality Seed specialising in potato seed (for Euro 2,135 thousand) and Sis Spa (for Euro 39,261 thousand) already net of intercompany eliminations;
- Sales for Royalties receivable amounting to Euro 344 thousand are entirely attributable to the seed sector (specifically, to Sis Spa);
- Sales for Sundry services include services provided mostly by CAI Spa as services related to the sale of agricultural products.

It should be noted that the business items, "Mechanisation and Plant Engineering", "Plastics", "Garden", "Insurance" and related amounts for Revenues from sales relate entirely to the contribution of CAI Spa. Finally, sales classified as "cellar" relate to the sales of wine products transferred to CAI Spa through the Consorzio del Nordest.

Please refer to the sector information for further details on the individual operating sectors in which the Group operates and for which Management has identified specific financial statement items as defined by IFRS 8.

(23) CHANGES IN INVENTORIES OF BIOLOGICAL PRODUCTS AND ASSETS

DESCRIPTION	31/12/2022	31/12/2021	Change
Finished products	964	(40,759)	41,723
Agricultural crop advances and Livestock biological assets	1,470	1,534	(64)
	-	-	-
TOTAL	2,434	(39,225)	41,659

The item **Change in inventories of products and crop advances** in 2022 compared to the year 2021 shows a significant increase of Euro 41,659 thousand, attributable to the following factors:

- finished goods inventories increased by Euro 41,723 thousand due to the dynamics of sales of the 2021/2022 harvest and the loading of the cereal stocks of crops harvested in 2022;
- agricultural crop advances counted in the negative for Euro 923 thousand and livestock assets positive for Euro 2,394 for a net effect of Euro 1,470 thousand and a decrease of Euro 64 thousand compared to the 2021 financial year. This trend is primarily attributable to the effect of the valorisation of crops for the 2022/2023 marketing year, which, at 31 December 2022, the reference date of this report, had not yet completed their cultivation cycle with the harvesting activity ("Crop advances") and an increase in the livestock sector stocks as the combined effect of lower quantities sold (kg fattening) and the valorisation of stock (quotation per kg beef).

(24) OTHER REVENUES AND MEASUREMENT OF INVESTMENTS AT EQUITY

The following is a classification of Other revenues at 31 December 2022:

DESCRIPTION	31/12/2022	31/12/2021	Change
Contributions in the year	5,624	4,323	1,301
Property income	1,394	2,840	(1,446)
Contingencies	7,162	1,164	5,998
Reimbursements and recoveries	2,219	741	1,477
Gains and measurements at equity	20,955	6,876	14,079
Other income and revenues	11,776	4,131	7,644
TOTAL	49,129	20,075	29,054

The item as a whole includes the 2022 portion of:

- CAP (Common Agricultural Policy) contributions and, in general, contributions in the year granted to support the Group's activities. At 31 December 2022, the latter consisted of i) Euro 3,154 thousand, for agricultural and livestock farming activities of the subsidiaries operating in these sectors (BF Agricola and Bonifiche Ferraresi) ii) a further Euro 645 thousand as a tax credit for "Industry 4.0" tangible assets; iii) the remaining Euro 1,825 thousand as contributions recognised against requests for subsidies under specific national economic support measures;
- Property income: including leases on land and buildings owned by the Group;
- Damage compensation and reimbursements of Euro 2,219 thousand mostly represented by insurance reimbursements activated following events damaging field crops;
- The item "Gains and measurements at equity" for Euro 20,955 thousand refers mainly for Euro 1,630 thousand from the measurements of investments at equity as indicated below and for Euro 18,139 thousand as gain from the sale of the company IBF Servizi and its subsidiary Agronica Srl;
- Revenues realised from the sale of agronomic-industrial consultancy services offered to third parties in the national agronomic market under the item "Other income and revenues" recorded mainly by CAI Spa for Euro 5,226 thousand.

The overall increase in this item, in addition to the gain described above, derives mainly from the values contributed by CAI, which, compared to the financial year 2021, count a full annuity and the contribution of the Consorzio del Nordest to CAI Spa as of 01 September 2022.

The item Measurements of investments at equity comprises the following values:

DESCRIPTION	31/12/2022	31/12/2021	Change
- Measurements of investments at equity	1,630	5,878	(4,248)

The individual amounts relating to investments are shown in the paragraph on Investments (note 6).

Pursuant to Law no. 124 of 2017 - (Annual Market and Competition Law), the contributions received from public administrations and other entities as defined by Article 1, paragraph 125, Law no. 124 of 2017, which the companies belonging to the BF Group and included in the scope of consolidation accounted for during 2022, are set forth below:

Description	Disbursing entity	31/12/2022
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 - Crops	Regional Agency for Disbursement in Agriculture / AGEA	3
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 - Livestock	Regional Agency for Disbursement in Agriculture / AGEA	5
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 - Crops	Regional Agency for Disbursement in Agriculture / AGEA	281
Credit for Advertising inv. Article 57-bis, paragraph 1 Decree Law no. 50/2017	Revenue Agency	143
Tax credit tangible assets 4.0	Revenue Agency	645
Company bonus energy products	Revenue Agency	228
Training tax credit	Revenue Agency	27
Agricultural fuel company bonus	Revenue Agency	150
Contributions PON/AIS Call - R&D Project	Regional Agency for Disbursement in Agriculture / AGREA	868
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 on crops	Regional Agency for Disbursement in Agriculture / AGREA	48
Regional Contribution EXTRAORDINARY AID SUGAR BEET	Regional Agency for Disbursement in Agriculture / AGREA	2
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 on crops	Regional Agency for Disbursement in Agriculture / AGREA	6
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 on crops	Regional Agency for Disbursement in Agriculture / AGREA	14
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 - Crops	Regional Agency for Disbursement in Agriculture / AGREA	2,082
Rural Development Programme Measure 13.2 Indemnity disadvantaged areas - Crops	Regional Agency for Disbursement in Agriculture / AGREA	2
Support measure TF UKRAINE MIPAAF 2022 - Ministerial Decree Prot. Internal no. 0294546 of 01/07/22 - Livestock	Regional Agency for Disbursement in Agriculture / AGREA	3
Contributions "common agricultural policy" (i.e. CAP) under EU Regulations 1307 and 1308 of 2013 - Livestock	Regional Agency for Disbursement in Agriculture / AGREA	386
Rural Development Programme Measure 13 disadvantaged areas - Crops	Regional Agency for Disbursement in Agriculture / ARTEA	5
Rural Development Programme Measure 11 BIOLOGICAL - Livestock	Regional Agency for Disbursement in Agriculture / ARTEA	12
Rural Development Programme Measure 10 - Crops	Regional Agency for Disbursement in Agriculture / ARTEA	23
Photovoltaic Incentive	Energy Services Operator	5
Support measure TF UKRAINE MIPAAF 2022 Ministerial Decree Prot. Internal no. 0294546 of 01/07/22 - Livestock	MIPAF	282
Other	Other	405
Total		5,624

(25) INCREASES FOR INTERNAL WORKS

They refer to the amount of work performed with company means and labour for land and property improvements, product development and in general all R&D and strategic profile projects set up and developed by Group companies:

DESCRIPTION	31/12/2022	31/12/2021	Change
Increases for internal works	6,952	4,232	2,720

(26) CHANGES IN INVENTORIES OF RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

DESCRIPTION	31/12/2022	31/12/2021	Change
Change in inventories of raw materials	(11,865)	1,756	(13,621)

At 31 December 2022, at the consolidated level, there was a decrease in the change in the value of inventories of raw and ancillary materials and consumables in the amount of Euro 13,621 thousand.

The change is primarily attributable to the dynamics of inventories at CAI Spa also influenced by the transfer of the Consorzio Nordest warehouses.

(27) COSTS FOR RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

DESCRIPTION	31/12/2022	31/12/2021	Change
Seeds	72,365	29,912	42,453
Fertilisers, Pesticides and Herbicides	106,796	18,249	88,547
Spare parts, building materials	26,439	5,366	21,072
Fuels, lubricants, electricity	314,530	75,256	239,274
Dryer consumption	149	3,987	(3,838)
Various goods	267,108	29,520	237,587
Purchase of raw materials	116,247	31,743	84,504
TOTAL	903,634	194,033	709,601

The entire change of Euro 709,601 thousand for costs of raw materials, supplies, consumables and miscellaneous goods with respect to the year 2022 is attributable to the values contributed by CAI, with respect to the year 2021, count a full year. The contribution of CAI Spa is reported by aggregate business due to the significance of the amounts recognised in the subsidiary's consolidated financial statements:

- For about Euro 313,097 thousand, to the contribution of the Oil & Energy Division;
- For about Euro 390,565 thousand, to costs related to agricultural and livestock activities (cereals, fertilisers and pesticides, animal feed);
- Approximately Euro 47,601 thousand to purchases in the integrated seed business;
- For about Euro 80,111 thousand, to higher purchases of various goods and raw materials.

Also for this item, it is necessary to mention the increase in the balances recorded due to the contribution of CAI for the entire year, compared to only 3 months in 2021, and the contribution of the Consorzio del Nordest to CAI Spa as of 01 September 2022.

(28) COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS

This item relates to costs for services incurred by the Group as detailed below:

DESCRIPTION	31/12/2022	31/12/2021	Change
Provision of production services	90,512	19,006	71,506
Provisions of general services	4,421	5,823	(1,402)
Legal, notary and technical fees	6,012	3,352	2,660
Directors and Auditors	4,346	1,557	2,788
	105,291	29,739	75,552
Use of third-party assets	3,046	1,781	1,265
TOTAL	108,336	31,520	76,817

The following is a commentary on the most significant items that changed the most during the year under review.

Costs for **Provisions of production services** mainly relate to the maintenance of production plant and machinery, logistics costs for handling incoming and outgoing product at Group companies, product storage in the case of outsourcing, and cultivation work outsourced to third parties. The increase was due, in part, to the increase in business volume resulting from the contribution of new entrants to the scope of consolidation, the contribution of CAI for the entire year in 2022, compared to only 3 months in 2021, and the contribution of Consorzio Nordest to CAI Spa.

Costs for **Provisions of general services** include maintenance, consultancy, insurance, and other costs of running general corporate structures, i.e. supporting business functions.

The item **Legal, notary and technical fees** mainly includes consultancy expenses for the parent company BF as a consequence of the extraordinary transactions affecting the Group and the consequent dynamic nature of its conformation.

The item **Use of third-party assets** primarily includes rental costs for low-value capital goods for which the Group has exercised the option granted by IFRS 16:5(b) to not recognise the right of use and to continue to recognise the lease payments in the income statement on a straight-line basis over the term of the respective contracts. The increase is due to the contribution from CAI Spa.

(29) PERSONNEL COSTS

The item includes accrued expenses for the financial year 2022, with particular detail of the values resulting from the entry of new subsidiaries:

CATEGORY	31/12/2022	CHANGES IN SCOPE	31/12/2021	Change
Wages and salaries	35,943	513	13,003	22,426
Social security charges	10,787	188	5,054	5,545
Employee benefits	2,396	101	1,116	1,179
Other costs	1,293		79	1,214
TOTAL	50,418	802	19,253	30,363

The increase for the year is mainly related to the contribution of 12 months of CAI, compared to only 3 months in 2021, and the contribution of the BU of Consorzio Agrario Nordest.

Below is the number of average employees employed in 2022 to 2021 by the Group:

CATEGORY	31/12/2022	31/12/2021	Change
Executives	28	23	2
Clerks	546	412	71
Workers	244	208	36
SUBTOTAL	818	643	109
Labourers	92	94	(2)
TOTAL	910	737	108

In the table above, the figures in the column 31 December 2021 include the entire year 2021 and not the pro-rata share of the year from the date of acquisition of the subsidiaries CAI Spa and IBF Servizi Spa; this is to highlight the homogeneity of the Group's organisational structure and resources and normalise the data, regardless of the integration operations of the newly acquired companies and respective dates of completion.

(30) AMORTISATION/DEPRECIATION AND WRITE-DOWNS, PROVISIONS FOR RISKS AND CHARGES

Below is a table summarising amortisation/depreciation and write-downs for 2022 compared with the previous year:

DESCRIPTION	31/12/2022	31/12/2021	Change
Amortisation of intangible assets	15,916	3,773	12,143
Depreciation of tangible assets	14,297	9,116	5,181
Write-downs	3,178	1,616	1,563
TOTAL	33,391	14,504	18,886

The increase in 2022 is attributable to the following primary factors:

- Amortisation of intangible assets: the increase is due to both the normal amortisation process of intangible assets and the completion of significant projects that were classified as "in progress" in the previous year; consequently, these assets were amortised in the 2022 financial year.
- Significant amortisation of assets resulting from the integration of Consorzio Nordest into CAI Spa although recognised for only 4 months, i.e. from the date of acquisition of the contribution (1 September 2022) to the end of the financial year.
- Transfer in the amounts resulting from the expansion of the scope of consolidation.

Also recognised as intangible amortisation are the portions relating to the assets allocated under PPA for CAI Spa (already as of 2021) and for Consorzio Agrario Nordest from the date of transfer.

The item write-downs of Euro 3,178 thousand includes the amounts related to the allocations to the bad debt provision for Euro 1,942 thousand, write-downs for the application of IAS 40 on land and buildings and write-downs of intangible assets (rights of use) for Euro 103 thousand and, finally, Euro 1,133 thousand as write-down of financial securities held by CAI Spa not held as fixed assets.

Provisions for risks and charges of Euro 1,503 thousand related to CAI Spa and specifically to the tax provision for Euro 1,376 thousand, for Euro 106 thousand for the provision for risks on raw material cost variability, and a residual Euro 21 thousand for dispute risks.

DESCRIPTION	31/12/2022	31/12/2021	Change
Provisions to Fisc	1,376	324	1,052
Other allocations	127	51	75
			-
TOTAL	1,503	376	1,127

(31) OTHER COSTS AND EXPENSES

This item is detailed below:

DESCRIPTION	31/12/2022	31/12/2021	Change
Taxes and duties other than income taxes	2,873	1,047	1,826
Consortium contributions	930	914	17
General expenses	6,915	1,906	5,009
Other operating costs	4,006	686	3,320
TOTAL	14,725	4,554	10,172

Taxes and duties other than income taxes primarily comprise IMU (property tax) for the year and non-deductible VAT charges.

Consortium contributions relate to contributions paid to the consortia that manage the infrastructure, mainly for irrigation purposes, of the areas where the agricultural estates owned by the companies operating purely in the agricultural and livestock sector are located.

General expenses are expenses not strictly related to core business and typically have a fixed component. It is noted that, in 2022, amounts relating to the calculation of non-deductible VAT measured according to the general pro-rata method for the parent company were recorded under this item. The method, first adopted by the parent company BF Spa, emerges from the different tax treatment of the tax due to the turnover generated by the Company for exempt transactions in 2021 (sale of the investment in the subsidiary Bonifiche Ferraresi). These transactions are carried out by the Company on a systematic basis and in the context of activities that also involve taxable transactions. Therefore, following various analyses and evaluations carried out by the Parent Company assisted by leading tax advisors, it has opted for the treatment of non-deductible VAT using the pro-rata method. The effect of this application on the income statement for 2022 is Euro 734 thousand.

As for the other items in the income statement, the increase is mainly due to the contribution of CAI for the entire year in 2022, compared to only 3 months in 2021, and the contribution of Consorzio Nordest to CAI Spa.

(32) FINANCIAL INCOME AND EXPENSES

DESCRIPTION	31/12/2022	31/12/2021	Change
Other financial income	(2,529)	(176)	(2,354)
Interest income and other financial income	(2,529)	(176)	(2,354)
Interest expense and other financial expenses	9,173	2,392	6,781
TOTAL	6,644	2,217	4,427

Other financial income includes interest on deferrals granted to customers, interest income accrued on securities held

as current assets, and interest receivable from customers for charge-backs. The increase is mainly due to the contribution of CAI Spa for 12 months in 2022 compared to 2021.

Interest expense and other financial expenses refer to interest expenses accrued on drawn credit lines and outstanding loans, as well as bank fees. The increase is mainly due to the contribution of CAI Spa for 12 months in 2022 compared to 2021, as well as increases related to interest calculated on financial payables recognised during 2021 and which, therefore, accrued interest for a lower number of months last year.

(33) INCOME TAXES OF THE YEAR

The individual Group entities allocated taxes for the year on the basis of the application of current tax regulations. Taxes for the year consist of current taxes (IRES and IRAP), deferred tax liabilities and deferred tax assets, relating to positive or negative income components respectively subject to taxation or deduction in different years from those in which they are accounted for in the statutory accounts.

The breakdown of the item Income taxes of the year is as follows:

DESCRIPTION	31/12/2022	31/12/2021	Change
Current taxes	4,177	1,057	3,120
Deferred tax assets and liabilities and income from consolidation	98	(1,386)	1,484
Taxes of previous years	(4)	32	(36)
TOTAL	4,271	(297)	4,568

The IRAP component at 31 December 2022 was recognised in the amount of Euro 188 thousand.

With regard to the item "Current taxes", it should be noted that this item includes an entry for an amount of Euro 1,500 thousand relating to taxes for the so-called "extra profit" (actual excess profits acquired by companies in the sector due to market turbulence in energy raw materials) on fuel sales, thus of Eurocap Petroli. Specifically, the company was assisted by tax advisors to clarify the origin and nature of the 2023 temporary solidarity contribution regulated by Article 1 of Law no. 197 of 29 December 2022 (the so-called 2023 Budget Law), which instituted - with paragraphs 115 to 119 - an extraordinary solidarity contribution, in the form of a temporary levy for the year 2023, for entities exercising in the territory of the State, among others, the activity of distribution and trade of petroleum products, such as the one exercised predominantly by Eurocap, which is therefore subject to it. The findings of the opinion, supported by interpretations of the rules and notes on the subject issued by the Revenue Agency, led to the calculation of an estimate of the contribution for the amount entered.

(34) EARNINGS (LOSS) PER SHARE

(per unit of Euro)

DESCRIPTION	31/12/2022	31/12/2021
Result of the period attributable to holders of ordinary shares of the Parent Company	4,991	(509)
Weighted average number of shares		
- basic	187,059,565	174,996,276
- diluted	187,059,565	174,996,276
Basic earnings (loss) per share	0.000026680	(0.00000291)
TOTAL	0.000026680	(0.00000291)

RELATED PARTY TRANSACTIONS

During 2022, there were related party transactions; the values at 31 December 2022 are shown in the table below:

RELATED PARTIES	RECEIVABLES FROM CUSTOMERS	PAYABLES TO SUPPLIERS	OTHER RECEIVABLES	OTHER PAYABLES	REVENUES FROM SALES	OTHER INCOME	COSTS FOR GOODS	COSTS FOR SERVICES	INVESTMENTS
LA PIOPPA SRL SOC. AGRICOLA	1,755	494	2,650		117	1,112	612		
GHIGI 1870 SpA	7,359	1,453	1,250		988	351	3,116	61	6
L'erba del Persico Srl	87	(203)	1,350		118	23	(126)		
Terra del Persico Srl	218				329				
BF Energy Srl	571	1,202				466	318	18	568
Leopoldine Srl	216		656	2	1	85			
Agri-Energy Srl	404				187	582			
A&D SpA	33				11			(20)	
Milling Hub SpA	380	10				61			
Cerea Srl	542	36	300		516	2	35		
Progetto Benessere Italia Srl		24						20	
Rurall Srl				1,088					
Agricorporatefinance Srl			5,482						
Happy Pig s.r.l.	1,038								
	12,603	3,017	11,688	1,089	2,266	2,681	3,955	78	574

SECTOR INFORMATION

Description	Agro-industry		Seeds		CAI		Fuels		Group Integration		Consolidated	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Sector PV	102,219	56,910	106,989	62,049	557,650	143,784	345,617		7,920	5,797	1,120,394	268,540
Sector costs	(92,391)	(58,532)	(106,689)	(61,157)	(551,482)	(143,387)	(337,257)		(12,323)	(2,918)	(1,100,142)	(265,994)
Sector result	9,828	(1,622)	299	892	6,168	397	8,360	0	(4,404)	2,879	20,251	2,546
Financial income and expenses											(6,644)	(2,217)
Pre-tax result											13,608	328
Taxes											(4,272)	297
Net result											9,336	625

Please refer to the section of the Report on Operations dedicated to the trend of the results for the period and to the section on Goodwill, for the correct identification of the significant operating sectors for the Group and represented by the CGU described therein.

Milan, 30 March 2023
for the Board of Directors
Chief Executive Officer
Federico Vecchioni

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98 AND ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999

1. The undersigned Federico Vecchioni, in his capacity as Chief Executive Officer, and Simone Galbignani, in his capacity as Financial Reporting Manager of B.F. SpA, certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for 2022.

2. It is also certified that:

2.1 the consolidated financial statements at 31 December 2022:

- a) have been prepared in accordance with the applicable international accounting standards recognised in the European Union, as well as with the provisions issued in implementation of Legislative Decree no. 38/2005;
- b) correspond to the accounting books and records;
- c) provide a true and fair view of the financial position, results and cash flows of the companies included in the consolidation.

2.2 The report on operations includes a reliable analysis of the results of operations, as well as the situation of the issuer and of all entities included in the consolidated financial statements as well as description of principal risks and uncertainties to which they are exposed.

Milan, 30 March 2023

CHIEF EXECUTIVE OFFICER

Federico Vecchioni

FINANCIAL REPORTING
MANAGER

Simone Galbignani