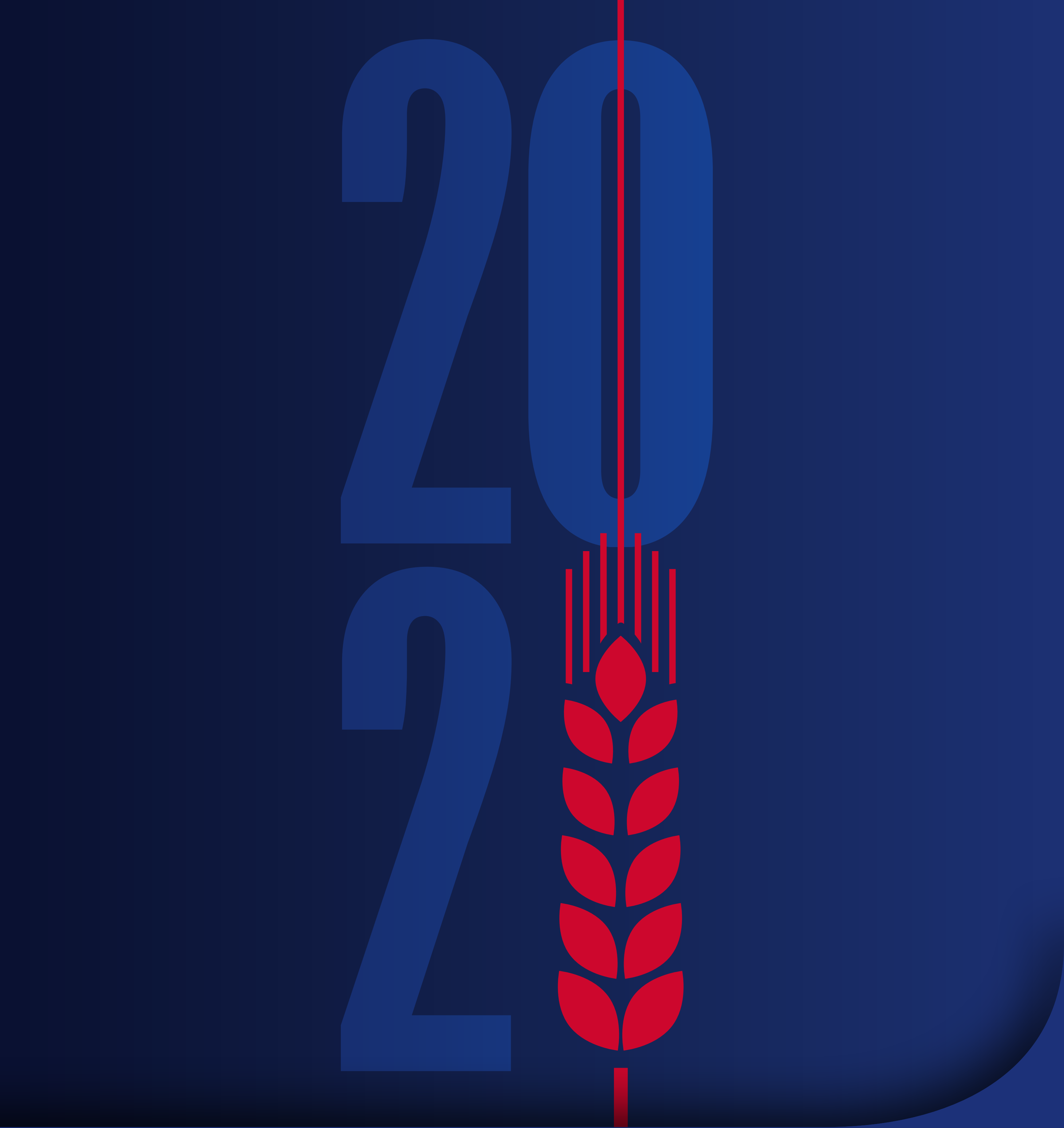


Annual Report 2021

Barilla
The Italian Food Company. Since 1877.

Annual Report 2021

Barilla
The Italian Food Company. Since 1877.

The first shop, opened in 1877 by the founder Pietro Barilla, Sr., on Viale Repubblica, Parma It now returns as La Bottega, a space open to all, where the past and future come together in the present.

Summary

1908 1910 1916

1922 1927 1929

1930 1931 1934

1937 1939 1948

1948 1952 1956

1969 1996 2000

2002 2005 2015

2022

The new oval leaves behind the white element, and is lit up by an intensified, premium red, chosen to express Barilla's love for pasta. To celebrate the heritage of the brand, a staple of Italian history and long-standing icon of the Sign of Love at the table, the year of its foundation – 1877 – has been added.

Chairman's letter

2021 was a year of great contrasts. The first part was characterized by the continuing effects of the pandemic, while the second saw a gradual recovery of social and economic life.

The recovery saw significant growth in consumption, however it clashed with increasing difficulties encountered in finding the necessary raw materials, mainly due to issues of logistics and the scarcity of some essential goods. This situation, combined with the rising cost of energy, generated considerable inflationary pressure.

The Barilla Group was nonetheless successful in generating a positive result, although the rate was slower compared to the previous year.
Turnover stood at 3,936 million, with a positive change of 1% compared to the previous year (+ 2% net of the exchange rate effect).
We confirmed the objectives of our five-year plan, investing over 200 million euros in production capacity, efficiency improvement and innovation.
During the year, we completed the acquisition of Catelli Pasta in Canada and a majority stake in Pasta Evangelists in the United Kingdom, signaling the Group's ever-increasing internationalization and its desire to intercept new forms of consumption.

Bringing delicious, healthy and safe products to the table of millions of people every day is our mission, inspired by what has become the Group's new purpose: "The joy of food for a better life".
Unfortunately, the global scenario worsened dramatically at the beginning of 2022 with the outbreak of the war between Russia and Ukraine. Our Group condemns the war and is aligned with the international community in calling for peace.

Once again a crisis has reminded us of the centrality of food: the war has in fact abruptly interrupted the supply of raw materials in various strategic supply chains, with an impact on global food security that is currently hard to estimate.

This situation is also having significant implications for our Company but, thanks to the competence and commitment of our organization, we have managed to ensure the continuity of production, while maintaining innovation and growth projects on course.

It is at times of great difficulty that the character of people and companies can best be seen: we believe that our Group has extremely solid fundamentals suited to ensuring continuity and future growth, regardless of the critical issues affecting the external context. This is the path we took 145 years ago and confirm, with conviction, today.

Parma, May 2022

Guido Barilla

Guido Barilla

Directors and officers

BARILLA HOLDING S.r.l.

Board of directors

Chairman
Guido Maria Barilla

Deputy chairman
Luca Barilla

Directors
Emanuela Barilla
Paolo Barilla

Board of statutory auditors

Chairman
Luigi Capitani

Auditors
Claudio Marchignoli
Mario Tardini

Independent auditors
KPMG S.p.A.

BARILLA INIZIATIVE S.p.A

Board of directors

Chairman
Guido Maria Barilla

Deputy chairmen
Luca Barilla
Paolo Barilla

Chief executive officer
Claudio Colzani

Directors
Emanuela Barilla
Gratian Anda
Nicolaus Issenmann
Andrea Pontremoli
Antonio Belloni

Board of statutory auditors

Chairman
Mario Tardini

Auditors
Alberto Pizzi
Augusto Schianchi

Independent auditors
KPMG S.p.A.

BARILLA INTERNATIONAL Limited

Board of directors

Directors
Claudio Colzani
Francesco Giliotti
Giangaddo Prati

Independent auditors
ACT Audit Limited

Barilla’s history in a nutshell, since 1877

«I STARTED WORKING WHEN I WAS THIRTEEN YEARS OLD. MY FATHER WOULD SEND ME WITH OUR HANDCART TO FETCH A FEW SACKS OF FLOUR, WHICH WERE THEN TRANSFORMED INTO BREAD IN OUR OLD SMALL BRICK OVEN. AFTER A FEW YEARS, IN A SMALL SHOP, WITH THE HELP OF MY SISTERS AND MY MOTHER WHO WORKED AT THE COUNTER, WE SOLD THE BREAD THAT MY FATHER AND I PRODUCED BY WORKING FOR UP TO 18 HOURS A DAY»

Riccardo Barilla

«IT IS MY BELIEF THAT THE THREE CHARACTERISTICS OF A BUSINESSMAN ARE COURAGE, INTUITION, AND OPTIMISM. I THINK THAT THE ENTREPRENEUR HAS AN IMPORTANT ROLE TO PLAY NO MATTER WHAT HIS FIELD. BUT THE FOOD SECTOR HAS A SPECIFIC ROLE, I WOULD CALL IT A DEEPER AND MORE CHALLENGING ONE, BECAUSE FOOD GOES OUT TO EVERYONE: TO CHILDREN, TO THE ELDERLY, TO FAMILIES. FOOD HAS THIS SENSITIVITY, THIS IMPORTANCE FOR THE HEALTH OF PEOPLE»

Pietro Barilla

«THE ITALIAN NUTRITIONAL MODEL IS THE ESSENTIAL POINT OF REFERENCE FOR HEALTHY EATING HABITS, FOR THE RESPECT AND PROTECTION OF THE NATURAL RESOURCES OF OUR PLANET AND FOR SAFEGUARDING THE RIGHTS OF FUTURE GENERATIONS»

Guido, Luca and Paolo Barilla

«I DON'T THINK OF A GREAT COMPANY IN TERMS OF SIZE, I THINK IT SHOULD BE GREAT FOR THE VALUES AND TRUST THAT INSPIRES»

Paolo Barilla

«IT IS IMPORTANT TO UNDERLINE THAT, IF BARILLA AFTER MANY YEARS MANAGED TO BECAME AN ESTIMATED AND WELL REPUTED COMPANY, IT IS ALSO BECAUSE IT HAS ALWAYS BEEN COMMITTED TO CREATE WELLBEING FOR THE ENTIRE COMMUNITY.»

Luca Barilla

«THE BRAND MUST BE ABLE TO BUILD RELATIONSHIPS, NOT JUST TRANSACTIONS, WITH CONSUMERS; AND OUR FUTURE IS DEPENDENT ON OUR CONTINUING TO CREATIVELY RENEW THE WAY WE COMPETE»

Guido Barilla

THE HISTORY OF BARILLA

1877
THE BEGINNINGS

THE BARILLA ADVENTURE STARTS

THE BARILLA STORY BEGINS IN 1877 WITH PIETRO BARILLA, IN A BREAD AND PASTA SHOP IN THE CENTRE OF PARMA.

RICCARDO AT THE HELM OF BARILLA
1910

THE FIRST FACTORY OPENED

IN THE EARLY YEARS OF THE 20TH CENTURY, THE FOUNDER WAS SUCCEEDED BY HIS SONS RICCARDO AND GUALTIERO. THE FIRST FACTORY OPENED, EMPLOYING 100 WORKERS AND PRODUCING 80,000KG OF PASTA A DAY, AND IN THE SAME YEAR BARILLA REGISTERED ITS FIRST TRADEMARK: A LITTLE BOY CRACKING AN EGG YOLK INTO A FLOUR TROUGH.

AFTER THE DEATH OF HIS FATHER AND BROTHER, RICCARDO BARILLA STEERED THE COMPANY'S GROWTH IN THE TWENTIES AND THIRTIES. IN 1936, PIETRO, RICCARDO'S SON, ENTERED THE COMPANY AND BEGAN DEVELOPING ITS COMMERCIAL NETWORK.

1947
POST WORLD WAR II YEARS

GIANNI AND PIETRO AT THE HELM OF THE COMPANY

AFTER RICCARDO BARILLA'S DEATH IN 1947, HIS SONS PIETRO AND GIANNI TOOK THE REINS OF THE COMPANY, DEVELOPING MODERN PRODUCTION SYSTEMS AND ENGAGING IN INTENSE BUSINESS COMMUNICATION AND ADVERTISING ACTIVITIES.

BARILLA ITALIAN LEADER
1958
1970

THE PEDRIGNANO (PARMA) FACTORY IS BUILT

IN THE EARLY SIXTIES, BARILLA BECAME A LIMITED COMPANY. IT HAD 1,300 EMPLOYEES AND 200 SALESPEOPLE. IN 1965, BARILLA ENTERED THE PACKAGED BAKERY PRODUCTS MARKET FOR THE FIRST TIME, WITH THE PRODUCTION OF BREADSTICKS AND CRACKERS. IN 1969, THE PEDRIGNANO (PARMA) FACTORY WAS BUILT, THE LARGEST PASTA PRODUCTION PLANT IN THE WORLD, WITH A PRODUCTION CAPACITY OF 1,000 TONS A DAY.

1975
THE MULINO BIANCO ERA BEGIN

1975 SAW THE LAUNCH OF MULINO BIANCO, A NEW BAKERY PRODUCTS LINE, INCLUDING BISCUITS, BREAD SUBSTITUTES AND SNACKS, CHARACTERIZED BY AUTHENTICITY AND RECIPES WITH NATURAL INGREDIENTS, USING THE EXPERIENCE BARILLA HAS GAINED IN CENTURIES OF CEREAL PROCESSING.

THE RETURN OF PIETRO BARILLA
1979
1993

THE RELAUNCH

IN 1979, PIETRO BARILLA RETURNED TO THE HELM OF THE COMPANY. THE HISTORIC RE-ACQUISITION COINCIDED WITH THE RESUMPTION OF A LONG-TERM INDUSTRIAL AND ADVERTISING STRATEGY, BASED ON THE IDEA OF RELAUNCHING PASTA AND THE ITALIAN FIRST COURSE AND DEVELOPING THE OFFER OF BAKERY PRODUCTS.

GUIDO, LUCA AND PAOLO AT THE HELM OF THE COMPANY

IN 1993, AFTER THE DEATH OF PIETRO BARILLA, LEADERSHIP OF THE COMPANY PASSED INTO THE HANDS OF HIS SONS GUIDO, LUCA AND PAOLO.

2000
THE INTERNATIONAL EXPANSION

THE NINETIES AND THE FIRST DECADE OF THE NEW MILLENNIUM WERE CHARACTERIZED BY A STRONG INTERNATIONALIZATION PROCESS, WITH THE GROWTH OF BARILLA'S PRESENCE IN EUROPEAN AND US MARKETS, THE OPENING OF NEW PRODUCTION PLANTS AND THE ACQUISITION OF IMPORTANT BRANDS SUCH AS PAVESI (ITALY), MISKO (GREECE), FILIZ (TURKEY), WASA (SWEDEN), YEMINA AND VESTA (MEXICO), LIEKEN (GERMANY) AND HARRYS (FRANCE).

CREATION OF THE BARILLA CENTER FOR FOOD AND NUTRITION

THE YEAR 2009 SAW THE LAUNCH OF THE BARILLA CENTER FOR FOOD AND NUTRITION (BCFN), A MULTIDISCIPLINARY RESEARCH CENTRE COMMITTED TO THE PROMOTION AND DEBATE OF TOPICS RELATED TO FOOD AND NUTRITION.

BCFN
2009

2016
EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA

IN **2016** BARILLA CONTINUED ITS GEOGRAPHICAL EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA, CONFIRMING AT THE SAME TIME ITS STRENGTH IN THE US AND IN THE EMERGING ASIAN MARKETS. THE COMPANY CONTINUED ALSO TO IMPROVE THE NUTRITIONAL PROFILE OF ITS PRODUCTS, REPLACING PALM OIL IN ITS COMPLETE BAKERY PORTFOLIO AND EXPANDING THE RANGE OF WHOLE GRAIN PRODUCTS.

140 YEARS

FEEDING THE FUTURE

SINCE 140 YEARS WE ARE PASSIONATE ABOUT PASTA, FROM THE FIELD TO THE TABLE, AND WE ARE COMMITTED TO BRING PEOPLE THE BEST EXPERIENCES: HIGH QUALITY AND TASTY MOMENTS, PRESERVING OUR PLANET.

140 YEARS OF BARILLA HISTORY
2017

2018
INVEST IN THE FUTURE

BARILLA EXPECTS TO INVEST ABOUT 1 BILLION EUROS OVER FIVE YEARS ON ITS INDUSTRIAL ASSETS. ABOUT 60% OF THE INVESTMENTS WILL BE AIMED AT BOOSTING COMPETITIVENESS AND SUSTAINABILITY BY IMPROVING PROCESSES AND TECHNOLOGIES, WHILE OVER 40% WILL SUPPORT INNOVATION AND GEOGRAPHIC EXPANSION.

INDUSTRIAL INVESTMENTS CONTINUE WITH THE CONSTRUCTION OF TWO NEW PRODUCTION LINES AT THE PLANT IN RUSSIA AND THE EXPANSION OF THE AMES PLANT (USA). BARILLA ENTERS THE CREAM SPREADS MARKET IN ITALY WITH THE NEW PAN DI STELLE CREAM.

WASA IS THE FIRST BARILLA GROUP BRAND TO ACHIEVE 100% CARBON NEUTRALITY.

CONTINUED GROWTH IN LINE WITH "GOOD FOR YOU, GOOD FOR THE PLANET"
2019

2020
INTERNATIONAL DEVELOPMENT

CREATION OF A NEW DIGITAL HUB IN LONDON.

OCTOBER 2020, ACQUISITION OF PASTA ZARA FACTORY, MUGGIA (TRIESTE, ITALY).

JANUARY 2021: ACQUISITION OF A MAJORITY STAKE IN PASTA EVANGELISTS, A PREMIUM BRITISH BRAND SPECIALIZED IN PRODUCTION AND DIGITAL DISTRIBUTION OF FRESH PASTA AND HIGH-QUALITY SAUCES.

FEBRUARY 2021: ACQUISITION OF CATELLI IN CANADA, INCLUDING THE LANCIA® AND SPLENDOR® BRANDS AND THE PLANT IN MONTREAL (QUEBEC).

PASTA EVANGELISTS

CATELLI

PASTA EVANGELISTS AND CATELLI
2021

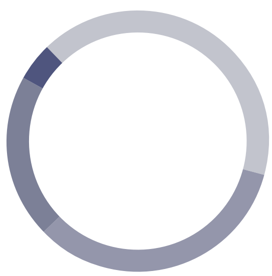
Barilla Group

We were born in Parma in 1877, **more than 140 years ago**, when Pietro Barilla opened a small bread and pasta shop. That moment marked the beginning of a journey of quality and passion that has identified Barilla over the years, leading us to the development of **iconic brands in the food sector**.

TURNOVER (MLN EURO)

	2021	2020
Turnover (mln euro)	**3,936**	3,890

GEOGRAPHICAL AREAS



4.5% ASIA, AFRICA, AUSTRALIA

20.3% AMERICAS

41.5% ITALY

33.7% REST OF EUROPE AND RUSSIA

EMPLOYEES

	2021	2020
Employees	**8,727**	8,591

Our Purpose

In the awareness that the choices made on a daily basis by each and every one of us have an effect on the whole of society and the planet we live on, Barilla has decided to celebrate its 145th anniversary by renewing its commitment to a better present and future.

Underpinning this commitment is a new Purpose that encompasses in a few words the rationale for the way we do business: **"The joy of food for a better life"**.

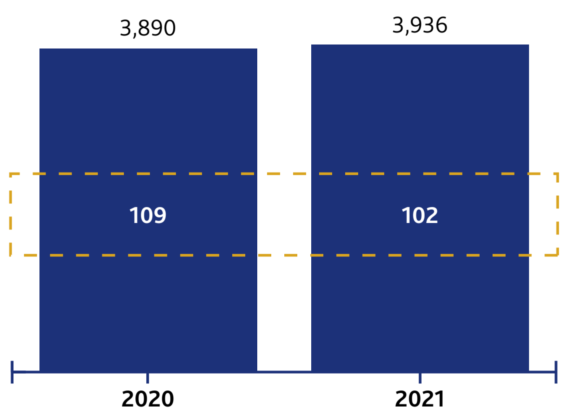
A commitment to offer people not only foodstuffs, but also the joy that can be taken from good food, well-made with selected ingredients.

A journey to be contributed to by every brand in the Group, through projects aimed at improving the goodness and safety of our products, and at disseminating responsible consumption patterns. We will embrace a concept of holistic well-being, working on raw material supply chains to promote sustainable agricultural and breeding practices.

Directors' Report

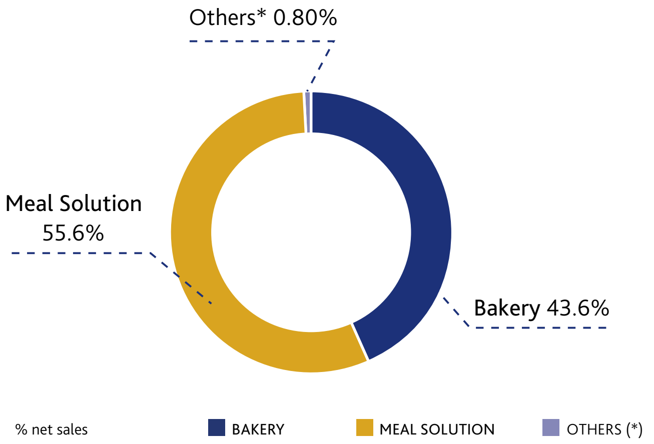
This financial year was marked by contrasting events; the first part of the year was heavily penalized by lockdowns in numerous countries due to the pandemic while the second part saw the relaunch of the global economy.
However, this recovery, commencing with that of China that was quicker than expected, put significant, largely unforeseen, pressure on the intermediate product supply chains, that play a fundamental role in the added value that our country in turn exports, from indispensable electronic components used in all areas of production through to basic raw materials that experienced widespread supply shortages together with price hikes and inevitable cases of speculation.
Logistics experienced significant difficulties and disruptions across all areas.
In summary, the recovery resulted in fierce demand with a shortage in supply that led to significantly higher inflation than predicted.
Within this context, the results of the Barilla Group overall were overall positive, despite having slowed down compared to last year, with lower margins due to inflation and fiercely competitive market conditions.

REVENUES (€/MM)
INDEX vs previuos year net of forex impact



In 2021 the Barilla Group still maintained its growth objectives in terms of sales volumes and revenue, that amounted to euro 3,936 million.

Revenues by business area



* includes Fresh Pasta business (Pasta Evangelists Limited)

Revenue increased by 1% compared to last year which, net of the exchange rate effect, corresponds to a 2% increase. On a like for like basis (which excludes the turnover of new businesses acquired in 2021 that are detailed below), turnover increased by 0.3%.
The Group once again during the year implemented a series of actions in order to consolidate and strengthen its long-term strategy:

- Acquisition of the Canadian business Catelli, which owns the strongly positioned Catelli, Splendor and Lancia brands, from the Riviana Foods Canada Corporation in January;
- Acquisition of the British start-up Pasta Evangelists, a fresh pasta and sauces home delivery and in-store business with a multi-channel distribution, also in January;
- Consolidation of the investment in the Zara pasta production plant in Muggia (Trieste, Italy);
- Renewal of its commitment towards the community and the Planet by defining a new purpose that sums up in a few, simple words Barilla's way of doing business: "The joy of food for a better life";
- Preparation for the launch of a new bronze-die pasta range alongside the new design of the Barilla logo;
- Renewed investments following the slight slowdown in the last two years due to the pandemic;
- Closure of the Barilla Restaurants business in the first half of 2021.

Transactions involving subsidiaries

The following commentary provides a detailed review of the activities of the individual group companies and Barilla Holding S.r.l. in accordance with the disclosure requirements provided for by article 2428 of the Italian Civil Code and article 40 of Legislative Decree (L.D.) 127 of 9 April 1991, amended by L. D. 32/2007.

Accounting standards - International Financial Reporting Standards (IFRS)

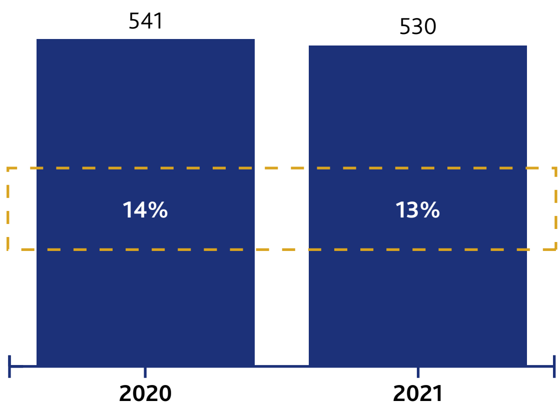
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards – IFRS (hereinafter IAS/IFRS) endorsed by the European Union. For further detail on the accounting policies adopted, see the illustrative notes to the consolidated financial statements.

General information

All amounts are expressed in thousands of euro except where otherwise indicated. All comparisons made throughout this Report and the Consolidated financial statements refer to the financial information for the previous reporting period (disclosed in brackets). Percentage ratios (on margins and changes) are calculated based on the values expressed in thousands of euro.
The Group, of which Barilla Holding S.r.l. is the parent company, is defined as "the Group".
Where comments relate specifically to the parent company, or the individual subsidiaries, the full name and legal form of the companies are stated.

Consolidated financial highlights

EBITDA (€/MM)
% of Revenue



EBITDA margin was slightly lower than the previous year, 13% compared to 14%, in line with the major international groups in the food sector.
Profit before taxes amounted to euro 361 million (365 million).
Consolidated profit for the year amounted to euro 274 million, compared to euro 416 million in 2020.
Consolidated profit attributable to the Group equity holders (net of non-controlling interests) amounted to euro 229 million, compared to euro 351 million achieved last year. Profit attributable to non-controlling interests amounted to euro 45 million.
Current and deferred income taxes for the year totaled a negative value of euro 87 million. The same item last year showed a positive value of euro 51 million; this had been impacted by deferred tax assets amounting to euro 187 million arising on revaluation of the brands of the Italian subsidiary Barilla G. e R. Fratelli Società per Azioni.
Given the ongoing uncertainties in the financial markets, the Group continued to adopt prudent financial policies. The robust cash flow will be sufficient to support planned future investments and acquisitions.
The Group's net financial position (NFP) amounted to negative value of euro 24 million compared to the positive NFP of euro 139 million the previous year and was impacted this year by significant industrial

Our brands

Founded in 1877 as a small bread and pasta shop in Parma, the Barilla brand is now the number one for pasta in Italy and around the world. The best durum wheat and cutting-edge technologies make it possible to offer pasta that always remains al dente and ready-made sauces to millions of people around the world.

The ancient Voiello brand was founded in 1879 in Torre Annunziata (Naples), a major center of pasta production since the 16th century. Made with 100% Italian Aureo wheat, Voiello symbolizes Neapolitan pasta culture in its rough molding, and in its unique shapes, inspired by tradition. Voiello has formed part of Barilla since 1973.

The leading pasta brand in Greece, MISKO was founded in 1927 and embodies the values of the Hellenic pasta tradition, personified by the monk Akakios riding his donkey to buy pasta at the village market. MISKO has formed part of Barilla since 1991.

Founded in 1977, Filiz is one of the largest pasta producers in Turkey, a country that ranks as one of the most avid consumers of pasta. Filiz has been part of Barilla since 1994.

Yemina and Vesta – founded in 1952 and 1966 respectively – are two leading brands in the Mexican market. They joined Barilla as a result of the joint venture established with Mexico's Grupo Herdez in 2002.

Tolerant is the brand of plant-based foods, naturally rich in protein, designed to make a difference for people in search of a healthier lifestyle and those with food intolerances or dietary restrictions. Tolerant is a line of pasta based on legumes subjected to minimal transformation processes, made with a single organic ingredient.

A Premium British brand specialized in the production and digital distribution of fresh pasta and high-quality sauces, in both the recipe boxes category and online **takeaway**. With its 2021 acquisition of a majority stake in Pasta Evangelists, Barilla entered the fresh pasta market and consolidated its presence in the United Kingdom.

Catelli, a leader in the Canadian market with over 100 years of history, was acquired in 2021 together with the Lancia® and Splendor® brands and the plant in Montreal, Quebec. A family-run company, aimed at bringing inspired by the Italian lifestyle and the Mediterranean diet to the world.

Established in 1975, Mulino Bianco now forms part of Italian food culture, as a testament to the everyday life of Italian families. It offers simple, authentic bakery products in all categories, suitable for consumption at home and away from home.

Pan di Stelle was founded in 1983 as one of the Mulino Bianco biscuits for breakfast. When the snack and cake were launched in 2007, it began its journey as a separate brand, which has now become a much-loved household name.

The Pavesi brand was created in 1937 by Mario Pavesi, a brilliant confectioner and entrepreneur from Novara. It offers a wide range of bakery and pastry products, unique for their flavor and the production technology used. Pavesi has formed part of Barilla since 1992.

Gran Cereale was founded in 1989 as a Mulino Bianco wholemeal biscuit and has grown to become the Barilla Group brand that offers wholemeal and natural products. To date, the brand offers consumers a range of products that includes whole grain biscuits, bars and breakfast cereals.

Launched in 1970 on the French bakery market, the Harrys brand is now a leader in the bread sector and plays a leading role in morning goods. Quality and innovation are two of the main strengths that have made it such a success.

Founded in Sweden in 1919, Wasa is the world's largest producer of crispbreads. With a wide range of rye and wheat-based products, Wasa currently sells its products in over 40 countries. Wasa joined Barilla in 1999.

Barilla for Professionals offers high-quality products, services and know-how for the catering industry.

ACADEMIA BARILLA

Academia Barilla was founded in 2004 with the aim of promoting Italian gastronomic culture, and disseminating the Mediterranean Diet as a healthy and balanced lifestyle.

FIRST is a brand specializing in retail services.

Barilla around the world

> 2,100,000+
TONS OF PRODUCTS

8,727 EMPLOYEES

€ 3,936 BN GLOBAL
TURNOVER, 2021

100 COUNTRIES

20 BRANDS

30
FACTORIES

15 IN ITALY
15 ABROAD

INCLUDING MILLS, FACTORIES, SALES OFFICES, CUSTOMER COLLABORATION CENTERS

investments and acquisitions. Further details are set out in the Illustrative Notes to the consolidated financial statements.
The principal loans in place at the year-end are:

- Bonds issued by Barilla France S.A.S. totaling USD 50 million, placed with institutional investors in 2011 and originally divided into tranches maturing in 2023. The bonds, including the related hedging instruments, amounted to euro 34 million at the year-end;
- Bonds issued by Barilla Iniziative S.p.A. totaling USD 335 million, placed with US institutional investors in 2013 and 2015 that mature in 2025 and 2027 respectively. These bonds, including the related hedging instruments valued at mark-to-market, amounted to euro 281 million at the year-end;
- A revolving credit facility (RCF) amounting to euro 500 million (with an option to increase further to euro 800 million) maturing in January 2025 that had not been used at 31 December 2021. Barilla International Ltd joined the existing borrowers and guarantors, Barilla Iniziative S.p.A. and Barilla G. e R. Fratelli Società per Azioni, without prejudice to the future assignation to other borrowers within the Group;
- A term loan of euro 200 million entered into in December 2020 between Barilla Iniziative S.p.A. and Intesa Sanpaolo S.p.A, maturing in December 2025 and amortizable commencing December 2022;
- A term loan of euro 30 million entered into in November 2021 between Barilla Iniziative S.p.A. and Mediobanca that matures in November 2023.

The NFP also includes an investment portfolio created in previous years, that largely comprises Investment Grade bonds denominated in euro with a 3-year average maturity, diversified by sectors and geographical areas. The value of these investments amounted to euro 255 million at 31 December 2021.

Group structure and organization

The Group, through the operating sub-holdings Barilla Iniziative S.p.A. and Barilla International Ltd, and in turn through their subsidiaries, operates in the manufacture and sale of pasta, sauces, and bakery products both in the domestic and international markets.
In early 2021, the company acquired Pasta Evangelists Ltd which operates in the sale of take-away and ready-cooked fresh pasta in the UK distributed through an e-commerce channel and a number of direct stores.
Also at the beginning of 2021, the company acquired the Catelli business, the market leader in pasta production in Canada through the Catelli, Splendor and Lancia brands.

The Group operates directly in 26 countries, exports its products to more than 100 countries and owns 30 production facilities across 10 countries.

Economic scenario

Global recovery continued throughout 2021, despite uncertainty surrounding the progress of vaccination campaigns and the outbreak of new Covid-19 variants. Worldwide trading returned to pre-pandemic levels however tensions emerged regarding the supply of raw materials.
The euro area also enjoyed significant growth although not enough to offset in full the impact of the health crisis. Inflation was on the rise due to energy prices, gas in particular, and temporary factors resulting in December 2021 recording the highest monthly inflation rate since the inception of the Monetary Union.
In Italy, GDP increased well above expectations in the second quarter, and the growth phase, driven by increased household consumption, continued throughout the third quarter.
Italian economy in the second half of the year recorded an improvement in household expectations that drove spending even in those sectors worst hit during the pandemic such as hotels, bars and restaurants.
In the same period, businesses also presented favorable prospects with regard to investment conditions.
In terms of the pandemic, the number of cases in Italy rose towards the end of the year albeit not as severe as the first wave and therefore without the need to tighten restrictive measures.
At the end of the year the ECB forecast that the progress made in economic recovery, alongside medium-term inflation targets, would have resulted in a gradual decrease in the net purchase of financial assets as early as the first quarter of 2022.
In the current international context, inflation expectations remain high in the short-term largely due to energy prices.
The economic outlook changed in early 2022 due to the uncertainty and fears surrounding the Ukraine-Russia crisis. This new phase of the cold war appears to have brought into question global geopolitics resulting in significant repercussions across continental Europe.
Future growth prospects face multiple risks; in the short-term, health conditions and in particular supply issues; in the medium-term, the international situation and the implementation of expenditure plans outlined in Italy's National Recovery and Resilience Plan (PNRR).

Group operating activities

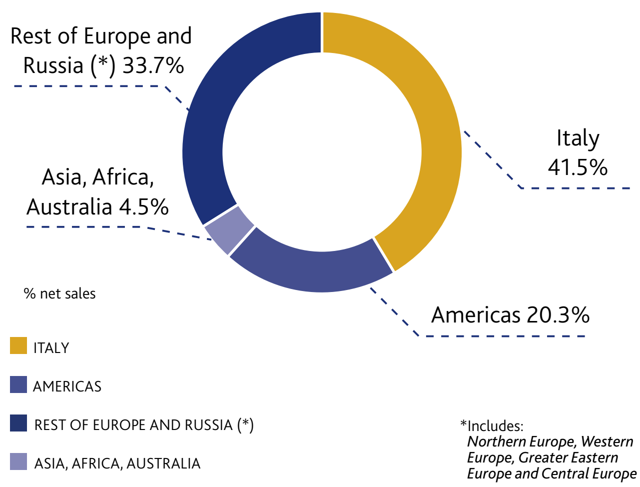
In strategic terms, the Barilla Group confirms its mission to promote growth while pursuing its new corporate purpose that contains in a few words the "why" of its way of doing business: "The joy of food for a better life".
The structure of the Global Leadership Team is based on the following model:

1. **Regions** that are responsible for ensuring business growth and profitability through the development of Customers and Channels and a solid portfolio of brands and product categories in compliance with corporate guidelines:
   - Italy Region;
   - America Region;
   - Western Europe Region comprising France, Iberia (Spain and Portugal), UK, Benelux (Belgium, Holland, Luxembourg);
   - Central Europe, comprising Germany, Switzerland, Austria, Poland;
   - Greater Eastern Europe Region, comprising:
     a. Eastern Europe markets: Greece, Slovenia, Croatia, South Adriatic (Serbia, Bosnia, Montenegro, Kosovo), Central East (Romania, Hungary, Slovakia, Czech Republic), South East (Albania, Bulgaria, North Macedonia, Cyprus);
     b. Russia & CIS markets.
   - Asia, Africa & Australia Region;
   - Northern Europe Region, comprising Sweden, Norway, Finland, Denmark, and the Baltic states (Latvia, Estonia, Lithuania).
2. **Process Units** that act as global competence centers guaranteeing the alignment of strategies, processes, standards, and the development of key capabilities. In order to coordinate global brand development, the marketing function is divided as follows:
   - Meal Solutions, comprising the manufacturing and sale of first courses (pastas and sauces) under the Barilla, Voiello, Misko, Filiz, Yemina, Vesta, Tolerant, Catelli, Lancia, and Splendor brands;
   - Bakery, consisting of the production and sale of bakery products principally through the Mulino Bianco, Pan di Stelle, Pavesi, Wasa, and Harrys brands.

The Barilla Restaurants business, which closed in the first half of 2021, promoted the Italian gastronomic culture and Mediterranean lifestyle throughout the world and allowed the Group to capitalize on the experience gained through its direct dealings with customers.

The new Pasta Evangelists business will develop new business models for the sale of take-away and ready-cooked fresh pasta distributed through the e-commerce channel and a number of direct stores.

Performances broken down by Region are detailed below:



Italy Region

Following the return to a new, post-pandemic normality, consumption was affected by a number of factors in 2021. On one hand, a number of trends that emerged in 2020 returned to pre-health crisis levels, while on the other new trends and innovation in consumption behavior are changing the habits of Italian consumers.
Following the easing of restrictions on the movement of individuals, following the boom recorded in 2020, local stores recorded a significant fall in performance (-7%). The decrease in the number of stores (-265 names compared to 2020) highlights a crisis in this channel that was interrupted only by the exceptional events of the pandemic. Supermarkets performed in line with 2020 while Discount stores continued to grow recording an increase of 1% (compared to +11% recorded last year). The crisis in large surface stores (Hypermarkets > 4,500 mq) continues, while Superstores proved once again to be the winning format of the modern distribution channels, recording the best performance in FMCG (+2.3%).
Following the success in 2020, the "home chef" phenomenon eased as well as spending on basic products (pasta, ready sauces, flour) and breakfast goods (biscuits, rusks, cereals, and morning goods).
With regard to competition, the private labels largely maintained their market share in 2021.
Category leaders suffered as they saw their market shares fall in favor of minor players that are often able to grasp first-hand the opportunities linked to new trends.
Within this scenario, consumption trends recorded significant decreases in 2020 across almost all of the categories in which the Barilla Group operates, impacting Group performance negatively both in terms of volume and value.
Performance was further penalized by inflationary pressure on production and logistics costs in the second half of the year that led to the introduction of further price increases in November.
The Bakery business recorded a decrease due to the significant slowdown in the consumption of morning goods (Biscuits, Rusks) and breads (Soft Breads, Crackers) that had enjoyed strong growth at the height of the pandemic in 2020. On the other hand, ales of Dry Snacks and Snacks increased having suffered in 2020 due to a decline in products consumed out of the home and at school. Innovation returned in 2021 following the significant scale back in the launch program in 2020 in order to allow the Group to focus on the continuing operations of its core business.

The Meal Solution business was impacted by the fall in consumption of essential products too, following the peak in demand in 2020.
The fall in Barilla brand Pasta sales was driven by the marked contraction in this segment.
The premium pasta brand Voiello performed well.
The Sauces business also decreased with the exception of the Pesto segment that recorded a significant increase in market share.

America Region

In 2021, the economy recorded significant growth following the 2020 pandemic. However, the economic scenario for the year was still extremely challenging with volatility in demand and supply disruptions. Despite this instability, Barilla maintained overall revenue for the entire Region in line with that of the previous year, at constant exchange rates, bearing in mind that 2020 revenue was impacted by increased household consumption due to the pandemic:

- In the United States, which continues to represent the most important market in the region, Barilla recorded a substantial fall in the Pasta retail channel, while market share in value terms increased. Within the various product ranges, Pasta, Gluten Free and Filled performed particularly well. At the same time the Sauces category suffered a market fall as competitors improved their level of service in 2021 compared to 2020. The Barilla foodservice business enjoyed strong growth, highlighting the recovery in this sector;
- in Mexico, the market share of the Modern Trade channel in value terms remained in line with 2020. Both the Yemina and Barilla brands were relatively stable given the increase in prices applied to recover the sharp rise in raw materials costs;
- in Brazil, the further devaluation of the national currency 'Brazilian Real' against the euro resulted in further price increases during the year in order to offset rises in costs and improve profitability. Subsequent to the price increases, which were higher than the rest of the market compared to last year, Barilla's market share fell in value terms in the San Paolo area, where the Group's activities are concentrated;
- in Canada, the finalization of the acquisition of the Catelli business and its brands allowed the Barilla Group to have access to an efficient platform from which to serve both clients and consumers. Barilla now operates in this market with a portfolio of brands covering various levels of the dry pasta and noodles category. The newly acquired brands, together with Barilla brand products, maintained market share in this first year together despite the significant and demanding challenges related to the acquisition, transition and integration of the new business.

Western Europe Region

In a year marked by multiple waves in the health crisis, the region closed with a revenue index of 99 compared to 2020, confirming the significant growth recorded in the previous year in which revenue had increased by 7% compared to 2019.
France, which represents the largest market in the region, recorded a slight fall in value terms compared to 2020 and significant growth when compared to 2019, with different dyanmics between the Meal Solutions and Bakery businesses. It is to be noted that the Pesto business continued growing at a constant rate, increasing by 11% compared to 2020 and by 40% against 2019. The Barilla brand in France outperformed market trends and competition also thanks to the 'Better for You' platform and the strong e-commerce position, which now represents 11% of total business.
In Belgium, the Barilla Group closed the year with modest growth in value terms, confirming its leadership in the Pasta sector.
In the Netherlands, Wasa consolidated its leadership position, increasing its market share by 1.4 points to close at 43.2%.
Spain performed well during the year.

Central Europe Region

The region experienced a downturn compared to the previous year in terms of volumes and revenue that was largely due to a fall in household consumption (the Covid-19 pandemic had a positive impact on consumption in 2020).
Germany recorded a 2% fall in revenue, Switzerland a 4% fall, Poland a 2% fall, while Austria recorded 2% growth and both the Czech Republic and Slovakia 3% growth.
With regard to product categories, Pesto enjoyed a significant increase in revenue while Pasta decreased slightly.
Market shares maintained the same high levels as the previous year and increased further in the Pasta category (Germany, Switzerland, and Austria) and Sauces (Switzerland, Austria, and Poland).
The Central Europe Region continued to pursue the strategy aimed at creating value, focusing on product, customer, and country mix.

Greater Eastern Europe Region

In 2021 the region recorded significant growth both in terms of volumes and value compared to the previous year, increasing market share across all of the main markets, leveraging the positive market trend, and guaranteeing a high level of service. With regard to products, the Pasta segment recorded double digit growth with the Premium Pasta and 'Better For You' categories enjoying a significant increase of 15%. Sauces also performed well with a marked increase in value and significant growth in the Pesto category (+27%). The bakery products business recorded 14% growth in value terms, with a significant increase for Wasa (+36%), thus confirming the continued increase in consumers and in market share.
The Russia & CIS markets grew in both volume and value compared to the previous year, strengthening the market share of the Barilla brand in value terms to take second position in the Russian market. This also reinforced the leadership position in the Sauces, both Red and Pesto, in terms of value and volumes.
The Eastern European markets recorded positive growth in value terms while volumes remained stable. All product categories grew in 2021 compared to the previous year. Greece performed well and recorded growth compared to 2020, consolidating its leadership position in the Pasta segment. The Adriatic (+5%) and Romania (+5%) markets also performed well and are constantly progressing in their development plan.

Asia, Africa, Australia Region

For the second year running, in 2021 the region was impacted by Covid-19 and its consequences on social interaction and trade, with a slowdown in production and the onset of supply problems due to disruptions in the supply chains particularly in Asia. At the same time the volatility caused by Covid-19 increasingly affected consumers living and working habits, resulting in a continuous rebalancing of sales from Food Service to e-commerce and retail, albeit at a much lower level compared to 2020 height. In this context of great uncertainty, Barilla continued to focus on the wellbeing of, and providing support to, its employees in the regional headquarters and production sites. The closure of industries in China following the zero Covid-19 policy has resulted in a slowdown in production levels and economic growth across the entire Asian continent.
Within this context, business in the region recorded revenue growth of 8% compared to 2020, at constant exchange rates, despite a significant contraction in categories in the principal

markets of the region compared to the outstanding levels achieved in 2020; moreover, the protraction of the pandemic, and the related restrictions, continued to impact negatively out of home consumption.

In Turkey, despite the vulnerable and uncertain macroeconomic and social situation, with high inflation growth and the devaluation of the Turkish lira, revenue increased significantly compared to 2020, at constant exchange rates, thanks to the successful relaunch of the local brand Filiz and the global strategy of price increases. In Africa and the Middle East, the Barilla Group recorded a 12% fall in revenue, at constant exchange rates, compared to 2020, due to a fall in demand in the Pasta and Sauces segments both in Israel and the United Arab Emirates, in addition to the crisis that has severely affected Lebanon.

In Australia, market shares increased in the Pasta and Sauces markets that fell sharply compared to 2020; while revenue decreased significantly compared to the previous year, at constant exchange rates, following the market trend and in conjunction with disruptions in local supply chains due to Covid-19.

After a strong first quarter in 2021, the Chinese fast moving consumer goods market slowed down; Barilla succeeded in defending its market share; however, Barilla's revenue in China fell by 8% compared to 2020, at constant exchange rates, principally due to the crisis in the logistics market resulting in delays in deliveries.

The stagnation of the Food Service business limited revenue growth to 1% in Japan, while South East Asia recorded 3% growth in revenue compared to 2020 thanks to e-commerce.

Northern Europe Region

2021 marked a year of consolidation of the results achieved in the previous year with a further modest growth in revenue (+1% at constant exchange rates).

Revenue growth is largely attributable to the strong performance in Norway, the Baltic countries and Denmark, while Finland and Sweden closed with a slight fall in revenue compared to the record levels of 2020.

High unit value products such as Pesto and newly launched Wasa products recorded growth. In particular the Wasa Din Range and Thin Crispbreads continued to grow. Biscuits were also successful, and the new Mini Din Stund and Falu Chia Sea Salt had a promising start. This positive impact on the country and products mix contributed to a further revenue growth despite a slight fall in volumes.

Market share remained stable or grew only slightly across all categories with the exception of the Pasta segment in Sweden where measures adopted to increase margins led to a fall in market share.

Barilla Restaurants

In 2021 the Barilla Restaurants business decided to close the remaining two restaurants in California and New York commencing from 30 June. The evolution of restrictions relating to the pandemic, labor shortages in the restaurant industry and the escalation in raw materials' prices prevented the containment of inefficiencies and contributed to a significant decrease in revenue compared to the two previous years. Within this uncertain scenario and the aim of protecting profitability, the team managed to secure the early termination of the leases with a favorable outcome.

Pasta Evangelists

In 2021 revenue recorded double digit growth, largely thanks to a successful first quarter in the e-commerce sector through the DTC platform **www.pastaevangelists.com**, alongside a rapid growth in the take-away and ready-cooked offer. In addition to the current Market Halls and Marks and Spencer stores, a second sales point was opened in May 2021 in the Harrods department store in London (Pasta Bar). Although the business is facing an increase in costs, due to the leap in inflation and difficult labor market in the UK, the management of Pasta Evangelists forecasts a significant growth in the coming year, particularly in the take-away sector.

agriBosco: 23 hectares of agricultural land surrounding the Headquarters in Parma (Italy), where raw materials are grown sustainably and in balance with nature. A wood with almost 3,000 species of native trees, split between rows and rewooded areas, with nature trails and spontaneous herbs. Due to open fully to the public in spring 2022.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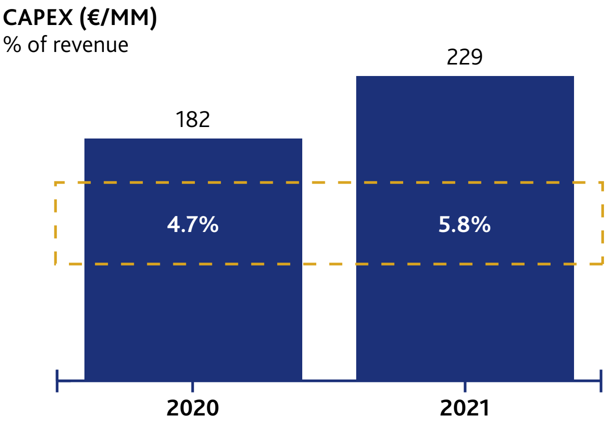
AGRIBOSCO Barilla

Capital expenditure



The objectives of product innovation, increased production capacity and improved efficiency gave rise to Group capital expenditure of euro 229 million, of which euro 21 million relates to new contracts for leased tangible assets signed during the year. Capital expenditure represented 5.8% of Group revenue.
The main investments comprised:

- In France the completion of line 49 for the production of crustless soft bread in the Talmont plant that will allow an increase in production capacity and the replacement of the flowpack packaging machines and the pick&place robots in line M3 of La Malterie that will safeguard production continuity and the quality of Doo Wap products;
- 5 new boxed dry pasta packaging lines (4 of which are assigned to the production of short pasta and 1 to long pasta) were installed at the Muggia (Italy) production site. Furthermore, the finished goods warehouse was expanded to house a newpicking area and to container loading operations that are essential to the shipping of product goods. The above investments represent a fundamental step in the full integration of the plant, which was acquired in 2020, into the EU pasta Network;
- Completion of the redesign of packaging solutions for dry semolina pasta, in order to guarantee flexibility and meet market demands linked to the premiumization of the Pasta sector, through the enhancement of 6 packaging lines in the Foggia and Caserta plants in Italy;
- The increase in production capacity of bagged biscuits at the Novara bakery in Italy, through the installation of a new packaging line comprising 2 packaging machines and the related encasing;
- The increase in the production capacity at the Celle plant in Germany, through the installation of a new steel funnel oven with hybrid heat to replace the electric oven, and a new production line for Wasa Delicate Thin crispbread that will result in the closure of the only existing production line in Filipstad (Sweden);
- in Russia the construction project of the new mill in the 'Special Economic Zone' in Stupino, in the Moscow area, continued. Installation of a new American Sandwich production line at the Solnečnogorsk plant was also finalized;
- the project to migrate and integrate the Catelli business, which was acquired in January 2021, with the aim of adopting the Group's personalized systems and models;
- perfecting the migration to the SAP integrated system in the two Russian subsidiaries in order to guarantee the continuity and integration of the respective production sites in compliance with the Group's infrastructural and IT requirements;
- Completion of the Trigeneration plant at the Pedrignano plant (Parma, Italy), aimed at improving the competitiveness of the production site and significantly reducing polluting emissions in line with the mission "Our way of doing business";
- The continued expansion of the Ames production site in America. Alongside the efficiency and modernization plans relating to the entire manufacturing and milling facilities, a project was finalized that enables a train full of wheat to be unloaded in less than 24 hours with unloading capacity increasing to 500 tons/per hour, aimed at meeting the demands arising from the continued growth in business in North America.

Corporate Governance and Compliance

Barilla Holding S.r.l. adopts a "traditional" administration and control system. As such, the corporate governance structure is based on the following corporate bodies: the Board of Directors, the Board of Statutory Auditors, and the Independent Auditors.
The Board of Directors (BoD) is the body vested with the widest powers, except for those reserved to the Shareholders' Meeting by law or by the Articles of Association, and can delegate specific offices to its members; it is responsible for the direction of management, assessing the adequacy of the organizational, administrative and accounting structure, the assessment of the overall operating performance as well as the adoption of resolutions on those matters reserved to it by law or by the Articles of Association.
The current BoD comprises four Directors whose mandate expires on the approval of the 2021 Annual Report.
The Board of Statutory Auditors, appointed by the General Shareholders' Meeting, supervises compliance with the law and the Articles of Association and compliance with the principles of proper administration. The mandate of the Board of Statutory Auditors will end with approval of the 2021 financial statements.
The entity appointed to carry out the audit of the financial statements, pursuant to law, is KPMG S.p.A.; it was engaged to audit the consolidated financial statements of the Barilla Group and those of the Group companies; this assignment will end with approval of the 2021 financial statements.
The corporate governance structure of Barilla Iniziative S.p.A. is based on the following corporate bodies: the Board of Directors, the Board of Statutory Auditors, and the Independent Auditors.
The current BoD comprises nine directors (two of whom represent the non-controlling interests) whose mandate will end on the date of the next General Shareholders' Meeting, called to approve the 2021 financial statements.
The Board of Statutory Auditors, appointed by the General Shareholders' Meeting, supervises compliance with the law and the Articles of Association and compliance with the principles of proper administration. The mandate of the Board of Statutory Auditors will end with approval of the 2023 financial statements. The Independent Auditor is KPMG S.p.A.
Barilla Initiative S.p.A., commencing 27 March 2018, adopted an Organization, Management and Control Model pursuant to Legislative Decree 231/2001 ("MOG"). The MOG includes a general section and special sections that outline the business processes and predicate offences that could impact them, together with the Code of Ethics. The MOG was subsequently updated to reflect the introduction of new predicate offences and was subject to approval by the Board of Directors.
In order to evaluate the effective and correct implementation of the MOG, the BoD of Barilla Iniziative S.p.A. appointed a monocratic Supervisory Board (SB), which comprises one external member who is a university lecturer and freelance professional. The SB reports on

January 2021: Mulino Bianco has created special packs of Abbracci biscuits for all the nurses in Italy. All proceeds will be donated to the Italian National Federation of Orders for Nursing Professions (FNOPI) Solidarity Fund, up to a maximum of €2 million.

its activities to the BoD on a half-yearly basis.
The governance structure of the main Italian subsidiaries is consistent with local operating conditions and, in respect of overseas companies, also considers local legislation.
The Governance of the Group is structured, thanks to the experience consolidated over the years, according to international best practices and in line with the regulations governing listed companies. The shared culture of the Group is founded on a strong awareness of its own responsibilities.
This also applies to Barilla International Ltd, a UK company set up in 2020, whose BoD, comprising three directors, will end its mandate with the approval of the 2021 financial statements.
Corporate governance in the UK balances the rights and duties of shareholders, employees, creditors, and Directors. The Board of Directors is empowered to manage the business, and the Directors hold several responsibilities and duties towards the company itself. The directors must perform their duties with competence, acting in good faith and with loyalty to the company.
With regard to Barilla G. e R. Fratelli S.p.A. and its main subsidiaries, the governance structure, in general, is similar to that of Barilla Iniziative S.p.A. However, it should be noted that the internal control system of Barilla G. e R. Fratelli S.p.A. is more specific given the nature of the business. Moreover, it has adopted an Organization, Management and Control Model pursuant to (It.) Legislative Decree 231/2001 (“MOG”). The MOG includes a general section and several special sections relating to the processes by which the company operates, together with the Code of Ethics. These sections identify the business processes and types of predicate offences, the risks of crimes being committed in respect of these processes, procedures, and the systems and protocols aimed at preventing this as well as all the principles and values with which the companies of the Barilla Group identify themselves and in compliance with which the Directors, the Statutory Auditors, employees, external collaborators, suppliers, and customers are required to adhere to.
The original MOG was approved by the Board of Directors of Barilla G. e R. Fratelli S.p.A. on March 2005; it has been updated constantly to reflect the gradual introduction of new predicate offences. The BoD approved an updated version of the MOG on 13 December 2021 which places greater emphasis on the organization structure and internal control system adopted in order to prevent predicate offences.
In order to verify the effectiveness and the correct implementation of the MOG, the Board of Directors of Barilla G. e R. Fratelli Società per Azioni appointed a Supervisory Body (SB), comprising a legal professional (previously the Chief Legal Corporate and Compliance Officer and now a freelance lawyer), the head of Group Internal Audit and an external member who is a university professor and freelance professional. The SB reports on its activities to the BoD on a half-year basis.
Given the multinational context in which it operates and in line with the growing global compliance needs, a "Compliance” function was created and is currently located within the Legal and Corporate Affairs Process Unit, the head of which was appointed Chief Legal Corporate and Compliance Officer.
This Function set-up an Integrated Compliance System (ICS) composed of, inter alia, the basic Compliance Policy, other reference policy-procedures and software for the purpose of carrying out "know your supplier-know your customer" checks. The ICS aims to ensure compliance, at national and international level, with the rules of public law relating to the areas of protection of competition, food & advertising law, privacy, anti-bribery, international sanctions, anti-money laundering, as well as a whistleblowing channel, i.e., the reporting of possible breaches of policy, assisted by a guarantee of anonymity for the person.
The Group Compliance Officer and the Compliance Function hold periodic meetings with several bodies including the Supervisory Body, the Board of Statutory Auditors, the Audit and Risk functions, the Tax Control Framework Committee, as well as management where necessary.
The Group Compliance Officer and the Compliance Function are expected to report to the Board of Directors on their activities at least annually.
Within the ICS general context, EU Regulation 679/2016 on data protection ("GDPR") was implemented by setting up, inter alia, the following key activities: mapping of the IT systems involved in data processing and the processes in place, in the review of legal documentation (e.g. disclosure information), preparation of a GDPR Master Policy and reference procedures, implementation of an IT solution for the purposes of keeping a Register of Personal Data Treatment and the performance of Impact Assessments, organization of training activities, appointment of the Data Protection Officer and defining a support structure.
Furthermore, a Group Ethics and Compliance Committee was set up and comprises the members of the Supervisory Body of Barilla G. e R. Fratelli Società per Azioni and an external British compliance expert. This committee ensures the implementation of the Code of Ethics and Compliance regulations throughout the entire Group.
Corporate governance, risk management processes (including cybersecurity) and the internal control system are all monitored by the Internal Audit department that works independently and in accordance with the International Standards for the Professional Practice of Internal Auditing. This is achieved through the audit of corporate cycles and processes following an audit plan approved by the BoD.
Compliance activities were intensified also from a tax point of view with the definition of a Tax Compliance Framework (TCF) Model, which identifies and maps the various business processes and highlights potential tax risks and the related actions required in order to mitigate them.

Our way of doing business

The current international context presents businesses with complex challenges that impact our present and will define our future.
Amongst the challenges established by the International Community, many are linked to the agro-food supply chain and to consumption models, placing the topic of food products at the forefront of discussions surrounding sustainable development.
The 2030 Agenda of the United Nations and the Conferences on the Climate represent a reference point for the radical rethinking of systems from the perspective of reducing the impact on people and on the planet on which we live. Moreover, Europe is firmly promoting a plan for sustainable development through the Green Deal and Farm to Fork strategy.
As a global leader in the agro-food sector, Barilla has a responsibility to contribute to this challenging journey and, for this purpose, on the occasion of its 145th anniversary, Barilla renewed its commitment towards society and the planet.
At the foundation of this commitment there is a new purpose that encapsulates in few words the “why” of our way of doing business: “The joy of food for a better life”. A commitment to offer people not just food products but also experience the joy that good food, well made, using quality ingredients can provide them.
In order to pursue this goal, in 2021 Barilla commenced working

on defining a new ESG Agenda that will outline clear, measurable objectives with the purpose of identifying the key business topics (decarbonization plan, product packaging, relations with the local community). In the coming years Barilla will be committed to this alongside the issues specific to our day to day business, people's holistic wellbeing and sustainable agricultural practices.

The Foundation Barilla has played a fundamental role in our journey, thanks to the studies carried out on the role of food from an environmental, economic, and social perspective and to the commitment to sharing these topics with an increasingly wider audience.

This is a journey of continuous evolution that Barilla intends to pursue firmly over the coming years through every Group brand, by undertaking specific projects that will make products better and safer, sharing balanced consumption models that embrace the concept of holistic wellbeing and working on the raw materials' supply chains in order to promote sustainable farming and breeding practices.

Environmental management

Environmental management is an integral part of the Group's way of doing business.

Barilla's commitment to the environment began almost 20 years ago thanks to, for example, the adoption of the Life Cycle Assessment method that calculates the environmental impact of its products. The results of these analyses are published for the majority of Barilla products using the Environmental Product Declarations, which are certified environmental declarations developed by the international EPD (Environmental Product Declaration) – (www.environdec.com).

Moreover, Barilla is the first food Group to have developed and obtained third party certification on a system measuring the environmental impact of its products (EPD Process System).

In 2021, 72 EPDs (Environmental Product Declarations) on Barilla products were available on the environdec.com website, corresponding to around 70% of production volumes.

The Barilla Group constantly works to reduce the impact of its products throughout the whole supply chain through a number of projects including the following:

- Collaborations with players involved in the strategic supply chains aimed at employing agricultural practices that are more sustainable and have a lower impact in terms of CO_{2eq} emissions, water consumption and fertilizer use or that favor safeguarding of the soil and biodiversity. Some examples of such tools include: Granoduro.net, a software that provides tangible support to durum wheat farmers in technical agricultural decision making, the Handbook for Sustainable Durum Wheat Farming, the Mulino Charter and the Harrys Charter for the sustainable soft wheat supply chain. In Italy, 467,000 tons of the 2021 harvest were made in compliance with the Durum Wheat Manifesto with an average fall of 11.4% in carbon footprint;
- In order to explore more advanced technologies that enable not only carbon footprint to be reduced but also have a positive impact on carbon capture, an innovative pilot project was launched on the Wasa brand, together with strategic partners, that is based on the principles of regenerative agriculture. The project, which aims to renew the natural ability of soil to absorb CO_{2eq} emissions, involves 12 farmers in Germany and Sweden who will apply agronomic principles such as cover-crop, minimal tillage, crop rotation, reduced use of fertilizers and grass-fed livestock in order to have a positive impact on the manufacturing process of crispbread, taking advantage of the ability of plants to capture carbon from the atmosphere and return it to the soil;
- With regard to our products packaging, the virgin fiber cardboard used for pasta boxes is sourced from responsibly managed forests and 99.6% of all Barilla packaging on the market is projected and designed to be recyclable;
- 93% of the Group's factories (bakeries, pasta factories and mills) have implemented and certified an environmental Integrated Management System in compliance with the international technical standard UNI EN ISO 14001, 2015 edition;
- With regard to product distribution, the Barilla Group continues to develop solutions aimed at optimizing flows and reducing environmental impact. In 2021, one such initiative involved the transport of products by rail rather than road from North to South Italy and vice versa, corresponding to more than 5,000 journeys/ year and a saving of approximately 5,000 tons of CO_{2eq}.

To date, four Barilla brands have achieved Carbon Neutrality; Wasa was the Group's first Carbon Neutral brand in 2018, followed by Gran Cereale and Harrys in 2019 and Mulino Bianco in 2020.

In order to achieve this goal all greenhouse gas emissions (GHG) in the production chain of each of the individual brands' products (from soil to the shelf) were reduced, calculated, and offset in compliance with international standard PAS 2060. The process has been certified by an Independent Third-Party Body (DNV).

Furthermore, the Barilla Group continued to pursue its fight against climate change after joining SBTs (Science Based Targets) in 2019, which was set-up to assist companies in defining targets to reduce their greenhouse gas (GHG) emissions "based on science", that are in line with the level of decarbonization required to keep the global temperature rise below 2 °C, compared to pre-industrial temperatures, as outlined in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Agreement.

The reduction targets were approved by the Science Based Targets Initiative and were published in the Group Sustainability Report in July 2020:

- 25% of total emissions, scope 1 (Direct Emissions) and scope 2 (Indirect Emissions), by 2030 vs 2017;
- 26% of intensive emissions (per tons of finished product), scope 3 (All Other Emissions), by 2030 vs 2017.

Health and safety

A marked improvement in results was achieved in 2021, with the lowest number of accidents recorded and a 66% fall in total injuries compared to 2010 (the reference year during which various sustainability projects were defined and launched). As a result, the accident incidence rate fell by 64% and the severity rate by 53% compared to 2010.

Moreover, the plants in Ames (USA), Thiva (Greece) and Foggia (Italy) registered no accidents in 2021 and all of the mills reached and maintained the "Zero accident" goal, including the mill in Ames (USA) for 11 years, the Volos mill in Greece for 10 years, and the Galliate mill in Italy for 8 years. The Caserta, Ascoli and Cremona (Italy), Celle (Germany) and Solnečnogorsk (Russia) plants recorded only one accident.

The fall in accident rates continued at the plants in France, which recorded a significant fall in both the accident incidence rate, -75%, and the severity rate, -78%, compared to 2010. This goal was achieved also thanks to the implementation of the Barilla Integrated Occupational Safety Management System that is based on the UNI EN ISO 45001 certification.

A project analyzing Safety Culture was introduced and is being rolled out in all of the Italian plants, the aim being to engage employees as much as possible in recognizing the importance of their contribution and their behavior in improving health and safety conditions at work.

January 2021: Barilla acquires a majority stake in Pasta Evangelists, a home-based UK start-up selling fresh pasta and high-quality sauces.

February 2021: Barilla announces the acquisition of Catelli, leader in the Canadian market. The agreement includes the Lancia® and Splendor® brands and the plant in Montreal, Quebec.

Training continues to play a fundamental role: despite the difficulty to hold courses in person due to the pandemic, e-learning and remote courses were organized, in order to maintain focus on these issues. More than 50,000 total training hours (in person and remote) on the topic of health and safety took place in 2021.
As in previous years, the global audit plan continues to cover the areas of safety, the environment, fire prevention and energy with more than 130 specific checks took place in 2021 across all of the pasta plants, bakeries, and mills together with the support of specialist enterprises.
In all of the Barilla plants, alongside these audits, additional specific attention was also paid to safety issues relating to the Covid-19 health crisis.
No fatal accidents involving Barilla Group employees or those of third parties that work in the production sites occurred in 2021.

Energy management

Barilla constantly strives to improve the energy efficiency of its plants. The production of Mulino Bianco, Pan di Stelle, Gran Cereale, Wasa, Harrys and Barilla sauces is covered by specific certificates (GOs - European Guarantees of Origin) confirming that production uses renewable energy sources, moreover all the Italian pasta factories run a co/trigeneration plant for the joint production of electricity, thermal energy and, in the case of trigeneration, cooling energy. This reduces the quantity of fossil fuels that would be used in separate energy generation or if purchased on the national grid, resulting in improved efficiency and a lower environmental impact.
The pasta factories in Parma and Foggia (Italy) are covered by the Emissions Trading Scheme and are subjected to regular audits, and the level of CO_{2eq} emissions are certified by a third party.
The "ESP - Energy Saving Project" program, launched approximately 20 years ago, is still underway, whereby under the direction of the central offices, colleagues in the technical departments of the factories share the best technical and managerial solutions in order to improve energy performance and identify optimization plans.
The plan to roll-out the Energy Management System, in compliance with the international technical standard ISO 50001, alongside its third-party certification, began in 2016. To date 21 factories have been certified according to this standard. The owned trigeneration plant installed at the Pedrignano (Parma, Italy) facility, became fully operational in 2021. Moreover, the installation of a leased trigeneration plant commenced at the Muggia plant: this will commence operations in 2022. Feasibility studies were carried out in 2021 regarding the revamping/replacement of the existing cogeneration plants at the Foggia and Caserta facilities.

Human capital

The number of employees at December 31, 2021 was 8,727 (8,591), of which 4,259 (4,300) are located in Italy and 4,468 (4,291) overseas. An analysis of the composition of employees compared to the previous year is illustrated below:

	12/31/2021	12/31/2020
Managers and employees	3,345	3,305
Blue-collar workers	5,382	5,286
Total	**8,727**	**8,591**

The increase in the number of Group employees compared to the previous year is largely due to the acquisitions in January of Catelli in Canada and Pasta Evangelists Limited in the UK, and the employees of the newly formed UK company Barilla Acceleration Limited.
2021 saw various waves of the pandemic that required the continuous update of the Group's regulations on access and safety at work, on openings and closings and on the capacity limits of the Barilla offices across all markets in which it operates. Most importantly, this led the Group to rethink strategically the way in which it works on a global scale and the creation of Work@Barilla, a project aimed at redefining working habits and the workplace based on activities, team demands and individual preferences.
The progress of the pandemic and the arrival of vaccines provided the opportunity to reconnect people and places while at the same achieve optimal results from the possibility of working both remotely and in the office.
The Work@Barilla project commenced with a "test & learn" phase whereby a number of pilot markets were identified that formed ambassadors for change who will act as agents of change for their colleagues, promoting and encouraging people's focus and awareness on the necessity to evolve the way in which we interact, collaborate, organize ourselves, both individually and in work groups.
The aim is to develop a working environment based on trust, clarity and achieving targets as key elements of the relations between Barilla employees, with a positive impact on individual responsibility, flexibility and inclusion.
In parallel to this project, Barilla was constantly committed to all other human resources projects aimed at achieving business results and safeguarding employees, and pursued the goals of gender pay equality, attracting and developing talents, and investing in new skills to ensure the Group's future success.
For this purpose, the Barilla Acceleration Team was set-up in the new digital hub in London. The team comprises digital marketing, data science & analytics and e-commerce skills, which work under the same roof to foster collaboration and team work. This international team will inspire and facilitate new approaches and solutions and generate digital content and specific support as requested by the markets.
2021 was another important milestone for the Barilla Group's Diversity & Inclusion program. The Group received the Catalyst Award in March 2021 in relation to the activities to enhance female leadership in the workplace, eliminating the gender pay gap globally, and increasing the inclusion of all Barilla employees worldwide. It is the first Italian company to win this important award.
For the seventh year, the Company attained the highest score of 100% in the annual Corporate Equality Index (CEI) of the Human Rights Campaign (HRC), which classifies major corporations based on their policies pertinent to LGBTQ+ employees.
The biannual D&I survey, a key instrument for employees to communicate on a regular basis their needs and challenges regardless of their role or location, was carried out in 2021. The Barilla D&I Board, senior leaders and managers use the survey results to listen to what their employees have to say and develop key projects based on the specific needs of the individual company function, region, and culture. The survey also acts as a methos of measuring Barilla's D&I progress.
Barilla's commitment to inclusion is motivated by employee passion and participation, in particular the Employee Resource Groups (ERGs), which are volunteer interest groups whose leaders regularly connect with the people responsible for driving the key initiatives that promote greater inclusion.
There are currently 17 groups with more than 1,600 women and men throughout the world.
Two of these were set-up in 2021: Connect, across the Asia, Africa & Australia Region that promotes a workplace that cultivates and

respects the free expression of all faiths, religions, or creeds; Harmony, in the USA, set-up to support workers who identify as part of the AAPI (Asian Americans and Pacific Islanders) community and their allies.
Barilla's global commitment is tailored to each region's needs while at the same time respecting the common message that discrimination and exclusion of historically marginalized groups will not be tolerated, regardless of the local culture. The Company's ultimate goal is to have a workforce that reflects the community in which it operates in a workplace that reflects corporate values.

Research and development activities

Our commitment: the Group's commitment to promote balanced lifestyles continued in 2021, with Research and Development activities focused on developing good products that bring moments of joy into people's lives while at the same time guaranteeing a balanced nutritional content and minimizing the environmental impact. Thanks to this commitment, in 2021 the Group invested euro 39 million in Research and Development activities and to offer even more products containing less sugar, salt and saturated fats and more fiber, resulting in 488 nutritionally reformulated products from 2009 to date (the year in which nutritional reformulation of products commenced).

Less sugars: again in 2021 the activities to reduce added sugar focused on expanding the offer of products with no added sugar or with a reduced sugar content. More specifically, three new Vero Gusto red sauces (including Tomato, Datterini and Genovese Basil DOP –Denominazione di Origine Protetta – Protected Designation of Origin) and a wholewheat soft bread (Harrys 100% mie *Sans Sucres Ajoutés Complet*) that have no added sugars; while two new morning goods were launched (Pancake) with at least 30% less sugar compared to the average for this product category.
Moreover, in order to guarantee an improved nutritional profile for existing products on the market, three soft breads were reformulated to eliminate added sugar (including the renowned Pan Bauletto Bianco) and one biscuit category was reformulated to reduce the sugar content (Gran Cereale Digestive), without altering the taste already enjoyed by our consumers.

Less salt and improved lipid profile: in order to help consumers further reduce the amount of saturated fat and salt in their diet, two tomato sauces were reformulated to reduce the added salt and two bakery products to reduce the quantity of saturated fats (including Baiocchi). Furthermore, a new product was launched (Pancake) with 75% less saturated fat than the average for this product category.

More fiber: again in 2021 a concerted effort was made to launch tasty products made with wholegrain and a suitable fiber content, to help more consumers increase their dietary fiber intake so as to meet the optimal quantities increasingly in line with international dietary recommendations. To this end, the Group launched fourteen new wholegrain flour, fiber enriched products across many of its product categories: soft breads, crackers, savory snacks, single-portion biscuits, and pasta (for the Mexican market). Also, three new high fiber biscuits (including the innovative Cecille and Lentille) and six new high fiber products were launched: wholegrain croissants, soft breads, piadine and sweet snacks (including Pavesini Double). Alongside these new product launches, the recipes of five existing products were reformulated to increase the fiber content: two biscuit categories and three wholegrain pasta shapes.

Increase in the variety of products offered: in order help consumers follow a more varied diet, in 2021 the Group continued to invest in its product range to offer a wider variety of ingredients (e.g., different types of cereals, pulses, dried fruits), each with specific nutritional properties.
Barilla's commitment continued also in respect of consumers that follow a gluten-free diet, through the launch of two new pasta shapes on the Greek market, and those who buy organic products, with the launch of two BIO bakery products on the French market. Moreover, there has been an increase also in the number of products with DOP ingredients (Vero Gusto Tomato, Datterini and Genovese Basil DOP) and 100% Italian origin ingredients such as the new Cuor di Mela sweet snack, filled with Italian Golden Delicious jam and the new Hazelnut Wholegrain Croissant filled with a 100% Italian hazelnut cream.

Scientific studies: in the field of scientific research, independent scientific studies continued in 2021 in Europe, the United States and Asia to investigate the impact of low glycemic index foods and characteristics of the Mediterranean and Nordic diets on a number of metabolic indicators and cardiovascular health.

Sustainable supply chain management and relations with the local territory

The Group has long been committed to purchasing raw materials and packaging materials that minimize the environmental impact and contribute to the well-being of the territories in which it operates. Barilla products are developed through collaboration with more than 1,300 worldwide suppliers and using more than 800 types of raw materials and 50 of packaging materials.
In order to standardize the approach across the different raw material and packaging material supply chains consistent, Barilla established a Sustainable Agriculture Code (SAC), Animal Welfare Guidelines, and Sustainable Packaging Principles. These are founded on the principles that underpin the responsible management practices of supply chains.
2021 was an important year. As a matter of fact, the second year of the pandemic has seriously and negatively impacted the logistics' supply chain and the organization of suppliers' work. In this context, the supply chains managed with sustainable protocols and supply chain agreements showed great resilience achieving unprecedented results. As proof of this, the total of strategic materials purchased in line with the above-mentioned Codes and Principles increased from 67% to 72% and, more specifically, the purchase of strategic packaging materials in compliance with the principles remained stable at 99.6% while the purchase of raw materials increased from 62% to 68% of total volumes.
Starting from 2020, the pasta sold on the Italian market is produced only with Italian durum wheat in line with the Durum Wheat Manifesto. This was only made possible by the continuous improvement in the quality of Italian wheat achieved thanks to the sustainable projects of the supply chain. In Italy, an increasing number of farmers were involved in the adoption of the Handbook for Sustainable Durum Wheat Farming and the "Granoduro.net®" decision making tool, aimed at making farming more sustainable. With regard to the durum wheat supply chain, the cultivation agreements with supply chain partners in Italy accounted for approximately 75% of total volumes. The number of farmers who adopt these systems increased, involving more than 7,000 farms producing 467,000 tons, corresponding to an increase of 20% of the 390,000 produced in 2020.
As proof to the commitment to the local territory, again in 2021 just under 90% of durum wheat used in the manufacturing of the

Examples of new products launched in Europe.
France: Harrys, new crustless breads for unparalleled softness.
Sweden, Norway, Denmark, Finland: Wasa Mini Din Stund, new thin, superior quality crispbreads seasoned with chia seeds and sea salt.
Sweden: Wasa Falu Chia & Sea Salt, checkered crispbreads seasoned with chia seeds and sea salt.
France: Pasta drawn using bronze dies.

New Barilla Pasta Al Bronzo: made with the special Processing Raw Materials method and fine, 100% Italian durum wheat. Durum wheat flour is mixed for the best possible result in terms of the protein content, full-bodied consistency and elasticity of the pasta.

various Barilla Group brands was grown locally in the same country in which the pasta is produced.

The two major projects to develop more sustainable supply chains for soft wheat flour proved their effectiveness, and the first step in the application of the respective charters was reached. "*La Carta del Mulino*", The Mulino Charter, relating to soft wheat flour used in Mulino Bianco branded products, now covers 97% of purchases while "*La Charte Harrys*", The Harrys Charter, covers 100% of the soft wheat flour used in Harrys branded products. The two Charters are available on the related websites together with the details of the projects that aim to improve agronomic practices in collaboration with mills, storage centers and farmers and also with the support of important external collaborations such as the WWF in respect of the Mulino Bianco supply chain.

The resilience of the supply chain projects was further confirmed as that of the basil supply chain, that had already been certified in 2020 in compliance with the ISCC+ sustainability certification scheme, added a further step with the adoption of the Carta del Basilico, The Basil Charter, for 100% of supplies. The Charter helps farmers use more sustainable farming methods with 3% of the land dedicated to areas of biodiversity.

The worldwide ban on the use of cages in rearing egg-laying hen farms continued; Barilla has been a "cage-free" company in respect of the egg supply chain since 2019.

The "***Un sogno chiamato cacao***", A Dream Called Cocoa project, to finance sustainability projects in the Ivory Coast, was launched by the Pan di Stelle brand in 2017 in respect of all of its products and was rolled out to all of the Group's brands, covering 100% of own production volumes at the end of 2020. In many other supply chains, the 100% target has been or is close to being met. For instance, 100% of fresh milk purchased in Italy is certified, while 100% of beet sugar and 100% of tomatoes are procured through SAC supply chains.

Thanks to the constant commitment of the animal origin supply chains, Barilla confirmed its position at level 2 out of 6 in the Benchmark on Animal Welfare (BBFAW), meaning that animal welfare is fully integrated into the business strategy.

99.6% of strategic packaging materials, principally paper and cardboard, plastic materials, glass, and caps, is recyclable and more than 99% of packaging provides recycling instructions for the consumer. All of the paper supply chain is certified in accordance with state of the art standards such as FSC and PEFC. The target of 100% has been pushed back as the latest modifications require various trials and additional workers on the productions lines that is not compatible with the management of the pandemic.

The almost complete roll-out of the Principles in 2021 paved the way for new challenges for the Group, the aim being to use packaging materials entirely derived from renewable sources and/or recycled materials, in particular by reducing the use of single-use virgin plastic film. This is the beginning of this journey, and it will take time as the development of these technologies is in the early stages. However, already in 2022, the plastic film window on the majority of the pasta boxes will be removed resulting in approximately 125 tons of plastic not being introduced to the environment.

Relations with consumers

The valued relations with final consumers have always been at the forefront of Barilla's business, which works constantly to manage carefully, promptly, and skillfully all information requests or complaints, while also taking advantage of this contact to strengthen further the connection in terms of brand trust and satisfaction, thus generating positive feedback and loyalty.

All of the markets across the world share a model and common guidelines, designed to offer a presence and increasingly effective relations, while taking into careful consideration cultural differences and the diversified approaches required.

Alongside the traditional channels, particular focus is paid to new communication tools, such as interactive chats, which allow to reduce access time in receiving responses.

Risk management

Risk management plays a central role in corporate governance.

In addition to mitigating risks, through appropriate and effective measures that safeguard the ordinary management of the company operations, significant organizational investments were made on emerging risk areas.

A complete risk mapping assessment was carried out on all business areas. In addition to those already mentioned, for which continuous monitoring through supervisory boards has been established, considerable attention has been paid to digitalization processes: both those relating to new computerized business procedures and new production platforms following the new manufacturing restructuring plan.

The relevant managers and the Board of Statutory Auditors, place great importance on the findings presented in the internal auditor's Management Letter.

With regard to the investment choices approved by the Board of Directors, a fundamental element of business development, all new project proposals requiring approval are sent to the board members well in advance, and supported by detailed technical and financial documentation outlining alternative scenarios that are prepared using calculations and reference parameters that meet current best practices. The Enterprise Risk Management model is designed to identify the key risks associated with the strategic business transformation and bring them to the attention of the governing bodies, to enable the implementation of structured actions, support the business decision making process, facilitate the identification of critical factors and stimulate actions and measures aimed at mitigating these factors and the related business impact. The Enterprise Risk Management project, originally promoted by the Group Finance & Administration Process Unit and managed by the ERM department, has benefited from the active participation of the Group Leadership Team, the Board of Directors, and Board of Statutory Auditors in relation to key business risks, enabling internal discussions on key risks that could be critical both in the medium and long-term, and it is now a permanent fixture. In this regard, a risk analysis was performed in relation to the Supply Chain (procurement and production chains) disruptions and the hike in energy and raw materials prices arising from the current global crisis affecting 2021 and early 2022. Moreover, given the increasing relevance of the overall risk profile, the Group continued its ESG (Environment, Social and Governance) risk analysis, identifying the key topics affecting the business and the improvement measures to be implemented to manage them. As a continuation of the activities carried out in previous years, particular attention was paid once again to the risks associated with climate change, taking the global context and applying it to Barilla's business and assessing the potential impact on its strategies.

Barilla worked across all areas of the business in order to provide consistent analyses and information in order to prioritize risks and establish a comprehensive action plan. In such a context, the annual risk assessment involves all business units, and the cooperation of the Group's risk matter experts (Treasury, Tax, Health, Safety and the

Environment, Compliance, Quality, Food Safety & Tech-regulatory, Scientific Relations & Sustainability, Digital & Business Technology). This assessment resulted in a 360 degree mapping of the major risks to which the business is exposed, employing common metrics adopted by all of the business areas.
The close cooperation with the Internal Audit department has also enabled the continuous monitoring of the mitigating actions for the mapped risks in order to assess their effectiveness and adequacy.
With regard to Information Technology risks, the Group adopts a disaster recovery service for most of its applications, with more stringent supply requirements in respect of those that are critical to business continuity. This service is tested yearly and also covers the cloud applications. The network infrastructure adopted provides a further level of redundancy for remote access to systems.
Cyber Security represents a constant concern to the Group, so it continued to pursue projects and carry out investment in this area. The regular monitoring of events and technological defense measures were further intensified in order to maintain a consistently sufficient level of security. The corporate network is equipped with a sophisticated infrastructure that only allows the connection of automatically recognized, authorized devices and with an anti-intrusion system.
Intensive Cyber Threat Intelligence activities are carried out in order to intercept proactively potential cyber threats to the Group's assets in light of the particularly critical situation that has recently affected large Italian corporations.
The ISO 27001 certification covering the organizational, regulatory, and technical measures in place to protect and control information assets, in respect of ICT services managed by head office and used by the entire Group, was renewed this year. The Group employs a "continual improvement" approach in adopting the measures consistent with the risk management plan shared with management, which has put in place a structured plan aimed at including the security by design approach also in respect of industrial automation systems and systems managed locally by the various subsidiaries worldwide.

Significant events after the year-end

The outlook for 2022 radically changed in February as a result of the Russia/Ukraine crisis. Although this conflict is localized, the geopolitical consequences are unpredictable due to the importance of these two countries to global supply, in terms of energy supplies and agricultural raw materials, including wheat.
One of the immediate consequences of the crisis has been the persistent inflationary pressure after the sharp rises already experienced in the second half of 2021.
The continuously evolving situation is constantly monitored by the Company Directors and those of the subsidiaries in order to be able toface potential specific risks that currently are not fully preventable in the short/medium-term. With regard to the sharp rise in energy costs and procurement issues arising from these events, the directors of the Company and its subsidiaries are assessing the relevant measures to undertake. Our primary goal is to guarantee the continuity of the normal production cycle with the maximum safety in the procurement of raw materials.

Management outlook

Given the matters outlined above, in 2022 revenue is expected to increase significantly while margins will be eroded.

Other significant operating events

There are no further significant events other than those previously mentioned.

Related party transactions

Transactions with Group companies and related parties fall within the ordinary course of business of the Group companies and take place on an arm's length basis, taking into account market conditions and in compliance with the Group's Transfer Pricing policies. As such these may not be defined atypical or unusual.
The nature of the principal transactions with the above parties and the detailed disclosures required by IAS 24 are set out in note 8 of the illustrative notes to the consolidated financial statements.

Catalyst Award: Barilla has received an award for its efforts to enhance women's leadership in the workplace and for achieving gender pay equality across the Barilla world. It is the first Italian company to have won this major award.

Consolidated financial statements for the year ended 31 December 2021

Statement of financial position

(euro thousands)

Assets	Note	2021	2020
Current assets			
Cash and cash equivalents	6.1	417,753	510,700
Trade receivables	6.2	459,893	391,119
Tax credits	6.3	51,533	33,515
Other assets	6.4	133,197	139,826
Inventories	6.5	409,337	354,119
Other assets at fair value	6.6	255,077	253,931
Derivative financial instruments	6.20	8,193	14,860
Total current assets		**1,734,983**	**1,698,070**
Non-current assets			
Property, plant and equipment	6.7	1,318,494	1,217,165
Right of use tangible fixed assets	6.8	34,810	31,897
Goodwill	6.9	537,369	481,346
Other intangible assets	6.10	94,376	43,786
Trade and other receivables	6.11	4,203	3,150
Deferred income tax assets	6.12	247,269	256,184
Equity instruments	6.13	1,245	1,206
Derivative financial instruments	6.20	56,519	47,415
Total non-current assets		**2,294,285**	**2,082,149**
Total assets		**4,029,268**	**3.780.219**

(euro thousands)

Liabilities and equity	Note	2021	2020
Current liabilities			
Trade payables	6.14	863,043	801,986
Borrowings	6.15	163,535	101,163
Derivative financial instruments	6.20	814	1,203
Retirement benefit obligations	6.16	13,392	12,870
Current income tax liabilities	6.17	31,219	66,556
Other liabilities	6.18	223,624	220,530
Provisions for other liabilities and charges	6.19	56,098	56,971
Total current liabilities		**1,351,725**	**1,261,279**
Non-current liabilities			
Borrowings	6.15	596,813	585,426
Derivative financial instruments	6.20	-	524
Retirement benefit obligations	6.16	133,871	148,246
Deferred income tax liabilities	6.12	3.274	3,279
Other payables	6.21	10,459	19,139
Provisions for other liabilities and charges	6.19	37,988	39,086
Total non-current liabilities		**782,405**	**795,700**
Equity	6.22		
Share capital		112,720	112,720
Reserves:			
- Currency translation reserve		22,087	(9,518)
- Other reserves		1,229,794	997,083
Profit/(loss) for the year		228,978	351,066
Capital and reserves attributable to group equity holders		**1,593,579**	**1,451,351**
Non-controlling interests		256,993	206,994
Profit/(loss) attributable to non-controlling interests		44,566	64,895
Total non-controlling interests	6.23	**301,559**	**271,889**
Total equity		**1,895,138**	**1,723,240**
Total liabilities and equity		**4,029,268**	**3,780,219**

Consolidated income statement

(euro thousands)

	Note	2021	2020
Revenue	6.24	3,936,380	3,890,398
Cost of sales	6.25	(2,421,688)	(2,362,027)
Gross Profit		**1,514,692**	**1,528,371**
Logistic Costs	6.25	(381,522)	(356,811)
Selling Costs	6.25	(157,897)	(152,649)
Marketing Costs	6.25	(361,213)	(374,933)
Reaserch and Development Costs	6.25	(39,943)	(39,235)
General & Amministrative expenses	6.25	(207,586)	(208,556)
Other income and (expenses)	6.26	299	(23,408)
Operating Profit		**366,830**	**372,779**
Finance income and (costs)	6.27	(5,858)	(8,061)
Profit before income tax		**360,972**	**364,718**
Income tax expens	6.28	(87,428)	51,243
Profit for the year from continuing operations		**273,544**	**415,961**
Profit /(Loss) attributable to non controlling interests		**44,566**	**64,895**
Profit /(Loss) attributable to Group equity holder		**228,978**	**351,066**

Statement of comprehensive income

(euro thousands)

	Note	2021	2020
Profit/(loss) for the year	**(a)**	**273,544**	**415,961**
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on future employee benefits	6.16	8,196	(2,346)
Fiscal effect	6.12	(2,169)	762
Total items that will not be reclassified to profit or loss	**(b)**	**6,027**	**(1,584)**
Items that may be subsequently reclassified to profit or loss:			
Hedging reserve	6.20	2,312	(2,518)
Fiscal effect	6.12	(420)	549
Currency translation adjustment		38,277	(54,740)
Total items that may be subsequently reclassified to profit or loss	**(c)**	**40,169**	**(56,710)**
Other comprehensive income for the year	**(b+c)**	**46,196**	**(58,294)**
Total comprehensive income/(loss) for the year	**(a+b+c)**	**319,740**	**357,668**
Total profit/(loss) for the year attributable to:			
- Non-controlling interest		**44,566**	**64,895**
- Group equity holders		**228,978**	**351,066**
Total		**273,544**	**415,961**
Total comprehensive income/(loss) attributable to:			
- Non-controlling interest		**53,002**	**54,225**
- Group equity holders		**266,737**	**303,443**
Total		**319,740**	**357,668**

Statement of changes in equity

(euro thousands)

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	Total Group equity	Non controlling interests	Total equity
Balance at 31 December 2019	**112,720**	**35,110**	**(49,022)**	**5,093**	**11,294**	**895,359**	**226,656**	**1,237,210**	**229,556**	**1,466,766**
Destination of the profit	-	-	-	-	-	226,656	(226,656)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(50,500)	-	**(50,500)**	(10,848)	**(61,348)**
Barilla Holding spin-off for Number 5 S.r.l.	-	-	-	-	-	(32,882)	-	**(32,882)**	-	**(32,882)**
Non controlling shareholders Put option	-	-	-	-	-	(5,920)	-	**(5,920)**	(1,044)	**(6,964)**
Profit and Loss comprehensive:										
Profit	-	-	-	-	-	-	351,066	351,066	64,895	**415,961**
Other comprehensive income	-	(44,628)	(1,982)	(2,141)	1,128	-	-	(47,623)	(10,670)	**(58,293)**
Total comprehensive income	**-**	**(44,628)**	**(1,982)**	**(2,141)**	**1,128**	**-**	**351,066**	**303,443**	**54,225**	**357,668**
Balance at 31 December 2020	**112,720**	**(9,518)**	**(51,004)**	**2,952**	**12,422**	**1,032,713**	**351,066**	**1,451,351**	**271,889**	**1,723,240**

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	Total Group equity	Non controlling interests	Total equity
Balance at 31 December 2020	**112,720**	**(9,518)**	**(51,004)**	**2,952**	**12,422**	**1,032,713**	**351,066**	**1,451,351**	**271,889**	**1,723,240**
Destination of the profit	-	-	-	-	-	351,066	(351,066)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(126,021)	-	**(126,021)**	**(23,599)**	**(149,620)**
Non controlling shareholders Put option	-	-	-	-	-	1,512		**1,512**	**267**	**1,778**
Comprehensive income:										
Profit	-	-	-	-	-	-	228,978	228,978	44,566	**273,544**
Other comprehensive income	-	31,605	7,044	1,965	(2,854)	-	-	37,759	8,436	**46,196**
Total comprehensive income	**-**	**31,605**	**7,044**	**1,965**	**(2,854)**	**-**	**228,978**	**266,737**	**53,002**	**319,740**
Balance at 31 December 2021	**112,720**	**22,087**	**(43,960)**	**4,917**	**9,568**	**1,259,270**	**228,978**	**1,593,579**	**301,559**	**1,895,138**

Statement of cash flow

(euro thousands)

	Note	2021	2020
Profit/(loss) before income tax		360,972	364,718
Finance costs – net, excluding gains on disposals of equity investments		5,858	8,061
Amortization and depreciation		163,154	168,327
(Profit)/loss on disposal of property, plant and equipment, intangible assets		2,040	3,314
Change in trade receivables/payables		(9,891)	68,279
Change in inventories		(48,049)	(35,178)
Change in provisions (including employee provisions)		(8,546)	8,256
Changes in other assets and liabilities		(3,258)	(28,081)
Net Variation derivatives on commodities		(7,575)	779
Income taxes paid		(131,296)	(68,359)
Foreign exchange gains/(losses), translation and other minor differences		(2,094)	(8,277)
Net cash generated from/(used in) operating activities	**(a)**	**321,315**	**481,839**
Purchases of property, plant and equipment		(185,597)	(155,988)
Purchases of software		(22,512)	(16,230)
Increase due to Leasing (IFRS 16)		(21,256)	(9,488)
Proceeds from sale of property, plant and equipment, intangible assets		-	501
Purchases of other intangible assets		(3,353)	(2,612)
Business combination		(133,925)	(116,597)
Proceeds from capital grants		8,728	-
Net cash generated from/(used in) investing activities	**(b)**	**(357,915)**	**(300,414)**
Net change in borrowings and other financial investments		(1,977)	(11,889)
Dividends paid and reserve distribution		(126,021)	(50,500)
Dividends paid and reserve distribution third parties		(23,599)	(10,848)
Interest cashed/(paid)		(2,190)	(1,691)
Net cash generated from/(used in) financing activities	**(c)**	**(153,787)**	**(74,928)**
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts	**(a+b+c)**	**(190,387)**	**106,497**
Cash and cash equivalents net of bank overdrafts at beginning of the year		497,066	416,321
Cash and cash equivalents net of bank overdrafts at end of the year		327,609	497,066
Exchange differences on cash and bank overdrafts		(20,930)	25,752
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts		**(190,387)**	**106,497**
Bank balances		417,753	510,692
Bank overdrafts		(90,145)	(13,626)
Total cash and cash equivalents net of bank overdrafts		**327,609**	**497,066**

Barilla has transformed Carbonara into CAREbonara: the legendary pasta dish becomes the symbol of a gesture of timeless care and is giving a new meaning to what makes this recipe so good. "A sign of love", in line with Barilla's new global campaign: preparing a pasta dish for your loved ones is the greatest sign of care and affection.

Illustrative notes

1. Group structure and business

The Barilla Holding Group (hereinafter "the Group" or "Barilla"), with registered office in Parma (Italy) is the parent company of Barilla Holding S.r.l. (hereinafter "Barilla Holding" or "Parent company"), which operates in the manufacture and sale of pasta , sauces and bakery products, both in Italy and worldwide. The entire share capital of Barilla Holding is 100% owned by Guido Maria Barilla e F.lli S.r.l. & C. S.a.p.A.
The parent company of Barilla Holding, Guido M. Barilla and F.lli S.r.l. & C. S.a.p.A. presents the Consolidated financial statements of the Group, along with the Statutory financial statements, Directors' and Auditors' Reports filed in the Registrar of Companies in Parma (Italy).
A list of the companies included in the scope of consolidation is provided in Appendix 1 and a list of investments in associated and other companies in Appendix 2.

2. Significant events after the year-end

The outlook for 2022 radically changed in February as a result of the Russia/Ukraine crisis. Although this conflict is localized, the geopolitical consequences are unpredictable due to the importance of these two countries to global supply, in terms of energy supplies and agricultural raw materials, including wheat. One of the immediate consequences of the crisis has been the persistent inflationary pressure after the sharp rises already experienced in the second half of 2021.
The continuously evolving situation is constantly monitored by the Company Directors and those of the subsidiaries in order to be able toface potential specific risks that currently are not fully preventable in the short/medium-term. With regard to the sharp rise in energy costs and procurement issues arising from these events, the directors of the Company and its subsidiaries are assessing the relevant measures to undertake. Our primary goal is to guarantee the continuity of the normal production cycle with the maximum safety in the procurement of raw materials.

3. Declaration of compliance with International Financial Reporting Standards (IFRS)

The Group's Consolidated financial statements have been prepared in accordance with all the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). IFRS comprise all of the International Financial Reporting Standards, International Accounting Standards (IAS) and the interpretations issued by the IFRS Interpretations Committee (IFRSIC), previously named as Standards Interpretations Committee (SIC).

4. Basis of preparation – Accounting and valuation policies

In accordance with Regulation 1606 issued by the European Parliament and the European Council in July 2002, the Group's Consolidated financial statements (hereinafter 'the Financial Statements') have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) in force at 31 December 2021.

IFRS have been adopted in Italy and in other countries. A significant number of IFRS have recently been published or revised for which no established practice relating to their interpretation and application exists. Consequently, the Financial Statements have been prepared based on the most recent information and technical guidance available in respect of IFRS. Any new or revised interpretation or practice will be reflected in future financial statements in accordance with the relevant accounting standards.
The Financial Statements for the year ended 31 December 2021 have been compared with the prior year financial statements (amounts included in brackets in the Notes to the financial statements), and include the statement of financial position, consolidated income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and the illustrative notes of the consolidated financial statements. Where necessary, certain comparative data from prior year, as well as the relative disclosures, have been consistently reclassified. Amounts are expressed in thousands of euro, the functional currency of the Group, since the euro the currency of the economy where the parent and the major companies of the Group operate.
The Group has chosen to present the income statement using the classification of expenses by function while the statement of financial position has been prepared with separate disclosure of current and

non-current assets and liabilities.
Cost of sales includes all production costs of goods sold, comprising raw materials, components, internal and third party direct and indirect production labour costs, industrial depreciation and amortization and all other production expenses.
The cash flow statement has been presented applying the indirect method.

The Group, in accordance with article 1, clauses 125-129, of the Italian Law n. 124/2017, relating the monitoring of public disbursement and later on complemented with the "Safety" Legislative Decree (n. 113/2018) and "Simplification" Legislative Decree (n. 135/2018), received during 2021, disbursement equal to euro 4,685. A list of disbursements is provided in Appendix 4.

Accounting standards, amendments and interpretations effective from 2021

The following accounting standards, interpretations and amendments approved by the European Commission came into force starting from the financial year 2021:

Amendments to IFRS 9, IAS 39 and IFRS 7 – 'Interest Rate Benchmark Reform'

Update of the amendments to IFRS 9, IAS 39 and IFRS 7. The aim of the amendments is to assist institutions in providing useful information to users of financial statements, and support the editors in the application of IFRS when contractual financial flows are modified or the linked hedging, in the context of the ongoing reform of risk-free rates, from the IBOR benchmark rate transition to alternative benchmark rate.

Amendment to IFRS 16 Leases Covid-19 – relating to the rent concessions

The amendement increases the period of scope related the Rent Concessions, linked to Covid-19 effects, already ruled by the original amendement issued on May, 28th 2020. The expedient permits to not consider the changes in rent fees, that are direct consequence of Covid-19 pandemic, as a lease modification. The amendment increases the eligibility period for the application of the practical expedient for further 12 months, from June, 30th 2021 to June, 30th 2022.

Amendment to IFRS 4 'Insurance Contracts' – deferral of IFRS 9 (issued June, 25th 2020)

The amendment allows to defer the application of IFRS 9. Currently, IFRS 4 obliges the insurance entities to apply IFRS 9 starting from January, 1st 2021, the new amendment rules that IFRS 9 will come into force starting from the annual financial years starting on January, 1st 2023 and following. Its early adoption is accettable.

The application of the above amendments did not have significant impacts on the Groups' Consolidated financial statements.

Accounting standards, amendments and interpretations effective from 2022 and 2023

The following accounting standards, amendments and interpretations approved by the European Commission will be applicable in the upcoming financial years:

- Changes to amendments to IFRS 3 – Business Combinations (mandatory application starting from January, 1st 2022);
- Changes to amendments to IAS 16 – Property, Plant and Equipment (mandatory application starting from January, 1st 2022);
- Changes to amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (mandatory application starting from January, 1st 2022);
- Annual improvements 2018-2022 (mandatory application starting from January, 1st 2022);
- Changes to amendments to IAS 8 - accounting rules, changes in accounting evaluations and errors: definition of accounting evaluations (mandatory application starting from January, 1st 2023);
- Changes to amendments to IAS 1 – Presentation of Financial Statements (mandatory application starting from January, 1st 2023);
- Changes to amendments to IFRS guide line n.2 (mandatory application starting from January, 1st 2023).

Accounting standards, amendments and interpretations not yet approved by the European Union on December 31st 2021

The following accounting standards, amendments and interpretations have been issued by the IASB but have not yet been implemented by the EU:

- Changes to amendments to IAS 17 – 'Insurance Contracts' and amendments to IFRS 9 – 'Comparative information' (mandatory application starting from January, 1st 2023);
- Changes to amendments to IAS 1 - Classification of current and non-current liabilities (mandatory application starting from January, 1st 2023);
- Changes to amendments to IAS 12 – Income Taxes: deferred taxes related to assets and liabilities generated from a single transaction (mandatory application starting from January, 1st 2023).

The Group is still evaluating the impact of application of the new standards listed above.

Accounting and valuation policies

Basis of preparation

The Financial Statements are presented in euro and all amounts are stated in thousands of euro (unless otherwise stated).
The Financial Statements have been prepared under the historical cost convention, as modified for impairment losses where applicable, except for the financial instruments measured at fair value and the effect of business aggregations, with recognition of assets and liabilities subject to aggregation at fair value.
The accounting policies are uniformly adopted by all Group companies.
The purchase or sale of financial assets are recognized or derecognized using settlement date accounting.

Estimates and assumptions

The preparation of the Consolidated financial statements requires management to adopt estimates that are based on subjective assumptions derived from historical experience that are considered reasonable and realistic in relation to the specific circumstances. Such estimates affect the reported amounts of assets and liabilities, revenues and costs and the disclosures relating to contingent assets and liabilities at the balance sheet date.
Estimates and assumptions principally relate to the evaluation of the recoverable amount of intangible assets, definition of the useful lives of property, plant and equipment, the recoverability of trade and other receivables and the recognition and measurement of provisions for other liabilities and charges.
Estimates and assumptions are based on the best knowledge available at the date of preparation of the financial statements.

Critical accounting policies

A summary of the accounting policies that require management to exercise more critical judgment in forming estimates, and for which a change in the underlying conditions of the assumptions used could have a significant impact on the Consolidated financial statements, is set out below:

a. Goodwill

The value of goodwill is tested for impairment on an annual basis in order to identify any potential impairment losses (impairment test). This assessment requires goodwill to be allocated to cash generating units (CGU) and determination of the recoverable amount, representing the higher of fair value and value in use.

Where the recoverable amount of the cash generating units is lower than the carrying amount, including allocated goodwill, an impairment loss is recognized. Allocation of goodwill to the CGUs and determination of their value in use require estimates to be made that are based on subjective assumptions and factors that may change over time with potentially significant effects on the valuations carried out by management.

b. Depreciation

The cost of property, plant and equipment is depreciated systematically over the estimated useful lives of the related assets. The useful life of Group assets is determined by management at the acquisition date; this is based on historical experience for similar assets, market conditions and information regarding future events that could affect the useful life, for example changes in technology. As a result, the effective economic life of an asset may differ from the estimated useful life. The Group reviews changes in technology and business factors on a regular basis in order to update the residual useful lives. This update may result in a change in the depreciation period and an adjustment to the depreciation charge for future periods.

c. Impairment of fixed assets

The carrying amount of fixed assets is tested for impairment to identify any impairment losses, when there is any indication that the carrying value cannot be recovered through future use or sale.

The identification of any such impairment indicators requires management to carry out subjective valuations based on both internally and externally available information, and subjective assumptions based on historical experience. Moreover, where there is an indication of a potential impairment, this should be determined applying suitable valuation techniques. The proper identification of impairment indicators and the estimates used to determine the recoverable amounts depend on subjective assumptions and factors which may vary over time, affecting management valuations and estimates.

d. Deferred income tax assets

Accounting for deferred income tax assets is based on expectations relating to the generation of future taxable income, and the evaluation of technical and institutional factors relating to the fiscal regime to which the taxes relate (for example: time limits for the recovery of tax losses). The estimate of future taxable income for the purpose of recording deferred tax assets depends on factors and assumptions that may vary over time and could have a significant impact on the valuation of deferred tax assets.

Where applicable, deferred tax assets are netted with deferred tax liabilities.

e. Provisions for other liabilities and charges

Provisions are made to cover the potential liability relating to legal and tax risks. The measurement of the provisions recognized in the financial statements in relation to these risks, represents management's best estimate at the balance sheet date. This estimate requires assumptions to be made that depend on factors that may change over time and could therefore have a significant effect on the current estimates made by management in the preparation of the Consolidated financial statements.

f. Determination of the fair value of financial instruments

The fair value of financial instruments is based on market quotations or, where unavailable, applying suitable valuation techniques with up-to-date financial variables used by market investors and, where possible, taking into account the prices of recent transactions on similar financial instruments.

The fair value hierarchy introduces three levels of input:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The fair value of financial instruments of level 2 is determined by using standard valuation techniques. Barilla has developed a model based on market practices, which are commonly based on similar financial instruments indicators, cash flow analysis and pricing models based on observable market data. In the determination of the valuation, the Group maximizes the use of market data compared to internal specific estimates.

Principles of consolidation

The Consolidated financial statements comprise the financial statements of the parent company Barilla Holding and the subsidiaries in which Barilla Holding holds, either directly or indirectly, a controlling interest.

Subsidiaries represent those companies over which Barilla Holding exercises the control, i.e. it has the power, either directly or indirectly, over the investee or it is exposed to variable returns from its involvement with the subsidiary, or it has the rights to variable returns based on the ability to affect those returns through its power over the investee's significant activities.

The financial statements of the subsidiaries are consolidated on a line-by-line basis from the date on which the parent gains effective control up to the date on which such control ceases. All the transactions between the Group's legal entities are eliminated.

The reporting date of all Group companies is 31 December.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the net assets from the date of the acquisition.

Foreign currency transactions

All transactions are measured using the currency of the primary economic environment in which each Group company operates (the functional currency). Transactions denominated in currencies different from the functional currency of the Group companies are translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities are translated using year-end exchange rates and exchange differences are recognized in the consolidated income statement as financial items. Non-monetary assets and liabilities, which are measured at historical cost and denominated in foreign currency, are converted at the exchange rate prevailing on the transaction date.

Translation of financial statements denominated in foreign currencies

The financial statements of subsidiaries denominated in non-euro functional currencies, are translated as follows:

- assets and liabilities are translated at the year-end rate;
- revenue and expenses are translated at average exchange rates for the period;
- all resulting translation differences are reported in the statement of comprehensive income.

On disposal of those entities that gave rise to exchange differences, the cumulative amount of exchange differences deferred in a separate component of the statement of comprehensive income are recognized in the income statement.
The exchange rates used are presented in the Appendix 3.

Intangible assets

Intangible assets with a finite useful life are valued at cost, net of amortization and impairment losses, while those with an indefinite useful life, comprising exclusively goodwill, are reviewed annually for impairment. Cost does not include capitalized borrowing costs. Amortization commences when the asset is available for use.

Goodwill

The positive difference between the purchase price and the Group's share of the fair value of assets, liabilities and contingent liabilities acquired as part of a business combination, is recorded as goodwill and is classified as an intangible asset with an indefinite useful life, if recoverable with future cash flows.
Goodwill is not amortized but is subjected to an annual impairment test. For the purpose of this assessment, goodwill is allocated to groups of cash generating units (CGU). Goodwill impairment losses may not be reversed under any circumstances.

Trademarks and licenses

Trademarks and licenses are valued at cost less amortization and accumulated impairment losses. Trademarks are amortized over their useful lives while licenses are amortized over the lower of the contract duration and their useful lives.

Software

The cost of software licenses, including other incremental costs, is capitalized and recorded in the financial statements net of amortization and accumulated impairment losses.

Research and development costs

The research costs relating to new products and/or processes are entirely expensed when incurred. Given the nature of the Group's business, no development costs, qualified for capitalization, are incurred.
The useful lifes of intangible assets are as follows:

Category	Useful life
Trademarks	5 - 20 years
Software	3 - 5 years

Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost, potentially revalued without exceeding the fair value according to designated monetary revaluation laws, including directly attributable expenses, less accumulated depreciation and accumulated impairment losses, with the exception of land, which is not depreciated but valued at cost less accumulated impairment losses. Based on the type of investment activities, cost does not include capitalized borrowing costs.
Depreciation is recorded from the month in which the asset is available for use, or when it is potentially able to provide economic benefits.
Depreciation is calculated systematically on a monthly basis applying depreciation rates that allocate the depreciable amount of the asset over its useful life or, where the asset is disposed of, up until the last entire month of use.
The Useful lives of property, plant and equipment are as follows:

Category	Useful life
Buildings	15 - 50 years
Plant and machinery:	
- generic	10 - 30 years
- specific	5 - 30 years
- highly-technological	10 years
Industrial and commercial equipment:	
- furniture and fittings	8.33 years
- electronic machinery	2 - 3.5 years
Motor vehicles	5 years
Other equipments	2.5 years

Government grants relating to property, plant and equipment are recorded as a reduction in the value of the related asset and are recognized as income over the depreciation period.
Leasehold improvements that have a physical consistency are classified in property, plant and equipment in line with the nature of the cost incurred.
The depreciation period is the lower between the residual useful life of the asset and the residual period of the lease contract.
Spare parts that are significant in value are capitalized and depreciated over the useful life of the asset to which they relate; the cost of other spare parts is expensed in the income statement as incurred.

Leasing

Property, plant and equipment acquired under right-of-use whereby the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset it must involves the use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. Furthermore when, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and has the right to direct the use of the asset; this right is obtain when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset

Parma, May 2021: Women's Tennis Association (WTA) player Cori Gauff, Barilla Ambassador, wins the inaugural Emilia-Romagna Open in Italy.

Cori Gauff with Luca Barilla.

or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The longer term of the useful life of the asset is considered if the lease transfers ownership of the asset to the lessee at the end of the lease term or if the value of the right of use also considers the fact that the lessee will exercise the purchase option.
The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Impairment of property, plant and equipment and intangible assets

In the presence of specific indicators of a loss in value, an impairment test should be carried out on property, plant and equipment and intangible assets.
The impairment test consists in the measurement of the recoverable value of the assets and comparison with the related carrying amount. If the recoverable amount of an asset is lower than its carrying amount, the latter should be reduced to the recoverable amount.This reduction represents an impairment loss and should be recognized as an expense in the consolidated income statement. In respect to assets that are not amortized, the impairment test is carried out on an annual basis, irrespective of whether specific indicators exist.
During the year, the Group assesses whether there is any indication that property, plant and equipment and intangible assets with finite useful lives may be impaired. For this purpose, both internal and external sources of information are taken into consideration.
With regard to internal sources, the following indicators are considered: obsolescence or physical deterioration of the asset, significant adverse changes in the extent to which an asset is used and deterioration in the expected level of the asset's performance.
With regard to external sources, these include: trend of the market price of the asset, significant adverse changes in the technological, market, and legal environment, the trend in market rates of return and the discount rate used in valuing investments.
The recoverable value of an asset is defined as the higher of the fair value net of selling costs and value in use. The value in use is determined as the present value of expected future cash flows generated by it calculated applying a discount rate that reflects the current market valuation of the time value of money and the risks inherent in the asset.
Where it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the cash generating unit to which it belongs. If the conditions that led to the reduction in value no longer exist, the carrying value of the asset or the cash generating unit is restated to the new estimated recoverable value, which may not exceed the carrying value that would have been recognized if the original impairment had not been incurred. This restatement is recorded in the consolidated income statement.
Purchased goodwill that is allocated to units or groups of cash generating units (CGU) during the year is subjected to an impairment test by the end of the financial period in which the purchase and allocation took place.
In order to assess its recoverability, the goodwill is allocated at the purchase date to each of the CGUs or groups of CGUs that are expected to benefit from the acquisition.
Where the carrying value of the CGU (or groups of CGUs) is higher than the respective recoverable amount, an impairment loss is recognized as an expense in the consolidated income statement. Under no circumstances the value of goodwill which was formerly impaired may be restored.
The impairment loss is initially recorded as a reduction in the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and secondly to other assets in the CGU on a pro-rata basis considering the relative carrying amount of each asset in the CGU up to the recoverable amount of individual assets with a finite useful life.
The future cash flows derive from the business plans prepared by Group management, which normally cover a period not exceeding five years. The long-term growth rate used for the purpose of estimating the terminal value of the CGU (or group of CGUs) does not generally exceed the average long-term growth rate for the industry, the country or the market in which the CGU (or group of CGUs) operates.
The future cash flows are estimated with reference to current conditions of the CGUs and do not consider benefits that may arise from future restructuring to which the company is not yet committed, or future investments intended to improve or enhance the performance of the CGU.
The Group has identified the cash generating units at production line level.
For the purpose of the impairment test, goodwill and the trademarks are allocated to groups of CGUs, as described in Directors' Report in the paragraph 'Group operating activities'.

Amortized cost method of measuring financial assets and liabilities

The amortized cost method requires calculation of the effective interest rate at the time the transaction is entered into. The effective interest rate is the rate that exactly discounts the future cash flows to the net carrying amount at initial recognition.
Any changes in future cash flows, if not attributable to changes in market conditions, result in the restatement of the carrying value of the financial assets and liabilities with a corresponding entry to the income statement.

Financial assets

On initial recognition, financial assets are measured at fair value and divided based on their type:

- Debt instruments;
- Equity instruments;

The purchase and sale of financial assets are recognized when the entity becomes party to the contractual provisions of the instrument. They are derecognized when the contractual rights to the financial asset have expired or the Group has substantially transferred all the risks and rewards relating to the asset.

Debt instruments are measured as follows:

(a) Amortized costs

Debt instruments measured at amortized costs are simple financial instruments that involve exclusively the payment of principal and interest and are owned with the aim to collect contractual cash flows ("Held to collect").
These financial assets are recognized initially at fair value, adding the transactions costs, and are subsequently accounted for at amortized cost using the effective interest rate, net of possible impairment losses.
The interest, foreign exchange differences, impairment losses, gains/(losses) for cash flow forecast reviews and for derecognition are recorded in the consolidated income statement.

The instruments are classified as current assets, with the exception of those having contractual maturity after twelve months from the reporting date, which are classified as non-current assets.
Trade receivables due within one year are recognized at fair value, which normally coincides with the nominal value.
The receivables that have been securitized or transferred to factor, with or without recourse, which do not fulfil all the required conditions for derecognition of financial assets, are maintained among the assets in the statement of financial position; a financial liability with equivalent amount is recorded in the financial statements as "Payables due to banks".
The receivables that have been transferred, which fulfil all the required conditions for derecognition of financial assets, are derecognized at the time of the transfer. The gains or losses related to the transfer of these assets are recognized into the consolidated income statement when the same assets are removed from the statement of financial position, being the only aim of the transfer to collect cash flows.

(b) Fair Value through Other Comprehensive Income - OCI
The financial assets valued at Fair value through Other Comprehensive Income are represented by simple instruments that involve exclusively the payment of principal and interest held with the aim to collect contractual cash flows and potential/possible sales.
The gains and losses originating from the changes in fair value are recognized in the other comprehensive income (OCI) in the period that they are incurred. The possible reclassification to the consolidated income statement at the line "Profit/loss for change in fair value of financial assets" is made only when the financial asset is effectively transferred.
The interests, foreign exchange differences and the impairment losses are instead recorded in the consolidated income statement.

(c) Fair Value Through Profit and Loss
The assets valued at Fair value through Profit and Loss are those instruments that are held for other purposes than the collection of contractual cash flows.
The changes in fair value, foreign exchange differences and the gains/(losses) for derecognition are recognized in the consolidated income statement.
At each reporting date the Group evaluates the expected losses related to the debt instruments measured at amortized cost, mainly represented by trade receivables, and financial assets at Fair Value Through Profit and Loss.
According to the general principle, all financial assets at initial recognition are subject to impairment using the "12-month expected credit loss" methodology, that is assessing the expected loss of the asset for all default events that may occur within the next twelve months after the reporting date (Stage I financial assets).
In case a significant increase in credit risk occurs subsequently to the initial recognition (Stage 2 financial assets) and when there is objective evidence of impairment (Stage 3 financial assets), the loss allowance should be measured according to the "lifetime expected credit losses" methodology, that is assessing the expected loss for all default events that may occur over the whole lifetime of the instrument.
For the trade receivables without a significant financial component, a simplified approach is applied that allows to calculate the expected losses always based on the "lifetime expected credit losses" method.
Expected credit losses are calculated based on the probability of default, on the expected exposure at the time of default (EAD – Exposure at default) evaluated from the future cash flows and the estimated loss in case of default (LGD – Loss given default).

The loss allowance is accounted for as an adjustment of the carrying value of the instrument.

Equity instruments are valued as follows:
Equity instruments are valued at Fair Value Through Profit and Loss in case the entity does not opt for the irrevocable option at Fair Value through Other Comprehensive Income at initial recognition. If the aforesaid option is adopted, the initial carrying amount of the instrument will amount to the sum of fair value and transaction costs, if any. The subsequent changes in fair value, the foreign exchange differences, the impairment losses and the gains/(losses) for derecognition are recorded in the other comprehensive income applying the accrual basis.
So far, the Group has not exercised the option for any equity instrument.
If the option is not exercised, the changes in fair value, the gains and the losses for derecognition are recognized in the relative items of the consolidated income statement.
In any case, dividends coming from the equity participations are shown as dividend income in the consolidated income statement under the heading "Dividends" when the Group has acquired the right to receive this payment.

Financial liabilities
The financial liabilities that are not held for trading are initially recorded at fair value net of transaction costs, and subsequently to the initial recognition are measured at amortized cost applying the effective interest rate. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the term of the liability.
Upon initial recognition, the fair value option can instead be exercised (Fair Value Through Profit and Loss) only to avoid an "accounting mismatch" between the asset and its respective liability or when the liability is based on fair value or in case the liability includes an embedded derivative to separate.
Financial liabilities are classified as current liabilities unless the Group has, at the reporting date, an unconditional right to extend the term of the financing at least over twelve months from the end of the period.
Trade payables and other payables whose maturity fall within the normal commercial terms are recognized at fair value which normally coincides with the nominal value.
In case of financial liabilities hedged by fair value hedge derivative instruments, their carrying value is determined based on the fair value of the corresponding hypothetical derivative, which represents a hypothetical derivative contract calibrated at a null value at the time of designation of the hedging relationship.

Inventories
Inventories are stated at the lowest between the cost, measured applying the FIFO (first in – first out) method, and net realizable value. To account for obsolete or slow-moving inventory provisions are recognized, that are reversed if the circumstances of the abovementioned provisions are no longer applicable. The repackaging materials and the CO2 certificates are managed as inventory and valued at weighted average cost.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank and postal deposits and short-term highly liquid investments that are readily convertible into cash (three months from the date of acquisition) and not subject to significant fluctuations in value.

Employee benefits

(a) Pension funds

Group companies operate both defined contribution and defined benefit plans.

A defined contribution plan is a plan where the Group pays fixed contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. With respect to defined contribution plans, the Group pays contributions, either voluntary or specified in the plan rules, to public and private insurance pension funds. Contributions are recognized as payroll costs applying the accrual basis.

The defined benefit obligation recorded in the financial statements corresponds to the present value of the obligation at the balance sheet date, less, where applicable, the fair value of any plan assets. The defined benefit obligations are determined on an annual basis by an independent actuary using the Projected Unit Credit Actuarial Method. The present value of the defined benefit plan is determined discounting future cash flows by a rate equal to that of high-quality corporate bonds of equivalent currency and term to the benefit obligations. Remeasurements of actuarial gains and losses arising on the above adjustments and changes in the actuarial assumptions are reflected in the statement of comprehensive income.

Service costs and net interest related to the time value in the actuarial calculation (classified within "Finance income and costs") are recognized in the consolidated income statement.

(b) Termination benefits

Termination benefits are those payable on termination of an employment before the normal retirement date, or when an employee accepts voluntary redundancy. The Group recognizes termination benefits when a demonstrable commitment exists and is governed by a detailed formal plan specifying details of the employment termination, or when payment of the benefit is the result of an offer made to encourage voluntary redundancy.

Provisions for other liabilities and charges

Provisions are recorded to cover the Group's legal, contractual or constructive obligations that derive from a past event. A provision is recognized where it is probable that an outflow of resources will be required and a reliable estimate of the amount can be made. Where it is estimated that these obligations will arise more than twelve months after the balance sheet date and that they will have a material impact on the financial statements, they are recorded at present value applying a discount rate that reflects current market assessments of the time value of money and the country risk. Any adjustment to the estimated provision is recognized in the consolidated income statement in the period in which the adjustment occurred. Where discounting is used, any increase in the provision to reflect the passage of time and the impact of changes in the discount rate are recognized as borrowing costs.

Restructuring provisions are recognized when there is a constructive obligation, which takes place when the Group has a detailed formal plan and has informed those affected by the plan or when the Group has announced the plan in sufficient detail to raise valid expectation in those affected by the plan that the restructuring will be carried out.

Provisions for tax risks are recognized in view of probable tax liabilities for assessments notified to the Group not yet settled at the reporting date.

Derivative financial instruments

Accounting for derivative financial instruments

Derivative financial instruments are measured at fair value, with any difference charged to the consolidated income statement, with the exception of cash flow hedges, where gains or losses are recognized in the statement of comprehensive income.

Derivatives that qualify for hedge accounting

In all cases where derivatives are designated as hedging instruments, the Group formally documents, from the inception of the hedge, the relationship between the hedging instrument and the related hedged item or transaction, the risk management objectives and the hedging strategy adopted.

The Group also documents the valuation methodology and the hedging instrument's effectiveness to compensate changes attributable to the hedged risk based on changes in the fair value of the hedging instrument compared to changes in the fair value of the hedged item. This assessment is carried out at inception and on a continuous basis throughout the life of the hedge. At the same time, the potential causes of hedging ineffectiveness are reported.

Categories of derivatives

Hedging instruments are categorized as follows:

I) Derivatives designated as cash flow hedge: if the hedging instrument is designated to cover the exposure to fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly foreseeable transaction, the gains or losses on the effective portion of the hedging instrument are recognized in the statement of comprehensive income; the ineffective portion of the gain or loss on the hedging instrument is recognized in the consolidated income statement. Depending on the nature of the hedge, financial or commodity related, the ineffective portion is classified in either finance income/costs on financial transactions or operating income/costs, respectively. The amounts directly recognized in the statement of comprehensive income are reclassified into the consolidated income statement in the period in which the hedged item affects profit or loss. When a hedging instrument reaches maturity, or it is sold, or it no longer meets the conditions required to be classified as a hedge, the related fair value adjustments accumulated to date will be retained until the hedged item affects profit or loss, and only at that time will it be recognized in the consolidated income statement applying the accounting treatment relevant to the hedged item. If the forecast transaction that was subject to the hedge is no longer expected to affect the consolidated income statement, the accumulated fair value adjustments are immediately recognized in the consolidated income statement. For the valuation of the financial liabilities hedged by cash flow hedges, please refer to the specific paragraph.

II) Derivatives designated as fair value hedge are classified based on the hedged item. The accounting treatment of changes in fair value is the following:

a) when the hedge item relates to commodities, the variation is classified as operating income/costs;

b) when the hedged item is purely financial, the variation is classified as follows:

- the difference between the valuation, at reporting date, of the mark-to-market actual derivative, which includes the interest rate basis spread component (hereafter 'basis'), and the mark-to-market actual derivative without basis is recognized in the statement of comprehensive income;

- the basis component of the derivative, as calculated at the inception date, is spread over the consolidated income statement on a straight-line basis over the life of the instrument;
- the foreign exchange differences and the interest component, excluding the basis effect described above, are recognized in the consolidated income statement at the line "finance income and costs"; refer to the dedicated paragraph for further details about the valuation of the hedged item.

At the time the financial instrument is transferred, the residual portion of the basis recorded in the other comprehensive income (OCI) is reclassified into the consolidated income statement.

III) Derivative financial instruments at fair value through profit or loss that are not designated as hedges are classified as current or non-current assets or liabilities based on their contractual maturity. The gain or loss arising from changes in the fair value of these instruments is recognized in the consolidated income statement. Depending on the nature of the underlying instrument, financial or commodity related, the variation of fair value is classified in either finance income/costs on financial transactions or operating income/costs, respectively.

Determination of the fair value of a hedging instrument

The fair value of an interest rate swap is determined based on the present value of the expected future cash flows, also considering the market interest rates and the creditworthiness of counterparties. The fair value of forward foreign exchange contracts is determined using the forward exchange market rates at the balance sheet date.

The fair value of other hedging instruments listed on an active market is based on the market prices prevailing at the balance sheet date. The fair value of unlisted instruments is determined using valuation techniques based on a commonly adopted methods and assumptions and market information at the balance sheet date.

Non-current assets and liabilities held for sale and discontinued operations

A non-current asset, or group of non-current assets and liabilities, is classified as held for sale when the carrying amount is to be recovered primarily from a sale transaction rather than through continuing use. The assets (or groups of assets) held for sale are measured at the lower of their carrying amount and their fair value less estimated selling costs.

The results and the carrying amount of a component of an entity that represents a separate major line of business or geographical area, or even a operative segment, of operations are classified separately in the income statement and in the balance sheet (in case of 'held for sale' only) when they meet the conditions to be classified as held for sale or discontinued operations. At reference date of this year there are no non-current assets or liabilities intended to be sold.

Total equity

Costs directly attributable to share capital transactions are recorded as a deduction from total equity.

Revenue recognition

Revenue is recognized at the fair value of the amount received for the sale of products or services, net of returns, discounts and consideration payables to customers (for example, couponing redemption costs) according to the accrual principle and to the standard that requires five steps: (i) identifying a contract with a customer; (ii) identifying the performance obligations entailed by the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; (v) recognizing revenues when the entity satisfies a performance obligation.

Sale of products

Revenues from product sales are recognized when for each performance obligation all of the following conditions are met, which normally take place upon the delivery to the customer:

- the significant risks and rewards arising from ownership of the goods are transferred to the buyer;
- effective control over the goods is transferred;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Dividends

Dividends received from not consolidated entities are recognized when the legal right to receive a payment is established.

Government grants

Revenue based government grants are recognized in the income statement when the right to receive the payment is established.

Finance income and costs

Finance income and costs are recorded on an accrual basis and comprise: interest payable accrued on all the borrowings, interest income on cash and cash equivalents and similar securities, dividends, foreign exchange gains and losses and the financial impact arising from hedging transactions over the exposure to interest rate and foreign exchange risk that are booked in the consolidated income statement.

Taxation

Taxation includes both current and deferred income taxes. Current income taxes are based on the estimated amount that the Group expects to pay calculated by applying to the taxable income the enacted tax rates, or those substantially enacted, in each of the relevant tax jurisdictions.

Deferred income tax assets and liabilities are determined applying the liability method, whereby all of the temporary differences between the tax bases of assets and liabilities and the carrying amounts at the balance sheet date, except for goodwill, are calculated. Deferred income tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset will be realized or the liability settled. Income taxes arising upon distribution of dividends are recognized at the time of distribution.

For the purpose of recognizing deferred tax assets, the Group assesses the likelihood that sufficient future taxable income will be available to recover these assets. Tax assets and liabilities, both current and deferred, may only be offset where the amounts relate to the same tax authority, when the reversal period is the same and there is a legally enforceable right to offset the recognized amounts.

Distribution of dividends

Dividends payable to shareholders are recognized when the legal obligation of payment is established.

Transactions with non-controlling interests

The acquisition and disposal of non-controlling interests in companies whose control is already effective are classified as transactions with

Grani d'Autore, September 2021, Piazzale della Pilotta, Parma (Italy): "Barilla Durum Wheat: from sowing to harvest", a traveling exhibition where 11 Italian artists have produced one illustration each, as a mosaic of lines, colors and visual evocations, tracing the values of 100% Italian wheat. Limited edition packs.

October 2021, BluRhapsody with its 3D-printed pasta has launched two capsule collections inspired by the seasons, and various new staging formats. The latter include Venus (pictured, with mussels and shrimps), ideal for refined aperitifs and appetizers, taking the form of a scallop shell. A major success, it quickly became one of their best-selling pasta shapes.

Group shareholders. Any differences between the carrying value and the purchase price paid or received are recorded in equity.

Put options over non-controlling interests

The unconditional put options granted to minority shareholders as per the shareholders' agreements are recognized in the Consolidated financial statements by recording the liability resulting from the possible exercise of the option. It is recorded at a value equal to the expected exercise price, based on the best information available at the date of reference of the financial statements. This financial liability measured at amortized cost that used the effective interest rate. The difference between amortized cost and the amount to be repaid is recognized in the consolidated income statement over the life of the liability.

5. Change in the scope of consolidation and other operations of the year

Change in the scope of consolidation

During 2021, the Group finalized two business combinations with the aim to integrate, also territorially, Pasta business and to create new business models in the Meal Solution sector.
Especially, the Group, through its subsidiary Barilla International Limited, acquired:

- On January 14, the control of the start-up Pasta Evangelist Limited, based in London (United Kingdom), with about 70 employees. The company operates in fresh pasta and fresh souces business both take-away and ready-cooked, with home-delivery or in-store consumption. The sales and purchase agreement includes specific options related to the minority interest executable by the parties. By virtue of this agreement, in place at 31 December 2021, with minority shareholders, mainly represented by the company's previous managers, the Group did not recognize the interest of third parties, but only the put option exercisable by them in the upcoming years, against which a liability was recognized in the consolidated balance sheet, measured at amortized cost applying the effective interest rate. The liability is recognized at the present value of the redemption amount and converted using year-end exchange rate, as described in note 6.15. With this acquisition, the Group want to develop new business models linked to fresh pasta offer, through the distribution via stores and e-commerce channel;
- On January 29, through its subsidiaries Barilla America Inc., Catelli Montreal Inc. and Catelli Canada Inc., the Catelli Dry Pasta business, which includes the assets and liabilities related production, marketing and distribution operations of dry pasta in Canada, through the Catelli, Lancia and Splendor trademarks. The subject of the business combination is the production plant located in Montreal (Quebec), with about 160 employees. With this acquisition, the Group strengthens its territorial leadership in Canadian market in the dry pasta sector, creating a synergy with the current production and distribution of pasta in North America.

The purchase price paid is equal to 29 million Great Britain Pounds, for the Pasta Evangelist Limited, and to 158 million Canadian Dollars, for the Catelli business. Both amounts have been totally paid during the first half of 2021.

For the business combination in Canada, the related costs paid by the Group amount to 1.5 million of Canadian Dollars. These charges, that mainly refer to insurance costs and tax registration fees for tangible and intangible fixed assets, have been classified under the item "Other income and expenses" of the Consolidated income statement.

With reference to the business combinations, the Group determined the fair value of the acquired assets, liabilities and contingent liabilities assumed within the timescales provided by IFRS 3. In accordance with such accounting principle, the positive difference between the purchase price and the fair value of the net assets, liabilities and potential liabilities acquired has been booked as goodwill item respectively for 36 million Great Britain Pounds, for Pasta Evangelist Limited, and 23 million Canadian Dollars, for Catelli business.
Concerning Pasta Evangelist acquisition, the goodwill recognized is attributable to the acquired organization and the potential of new business' development in United Kingdom. While, with reference to Catelli acquisition, the recorded goodwill is attributable to the expected synergies with the Group's Pasta business and the opportunity to grow Group's product portfolio in Canada.
For the above-mentioned reasons, the Group has allocated Pasta Evangelist and Catelli goodwill respectively to the cash generating unit 'Europe – Fresh Pasta' and 'Canada - Pasta'.

The fair value of assets and liabilities, expressed in the acquisition currencies, Great Britain Pounds (GBP) for Pasta Evangelist Limited and Canadian Dollars (CAD) for Catelli, and translated in euro applying the exchange rate at the acquisition date, is summarize in the following table:

	Pasta Evangelist ltd - Fair value of assets and liabilities acquired	Catelli - Fair value of assets and liabilities acquired	Pasta Evangelist ltd - Fair value of assets and liabilities acquired	Catelli - Fair value of assets and liabilities acquired	Total
	(GBP thousands)	**(CAD thousands)**	**(EURO thousands)**	**(EURO thousands)**	
Cash and cash equivalents	1,085	-	1,219	-	1,219
Trade receivables	146	-	164	-	164
Other assets	1,453	5	1,634	3	1,637
Inventories	154	10,859	173	6,997	7,170
Property, plant and equipment	127	68,394	143	44,069	44,212
Right of use tangible fixed assets	190	161	214	104	318
Other intangible assets	57	60,228	64	38,807	38,871
Trade and other receivables	53	-	60	-	60
Total assets acquired	**3,266**	**139,647**	**3,672**	**89,979**	**93,651**
Trade payables	(2,080)	-	(2,339)	-	(2,339)
Borrowings	(7,671)	(166)	(8,625)	(107)	(8,731)
Other liabilities	(1,224)	(2,365)	(1,376)	(1,524)	(2,900)
Retirement benefit obligations	-	(1,755)	-	(1,131)	(1,131)
Total liabilities acquired	**(10,975)**	**(4,285)**	**(12,340)**	**(2,761)**	**(15,101)**
Total equity acquired	**7,710**	**(135,362)**	**8,668**	**(87,218)**	**(78,550)**
Purchased price	**(28,515)**	**(158,095)**	**(32,060)**	**(101,865)**	**(133,925)**
Goodwill	36,225	22,733	40,728	14,647	55,375

In addition to the above-mentioned operations, during the year, in October new services company Barilla Acceleration Limited was established in United Kingdom; in January the liquidation of Barilla Denmark A/S was completed; and, on December, 31st 2021, the Mexican company Serpasta S.A. de C.V. was merged into Barilla Mexico S.A. de C.V.

Other operations of the year

In June 2020, an agreement was signed with the minority shareholder Perspective Industrial and Infrastructural Technologies-I 5 LLC (formerly RDIF Investment Management-19 LLC), regarding the equity investment in subsidiary Barilla Rus LLC. Following such agreement, in June 2021 the minority shareholder further increased its participation in Barilla Rus LLC through an equity injection of 750 million of rubles. As in previous year, by virtue of this agreement, the Group did not recognize in the consolidated financial statements the interests of third parties, but only the call/put option exercisable by the parties, as an additional liability related to the further equity injection performed by the minority shareholder in 2021 at the present value of the redemption amount, described in note 6.15.
Please, refer to Appendixes 1 and 2 for a list of subsidiaries.

6. Notes to the consolidated financial statements

Statement of financial position

6.1 Cash and cash equivalents

Cash and cash equivalents, which amounts to euro 417,753 (euro 510,700), include bank and postal deposit accounts held in primary financial institutions, cheques and other cash on hand.
The change in cash and cash equivalents recorded during the year is reported in the statement of cash flow.

6.2 Trade receivables

	2021	2020
Trade Receivable	495,502	426,315
Allowance for doubtful accounts	(35,609)	(35,196)
Total	**459,893**	**391,119**

Trade receivables consist of amounts due from customers in relation to the sale of goods and provision of services, net of allowances for doubtful accounts. The fair value of trade receivables approximates their carrying amount at the year-end. This also represents the maximum exposure to credit risk.

Detail of receivables by maturity, net of allowance for doubtful accounts, is as follows:

	2021	2020
Not yet overdue	452,454	375,608
Less than 3 months	7,353	14,462
Beetween 3 and 6 months	27	332
Beetween 6 and 12 months	59	717
Total	**459,893**	**391,119**

At year-end all trade receivables past due are subject to certain analyses for the identification of possible risks of customer insolvency.

Movements in the allowance for doubtful accounts are as follows:

	2021	2020
Opening Balance	**35,196**	**35,130**
Charges	4,140	3,449
Utilization and release	(4,086)	(2,908)
Foreign exchange differences	359	(475)
Closing Balance	**35,609**	**35,196**

The charges to and utilization of the allowance for doubtful accounts are included in "Other income and expenses" in the consolidated income statement.

6.3 Tax credits

Tax credits for euro 51,533 (euro 33,515) represent the amounts due from tax authorities in the various countries where the Group operates. The fair value of tax credits substantially approximates their nominal and carrying value.

6.4 Other assets

The balance is detailed as follow:

	2021	2020
VAT receivables	68,028	76,918
Amounts due from factoring entities	36,853	36,550
Other receivables	4,693	4,681
Accrued income and prepayments	7,385	6,439
Amounts due from social security authorities	3,781	4,727
Supplier advances	8,015	6,093
Amounts due from employees	3,634	3,484
Guarantee deposits	808	934
Total	**133,197**	**139,826**

During the year, VAT receivables were collected in Italy for euro 100.1 million. The "Amounts due from factoring entities" item comprises receivables due from factoring companies in respect of trade receivables sold but not yet paid.
The differences in the item "Accrued income and prepayments" is attributable to legal services, consultancy and other services already paid, but with a competence in the following years, beyond other costs related to leasing, insurance and marketing expenses.
The fair value of the credits approximates the nominal and book value.

6.5 Inventories

Inventories are detailed as follows:

	2021	2020
Raw materials and semi-finished goods	185,408	148,819
Finished goods	214,104	204,624
Advances	9,825	676
Total	**409,337**	**354,119**

The variation of item 'Advances' is mainly due to advance payments given to wheat suppliers in America.

Movements in the inventory obsolescence provision are detailed as follows:

	2021	2020
Opening Balance	**5,871**	**5,128**
Charges	4,034	2,627
Utilization	(2,484)	(1,767)
Foreign exchange differences	77	(117)
Variation in scope	56	-
Closing Balance	**7,554**	**5,871**

The "Variation in scope" item is attributable to the Catelli business combination made at the beginning of the year.

6.6 Other asset at Fair Value

Other assets at fair value, as at 31 December 2021, for euro 255,077 (euro 253,931 in 2020), mainly consist of Investment Grade bond portfolios (issued by private companies and government), valued at fair value and subscribed by the subsidiaries Barilla Sverige AB and Barilla Netherlands B.V. The debt securities, readily releasable on demand and denominated in EUR currency, with an average maturity of 3 years, are diversified by sector and geographical area. The above-mentioned securities are directly owned, with the exception of 4% of the portfolio invested through mutual funds.

Paolo Barilla at the 2021 Swiss Economic Forum (SEF) in Interlaken, Switzerland.
The topics covered included possible opportunities arising from the pandemic and challenges to be expected in the next 10 years.

6.7 Property, plant and equipment

Movements in property, plant and equipment are as follows:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other Asset	Assets under construction	Total
Movements 2020							
Net book amounts at 1/1/2020	**38,209**	**322,794**	**661,004**	**21,661**	**8,476**	**82,811**	**1,134,955**
Capital expenditure	-	-	-	-	-	155,988	155,988
Capitalization	58	17,352	106,286	16,865	5,568	(146,129)	-
Disposal Cost	(318)	(9,104)	(40,333)	(2,185)	(2,071)	-	(54,011)
Disposal Accumulted Depreciation	-	7,707	37,123	2,210	2,185	-	49,225
Depreciation and impairment losses	-	(28,427)	(102,379)	(7,668)	(3,852)	-	(142,326)
Foreing exchange differences	(1,104)	(1,207)	(20,260)	(585)	(440)	(650)	(24,246)
Variation in scope	4,874	27,032	65,007	496	171	-	97,580
Net book amount at 12/31/2020	**41,719**	**336,147**	**706,448**	**30,794**	**10,038**	**92,019**	**1,217,165**
Of which:							
Historical cost	41,719	736,665	2,609,008	123,666	64,174	92,019	3,667,251
Depreciation and accumulated impaimrments losses	-	(400,518)	(1,902,560)	(92,872)	(54,136)	-	(2,450,086)
Movements 2021							
Net book amounts at 01/01/2021	**41,719**	**336,147**	**706,448**	**30,794**	**10,038**	**92,019**	**1,217,165**
Capital expenditure	-	-	-	-	-	185,597	185,597
Capitalization	170	18,932	139,797	4,443	8,754	(172,096)	-
Grants cashed	-	(185)	(8,543)	-	-	-	(8,728)
Disposal Cost	(177)	(2,462)	(41,190)	(5,367)	(912)	-	(50,110)
Disposal Accumulted Depreciation	-	2,683	41,540	2,119	912	-	47,254
Depreciation and impairment losses	-	(25,262)	(91,295)	(8,560)	(8,540)	-	(133,657)
Foreing exchange differences	2,101	4,717	5,685	246	2,581	1,431	16,761
Variation in scope	10,631	9,652	10	134	23,661	124	44,212
Net book amount at 12/31/2021	**54,444**	**344,222**	**752,452**	**23,808**	**36,494**	**107,075**	**1,318,494**
Of which:							
Historical cost	54,444	770,617	2,712,707	123,873	98,172	107,075	3,866,887
Depreciation and accumulated impaimrments losses	-	(426,395)	(1,960,255)	(100,064)	(61,678)	-	(2,548,393)

The item ‘Variation in scope’ in 2021 referes to the ‘Business combination’ made during the year, related to Pasta Evangelist Limited and Catelli Dry Pasta Business.
In 2020, the same item referred to the acquisition of the business unit Pasta Zara.

The accumulated loss as on 31 December 2021 amount to euro 24,130 (euro 29,511).

6.8 Right-of-use Asset

Below are the movements by category of the right-of-use of fixed assets, relating to year 2021 and related comparative data:

	Land	Buildings and Warehoouse	Plant and machinery	Cars and other trasportation	Total
Movements 2020					
Net book amounts at 1/1/2020	**376**	**24,616**	**8,137**	**4,272**	**37,401**
Capital expenditure	-	3,337	2,318	3,833	9,488
Remeasurement	-	648	71	254	973
Depreciation and impairment losses	(27)	(6,454)	(4,742)	(3,060)	(14,283)
Foreing exchange differences	(77)	(1,366)	(60)	(178)	(1,682)
Net book amount at 12/31/2020	**272**	**20,781**	**5,724**	**5,121**	**31,897**
Of which:					
Historical cost	331	31,325	47,924	8,909	88,489
Depreciation and accumulated impaimrments losses	(59)	(10,544)	(42,200)	(3,788)	(56,592)
Movements 2021					
Net book amounts at 01/01/2021	**272**	**20,781**	**5,724**	**5,121**	**31,897**
Capital expenditure	-	15,876	1,816	3,564	21,256
Remeasurement	-	10	(60)	497	447
Derecognition	-	(7,101)	-	-	(7,101)
Depreciation and impairment losses	(16)	(6,809)	(2,563)	(3,154)	(12,542)
Foreing exchange differences	17	537	8	(27)	535
Variation in scope	-	214	104	-	318
Net book amount at 12/31/2021	**273**	**23,508**	**5,029**	**6,001**	**34,810**
Of which:					
Historical cost	350	38,053	49,249	10,396	98,045
Depreciation and accumulated impaimrments losses	(77)	(14,543)	(44,220)	(4,395)	(63,235)

The item 'Derecognition' refers to rent agreements early terminated respect to the original expiring date. The total value of future financial minimum lease payments, included in the scope of application of IFRS 16 undiscounted, by period of maturity is as follows:

	2021	2020
Not later than one year	11,592	11,159
Later than 1 year and not later than 5 years	20,569	20,619
Later than 5 years	6,317	4,097
Total value of future minimum lease	**38,478**	**35,875**

The reconciliation between the future minimum lease payments and the present value of the lease payments is as follows:

	2021	2020
Total future minimum lease payments	38,478	35,875
Interest	(2,801)	(2,698)
Present value of lease payments	**35,677**	**33,177**

The net amount lease payments, not included in the valuation of the IFRS 16 Leasing liabilities and, therefore, recognized in the consolidated operating income statement as at 31 December 2021, amounts to euro 21,275 (euro 18,771).

Please refer to note 6.25 for the analysis of rental costs not included in the total amount of leasing liabilities in compliance with the IFRS 16 accounting principle.

6.9 Goodwill

Movements in goodwill are as follows:

	Goodwill
Movements 2020	
Opening balance at 1/1/2020	**455,562**
Foreign exchange differences	5,342
Business Combination	20,442
Total at 12/31/2020	**481,346**
Movements 2021	
Foreign exchange differences	648
Business Combination	55,375
Total at 12/31/2021	**537,369**
- of wihch gross value	742,387
- of which accumulated impairments	(205,018)

Barilla/Algida: Barilla is entering the ice cream business in partnership with Algida, with specialties that will be produced in Italy, inspired by other snacks from the Group, including Ringo, Pan di Stelle, Baiocchi, Gocciole and Togo.

Top photo, Barilla Headquarters in Parma (Italy)
Bottom photo: Algida factory in Caivano, Naples (Italy)

In 2021, the item 'Business Combination', equals to 55,375, is related to the acquisition of Pasta Evangelist Limited, for euro 40,728, and Catelli Dry Pasta Business, for euro 14,647, completed in January and converted appling the exchange rate of the business combination day. At December 31, 2021, the above mentioned goodwills, converted to the year end exchange rate, amount to ,respectively, euro 43,110 and 15,794.

In 2020, the same item referred to the business combination of Pasta Zara S.p.A., acquired in the first half of the year.

An analysis of goodwill by groups of Cash Generating Unit - CGU for impairment test purposes at 31 December 2021 is summarized in the table below:

CGU Groups identified	Amount
Europe - Bakery	456,321
Europe - Pasta	20,442
Europe – Fresh Pasta	43,110
Canada - Pasta	15,794
Other minor	1,702
Total	**537,369**

The annual impairment test on goodwill consists in estimating the recoverable amount of the groups of cash generating units to which the goodwill is allocated and compared with the carrying value of the related assets including goodwill. The recoverable amount of the groups of cash generating units was determined based on the value in use, calculated at the present value of the expected future cash flows relating to the groups of cash generating units.

The cash flows utilized to determine value in use cover a five-year period plus a terminal value. The plans are prepared with varying detail depending on specific requirements and the relevance of the selected variables, starting from a series of key macroeconomic indicators (e.g. foreign exchange rates, inflation rates, market assumptions) and economic-financial targets.

Group management formulates the qualitative and quantitative content of the plan used for the relevant impairment. The flows deriving from groups of CGU at the end of the plan period correspond to the perpetual income based on the final year of the plan, appropriately normalized.

The key assumptions used to perform the impairment test are as follows:

	Discount Rate		Growth Rate	
	2021	**2020**	**2021**	**2020**
CGU identified groups – average values	4.3%	5%	2.1%	1.9%

The value test exercise of the carrying amountwith reference to 31 December 2021 did not entail the need for further write-downs for any CGU.

Specifically, for the category 'Europe - Bakery' the sensitivity analysis carried out on the key assumptions reported that a change in the same, such as to cause a loss in value of the CGUs to which goodwill is allocated, is highly unlikely due to the significant excess value of the same compared to the related carrying amount.

Goodwill denominated in foreign currencies, mainly in Swedish and Danish kroner, Great Britain Pounds and Canadian Dollars, has undergone a change in value due to the exchange rate effect. At 31 December 2021, the conversion effect shows an accumulated negative net balance of euro 15,380.

6.10 Intangible Assets

The Intangible Assets are composed as follows:

	Licenses and software	Trademarks	Other	Assets under construction	Total
Movements 2020					
Opening balance at 1/1/2020	24,134	2,404	87	10,177	36,802
Acquisitions and capitalizations	14,948	1,635	15	2,254	18,852
Foreign exchange differences	(14)	(49)	(19)	(46)	(128)
Disposals	(10)	-	-	-	(10)
Amortization	(10,041)	(1,653)	(36)	-	(11,730)
Total at 12/31/2020	**29,017**	**2,337**	**47**	**12,385**	**43,786**
Of which:					
Historical cost	145,209	269,829	319	12,385	427,742
Amortization and accumalete impairment losses	(116,192)	(267,492)	(272)	-	(383,956)
Movements 2021					
Acquisitions and capitalizations	25,906	1,937	299	(2,404)	25,738
Foreign exchange differences	35	2,931	(15)	23	2,974
Disposals	(3)	(2)	(33)	-	(38)
Amortization	(12,457)	(4,408)	(90)	-	(16,955)
Variation in scope	-	38,807	64	-	38,871
Total at 12/31/2021	**42,498**	**41,603**	**271**	**10,004**	**94,376**
Of which:					
Historical cost	171,262	312,242	613	10,004	494,121
Amortization and accumalete impairment losses	(128,762)	(270,639)	(342)	-	(399,745)

In 2021, the item 'Trademarks' increased due to the business combination Catelli by 60,228 thousands Canadian dollars, whose equivalent value in the consolidated currency, at the exchange of the day of the transaction, is equal to 38,807 euro. The increase refers to the acquisition of Catelli, Splendor and Lancia brands, deeply-rooted in Canada, for which values are supported by an external expert report. Moreover, the same item includes the brand Tolerant, acquired in 2018, specialized in the production of gluten-free, legume-based pasta. The trademarks of Barilla G. e R. (Barilla, Mulino Bianco) have not been recognized in the financial statements as they were developed internally.
In 2021, the amount of 'Variation in scope' also includes intangible assets acquired through the Business Combiantion of Pasta Evangelist Ltd, for euro 64.

The increase in "Licences and software" and "Assets under construction", for euro 22,512, manly refers to SAP BW integration process of two Russian subsidiaries and of Catelli business, acquired during the year 2021, and to the integetration systems for the application Data & Advanced Analytics Platform landscape, as well as the migration of the infrastructure and data from SAP BW to SAP BW/4.

The assets under construction mainly referes to the software costs not yet used.

6.11 Trade and other receivables

The balance comprises of:

	2021	2020
Guarantee deposits	963	541
Other non-current receivables	3,240	2,609
Total	**4,203**	**3,150**

The fair value of trade and other receivables approximates their carrying value.

6.12 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognized separately in the statement of financial position, exclusively in relation to temporary differences between the carrying value of assets and liabilities in the balance sheet and their tax base. Deferred tax assets on tax losses carried forward are only recognized where it is probable that sufficient future taxable profits will be earned to allow recovery of the tax differences that will be reversed.
The table below illustrates the composition and movements in deferred income tax assets and liabilities represented as net for each entity where they could be actually offset by underlying balance sheet items and period of generation:

2021	Opening Balance	Reversal/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Defferred Taxes					
Property, plant and equipment	(30,336)	254	-	(991)	(31,073)
Leasing	(189)	(30)	-	(33)	(252)
Intangible assets	210,955	(3,089)	-	(31)	207,835
Financial liabilities and derivatives	(345)	(65)	(421)	5	(826)
Inventories	2,816	(6,961)	-	133	(4,012)
Spare Parts	6,393	776	-	140	7,309
Provisions for other liabilities and charges	30,718	1,791	(616)	23	31,916
Pension funds	19,325	(1,078)	(1,552)	(206)	16,489
Tax losses carried forward	5,264	(1,868)	-	383	3,779
Other	8,304	3,956	-	570	12,830
Total	**252,905**	**(6,314)**	**(2,589)**	**(7)**	**243,995**
Deferred income tax assets	256,184				247,269
Deferred income tax liabilities	(3,279)				(3,274)
Total	**252,905**				**243,995**

2020	Opening Balance	Reversal/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Defferred Taxes					
Property, plant and equipment	(38,526)	6,939	-	1,251	(30,336)
Leasing	1,637	(1,832)	-	6	(189)
Intangible assets	2,005	208,863	-	87	210,955
Financial liabilities and derivatives	(1,821)	935	562	(21)	(345)
Inventories	3,135	(201)	-	(118)	2,816
Spare Parts	6,580	(10)	-	(177)	6,393
Provisions for other liabilities and charges	28,195	2,709	-	(186)	30,718
Pension funds	18,579	1	757	(12)	19,325
Tax losses carried forward	9,905	(3,041)	(9)	(1,591)	5,264
Other	6,250	2,482	-	(428)	8,304
Total	**35,939**	**216,845**	**1,310**	**(1,189)**	**252,905**
Deferred income tax assets	37,811				256,184
Deferred income tax liabilities	(1,872)				(3,279)
Total	**35,939**				**252,905**

In 2020, the change in deferred tax assets, calculated on intangible fixed assets amounted to euro 209 million. The deferred tax assets are recognized following the statutory revaluation of the trademarks, which took place in the subsidiary Barilla G. & R. Fratelli S.p.A.
This amount relating to deferred tax represents future tax benefit that flow to the Group gross of the subsititute tax payable included in the “Other current liabilities” and “Other non current libilities” for a total amount of euro 14,998 (euro 22,497).
Deferred income taxes have not been recognized on the undistributed earnings of subsidiaries, as the Group is able to control the timing of these distributions and it is probable that they will not be distributed in the near future.

6.13 Equity instruments

The item principally comprises equity investments in BRW S.p.A., amounting to euro 680 and other minor non-current financial assets amounting to euro1,245 (euro 1,206).

6.14 Trade payables

Trade payables, which amounted to euro 863,043 (euro 801,988), represent amounts due in relation to the purchase of goods and services. Trade payables are recorded at nominal value, which substantially approximates their fair value. All amounts are payable within one year.

The total amount includes euro 3,106 (euro 3,784) due to BRW S.p.A. The balance includes the amounts due to co-packers, which are governed by medium/long-term supply contracts negotiated at arm’s length, that establish guaranteed minimums disclosed in contractual commitments for finished good supplies.

6.15 Borrowings

The item classified as current liabilities, comprises amounts due within one year and due after one year respectively, they are detailed as follows:

	2021	2020
Short-term portion of bank overdrafts and leasing obligations	163,535	37,715
Bonds	-	63,448
Total Short Term Borrowings	**163,535**	**101,163**
Bonds	363,429	352,472
Long term portion of bank overdrafts and leasing obligations	204,487	222,883
Put option held of minority shareholders	28,897	10,071
Total Long Term Borrowings	**596,813**	**585,426**
Total Borrowings	**760,348**	**686,589**

The short-term portion of bank overdrafts and leasing obligations comprise the bank loan subscribed with Intesa Sanpaolo for euro 50,000, bank overdrafts amounting to euro 145 (euro 13,626), the leasing obligations due within 12 months for euro 11,305 (euro 10,570) and loans due within one year for euro 102,085 (euro 13,519). The variation of the loans, due within 12 months, refers to hot money credit lines, for euro 90,000.
In 2021, the tranche of USPP bond, subscribed in 2011 by the subsidiary Barilla France S.A.S., for a nominal value of 75 million USD, was repaid on the maturity date on 15 July.

The Long term portion of “Bank borrowings and leasing obligations” mainly refers to a loan with Intesa Sanpaolo subscribed in 2020, at a fixed rate amortizable from the third year and expiring in the year 2025, that as of 12.31.2021 has a residual amount of euro 150,000 (euro 200,000), and a fixed rate loan subscribed in November 2021 with Mediobanca, for euro 30,000, expiring in November 2023.

The same line item includes the portion of medium/long-term leasing obligations for the effect of the adjustment for the standard IFRS 16, with a balance at year-end amounting to euro 24,372 (euro 22,607).

The financial cash flow for the year 2021, relating to leasing contracts subject to the Standard IFRS 16-Leases, amounted to euro 21.1 million (euro 14.6 million).

The non-current financial liability related to "Put option held of minority shareholders" is attributable to the agreement signed in June 2020 with the minority shareholders of Barilla Rus LLC. Such agreement includes a put option exercisable by the minority starting from the year 2025 and a call option exercisable by Barilla Group starting from 2029. By virtue of this agreement in place as of 31 December 2021 with the minority shareholders, the Group did not recognize the equity interest of third parties, but only the fair value of the options agreed at the inception date, against which a non-current liability was recognized in the consolidated financial statement (present value of the redemption amount), then valued at the amortized cost and translated in euro applying the year-end exchange rate for a total amount equal to euro 19,473 (euro 10,071). The variation is mainly linked to the further increase of percentage attributable to minority shareholders, afterwards the increase of equity subscribed by minority shareholder in June 2021, for 750 RUB million, equal to euro 8.8 million. This liability has been recognized with an equity counterpart, net of the shares of the same company subscribed by the same minority shareholder during the previous and current year.
The same non-current item "Put option held of minority shareholders" comprehends also the effect of the agreement subscribed by the Group, in January 2021, for the acquisition of the share capital of 'Pasta Evangelist Limited' for euro 9,424. Such agreement includes a specific option related to the minority interest executable by the parties in 2026. By virtue of such agreement in place with the minority shareholders, the Group did not recognize the equity interest of third parties but only the fair value of the option agreed at the inception date, against which a non-current liability was recognized in the consolidated financial statement at the fair value (present value of the redemption amount), then valued at the amortized cost and translated in euro applying the year-end exchange rate for a total amount equal to euro 9,424. The fair value of the put option, at the business combination date, was equal to euro 8,303 (GBP 7,385 thousand) and included into the goodwill.
The above-mentioned goodwill has been recognized as non-current assets in the consolidated balance sheet for the amount equal to GBP 36,225 thousand, its equivalent in consolidation currency, at the business combination date, was euro 40,728.

A revolving credit facility with a maturity date within January 2025, has a total amount equal to 500 million of euro (with an option to increase to euro 800 million). The composition of the parties in Bank pooling remained unchanged. Barilla Iniziative S.p.A. and Barilla G. e R. Società per Azioni remain co-borrowers and co-guarantors, with the option for the group to designate other subsidiaries as additional borrower. Barilla International Limited also became part of this credit facility acting in the sole capacity of co-guarantor from 2020. This credit facility results unused at 31 December 2021.

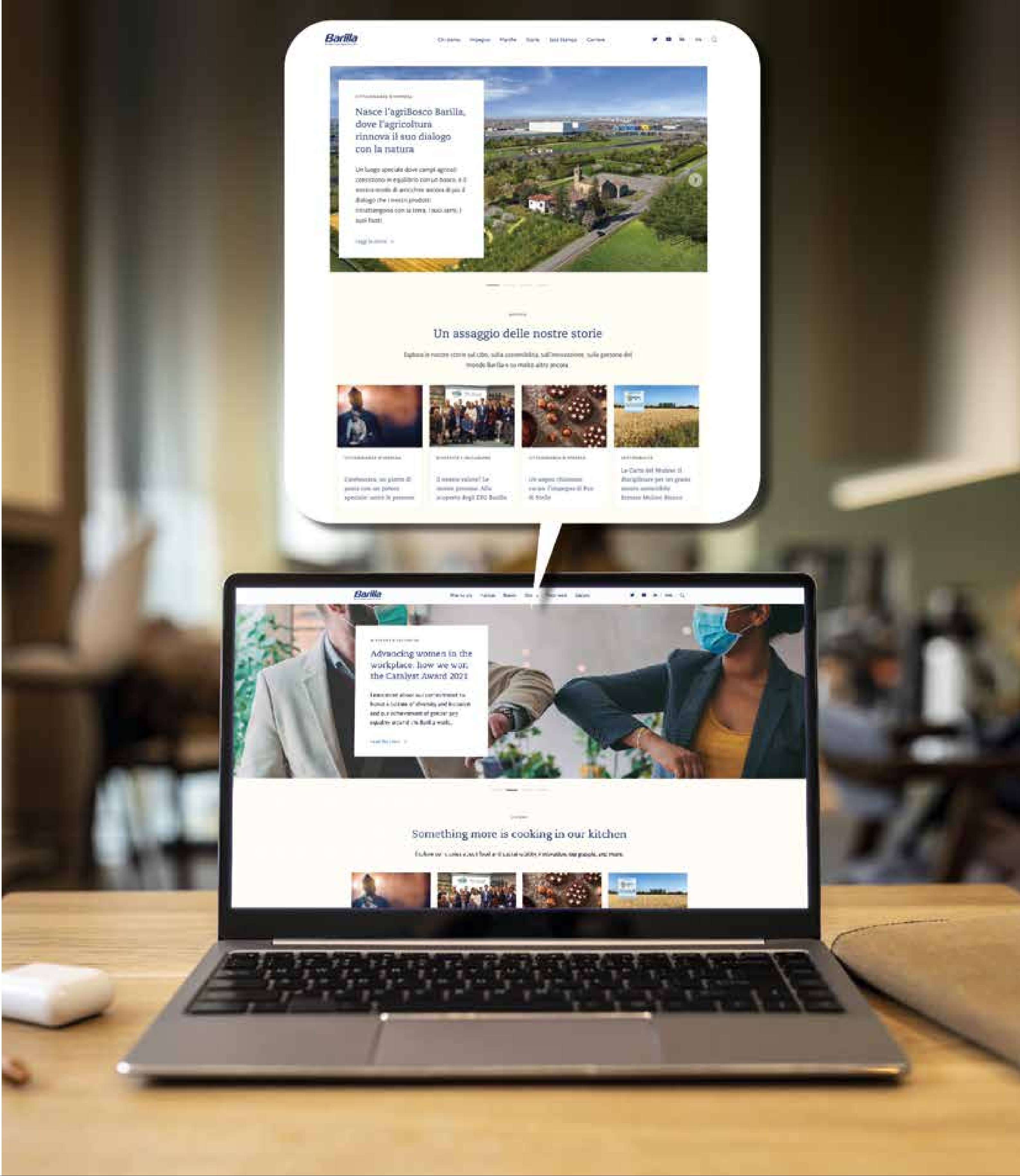
Current borrowings are measured at amortized cost, which is deemed to represent their fair value.
Bank borrowings are not guaranteed by any property, plant or equipment.
Below is the breakdown of outstanding bonds:

	Nominal value in currency (USD thousands)	USD coupon	Maturity	Carrying value	Hedging transaction		Effective interest rate in euro
					Nominal value in euro	Effective floating average interest rate paid	
	50,000	4.86%	15 Jul. 2023	47,133	33,718	0.70%	0.80%
	150,000	4.43%	13 Dec. 2025	141,562	115,050	0.55%	0.60%
	185,000	4.03%	28 Oct. 2027	174,734	169,867	0.50%	0.56%
Total Notes	**385,000**			**363,429**	**318,635**		

The interest rate and foreign exchange rate risks are hedged by cross currency and interest rate swaps, details of which are provided in note 7.

The maturity dates of medium/long-term borrowings are illustrated in the table below:

	Due between 2 and 5 years	Due after 5 years	Total
Bonds	188,695	174,734	363,429
Bank borrowings and leasing obligations	198,624	5,863	204,487
Put option held of minority shareholders	9,424	19,473	28,897
Total borrowings medium/long term	**396,743**	**200,070**	**596,813**



New Group website, December 2021: completely revamped to feature minimalist graphics and a great wealth of content, easily accessible via the responsive navigation menu and search filters.

www.barillagroup.com

The following table depicts the borrowings (including the respective hedging instruments related to bond loans issued) by maturity date and type of interest rate:

Borrower	Description	Interest rate	At 12/31/2021	Maturity
Barilla France	Bonds (including cross currency and interest rate swaps)	floating	33,760	2023
Barilla Iniziative	Bonds (including cross currency and interest rate swaps)	floating	280,811	2025 - 2027
Barilla Iniziative	Intesa Sanpaolo loan	fixed	200,000	2022 - 2025
Barilla Iniziative	Mediobanca loan	fixed	30,000	2023
Barilla International	Put Option	fixed	28,897	2026 - 2029
Various counterparts	Banks	floating	102,345	2022 - 2024
Various counterparts	Leasing	fixed	35,677	2022 - 2048
Total bank borrowings (either due within or after one year) *			**711,490**	

Borrowings (including the respective hedging instruments related to bond loans issued) due within one year and after more than one year are denominated in the following currencies:

Currency	Carrying value 2021	Carrying value 2020
Euro	340,099	216,842
USD (American Dollar)	318,647	374,914
GBP (British Pound)	17,274	-
TRY (Turkish Lira)	12,226	13,775
RUB (Ruble - Russia)	21,172	11,566
SEK (Krone - Sverige)	350	11,160
MXN (Mexican Pesos)	-	4,860
Other	1,722	2,753
Total borrowings due within one year and after more than one year *	**711,490**	**635,872**

Below is the reconciliation of the change in financial payables due within one year and after one year, highlighted under 'Net cash flow from financing activities' in the statement of cash flows, corresponds to the sum of "Borrowings disbursement/reimbursement", "Foreign exchange effect on foreign currency debts" and "Fair value changes through consolidated income statement", the Net of 'Bank overdrafts' movements:

	Total borrowings due within one year and after one year	thereof: Bank overdraft
Total net financial liabilities at December 31, 2019 * (a)	**662,207**	**41,389**
Total derivatives (assets)/liab at December 31, 2019	(69,683)	
Total Debt at December 31, 2019	731,890	41,389
Movements in 2020		
Monetary changes of the period:		
Borrowing disbursement/reimbursement, including those due to parent	(18,675)	14,507
Total monetary changes of the period	**(18,675)**	**14,507**
Non-monetary changes of the period:		
Foreign exchange effect on foreign currency debt	(6,744)	(881)
Fair value changes through P&L	501	
Fair value changes through OCI	(1,419)	
Total non-monetary changes of the period	**(7,662)**	**(881)**
Total changes (b)	**(26,337)**	**13,626**
Total net financial liabilities at December 31, 2020 * (a+b=c)	**635,870**	**13,626**
Total derivatives (assets)/liab at December 31, 2020	(50,719)	
Total Debt at December 31, 2020	686,589	
Movements in 2021		
Monetary changes of the period:		
Borrowing disbursement/reimbursement, including those due to parent	127,186	13,626
Total monetary changes of the period	**127,186**	**13,626**
Non-monetary changes of the period:		
Foreign exchange effect on foreign currency debt	(937)	3,619
Fair value changes through P&L	(49,825)	
Fair value changes through OCI	(805)	
Total non-monetary changes of the period	**(51,567)**	**3,619**
Total changes (d)	**75,620**	**17,245**
Total net financial liabilities at December 31, 2021 * (c+d)	**711,490**	**17,245**
Total derivatives (assets)/liabilities at December 31, 2021	(48,858)	
Total Debt at December 31, 2021	760,348	

** Total borrowings due within one year and after one year, detailed in the tables, include negative derivatives and are expressed net of the positive value of derivatives, except for derivatives on commodities as disclosed in paragraph 6.20 "Derivate financial instruments".*

The effective interest rates on borrowings amount to 1.1% (1.3% in 2020). The calculation does not include non-recurring items relating to bonds or early repayment of loans, the put options due to minority shareholder and the fair value changes related to bonds.
The comparison between the carrying value and fair value of borrowings is disclosed in note 7.

Financial covenants and other contractual obligations

The Bonds and Bank facility currently outstanding (the "Financing") require the compliance with certain contractual obligations and financial covenants (collectively, the "Covenants").
The main Covenants, as defined in one or more Financing contracts, are in line with market practice for similar transactions, as follows:

Financial covenants

- Ratio of Net Borrowings to EBITDA;
- Ratio of EBITDA to Net Interest on borrowings;
- Ratio of borrowings of operating companies plus borrowings secured by real guarantees (except where permitted contractually) to Total Assets as resulting from the financial statements.

Other restrictions and contractual obligations

- Change of control;
- Undertaking not to subordinate the Financing to other debt ("*pari passu*") and/or not to grant liens/pledges in favour of such debtholders (except where permitted contractually);
- Undertaking not to dispose certain key assets (such as: key plants, trademarks, licenses and intellectual property);
- Limitations in disposal proceeds, acquisition policies and dividends (where applicable).

Events of Default

The main events of default, which are not applicable to non-material Group companies, are summarized as follows:

- Failure to pay any sum due under the Financing;
- Non-compliance with financial covenants and/or other contractual obligations (subject to materiality thresholds);
- Cross default (in relation to event of defaults under other Financing that exceed certain thresholds);
- Insolvency, bankruptcy and other insolvency proceeding;
- Significant change in the Group's business.

When an event of default occurs, which cannot be recovered within the applicable time limits, the Lenders have the right to request the immediate repayment of the borrowed amount, together with interest and any other sums contractually due.
No defaults arose either during the year or at the year end and moreover the Group was compliant with all the financial covenants.

6.16 Retirement benefit obligations

Retirement benefit obligations comprise amounts paid to employee defined benefit plans, including the staff leaving indemnity fund (as the Italian "TFR" and other equivalent plans and pension schemes).
Total obligations relating to future benefits payable to employees amounts to euro 147,263 (euro 161,116), of which amount due within one year is euro 13,392 (euro 12,870) and amount due longer than one year is equal to euro 133,871 (euro 148,246), net of plan assets for euro 4,105 (euro 3,562).

In Italy, the TFR represents the deferred compensation payable by companies to employees on termination of employment, in accordance with article 2120 of the Italian Civil Code. Following reforms introduced in the Italian law, the TFR provision accrued until 31 December 2006 is still considered a defined contribution plan, while the portion further matured is annually paid to managing institution.
The main specific risks related to this plan refers to the accrued benefit that is payable to the members as a lump sum when retiring or leaving the company. According to the Italian law, it is also possible to receive an advance from the total accumulated benefit. Therefore, there is the risk that members will leave the plan sooner than expected or demand an advance payment in a larger size than expected, generating an actuarial loss in the plan due to cash flow acceleration. Other risks to which the plans are exposed are limited to inflation, to which the accrued benefits are linked, and discount rate.

The foreign other plans and pension schemes relate to companies operating in France, Greece, Germany, Sweden, Turkey, Norway, Mexico, Switzerland and Canada.

The principal features of some of the most significant plans are as follows:

- In France, there are the "Retirement Indemnity Plan" and the "Long Service Awards Plan". The first plan attributes the right to receive a sum of money on termination of employment upon retirement, in proportion to the number of years of service, final salary levels and whether termination was voluntary or not. The specific risks are related to the fact that Retirement Indemnity Plans are mandatory by law and are defined by national bargaining agreements, therefore these plans are subject to the legislative risk and rate of withdrawal of beneficiary from the plan. The "Long Service Awards Plans" pay benefits at any defined anniversary of working life related to the service in the company. The awards paid are exempt of payroll taxes within the value of one month of salary. The main risks on these plans are linked to changes of fiscal legislation risk characterizing them that could require additional costs. Other risks that can be identified are related to the change in the discount rate and withdrawal rate of employees;
- In Greece, there is the pension plan (Retirement Indemnity Plan) which provides that the employer is required to pay an indemnity where the employee has reached pensionable age or employment is terminated involuntarily. The payment indemnity received from the employee depends on several factors including years of service, the equivalent monthly salary in the last year of service (including bonuses) and the reason for termination. The indemnity paid by the entity is for several months and not one-off, based on a scale of multiples in relation to years of service and also taking into consideration the reason for termination. Main risks are related to the changes in the discount rate;
- In Germany, there are three pension plans: "Pension", "Jubilee Plan" and "Early Retirement Plan". The pension plan paid by the entity when the employee has reached pensionable age or in case of disability, with the possibility of the right of pension plan for the assisting spouse. The pension plan provides for the payment of an ongoing pension and not a one-off lump sum. The plan is based on a pre-determined percentage of annual salary and taking into consideration the increase of salaries and longevity risk. The risk connected to this plan, linked to national contracts, is relating to pension increased established by the local law, that may have to be increased retrospectively (up to a limit of three years) as well as in respect of future increases;
- In Sweden, "IPT2 Plan" is the pension scheme for white collar employees based on the collective bargaining agreement. The risks

are linked to any changes on the collective bargaining agreement. An external influence on the possible increase in pensions derives from the funding level in the short term of the monopoly insurer of plans in Sweden.

- In Canada, there is a pension plan called "Post-Retirement Medical", mainly related to Federal Government plans. The plan is based on different combinations of factors among which gains or contributes, the years of participation to the plan and the retirement age. The main risk is linked to the plan indexation (also named protection from inflation) with moderate increase every year based on the price to consume index increase (or a portion of the increase).

The retirement benefit obligations are determined applying actuarial calculations carried out by an independent expert or company and are adjusted for events that require changes to be reflected therein.
The last actuarial valuation was performed at 31 December 2021 using the projected unit credit method, under which the present value of future retirement obligations to be paid is determined.

	2021	2020
Opening balance	**161,116**	**161,840**
Services costs	2,099	3,429
Finance costs	1,093	1,572
Actuarial (gains) / losses	(8,196)	2,346
Exchange differences for the year	(900)	151
Benefits paid	(9,080)	(8,222)
Variation in scope	1,131	-
Closing Balance	**147,263**	**161,116**
Of which:		
- Due within one year	13,392	12,870
- Due after one year	133,871	148,246

'Variation in scope' item refers to Catelli employees pension plans acquired during 2021.
The item "Services costs" comprehends the provision for the year.

The assumptions adopted in determining retirement benefit obligations may be summarized as follows:

2021	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	0.80%	n.a.	3.50%	2.00%
Germany	(0.30%) 0.95% 1.10%	1.08%	2.50%	0.04%
France	1% - 0.75%	0.99%	2.25%	2.00%
Greece	1.10%	n.a.	2.00%	2.00%
Mexico	8.25%	8.25%	4.50%	3.50%
Norway	1.50%	1.50%	2.00%	1.50%
Sweden	1.75%	n.a.	3.00%	2.00%
Turkey	21.20%	n.a.	19.00%	17.50%
Canada	2.90%	n.a.	3.00%	n.a.
Switzerland	0.25%	0.25%	2.00%	n.a.

2020	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	0.40%	n.a.	3.50%	1.50%
Germany	(0.30%) 0.50% 0.65%	0.64%	2.25%	-
France	0.60% - 0.30%	0.59%	2.25%	1.50%
Greece	0.65%	n.a.	1.50%	1.50%
Mexico	6.50%	6.50%	4.50%	3.50%
Norway	1.70%	1.70%	2.00%	1.50%
Sweden	1.00%	n.a.	3.00%	2.00%
Turkey	11.80%	n.a.	10.40%	8.90%
Canada	n.a.	n.a.	n.a.	n.a.
Switzerland	0.10%	0.10%	2.00%	1.00%

The cost of future employee retirement benefits recognized in the income statement is classified under the following headings:

	2021	2020
Cost of sales	534	1,338
Logistics costs	31	222
Selling costs	410	540
Marketing costs	50	127
General and administrative expenses, techinical and development costs	1,074	1,202
Total	**2,099**	**3,429**

The plan assets composition is as follows:

	2021	2020
Listed shares and bonds	10	10
Cash and cash equivalents	6	4
Total listed assets	**16**	**14**
Insurance contracts	3,975	3,437
No listed - other	114	111
Total asset	**4,105**	**3,562**

The weighted duration of defined benefit obligations is equal to 12 years, split by plan as follows:

Years	Weighted duration	Average future working lifetime
Average	**12.4**	**9.5**
Italy	8.02	9.31
Germany	14.18	5.72
France	11.53	14.37
Sweden	18.66	10.50
Greece	14.93	15.07
Turkey	8.91	13.95

The effect on the retirement benefit obligation of a reasonably possible change in the actuarial assumption considered in computing the defined-benefit obligation is provided below:

Effect %	Increase in actuarial assumption	Decrease in actuarial assumption
Discount rate (0.5% movement)	(1.74%)	0.75%
Rate of salary increase (0.5% movement)	3.26%	(2.30%)
Inflation rate (0.25% movement)	1.84%	(1.35%)
Life expectancy (1 year variation)	1.78%	n.a.

6.17 Current income tax liabilities

Current income tax liabilities amount to euro 31,219 (euro 66,556) and comprise provision for current taxes on profit for the year. It also includes the group tax consolidation regime payable due to the Italian tax authorities following the establishment of the Group Barilla Holding S.r.l.

6.18 Other liabilities

Other liabilities consist of the following:

	2021	2020
Amounts due to employees	144,042	143,067
Amounts due to social security authorities	29,412	32,014
Withholding taxes from employees, consultants and freelance workers	12,091	14,564
Amounts due to customers	7,521	9,757
Other liabilities	2,432	1,600
Other taxes	11,617	12,443
VAT payable	10,084	2,777
Accruals and deferred income	6,425	4,308
Total	**223,624**	**220,530**

During 2020 has been made the accrual for the substitute tax calculated on the civil revaluation of the trademarks for the subsidiary Barilla G. e R. Fratelli Società per Azioni; on 31 December 2021 the amount is euro 7,499 (euro 7,499) and is included in the item "Other taxes".

Accruals and deferred income mainly relate to accrued interest payable.
The fair value of other liabilities approximates the carrying value.

6.19 Provisions for other liabilities and charges

The current and non-current portions of provisions for other liabilities and charges may be detailed as follows:

	12/31/2020	Charges	Used / reversed / reclassification	Foreign exchange impact	12/31/2021
Employee risk provision	11,477	6,055	(5,286)	(94)	12,152
Restructuring provision	39,125	6,142	(4,724)	-	40,543
Price contest risk provision	1,329	561	(1,323)	9	576
Returns and unsold goods provision	2,604	127	(106)	(5)	2,620
Revocatory risk provision	11,155	4,170	(4,139)	-	11,186
Litigation provision	2,079	9	(25)	(65)	1,998
Other provisions	28,283	1,388	(4,632)	(34)	25,006
Provision for Rent IFRS 16	5	-	-	-	5
Total	**96,057**	**18,452**	**(20,235)**	**(189)**	**94,086**
Of which:					
Provisions for other liabilities and charges	56,971				56,098
Provisions for other liabilities and charges	39,086				37,988

Diwali: the festival of light overcoming darkness, of good overcoming evil, celebrated by over 1 billion Hindus worldwide. The goal of Harmony, a U.S. Employee Resource Group (ERG), is to create an atmosphere of inclusion where people can feel at home while at work. In this case, a South Asian tradition was highlighted. Pictured, Barilla America People joining in with the creation of flower Rangolis, a traditional Indian decoration.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The “Employee risk provision” and the “Restructuring provision” have been recognized in relation to reorganization programs that include redundancy incentives and other future employee obligations.
The "Revocatory risk provisions" were registered for collected commercial receivables for which there is a risk of a clawback action.
The “Other provisions” mainly include commercial risks and risks against distributors. The provisions due for longer than one year have not been discounted due to the uncertainty of the period of utilization.

6.20 Derivative financial instruments

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
- Fair value hedge - interest rate derivatives	48,858	-	37,825	-
- Held for trading - forward exchange contracts	7,434	-	9,590	-
- Cash flow hedge - commodities	226	-	-	524
Total non-current portion	**56,519**	**-**	**47,415**	**524**
- Fair value hedge - interest rate derivatives	-	-	12,894	-
- Cash flow hedge - commodities	2,845	-	420	-
- Cash flow hedge - forward exchange contracts	-	-	56	-
- Held for trading - forward exchange contracts	512	814	1,053	1,203
- Held for trading - commodities	4,836	-	437	-
Total current portion	**8,193**	**814**	**14,860**	**1,203**
Total derivative financial instruments	**64,712**	**814**	**62,275**	**1,727**

During 2021 the currency and interest rate swap contracts related to the bond loan US Private Placement tranche, subscribed in 2011 by the subsidiary Barilla France S.A.S. for a nominal value of 75 millions US dollars, was repaid on the maturity date on 15 July.

As of 12.31.2021, the Group has designated the following hedging types, related to currency and interest rate swap contracts, concerning the US Private Placement bonds, all designated as fair value hedge:

- contracts for the tranches, with a nominal value of USD 50 million, that expire on 15 July 2023. The positive fair value at 31 December 2021 amounted to euro 13,372. The positive impact on the consolidated income statement amounted to euro 1,934 and the negative impact on comprehensive income OCI for euro 38;
- contracts for the tranche, with a nominal value of USD 150 million, expiring on 13 December 2025. The positive fair value at 31 December 2021 amounted to euro 28,154. The positive impact on the consolidated income statement amounted to euro 4,577 and the positive impact on comprehensive income to euro 674;
- contracts for the tranches, with a nominal value of USD 185 million, that expire on 28 October 2027. The positive fair value at 31 December 2021 amounted to euro 7,332. The positive impact on the consolidated income statement amounted to euro 5,301 and the positive impact on comprehensive income to euro 129.

“Derivative contracts on commodities” mainly includes hedging of the electricity costs and the price of wheat.

The movements of hedging reserve is the following:

	Gross reserve	Tax effect
Movements in 2020		
Opening balance at 1/1/2020	**5,990**	**(1,445)**
Change in basis	(1,105)	267
Change in fair value	(1,413)	282
Total at 12/31/2020	**3,472**	**(897)**
Movements in 2021		
Opening balance at 1/1/2021	**3,472**	**(897)**
Change in basis	(1,092)	263
Change in fair value	3,404	(683)
Total at 12/31/2021	**5,784**	**(1,317)**
of which Non controlling interests	(868)	198

The hedging reserve includes the hedge portion of derivatives on commodities and the effective portion related to the interest rate hedge for the derivatives designated as cash flow hedge, as well as the basis component for the currency and interest rate swap contracts designated as fair value hedge.

As of December 31 2021, the notional value of the cross currency and interest rate swap contracts, designed as fair flow hedge, that expire from 2023 to 2027 and designated as fair value hedge is euro 363,429; and derivatives on commodities for energy in Sweden for euro 6,940.

The financial risk management policy is disclosed in note 7.

6.21 Other payables

Other payables, that amounted to euro 10,459 (euro 19,139), mainly includes the non-current portion for substitute tax calculated during the previous year on the statutory revaluation of trademarks of the subsidiary Barilla G. e R. Fratelli Società per Azioni, for euro 7,499 (euro 14,998), as well as liability for social security contributions.

6.22 Equity

Fully paid share capital as of 31 December 2021, as in the prior year, is divided n. 112,720,000 ordinary shares with a nominal value of euro 1 each.

In 2021 the variation in equity, equal to euro 1,778, refers to the put option exercisable by the minority shareholder of the subsidiary Barilla Rus LLC (further detail in note 6.15), net of the shares of the same company subscribed by the same shareholder in 2021 for rubles 750 million, equal to euro 8.8 million. In the previous year, with the same purpose and methodology, the variation of equity was equal to euro 6,964.

During 2021, the shareholders' meeting decided for a dividend distribution for euro 126,021, paid in July.

The Group does not own, nor has owned or has acquired own shares during the year, nor directly neither indirectly through subsidiary or associated company.

6.23 Non-controlling interests

As reported in the section 'Change in scope of consolidation', during 2021, following the Business Combination with Pasta Evangelist Limited, it was signed an agreement with minority shareholders of the same company, as well as in June 2020 an agreement was signed with Perspective Industrial and Infrasructural Technologies- I 5 LLC (formerly RDIF Investment Management-19 LLC) with reference to equity investment in the subsidiary Barilla Rus LLC. By virtue of those agreements with the minority shareholders, the Group did not recognize any interest to third parties but only the recognition of a put option exercisable by them on December 31 2021.

The following table provides information on the subsidiary controlled by the Group with significant participation of non-controlling interests. The amounts are gross of intercompany eliminations:

	Barilla Mexico SA de CV	Barilla Iniziative and Barilla International	Barilla Mexico SA de CV	Barilla Iniziative and Barilla International
Percentage of non-controlling interests	**50%**	**15%**	**50%**	**15%**
	12/31/2021	**12/31/2021**	**12/31/2020**	**12/31/2020**
Revenue	93,191	3,936,380	83,205	3,890,398
Result of the period	8,001	228,419	6,318	352,292
Profit/(Loss) attributable to non-controlling interests	**4,092**	**40,474**	**3,159**	**61,737**
Total comprehensive income/(loss)	1,156	48,538	(2,320)	(55,667)
Total comprehensive income/(loss) attributable to non-controlling interests, without result	**1,156**	**7,281**	**(2,320)**	**(8,350)**
Total comprehensive income/(loss) attributable to non-controlling interests	**5,247**	**47,755**	**839**	**53,387**
Current assets	46,493	1,715,219	45,762	1,408,608
Non-current assets	15,549	1,587,421	9,838	1,629,068
Current liabilities	(20,952)	(1,333,123)	(22,422)	(1,225,046)
Non-current liabilities	(1,035)	(782,406)	(743)	(795,410)
Net assets	**40,054**	**1,187,111**	**32,434**	**1,017,220**
Net assets attributable to non-controlling interest	**20,027**	**178,067**	**16,217**	**152,583**
Net cash generated from/(used in) operating activities	(955)	48,518	1,004	72,125
Net cash generated from/(used in) investing activities	(2,863)	(53,687)	(458)	(44,993)
Net cash generated from/(used in) financing activities	(1,249)	(23,389)	(2,015)	(10,937)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**(5,066)**	**(28,557)**	**(1,468)**	**16,194**
Total dividends paid to non-controlling interests (included in cash flow from financing activities)	**1,249**	**22,350**	**2,015**	**8,833**

Examples of new products launched in Italy. Lentille and Cecille legume-based biscuits, Pancake, new range of Vero Gusto Barilla sauces.
Ringo Play PS5 Special Edition.

Commitments and guarantees

Contractual commitments at the year-end that are not recognized in the statement of financial position amount to euro 1,004,109 (euro 995,034) and comprise:

- commitments for the purchase of finished goods, wheat, other raw materials and packaging for euro 875,371 (euro 850,110);
- commitments for capital expenditure for euro 67,250 (euro 40,261);
- commitments for energy purchase for euro 61,488 (euro 104,663).

Third party guarantees

In 2021 the guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds, on behalf of the subsidiary Barilla G. e R. Fratelli Società per Azioni, and a favour of the Pasta Zara for the business combination, have been closed, since they expired during the year. The total amount as at the end of 2020 was equal to 107,443.

Group obligations guaranteed by third parties

They comprise bank guarantees amounting to 2,703 (euro 2,703) and issued by financial institutions to Barilla G. e R. Fratelli Società per Azioni for prize contests/competitions and for the quality of imported wheat.

Contingent liabilities

The Group has contingent liabilities in respect of legal and tax claims arising in the normal course of the business. Those claims are not deemed to originate any material liabilities other than those already provided in the financial statements.

Consolidated income statement

6.24 Revenue

Revenue may be analyzed as follows:

	2021	2020
Total sales of finished goods	3,867,140	3,834,129
Sales of by-products	61,933	50,472
Sales of raw materials and others	7,307	5,797
Total	**3,936,380**	**3,890,398**

6.25 Detail of costs by nature

The following table sets out the composition of revenues and costs by nature; the reclassification by nature of the expenses refer to the sum of cost of sales, logistics expenses, selling expenses, marketing expenses, technical and development costs and general and administrative expenses that are presented in the consolidated income statement:

	2021	2020
Purchase of raw materials, semi-finished goods, finished goods, materials and change in inventories	1,629,645	1,576,764
Employee costs	567,124	558,545
Promotional and advertising services	293,355	306,485
Transport and warehousing services	352,322	336,057
Depreciation, amortization and impairment	163,154	168,327
Services	144,626	136,473
Third party manufacturing costs	85,776	79,334
Utilities	90,981	88,834
Sales commissions	55,041	53,699
Maintenance costs	42,594	39,155
Property leases, rentals and lease	21,275	18,771
Purchase of other materials	28,455	25,594
Consultancy costs	19,694	28,002
Travel and expenses	8,299	7,917
Customs duties	11,484	10,995
Other taxes	7,154	14,675
Insurances	11,278	9,633
Green dot	13,283	12,277
Postage and telephone expenses	6,840	6,065
Directors' and statutory auditors' emoluments	5,313	5,256
Employee training costs	3,591	4,000
Canteen's costs	3,132	3,072
Demolition cost	3,894	2,869
Guest expenses	556	597
Others	983	815
Total	**3,569,849**	**3,494,211**

The item "Purchase of raw materials, semi-finished goods, finished goods, materials and change in inventories" includes the CO^2 certificates, for euro 1.4 million, bought by subsidiary Barilla G. e R. Fratelli S.p.A. in order to be compliant with the law requirements for the compensation of the excess of emissions of carbon dioxide produced in the Italian plants in Foggia and Pedrignano (Parma - Italy). The above-mentioned transactions have been conducted through authorized financial institutes that operate in the reference market.

In the previous year, the "Other taxes" item referred to costs related to the acquisition of the Pasta Zara business unit for euro 5,549, mainly attributable to the registration tax relating to tangible and intangible fixed assets paid for the transaction in 2020.

The detail of "Property leases, rentals and leases", for 21.3 million of euro, is as follows:

	Value in euro million
Agreements in scope IFRS16 adoption	
Services costs	3.6
Agreements not in scope IFRS16 adoption	
Contracts Exented:	
- short term	1.9
- low value of underline asset	13.0
Excleuded contracts	2.8

The agreements with low value of underline assets mainly refer to rent of pallets for euro 9.4 million (9.4 million of euro in 2020). During the year 2021 no payments corresponds to leasing variables.

Depreciation on property, plant and equipment, amortization of intangible assets and goodwill impairment, charged to the consolidated income statement, are classified under the following headings:

	2021	2020
Cost of sales	123,337	134,439
Logistic Costs	9,763	7,419
Selling Costs	6,195	3,792
Marketing Costs	434	334
General and administrative expenses, technical and development costs	23,425	22,343
Total	**163,154**	**168,327**

6.26 Other income and expenses

Other income and expenses comprise:

	2021	2020
Income and expenses from continuing operations:		
Income/(expenses) relating to other accounting periods	17,963	11,646
Net utilization of/charges to provisions	(121)	(11,699)
Income/(Services) rendered and other minor amounts	12,247	13,717
Insurance repayments	540	356
Net gains/(losses) on disposals of property, plant and equipment	(2,040)	(3,314)
Membership fees	(1,717)	(1,724)
Employee leaving incentives	(1,548)	(2,446)
Bank commission and factoring services	(2,324)	(2,129)
Allowance and losses on trade receivables	(4,323)	(3,413)
Property and other taxes	(7,755)	(7,669)
Donations to employees and third parties	(10,623)	(16,733)
Total income/(expenses) from continuing operations	**299**	**(23,408)**

The net utilization of charges to provisions is attributable to the Group's restructuring programs.
The decrease in donations to employees and third parties is mainly attributable to donations made in 2020 to support various charitable projects linked to the Covid-19 pandemic.

6.27 Finance costs - net

Finance costs - net consisted of the following:

	2021	2020
Net profits/(costs) relating to the net financial position:		
Interest income on bank accounts	567	1,519
Net profit from other assets at fair value	2,419	4,452
Interest expense on put options due to non-controlling interests	(2,244)	-
Interest expense on short-term bank borrowings	(462)	(731)
Interest expense on medium/long-term bank borrowings	(3,720)	(3,628)
Interest expense on bonds	(1,977)	(2,656)
Positive/(negative) change in fair value of bonds and hedging instruments	873	562
Interest expense on leases	(651)	(946)
Total net finance profits/(costs) relating to the net financial position	**(5,195)**	**(1,428)**
Other finance income/(costs):		
Net realized exchange gains/(losses)	20,630	(4,788)
Net unrealized exchange gains/(losses)	(19,487)	25
Commissions on undrawn amounts	(796)	(803)
Interest costs on pension liabilities	(1,093)	(1,572)
Other income/(costs)	83	505
Total other finance income/(costs)	**(663)**	**(6,633)**
Total finance profits/(costs) - net	**(5,858)**	**(8,061)**

"Net profit from other assets at fair value" refers to Investment Grade bonds' accrued coupons and their fair value evaluation. The debt instruments have been acquired starting from 2019 by subsidiaries Barilla Sverige AB and Barilla Netherlands BV.
The Group charged the 2021 consolidated income statement with the figurative interest expenses on the put option due to non-controlling interests in accordance with the agreements signed with minority shareholders of subsidiaries Barilla Rus Ltd and Pasta Evangelist Limited, described in note 6.15.
The positive fair value impact of bond loans and derivatives instruments, written with the Fair Value Hedge method, depends from the application of amortized cost and the fair value on bonds, nets of variation of fair values hedge instruments.
Commissions on undrawn amounts relate to the committed Revolving Credit Facility - RCF, not used during 2021.

6.28 Income tax expense

The current and deferred taxes for the year amount to euro 87,428. The effective tax rate on profit before income tax amounted to 24%.
In 2020 the same item resulted in a positive value of euro 51,243.
The variation from the previous year is mainly due to 2020 extraordinary event related to the provision for prepaid taxes subsequent to revaluation of some trademarks in Barilla G. e R. Fratelli Società per Azioni (Art. 110 DL 104/2020), net of substitute tax.

The reconciliation between the theoretical and effective tax charge form the financial statements is provided below:

	Year ended 31 December 2021
Profit before income tax	360,972
Theoretical tax charge	94,847
Net non-deductible expenses/ (income not subject to tax)	(5,269)
Use of deferred tax assets not recognized in prior periods and re-measurement of deferred taxes	(2,150)
Effective tax charge	**87,428**

The lower effective tax burden compared to the theoretical one, calculated by weighting the tax rates of the various countries in which the Group operates by results produced locally, is mainly due to the reasons set out above.

The nominal tax rates of the countries in which the main Group companies operate are as follows:

Europe	
Italy	27.90%
Germany	31.50%
Sweden	20.60%
France	27.50%-28.41%
Austria	25.00%
Turkey	25.00%
Greece	22.00%
Norway	22.00%

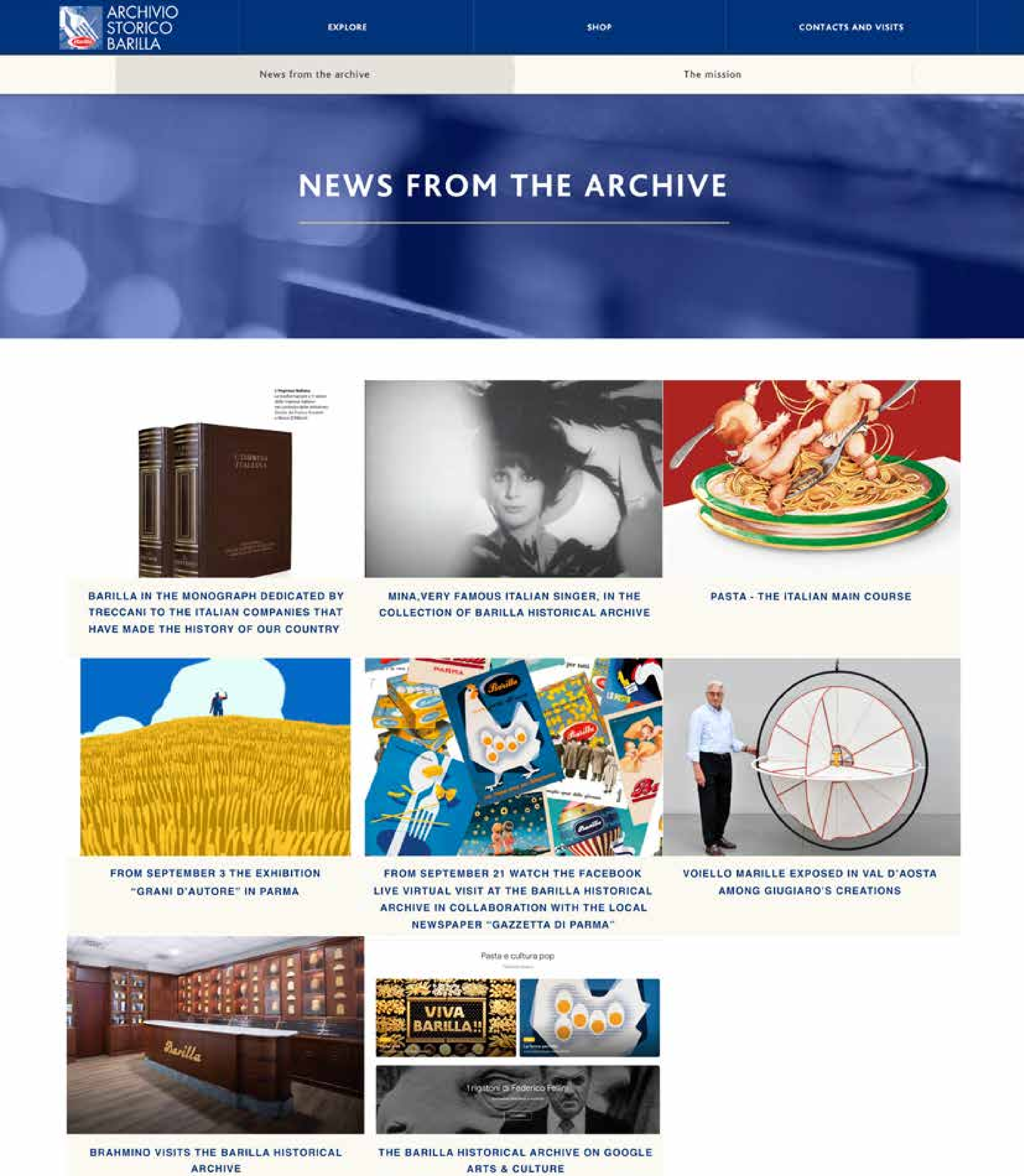
North America	
United States	21.00%
Canada	26.50%

Other Countries	
Russia	20.00%
Brasil	34.00%
Mexico	30.00%
Australia	30.00%
United Kingdom	19.00%

Tax losses carried forward and unrecognized deferred income tax assets are summarized as follows:

Company	Tax losses	Period for which losses may be carried forward	Rate %	Recognized deferred income tax assets	Unrecognized deferred income tax assets
Barilla Rus LLC	8,645	10 years	20%	1,729	-
Barilla do Brazil LTDA	21,616	Unlimited	34%	-	7,350
Barilla America Inc. *	22,362	various	8.5%	1,978	-
Barilla Canada Inc.	24,260	20 years	26.5%	-	6,429
Barilla Belgium S.A.	2,853	Unlimited	25%	-	713
Barilla Poland Sp. Z.o.o.	380	5 years	19%	72	-
Barilla International Ltd	395	Unlimited	25%	-	99
Catelli Montreal Inc	4,655	20 years	26.5%	-	1,234
Barilla Central Europe Service GmbH **	91,058	Unlimited	various	-	25,618
Total	**176,224**			**3,779**	**41,443**

** fiscal losses refer to State Tax related to several American states*
*** for Trade Tax purpose the amount of tax losses is 71,511 euro*



Barilla Historical Archive: the new portal-cum-museum preserves evidence of the 145 years of the Parma-based company, a reflection of this country's history. Over 60,000 documents in the catalog, 38,000 of which have been digitized, thousands of photos, films, marketing items, packaging, publications and bibliographic works that testify to the journey of an icon of Made in Italy food and its brands.

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7. Financial instruments and net financial position

Risk management policies

The Group's activities expose it to a variety of financial risks, among which: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

As part of its risk management policy and in order to minimize the impact of market risks, the Group also utilizes hedging instruments (whereas no instrument is used or held for speculative purposes). The Group manages all the hedging transactions centrally. The Group has introduced certain guidelines and procedures that govern risk management and control all derivative transactions.

(a) Market risk

(i) Interest rate risk

The exposure to market risk arising from changes in interest is mainly related to euro rates, the currency in which nearly all Group borrowings at floating rate are denominated or converted by virtue of the hedging contracts. The Group decided to keep a mix of fixed and floating rate debt, taking into consideration also the asset/liablily management. At 31 December 2021 approximately 45% (38% in 2020) of gross indebtedness was at fixed rate, including derivatives financial instruments.

The Group analyzes its interest rate exposure on a dynamic basis. In particular, the Group simulates its financing requirements and prospective generation of cash flows on different scenarios applying varying assumptions based on economic expectations, existing positions and potential renewals, alternative financing, hedging policy and potential refinancing.

Sensitivity analysis:

The potential after-tax effects on the income statement and other comprehensive income of a +/-0.5 percentage point change in euro and in US dollar interest rates, with all other conditions remaining unchanged, applied to the Group's floating rate borrowings at 31 December would have amounted to:

Income – (cost)	2021		2020	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on Net Result	3,559	(3,563)	5,644	(5,651)
Effect on Other Comprehensive Income	(30)	31	(31)	31

The tax effects were calculated applying the Group's effective tax rates at 31 December 2021 and 2020.

(ii) Foreign exchange risk

Operating an international business, the Group is potentially exposed to the risk that exchange rate fluctuations may have on its assets, liabilities and cash flows generated outside the euro area. Actually, the Group is not heavily exposed to such risk as the risk that arises in the normal course of the buseinss is managed through a policy of compensating assets and liabilities, using also, when necessary, derivative contracts (principally forward foreign exchange contracts).

Sensitivity analysis:

The analysis included receivables and payables denominated in foreign currencies and derivative financial instruments.

At 31 December 2021 and 2020 the potential after-tax effects on the net result and on other comprehensive income of a strengthening/(devaluation) of the euro against the other foreign currencies (mainly US dollar), with all other conditions remaining equal, would have amounted to:

Income – (cost)	2021		2020	
	+10%	-10%	+10%	-10%
Effect on Net Result	12,702	(11,557)	25,961	(24,426)
Effect on Other Comprehensive Income	-	-	49	40

(iii) Price risk

The Group manages the mitigation of operating risks relating to the trend in prices of those commodities used in the production process mainly through the adoption of medium-term purchasing contracts with its suppliers, partially integrated by derivative contracts on wheat. Hedging contracts are entered into in respect of the Swedish electrical energy market using the "Nord Pool" mechanism through the supplier.

Sensitivity analysis:

The analysis considers derivatives on commodities, mainly related to derivative contracts on wheat and electrical energy.

At 31 December 2021 and 2020, the potential after-tax effects on the income statement and other comprehensive income of a strengthening/(devaluation) of commodities' prices, with all other conditions remaining equal, would have amounted to:

Income – (cost)	2021		2020	
	+5%	-5%	+5%	-5%
Effect on Net Result	(3,859)	3,859	(353)	353
Effect on Other Comprehensive Income	(2,451)	2,451	84	(84)

(b) Credit risk

Credit risk represents the risk that one of the parties to a transaction does not fulfil the financial obligations undertaken. This risk relates to outstanding trade receivables, securities and cash and cash equivalents, and operations with banks and other financial institutions comprising: deposits and other transactions, derivative instruments and the ability to meet the commitment on the irrevocable credit facilities.

The Group's accounts receivable is concentrated in the large-scale retail channel.

The Group periodically assesses the creditworthiness of its counterparties and regularly monitors the respect of the credit limits assigned. Insurance policies have been also underwritten to cover potential losses related to commercial receivables.

The Group determines the value of debt instruments and the bank deposits in accordance with the expected credit losses criterion. As far as the credit risk on bank deposits and other financial investments is concerned, the Group has established exposure limits for each counterparty on the basis of the external credit rating, the level of credit default swaps and other market information. The Group believes not to be currently exposed to significant risks.

Examples of Barilla's proximity to local communities, even during the dramatic period of the public health emergency: donations of field tents to the Red Cross and new vehicles to the Italian Department of Civil Protection.

(c) Liquidity risk

The Group's policies aim to make the liquidity risk reasonably remote. This is achieved through the constant availability of funding through undrawn committed credit facilities, which cope with any reasonably foreseeable future financial commitments, also taking into account the Group's significant generation of cash flows.

At 31 December 2021, the Group held undrawn credit facilities expiring in 2025 of euro 500,000 (with the option of further increase until euro 800 millions) in addition to cash and cash equivalents in excess of euro 417,753.

An analysis of financial liabilities and derivatives assets/liabilities by maturity is provided in the table below. The maturity buckets are based on the period between the year-end date and the contractual maturity of the obligations.

The amounts in the table represent the undiscounted cash flows including interest estimated applying year-end exchange rates.

At 31 December 2021	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and finance leases	120,892	406,303	180,881	708,076
Derivative financial instruments through consolidated profit or loss	302	-	-	302
Put option held of minority shareholders	-	9,424	19,473	28,897
Trade and other payables	1,117,886	10,459	-	1,128,245
Total	**1,239,080**	**426,086**	**200,354**	**1,865,620**

At 31 December 2020	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and finance leases	64,548	400,935	182,002	647,485
Derivative financial instruments through consolidated profit or loss	150	-	-	150
Put option held of minority shareholders	-	10,071	-	10,071
Trade and other payables	1,089,075	19,139	-	1,108,214
Total	**1,153,773**	**430,145**	**182,002**	**1,765,920**

Categories of financial instruments

In order to provide full financial risk disclosures, the reconciliation between the categories of financial assets and liabilities as reported in the Group financial position and the categories of financial assets and liabilities identified in accordance with IFRS 7 is presented below, along with the information of fair value evaluation level provided for by IFRS 13:

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Equity instruments at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Hedging derivatives assets	Fair value	Fair value evaluation Level
31 December 2021								
Equity instruments	-	-	1,295	-	-	-	**1,295**	Level 3
Derivatives (assets)	13,227	-	-	-	-	51,485	**64,712**	Level 2
Other assets at fair value	255,077	-	-	-	-	-	**255,077**	Level 1
Trade and other receivables	-	729,159	-	-	-	-	**729,159**	-
Cash and cash equivalents and financial assets	-	417,806	-	-	-	-	**417,806**	-
Borrowings with banks and other lenders	-	-	-	363,429	396,619	-	**759,486**	-
Trade payables	-	-	-	-	895,327	-	**895,327**	-
Other payables	-	-	-	-	286,705	-	**286,705**	-
Derivatives (liabilities)	-	-	-	814	-	-	**814**	Level 2
Total	**268,304**	**1,146,965**	**1,295**	**364,243**	**1,578,951**	**51,485**		
31 December 2020								
Equity instruments	-	-	1,206	-	-	-	**1,206**	Level 3
Derivatives (assets)	11,080	-	-	-	-	51,195	**62,275**	Level 2
Other assets at fair value	253,931	-	-	-	-	-	**253,931**	Level 1
Trade and other receivables	-	566,074	-	-	-	-	**566,074**	-
Cash and cash equivalents and financial assets	-	510,692	-	-	-	-	**510,692**	-
Borrowings with banks and other lenders	-	-	-	415,920	270,669	-	**677,849**	-
Trade payables	-	-	-	-	801,989	-	**801,989**	-
Other payables	-	-	-	-	304,578	-	**304,578**	-
Derivatives (liabilities)	-	-	-	1,728	-	-	**1,728**	Level 2
Total	**265,011**	**1,076,766**	**1,206**	**417,648**	**1,377,236**	**51,195**		

During 2021, there was no transfer of financial assets or liabilities valued at fair value from level 1 to level 2. For the valuation techniques of the financial instruments in the level 2, refer to the previously described note on 'Accounting and valuation policies'.

The market value of borrowings with banks and other lenders was determined as follows:

- about the floating rate revolving facility, assuming the same credit rating, the nominal repayment value was used, as the adjustment of future lending rates in line with Euribor determined by the markets ensures the substantial alignment in values;
- with regard to the US dollar fixed rate US Private Placement, the valuation method for the portion qualified as cash flow hedge considers the amortized cost converted in euro at the current exchange rate; for the portion qualified as fair value hedge, the valuation method considers the amortised cost, net of the change in value of the hypothetical derivative which underlies the hedging relationship, with all amounts converted to euro at the current exchange rate;
- The unconditionate put options allowed to the minority shareholders in regard of the parasocial agreements have been booked in the consolidated financial statement and valued ad amortized cost by using the effective interest method and converting all to the current exchange;
- for all other borrowings, given the low value and the fact that these largely relate to short-term and/or floating rate instruments, the carrying value is considered representative of their fair value.

The other debt instruments, consisting of Investment Grade bonds, they are measured at fair value through consolidated income statement.

Regarding equity investments in unlisted companies included in the category equity instruments, the Group during the year determined their fair values and adjusted accordingly the carrying values. Further details are provided in note 6.13.

Net financial position (alternative performance indicator not required by accounting standards)

The net financial position of the Group at the year-end represents the sum of financial receivables and payables that originated respectively from borrowings and deposits, cash, bank and postal accounts, securities classified as financial assets at amortized cost and fair value through profit or loss and mark-to-market derivatives. The net financial position of the Group as of 31 December 2021 is negative for an amount of euro 23,620. In the previous year, the net financial position was positive for euro 138,590.

Derivatives relating to commodities used in the production process, included in the above total, have a positive mark-to-market of euro 7,907 (positive for euro 333 as of December 31, 2020).

The Group's net financial position may be summarized as follows:

	12/31/2021	12/31/2020
Bank accounts	417,657	510,594
Cash on hand	96	106
Current financial assets at fair value	255,077	253,931
Banks and other borrowings (including derivatives) - current	(156,156)	(87,506)
Short-term net financial position	**516,674**	**677,125**
Non-current financial assets at fair value	56,519	47,415
Put option held of minority non current	(28,897)	(10,071)
Borrowings - non current	(567,916)	(575,879)
Medium/long-term net financial position	**(540,294)**	**(538,535)**
Total net financial position	**(23,620)**	**138,590**

Capital risk management

The Group's objectives regarding capital risk management are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure to reduce the cost of debt.

The Group monitors its capitalization based on the ratio between the net financial position and EBITDA. This ratio is an indicator of the ability to repay borrowings and is normalized to exclude non-recurring items.

Below is the analysis of operating profit from continuing operations (EBIT-EBITDA):

	12/31/2021	12/31/2020
Operating profit from continuing operations (EBIT)	**366,830**	**372,779**
Amortization and impairment losses of intangible fixed assets (continuing operations)	16,955	11,730
Depreciation and impairment losses of tangible fixed assets (continuing operations)	146,199	156,597
Operating profit from continuing operations before depreciation, amortization and impairment losses on fixed assets (EBITDA)	**529,984**	**541,106**

The ratio net financial position to EBITDA at 31 December is the following:

	12/31/2021	12/31/2020
Net financial position	(23,620)	138,590
EBITDA	529,984	541,106
EBITDA/net financial position	**0.04**	**n.s.**

(12.31.2020 not materiality due to a positive net financial position)

ERGs

Employee Resource Groups (ERGs) are groups of volunteers that are organized, led and trained by Barilla People all over the world. Their aim is to promote an even more inclusive corporate culture and to boost change within the Company, by dealing with issues ranging from disabilities to LGBTQ+ rights.

8. Disclosures in accordance with IAS 24 for related party transactions and key management compensation

8.1 Key management compensation

Key management with authority and responsibility for planning, directing and controlling the Group's activities are the executive and non-executive directors, represented by the Managing Directors and Finance Directors of Barilla Holding and the principal Group operating subsidiaries.

Total compensation paid to these individuals is presented below:

	2021	2020
Short-term benefits	17,967	17,690
Post-employment benefits	2,373	858
Other long-term benefits	5,848	4,410
Total	**26,188**	**22,958**

8.2 Related parties

Transactions with other Group companies and related parties are not considered to be uncharacteristic or unusual as they are carried out in the normal course of business. These transactions take place on an arm's length basis, where possible taking into account market conditions. Further information is presented in the Directors' Report.

8.3 Fees to Audit company

KPMG S.p.A. has been engaged for a new 3-year period, from year 2019 to 2021, to perform the audit of the Consolidated financial statements, as required by the Italian law (Article n. 14 Legislative Decree 39 of 2010 and articles n. 2409-bis et seq. of the Italian Civil Code).

The 2021 fees in respect of the legal activities for the statutory audit of the annual accounts, the other audit services and the other consulting services amounted to euro 1,551.

8.4 Relationships with company bodies

The emoluments of the directors of Barilla Holding S.r.l. for the year 2021 amounted to euro 4,064.

The remuneration of the Board of Statutory Auditors of Barilla Holding S.r.l. related to Group appointments amounted to a total euro 351 in 2021.

Appendices

Appendix 1.

List of companies included in the scope of consolidation

Company, headquarter and activity	Currency	Share Capital (nominal value)	% Group ownership	Through	%
Barilla Iniziative S.p.A. Via Mantova 166 – Parma (Italy) Financial services	EURO	2,000,000	85.00	Barilla Holding S.r.l.	85.00
Barilla International Limited c/o Skadden, Arps, Slate, Meagher & Flom(UK), LLP, 40 Bank Street, Canary Wharf, E14 - Londra (United Kingdom) Holding Company	GBP	100	85.00	Barilla Holding S.r.l.	85.00
BLU1877 S.r.l. Via Madre Teresa di Calcutta 3/A – Parma (Italy) Start up food segment	EURO	10,000	85.00	Barilla Iniziative S.p.A.	100.00
3D Food S.r.l. Via Madre Teresa di Calcutta 3/A – Parma (Italy) Production and trade	EURO	25,000	85.00	BLU1877 S.r.l.	100.00
IKRG – Midtown West LLC c/o Tarter Krinsky & Drogin LLP, 1350 Broadway - New York NY (USA) Restauration not active	USD	10,000	85.00	Barilla America, Inc	100.00
IKRG – OC1 LLC c/o CSC-Lawyers Incorporation Service – Sacramento California (USA) Restauration not active	USD	10,000	85.00	Barilla America, Inc	100.00
Barilla Central Europe Service GmbH Fritz-Vomfelde-Strasse 14-20 – Dusseldorf (Germany) Financial services	EURO	25,000	85.00	Barilla Iniziative S.p.A.	100.00
Barilla G. e R. Fratelli Società per Azioni - Socio Unico Via Mantova 166 – Parma (Italy) Production and trade	EURO	180,639,990	85.00	Barilla Iniziative S.p.A.	100.00
Barilla Servizi Finanziari S.p.A. - Socio Unico Via Mantova 166 – Parma (Italy) Leasing company	EURO	30,000,000	85.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST S.p.A. - Socio Unico Via Mantova 166 – Parma (Italy) Commission company	EURO	5,000,000	85.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST Commerciale S.r.l. - Socio Unico Via Mantova 166 – Parma (Italy) Selling company	EURO	10,000	85.00	FIRST S.p.A. - Socio Unico	100.00
Barilla Hellas S.A. 2, Paradeisou Str. – Marousi (Greece) Production and trade	EURO	7,611,840	85.00	Barilla International Limited	100.00
Barilla America Inc. 191 North Wacker Drive – Chicago, IL (USA) Production and trade	USD	1,000	85.00	Barilla International Limited	100.00
Catelli Montreal Inc. 151 Yonge Street, Suite 1500 c/o Torkin Manes LLP – Toronto (Canada) Production and trade	CAD	79,000,300	85.00	Barilla International Limited	100.00
Barilla Japan K.K. 9F, 2-7-3 Hirakawacho Chiyoda-ku -Tokyo (Japan) Trade	JPY	400,050,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Do Brasil LTDA Avenida Brigadeiro Faria Lima 1336 block 121, 12° Andar - San Paolo (Brasil) Trade	BRL	127,937,135	85.00	Barilla International Limited Barilla Servizi Finanziari S.p.A. Socio Unico	99.99 0.01
Barilla Austria GmbH Grabenweg 64 - Innsbruck (Austria) Trade	EURO	436.000	85.00	Barilla Central Europe Service GmbH	100.00
Barilla Mexico S.A. de C.V. Calzada San Bartolo Naucalpan 360 Col. Argentina Ponente Deleg. M. Hildalgo – Mexico City (Mexico) Production and trade	MXN	436,000	42.50	Barilla International Limited	50.00
Barilla Acceleration Limited Goswell Road, Harella House, 90-98 – Londra (United Kingdom) Services	GBP	100	85.00	Barilla International Limited	100.00
Barilla Singapore Pte Ltd 27 Kreta Ayer Road - Singapore (Singapore) Holding and Trade	SGD USD	1,000,000 38,000,000	85.00	Barilla International Limited	100.00

Company, headquarter and activity	Currency	Share Capital (nominal value)	% Group ownership	Through	%
Barilla (SHANGHAI) Trading Company Limited Unit 1902, Floor 19, Hongyi Plaza, No. 288 Jiujiang Road, Huangpu District- Shanghai (China) Trade	USD	15,120,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Middle East FZE Office No. LB191803, Jebel Ali – Dubai (United Arab Emirates) Trade	AED	1,000,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Espana S.L. Zurbano 43 – Madrid (Spain) Trade	EURO	3,100	85.00	Barilla International Limited	100.00
Barilla Gida A.S. Askent sokak n.3A Kosifler Plaza D.11 Ataşehir – Istanbul (Turkey) Production and trade	TRY	129,800,000	85.00	Barilla International Limited	100.00
Barilla Switzerland AG Zugerstrasse 76B – Baar (Switzeland) Trade	CHF	1,000,000	85.00	Barilla Central Europe Service GmbH	100.00
Barilla Sverige AB PO BOX 6722, 113 85 - Stockholm (Sweden) Production and trade	SEK	5,000,000	85.00	Barilla International Limited	100.00
Barilla Norge AS Sandvikavegen 55 - Ottestad (Norway) Trade	NOK	1,952,000	85.00	Barilla Sverige AB	100.00
Barilla Poland Sp. Z.o.o. ul. Bobrowiecka 8,00-728 – Warsaw (Poland) Trade	PLN	14,050,000	85.00	Barilla Central Europe Service GmbH	100.00
Barilla Deutschland GmbH Gustav-Heinemann-Ufer 72 c - Cologne (Germany) Production and trade	EURO	51,100	85.00	Barilla Central Europe Service GmbH	89.9002
				Barilla Sverige AB	10.0998
Barilla Australia PTY Limited c\o Deloitte Private PtyLtd Level 1, Grosvenor Place, 225 George Street– Sydney (Australia) Trade	AUD	30,050,000	85.00	Barilla International Limited	100.00
Barilla Netherlands B.V. Orteliuslaan 1000 – Utrecht (The Netherlands) Trade	EURO	18,000	85.00	Barilla International Limited	100.00
Barilla Adriatik d.o.o. Bravničarjeva ulica, 13 – Ljubljiana (Slovenia) Trade	EURO	50,000	85.00	Barilla International Limited	100.00
Barilla Hrvatska d.o.o. Radnička cesta 39 - Zagreb (Croatia) Trade	HRK	75,200	85.00	Barilla International Limited	100.00
Barilla America N.Y. Inc. Livington County - New York NY (USA) Production and trade	USD	1,000	85.00	Barilla International Limited	100.00
Barilla Rus LLC 1 Butyrski Tupik 1 Solnečnogorsk - Moscow (Russia) Production and trade	RUB	661,401,820	74.628725	Barilla International Limited	87.0425
				Barilla Servizi Finanziari S.p.A. - Socio Unico	0.7560
Barilla Rus Production LLC Shmatovo rural area, Stupino urban district – Moscow (Russia) Production and trade	RUB	10,000,000	74.628725	Barilla Rus LLC	100.00
Barilla Romania S.r.l. 48 Nicolae Titulescu Road, Bucharest (Romania) Trade	RON	45,000	85.00	Barilla Hellas	100.00
Barilla France SAS 30 Cours de l'île Seguin – Boulogne Billancourt (France) Production, trade and finacial services	EURO	126,683,296	85.00	Barilla International Limited	100.00
Harry's Restauration SAS 72 Route de Chauny - Gauchy (France) Production and trade	EURO	153,000	85.00	Barilla France SAS	100.00
Chaussée de la Hulpe 166 - Bruxelles (Belgium) Trade	EURO	693,882	85.00	Barilla Netherlands B.V.	71.20
				Barilla France SAS	28.80
Catelli Canada Inc. 151 Yonge Street, Suite 1500 - Toronto (Canada) Trade	CAD	11,000,001	85.00	Barilla International Limited	100.00
Barilla Canada Inc. 26 Yonge Street - Toronto (Canada) Trade	CAD	25,010,000	85.00	Barilla International Limited	100.00
Pasta Evangelist LTD 230 York Way London N 7, 107 Blundell St, London N 7 9BN – London (United Kingdom) Production and trade	GBP	9,461	63.104	Barilla International Limited	74.24

Appendix 2.

List of investments in associated and other companies

Company, headquarter and activity	Currency	Share Capital (nominal value)	% Group ownership	Through	%
BRW S.p.A. Via Savona 16 - Milan (Italy) Advertising	EURO	5,440,085	28.577	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	33.620
Food Farms s.c.p.a. Strada ponte Caprazucca 6/A - Parma (Italy) Environmental development	EURO	54,000	12.59275	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	14.815
Fiere di Parma S.p.A. Via delle Esposizioni 393A, Baganzola - Parma (Italy) Fair Activities	EURO	25,401,010	0.23919	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.2814
C.E.P.I.M. – Centro padano interscambio merci S.p.A. Piazza Europa 1, Fontevivo – Parma (Italy) Warehousing	EURO	6,642,928	0.323	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.380
Immobiliare Caprazucca S.p.A. Strada al Ponte Caprazucca 6 - Parma (Italy) Real estate trade	EURO	7,517,948	0.00002125	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.000025
SOGEAP – Aeroporto di Parma Società per la gestione S.p.A. Via Ferretti Licinio 50/A - Parma (Italy) Other -airport related activities	EURO	110,280	0.527	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.620
Pallino Pastaria Company 1207 208th Avenue S.E. – Sammamish WA (USA) Production and trade	USD	501,500	9.401	Barilla America Inc.	11.060
Italia del Gusto – Consorzio Export La gastronomia di marca Via delle Esposizioni 393/A, Baganzola - Parma (Italy) Trade	EURO	157,500	2.431	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	2.860
COMIECO Via Litta Pompeo 5 - Milan (Italy) Other	EURO	1,291,000	0.000102	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.00012
CO.NA.I. Via Tomacelli 132 – Rome (Italy) Other	EURO	15,118,591	0.119	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.140
FASTIGHETSAKTIEBOLAGET TAREDOM Pumpgatan 5 - Karlstad (Sweden) Other	SEK	796,700	0.17	Barilla Sverige AB	0.200
STOREBRAND ABA Professor Kohts vei 9 - Lysaker (Norway) Other	NOK	2,250,000,000	0.000255	Barilla Norge AS	0.0003
TÅGÅKERIET I BERGSLAGEN AB Kristinehamn (Sweden) Other	SEK	3,000,000	8.5	Barilla Sverige AB	10.000

Appendix 3.

Currency rates of exchange

The main foreign exchange rates used to translate the financial statements are set below:

Currency		Average Change 2021	Year-end 12/31/2021
AED	Arab Emirates Dirham	4.3436	4.1595
AUD	Australian Dollar	1.5749	1.5615
BRL	Brazilian Real	6.3779	6.3101
CAD	Canandian Dollar	1.4826	1.4393
CHF	Swiss Franc	1.0812	1.0331
CNY	Chinese Yuan	7.6282	7.1947
DKK	Danish Krone	7.4370	7.4364
GBP	British Pound	0.8596	0.8403
HRK	Croatian Kuna	7.5284	7.5156
JPY	Japanese Yen	129.8767	130.3800
MXN	Mexican Pesos	23.9852	23.1438
NOK	Norwegian Krone	10.1633	9.9888
PLN	Polish Zloty	4.5652	4.5969
RON	Romanian Leu	4.9215	4.9490
RUB	Russian Ruble	87.1527	85.3004
SEK	Swedish Krone	10.1465	10.2503
TRY	Turkish Lira	10.5124	15.2335
USD	United States Dollar	1.1827	1.1326

Appendix 4.

Summary of public disbursements in accordance with article 1 of Italian Law n. 124/2017

Receiving subject name	Receiving subject fiscal name	Lending subject name	Received amount (in Euro unit)	Receiving Date	Purpose
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	103,869	02/05/2021	Diverfirming
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	12,967	05/25/2021	Safe & Smart
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	10,028	05/31/2021	Plotus
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	1,157,523	06/23-24-25-28/2021	Line 4 long pasta production substitution Caserta (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	1,475,560	06/23-24-25-28/2021	Line 4 short pasta production substitution Foggia (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	1,337,257	06/23-24-25-28/2021	Imu Pack Solutions box EU 1st step Caserta, Foggia and Pedrignano-Parma (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	458,545	06/23-24-25-28/2021	Line 5 puff pastry production substitution Caserta (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	67,655	06/23-24-25-28/2021	Short pasta silos' substitution old side 1st step Caserta (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	Invitalia	20,460	06/23-24-25-28/2021	Heat exchanger pumps substitution Foggia (Italy)
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	22,248	10/21/2021	Hiflex
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	7,521	11/24/2021	Plotus
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	10,890	11/25/2021	Safe & Smart
		Total	**4,684,523**		

Report of Indipendent Auditors

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Barilla Holding S.r.l.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Barilla Holding Group (the "group"), which comprise the statement of financial position as at 31 December 2021, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes thereto, which include a summary of the key accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2021 and for the consistency of such report with the related consolidated financial statements and its compliance with applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2021 and its compliance with applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with group's consolidated financial statements at 31 December 2021 and has been prepared in compliance with the applicable law.

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

Parma, 13 May 2022

KPMG S.p.A.

(signed on the original)

Gianluca Tagliavini
Director of Audit

Corporate information and contacts

Barilla Holding S.r.l.

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