# Annual Report 2022


Dal 1877
DAL 1877
Barilla®

*The cover page shows the postage stamp with the image of the historic poster of the hot air balloon and the slogan "In alto dal 1877" (Flying high since 1877), designed by Giuseppe Venturini in 1947, with new graphics and logo created for the occasion.*

# Annual Report 2022

Barilla

The Italian Food Company. Since 1877.


*To celebrate the 145th anniversary of Barilla, on December 6, 2022 the Italian Mint issued a postage stamp in the "excellence of the production and economic system" series promoting Italian professional and entrepreneurial skills and showcasing companies that have made a difference to the Italian economy.*



# Summary


*July 16, 2022: Guido Barilla, with the Speaker of the Italian Senate, Elisabetta Casellati, receiving the award for Italian businesses of excellence that have distinguished themselves in the world and enhanced Italy's artistic and cultural heritage to become models of innovation and creativity.*

*November 28, 2022: Guido Barilla (with Donato Parete, son of Ermando) is the winner of the "Parete 2022" prize, awarded to prominent figures from the world of business who embody the values of excellence, initiative and industriousness with optimism.*



# Chairman's letter

2022 was another complex year. The Covid pandemic finally began to slow down significantly and the situation has gradually normalized, but unfortunately we witnessed a new international crisis.

The conflict in Ukraine, which has affected millions of people with dramatic effects, has also triggered strong inflationary pressures on the prices of agricultural raw materials, cooling down the demand for foodstuffs in many countries. A further effect was the rapid and exorbitant increase in the price of energy, against a scenario in which supplies were seemingly at risk.

Despite the uncertain situation, our Group has maintained prudent policies aimed at recovering from inflation and accelerating growth: the Group's turnover in 2022 was 4,663 million euros which, net of the hyper-inflationary effect of Turkey, stood at 4,647 million euros, an increase of +18% compared to 2021 (+16% excluding the exchange rate effect).
The EBITDA margin is down on the previous year and went from 13% to 10%.

Our commitment to investments, especially those intended for sustainability, has been strengthened: the Group has in fact allocated 230 million euros (4.9% of turnover) to product innovation, improving efficiency and increasing production capacity, which are essential for growth and development.

In 2022, on the occasion of our 145th anniversary, we renovated our historic Bottega where, in 1877, the first bread and pasta workshop was opened. The Bottega is a place that tells our story and allows people to discover the most recent innovations.
To imagine the future, we need to start with the things we're good at, like processing wheat, which has always been our family tradition, enriched with many elements over the years.
One of these is our commitment to the planet, demonstrated by the sustainable agriculture projects we promote around the world and by our focus on creating new products that satisfy the tastes and fulfill the needs of today's consumers.

These are ambitious commitments that we believe are necessary for a leading company, and that we are able to pursue thanks to the precious contribution of the thousands of people who work with us in 27 countries around the world.
As always, we give them our heartfelt thanks.

Parma, June 2023

*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
(until March 2023)
Gianluca Lorenzo Maria Di Tondo
(since April 2023)

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
(until March 2023)
Gianluca Lorenzo Maria Di Tondo
(since April 2023)
Francesco Giliotti
Giangaddo Prati

**Independent auditors**
ACT Audit Limited

«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»

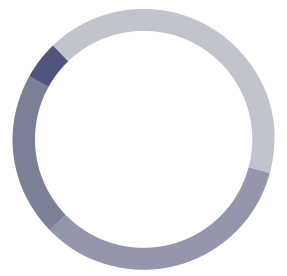
*Guido Barilla*

# Barilla Group

We were born in Parma in 1877, **145 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**.

| | 2022 | 2021 |
|---|---|---|
| **TURNOVER** (MLN EURO) | **4,663** | 3,936 |
| **EMPLOYEES** | **8,747** | 8,727 |

**GEOGRAPHICAL AREAS**






## 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*

# 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.

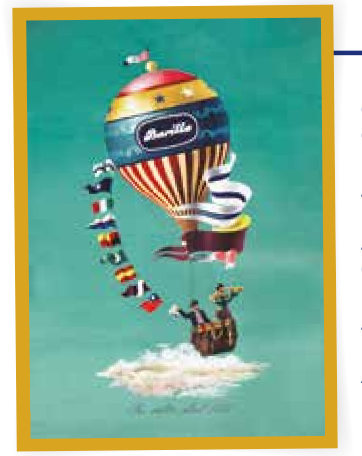
## 1910
### RICCARDO AT THE HELM OF BARILLA

**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


## 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.

## 1958 1970
### BARILLA ITALIAN LEADER

**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


## 1979 1993
### THE RETURN OF PIETRO BARILLA

**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).

## 2009
### BCFN


**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.

## 2016
### EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA


NEL **2016** BARILLA PORTA AVANTI IL PIANO DI ESPANSIONE GEOGRAFICA IN BRASILE, MEDIO ORIENTE E RUSSIA, CONFERMANDO AL CONTEMPO LA SUA FORZA NEGLI USA E NEI MERCATI EMERGENTI DELL'ASIA. CONTINUA L'IMPEGNO DELL'AZIENDA PER MIGLIORARE IL PROFILO NUTRIZIONALE DEI SUOI PRODOTTI, CON LA SOSTITUZIONE DELL'OLIO DI PALMA IN QUELLI DA FORNO E L'AUMENTO DELL'OFFERTA DI PRODOTTI INTEGRALI.

## 2017
### 140 YEARS OF BARILLA HISTORY


**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.

## 2018
### INVESTIRE NEL FUTURO

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.


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


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.

## 2020
### INTERNATIONAL DEVELOPMENT

CREATION OF A NEW DIGITAL HUB IN LONDON. OCTOBER 2020, ACQUISITION OF PASTA ZARA FACTORY, MUGGIA (TRIESTE, ITALY).

## 2021
### PASTA EVANGELISTS AND CATELLI

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

## 2022
### INNOVATION


**NEW BARILLA VISUAL IDENTITY:**

NEW PACKS IN THE ICONIC DEEP BLUE WITH MORE SUSTAINABLE PACKAGING, DESIGNED TO BE ENTIRELY RECYCLABLE AND MADE WITH CARDBOARD FROM RESPONSIBLY MANAGED FORESTS **WITH NO SEE-THROUGH PLASTIC WINDOW**


**NEW AL BRONZO PASTA LAUNCH:**

THE NEW AL BRONZO PASTA, MADE WITH FINE 100% ITALIAN DURUM WHEAT, CREATED WITH LAVORAZIONE GREZZA, THE TRADITIONAL BRONZE DRAWING METHOD.

# 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

The economy performed extremely well in 2022, in Italy GDP almost reached 4% despite the numerous complications that resulted in considerable uncertainty. Inflation was already on the rise from the start of the year with repercussions on business risk; Russia's invasion of Ukraine in February 2022 – in addition to the seriousness of this event – impacted not only the significant inflationary situation but for a number of months also led to energy supply issues. The energy crisis affected the majority of Europe, Italy included which in previous years had anchored its energy supply network based on its relations with Russia, which has once again been hit by heavy sanctions.
The intense diplomatic actions undertaken by all manufacturing countries helped stabilize energy supplies in the following months, widening the number of manufacturing countries and securing safe levels of national energy storage. Up until now it has not been a particularly bad winter therefore energy supplies have not been depleted.
The trend in prices on the other hand was quite different, gas, reaching exorbitant peak levels in summertime that gradually fell towards the end of the year and also to date; prices at levels of more than double that of 2021 contributed however to soaring inflation rates, including those on agricultural prices.
In Italy, salaries that had been stagnant for twenty-five years together with inflation at more than 10 percent that had not been sufficiently offset, led to a fall in demand, reduced disposable income and impacted families' decision-making regarding expenditure. This in turn increased competitive tensions, with price increases adjusted over different timescales, in particular regarding the decisive actions taken by large-scale distribution. In this scenario, discount channels increased market share, with the shop-picking of special offers for fast moving consumer goods becoming common consumer behavior.

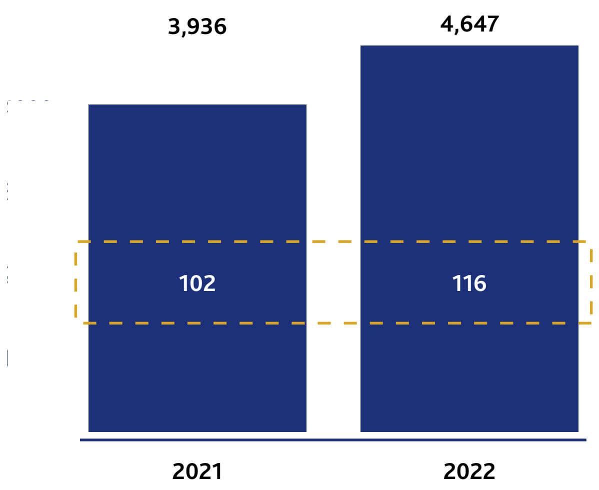
The macroeconomic and political situation in Turkey, which was and still is (due to the dramatic impact of 2023's earthquake) highly volatile, also had a significant impact on the 2022 Group financial statements: the retail price index rose by 80% compared to 2021, giving rise to cumulative inflation of more than 100% over the 2020-2022 three-year period. In order to report revenue that reflects current buying power at the reporting date, the Barilla Group, which operates in Turkey through a subsidiary, adjusted revenue applying the change in the general price index (in line with the accounting standard on Financial Reporting in Hyperinflationary Economies).

Over the course of this difficult year, the Group continued to implement prudent policies aimed at recovering the impact of inflation on costs through sales prices gradually and through the effective assessment of its business strategy and market conditions.

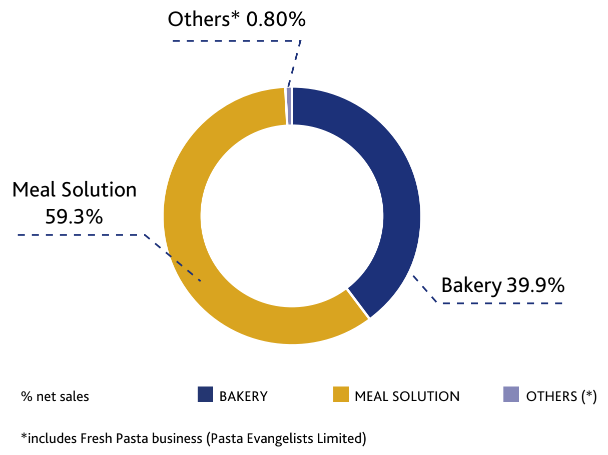
The Group also pursued its investment strategy, with particular focus on sustainability, consolidating over a decade of commitment to this cause summarized in the publication "The joy of food for a better life".
Consolidated revenue, including the above-mentioned hyperinflationary impact, amounted to euro 4,663 million.

Group revenue, net of the hyper-inflationary impact, was euro 4,647 million representing a significant increase of 18%, which net of the exchange rate effect amounted to 16%.

**Revenue net of IAS 29 Hyperinflationary impact (€/MM)**
**(*INDEX* vs previous year net of forex impact)**




**Revenue net of IAS29 Hyperinflationary impact - by business area**




The Group once again in 2022 implemented a series of actions in order to consolidate and strengthen its long-term business strategy:

- The launch of Barilla "Al Bronzo", the new bronze die cut pasta that features an intensely rough and robust texture and amber yellow color attained from a selection of 100% Italian high-quality durum wheat;
- Consolidation of the investment in the Barilla Acceleration Team, a center of excellence aimed at further accelerating the Group's long-term growth in order to increase its competitiveness in an increasingly digital world through the advanced management of new technologies, new capabilities and new ways of working;
- Investment in the new fresh pasta production plant, which will become operative in 2023 and is part of the Pasta Evangelists business which underwent the partial redefinition of its business model following expansion of its product range;
- The Work@Barilla program continued with the aim of developing an efficient working environment founded on transparency, trust and achieving key objectives such as interpersonal relationships that focus on individual responsibility, inclusion and flexibility;
- The sale of the subsidiary Harry's Restauration SAS, which manufactures and sells bakery products in France, was finalized on December 2022. The company was sold to a member of the Morato group;
- It was announced in October 2022 that Gianluca Di Tondo, the current Chief Marketing Officer, would take over as Group Chief Executive in April 2023. The current Chief Executive, Claudio Colzani, will step down after more than a decade at the helm and after achieving outstanding results during a highly complex, uncertain and changing time in the Group's history. The Board of Directors and Board of Statutory Auditors warmly thank Mr Colzani for his contribution and services to the Group.

# 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 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.

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

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.

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.

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.

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.

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.

Founded in 1975, Mulino Bianco has established itself as a reference brand in the food culture of Italian families and enjoys a recognized leadership in breakfast goods. It boasts over 140 baked products in various categories to satisfy every palate and nutritional preference, all designed with particular attention paid to quality and environmental sustainability based on the Carta del Mulino guidelines.

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.

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.

A 3D printed pasta line that reinvents the art of making pasta.
With BluRhapsody a new Made in Italy digital craftsmanship is born.

FIRST is a brand specializing in retail services.

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.

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.

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.

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

# Barilla around the world

2,100,000+
TONS OF PRODUCTS

8,747 EMPLOYEES

4,663 BN GLOBAL
TURNOVER, 2022

100 COUNTRIES

21 BRANDS

29
FACTORIES

15 IN ITALY
14 ABROAD


INCLUDING MILLS, FACTORIES, SALES OFFICES, CUSTOMER COLLABORATION CENTERS

## 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 (Italian) Legislative Decree (L.D.) 127 of 9 April 1991, amended by (Italian) 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.

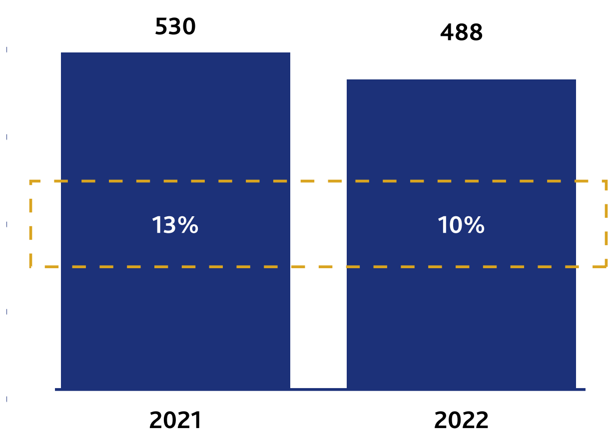
## General information

All amounts are expressed in thousands of euros 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 euros.
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 net of Hyperinflationary impact - IAS29 (€/MM)**

**% on Revenue**




In the global macroeconomic context described above, EBITDA margin, net of hyperinflation in Turkey, decreased from 13% to 10% compared to 2021, in line with the major international groups in the food sector.
The margin, considering the above-mentioned hyperinflationary impact, amounted to euro 489 million.

Profit before taxes amounted to euro 295 million (361 million).
Consolidated profit for the year amounted to euro 231 million, compared to euro 274 million in 2021.
Consolidated profit attributable to Group equity holders (net of non-controlling interests) amounted to euro 192 million, compared to euro 229 million last year. Profit attributable to non-controlling interests amounted to euro 39 million.
Current and deferred income taxes for the year totaled negative euro 65 million compared to negative euro 87 million last year.
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 euro 15 million compared to the negative NFP of euro 24 million last year and was impacted by significant industrial 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 283 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 of which euro 75 million had been drawn down on 31 December. 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 (the residual amount was euro 150 million at 31 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 2-year average maturity, diversified by sectors and geographical areas. The value of these investments amounted to euro 240 million at 31 December 2022.

## Group structure and organisation

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.
The Group operates directly in 26 countries, exports its products to more than 100 countries and owns 29 production facilities across 10 countries.

## Economic scenario

2022 was marked by discontinuity once again: on one hand the pandemic (Covid-19), while not officially over, showed signs of a slowdown with the removal, in those countries with high vaccination coverage, of the majority of previously implemented restrictions. On the other hand, the global economy, albeit a positive year, in the fourth quarter once again showed signs of weakness in the global cyclical framework. In addition to energy price increases, the presence also of new, unexpected tension in the US labor market (that has been revolutionized by Covid restrictions and the subsequent welfare interventions), the so called "great resignation", sustained high inflation levels that led to the Federal Reserve implementing its medium-term interest rate rise policy. This was closely followed by the European Central Bank despite the European economy being significantly more stable than US' one. Published indicators show how trading in developed countries has slowed down due to high inflation and the repercussions of the conflict in Ukraine. International institutions have forecast lower global growth in 2023, albeit that these forecasts are less pessimistic than a few months ago, in particular due to lower household disposable income and continued highly variable energy prices. An important factor in this scenario, is the REPowerEU plan, namely the inclusion in each European country's National Recovery and Resilience Plan (NRRP) of a new chapter aimed at guaranteeing energy independence from Russia.
In Italy, businesses still consider the conditions surrounding investment to be critical; the measures undertaken by the government in relation to energy have softened the impact on consumer prices. However, inflation (as CPI harmonized) over the autumn months reached new record levels, reaching 12.3% in December on an annual basis, spurred by the energy impact that continues to impact the price of other goods and services.
It appeared that inflation was showing modest signs of recovery towards the end of the year, with less aggressive interest rates rises by the central banks. Despite this it remains high (compared to the 2% target), and real interest rates are still substantially negative as a result the expected inversion in interest rates trends is unlikely to take place in the short-term.
The national labor market – as in most developed countries – showed signs of uncertainty. The historic gap between the supply of under qualified work and the demand for highly qualified work has widened due to an increase in voluntary resignations (also following the organizational revolution following the introduction of smart working), the outflow towards more favorable companies in both geographical and financial terms and the difficulty to fill highly digitalized jobs, all of which are factors that are changing traditional market conditions, giving rise to new and unexpected pressures that are protracting inflationary conditions.

## Group operating activities

In strategic terms, the Barilla Group pursued with consistency and determination its mission to accelerate growth while at the same time continuing its corporate purpose that summarizes with just a few, clear 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:

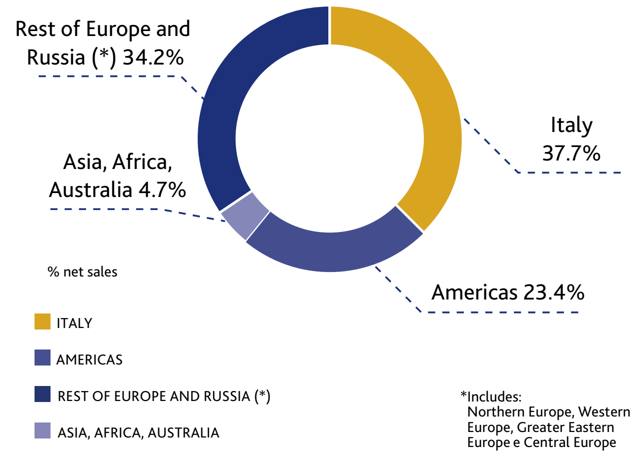
1. **Regions** that are responsible for ensuring business growth and profitability through the development of Customers and Channels and a solid portfolio of brands and product categories in compliance with corporate guidelines:
   - Italy Region;
   - America Region;
   - Western Europe Region comprising 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 new Pasta Evangelists business unit will develop new business models for the sale of take-away and ready-cooked fresh pasta distributed through the e-commerce channel and several direct stores.
Performances analyzed by Region are detailed below:

**Revenue by geographical area net of hyper inflationary impact**



## Italy Region

2022 was a difficult year for fast moving consumer goods (FMCG). While 2021 had shown signs of recovery after two very difficult years, this past year was marked by a protracted widespread increase in prices, an inevitable consequence of the unprecedented increase in energy prices with a knock-on effect on raw materials prices resulting in turn in extraordinary cost increases for manufacturing industries in the food sector.

The results in the FMCG sector show a strong increase in revenue that is not necessarily linked to a corresponding increase in volumes: the inflationary scenario inevitably resulted in Italian households looking for areas in which to save in order to tackle the overall rise in the cost of living.

Revenue of packaged FMCG grew by 6.6% compared to 2021.

With regard to distribution in Italy, the discount channel closed 2022 with an increase of 11.6% in revenue. The only channel able to record more rapid growth than the discount channel is that of e-commerce, which although is still more modest in value terms (2.3%), recorded an increase of 11.9% in revenue.

The Private Label sector, on total grocery (including the discount channel), accounted for 29.9% of the total revenue of the large-scale distribution channel in 2022 and enjoyed significant growth.

The Private Label sector recorded double digit growth of 12.0% compared to the significantly more limited growth experienced by the Top20 players in the large-scale distribution channel (+4.4%).

While prices increased on the one hand, on the other there was a general fall in promotional pressure that decreased from 24.9% in 2021 to 22.7% in 2022.

Within this difficult framework several important decisions were taken during the year that impacted Group performance. Following the price list increase of November 2021, the further inflationary impact of raw materials and energy prices (due to the Russia/Ukraine conflict) required a decrease in promotions and the implementation of further list price increases from May 2022. Despite the implementation of efficiency projects, conscious efforts to apply targeted price list increases allowed only a partial recovery of the increased costs arising from inflation that in turn negatively impacted profitability in this market.

The Bakery business recorded a fall in volumes compared to last year due to the negative impact of price changes on consumption and a slight contraction in market share in favor of Private Label and Discount channels in which branded products have a limited presence. The business recorded a significant increase in value terms due to list price increases. With regard to market share, the Biscuit segment performed well, Rusks and Dry Snacks remained stable while Breads and Snacks decreased. Innovation was a significant contributing factor with major launches taking place in 2022 (Baiocchi Pistacchio, Scacchieri, Tartelle Cuor di Mela and Tigelle). With regard to marketing initiatives, of significant relevance was the launch of the new Mulino Bianco brand logo, the new communication campaigns for Pan di Stelle and Gocciole, the partnership between Ringo and PlayStation and Netflix/Stranger Things.

Despite the significant impact of inflation on consumer prices, consumption levels in the Meal Solutions business remained stable as these provide essential ingredients (pasta, sauces) that are more accessible and affordable compared to ready meals or eating out.

Revenue in value terms increased significantly due to list price increases, while the Pasta market share decreased principally in favor of Private Label products. 2022 was a particularly important year for Barilla as it saw the launch of the new premium pasta 'Al Bronzo' and the new visual identity of the iconic Blue Box for traditional pasta shapes. A new marketing mix was introduced for the Pesto segment that comprised a radical change in packaging (a new jar), a new visual identity and TV communications.

## America Region

In 2022, as in the other regions, the economies of the countries in this region experienced high rates of inflation. The prices of durum wheat, the raw material most used for Barilla products sold in the region, were high following the significant increase in the second half of 2021. Moreover, the economic outlook for the year was challenging with volatility in demand and disruptions in supply. Despite these conditions, Barilla recorded more than 20% growth in total revenue for the Region at constant exchange rates. This growth is due to increased list prices and lower promotions to offset cost increases and, to a lesser extent, an increase in volumes:

- In the United States, which still represents the most important market in the Region, the Pasta retail channel grew in both volume and value terms as consumers increased domestic consumption of pasta. The demand for Barilla products was particularly strong as competitor products were out of stock due to supply chain issues that affected deliveries. Consequently, Barilla increased its market share by 1.5 percentage points for this segment. This increase is largely attributable to durum wheat-based products and to a lesser extent the Better-For-You products. Furthermore, Barilla started the launch of the 'Al Bronzo' pasta range towards the end of 2022. The premium bronze die pasta range has been well received by customers and distribution is accelerating faster than expected at this stage of the launch. The Pesto category at the same time also witnessed an increase in the retail channel in both volumes and to an even greater extent in values. Within this growth category, Barilla Pesto gained 2.0 percentage points of market share in value terms. This growth offset the partial fall in Red Sauces. In the Crispbreads category, Wasa increased revenue and gained 0.3 percentage points in the market share of the retail channel. The Food Service business enjoyed strong growth as recovery continued in this sector;
- in Canada, following the acquisition of the Catelli business at the beginning of 2021, Barilla now operates in this market with a portfolio of brands covering various levels of the dry pasta and noodles market. The integration of this business was finalized in 2022, consequently they now have a common platform at the service of both clients and consumers. In 2022, the Pasta category in the retail channel fell in volumes but increased in value. The portfolio of Barilla brands experienced a fall of 3.8 percentage points in market share, while Private Label and low value brands increased their share in the retail channel. Consumers offset the impact of inflation through a shift from higher value products with this change largely affecting the Catelli brand given the greater presence in the Better-For-You, Wellness and Specialty categories;
- in Mexico, sales of Pasta in the retail channel increased both in volumes and value. The portfolio of Barilla brands lost 0.5 percentage points of market share in value terms in the Modern Trade channel but held on the position in the Traditional Trade channel. Both the Yemina and Barilla brands continued to record growth in the Wholegrain & Fiber segments;
- in Brazil, the Pasta category in the retail channel fell in terms of volumes but increased in value. The market in Brazil is experiencing a shift from the Modern Trade channel, with the closure of hypermarkets and supermarkets, to Cash & Carry stores that feature low prices and therefore, are enjoying growth. As a result, the Barilla market share in value terms for the Modern Trade channel fell by 1.7 percentage points in the di San Paolo area, where the Group's activities are concentrated. Barilla enjoyed growth in the Cash & Carry channel through Soft-Wheat-with-Eggs products..

## Western Europe Region

During this period of instability and uncertainty on a national scale, together with inflationary escalation and cost increases, the region closed with a revenue index of 114 compared to 2021, confirming the significant growth trend of recent years, with revenue increasing by 21% compared to 2019.

France, which represents the largest market in the region, led growth (revenue index of 115), with varying results between the Meal Solutions and Bakery segments. The Pesto business continued to enjoy constant growth with a 10% increase compared to 2021 and 54% when compared to 2019. The Harrys brand in France outperformed market trends and that of competitors in both the soft breads and brioche categories. Development of the e-commerce channel continue, which recorded growth of 13% compared to 2021.

The Barilla Group in Belgium and Spain enjoyed growth this year in value terms thanks to the continued and constant development of the Pesto business that consolidated its position in terms of market share and competitors.

In the Netherlands, Wasa consolidated its leadership position with a market share of 45.6%, an increase of 2.4 percentage points

## Central Europe Region

The region grew compared to the previous year recording a 10% increase in volumes and a 21% increase in revenue.

The increase in revenue was linked to price increases that were required to offset increased production and logistics costs.

All the countries in this region recorded an increase in revenue: Germany +26%, Austria +18%, Poland +16%, Switzerland +3.5% and the Czech Republic and Slovakia +11%.

The Pasta +35%, Pesto and Red Sauces +12%, categories enjoyed an increase in revenue while the Bakery business remained flat.

In Germany, the market share in value terms increased for both the Pasta and Red Sauces categories but fell in respect of the Pesto category.

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 2022 the region recorded significant growth both in volumes and value compared to the previous year and defended its market share in all of the key markets and guaranteed high service levels. With regard to products, the Pasta segment recorded double digit growth of 21%, good results were also recorded for the Sauces and Pesto ranges with a solid 17% increase in value and finally, the Bakery business increased 25% in value.

The Eastern European markets enjoyed a positive trend in revenue compared to the prior year with both a 3% increase in volumes and a 19% increase in value that was largely due to the price increases applied to all product categories across the countries in the region. Outstanding growth was recorded in the Central East area with a 34% increase in revenue compared to 2021; 26% growth was recorded in the Southeast area and Greece increased by 14%. All product categories in these markets increased in 2022 on prior year, with 19% in the Pasta category, 25% in Sauces and Pesto and 12% in Bakery, continuing the progress of the development plan.

The Russia and CIS markets continued Barilla's main activities, manufacturing and distributing Pasta and Bread, but stopped advertising and capital expenditure. Despite the highly challenging external factors both the market and performance were solid.

## Asia, Africa, Australia Region

The businesses in the region enjoyed a 64% increase in revenue compared to 2021 at constant exchange rates, led by the strong performance of Filiz in Turkey, the growth of e-commerce, the Food Service channel and the price strategy rolled out across the entire region. This encouraging result was achieved despite the lockdown in China, the global rise in inflation post-Covid and disruptions in the supply chains throughout the year. This top line growth enabled the region to continue investment in marketing resources at the same time protecting the bottom line and maintaining the 2022 EBITDA margin in line with that of 2021 (at 7.7%) and even higher when considered in absolute terms.

Market share performance varied depending on the product category. With regard to the Pasta category, Turkey increased its market share in value terms compared to last year thanks to the strong performance of the market leader Filiz in the second half of the year, while the United Arab Emirates consolidated their position and Australia closed the year with a negative result due to price increases and delisting. With regard to the Sauces segment, market share grew in China and Israel but fell in Australia again due to price increases and supply chain disruptions.

In Turkey, despite a vulnerable and uncertain macroeconomic and social situation, with high inflation and the depreciation of the Turkish Lira, revenue increased significantly compared to 2021 at constant exchange rates thanks to the strong performance of the local brand Filiz together with price increases.

Africa and the Middle East experienced a strong rebound with 22% revenue growth compared to 2021 measured at constant exchange rates, largely thanks to the price increases during the year and a more efficient allocation of local resources within the business.

In Australia revenue increased by 18% compared to 2021 at constant exchange rates, however price elasticity had a negative impact on market share. The bottom line was under pressure due to increased logistics costs and inflation.

While the majority of the clusters in the region benefited from the relaxation of Covid-19 restrictions, China was still strongly affected by the pandemic, and it opted to implement a zero Covid case policy. Despite this, thanks to the e-commerce channel the market recorded an 8% increase in revenue and improved profitability by 1.3 percentage points compared to 2021.

Finally, Japan's results were down slightly both in terms of volumes and bottom line compared to 2021 due to challenges linked to packaging changes in the retail channel. Revenue in Southeast Asia increased by 36% compared to 2021 thanks to strong growth across all channels.

## Northern Europe Region

In 2022 the volumes achieved in the prior year were consolidated, with strong revenue growth (+12% at constant exchange rates) despite lengthy disruptions along the supply chain throughout most of the year. Revenue growth was enjoyed by all countries in the region and across all product categories and was driven by the introduction of multiple list prices in order to cover the impact of high inflation on costs compared to 2021. Within the Wasa product category, high unit value products increased as did Biscuits, which continued to enjoy widened distribution. After suffering a fall in consumption during Covid, the Sandwich product category returned to levels above those of 2019. Wasa also increased its market share in the Crispbread category in Sweden, Norway and Denmark.

Meal Solutions recorded revenue growth in the Pasta and Pesto categories due to the increase in list prices caused by raw materials inflation.


*November 11, 2022: the Parma Civil Protection team visit the Pedrignano (Parma) plant on Volunteering Day, in the presence of Paolo Barilla, Group Vice President.*

In a scenario common to many European countries, Sweden and Norway also lost market share in the Pasta and Pesto categories due to the strong price repositioning attributable to inflation.

### Pasta Evangelists

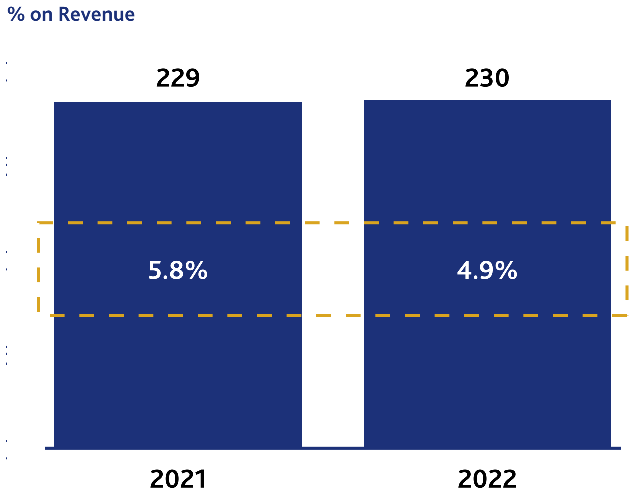
It increased revenue by 28% in 2022; the company is now the biggest pasta brand in the UK in terms of revenue.

Although the business to consumer (B2C) e-commerce industry both in the UK and at international level suffered this year, Pasta Evangelists was able to invert this trend through continued growth in the take-away market to become the n.1 take away pasta in the country.

The company began work during the year on the construction of a pasta factory in west London that is expected to be opened mid-2023.

## Capital expenditure

**CAPEX (€/MM)**




In order to achieve the objectives of product innovation, improved efficiency and increased production capacity, Group capital expenditure amounted to euro 230 million, of which euro 22 million relates to new contracts for leased tangible assets signed during the year. Capital expenditure represented 4.9% of Group revenue.

The main investments comprised:

- an increase in the manufacturing capacity of the Italian Sauce plant in Rubbiano (Parma) through installation of a third pesto production line aimed at supporting the growth in the Pesto business;
- the conversion of line 3 at the Celle plant in Germany from the technology required to produce rectangular crispbread to one of small round crispbread, the aim being to open further market opportunities; this together with the prior replacement of the obsolete oven with a new hybrid heat oven, enabled closure of the old n.15 and n.16 lines in Filipstad. This investment is part of the Wasa Goes Global (WGG) program;
- the completion of six packaging lines for the dry semolina pasta Blue Box in the Italian factories in Caserta and Foggia in order to guarantee market competitivity with regard to the premiumization of the Pasta sector;
- the completion of five dry pasta packaging lines (four for the production of short pasta and one for long pasta) at the Italian factory in Muggia (Trieste), with the aim of supporting the forecast growth in pasta volumes over the five-year period 2020-2024. This project represents the second step in the plan to integrate the plant into the EU network of Dry Semolina;
- the replacement of the storage silos that form part of production groups 3, 4 and 5 in the Caserta factory in Italy, in order to guarantee production continuity, increase the degree of flexibility in using these lines and guarantee quality and food safety levels in the short pasta production process;
- the installation of a third short pasta production line at the San Luis Potosi plant in Mexico that will adequately support growth in local business and at the same time reduce production costs compared to the current situation (copackers);
- the start of works for the construction of a new minicakes production line at the Melfi plant in Italy together with the installation of a new Pancake production line. The aim is to expand the range of minicakes and take full advantage of the development potential of Pancakes;
- the replacement of the storage plant of semi-finished short pasta in the Pedrignano plant (Parma - Italy) through installation of 75 mobile silos in order to guarantee operating continuity, food safety and product quality and ensure this is performed in line with both the relevant regulations and the rigorous internal guidelines;
- the commencement of the installation of a new lasagne production line at the Montreal plant in Canada aimed at supporting growth in the business in the United States and Mexico and represents the first step in a wider long-term investment plan.

## Sustainability – note

Within a complex international situation, as well as in relation to both the conflict in the Ukraine and energy prices and the constant increasing focus on environmental and social issues, food products and the related supply chains play an extremely important role.

Consumer choices and how they are satisfied today can in fact shape our future.

As a global leader Barilla is committed to providing good, quality products made with ingredients sourced from responsibly managed supply chains. This commitment is encapsulated in the purpose "The joy of food for a better life".

Behind this commitment is the desire to continue steadfastly on the journey that started a number of years ago, investing in the product portfolio, linking tradition and innovation, strengthening environmental and social sustainability of the supply chains, introducing regenerative farming principles, reducing the environmental impact of the strategic supply chains and the production facilities and designing recyclable packaging.

The Barilla Foundation 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.

### Environmental management

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

The Barilla Group's commitment to the environment began almost 20 years ago with implementation of the Environmental Management System at the Group manufacturing facilities. The first factory to certify its own Environmental Management System was the Ascoli Piceno plant (Italy) in 2003, closely followed by other Group factories and mills; today almost all the production sites have implemented and certified this system in line with international technical standard UNI EN ISO 14001.

Another cornerstone of Barilla's environmental management is 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 2022, 72 EPDs (Environmental Product Declarations) on Barilla products were available on the environdec.com website, corresponding to around 70% of production volumes; in order to better illustrate this the Barilla EPD book was published, a guide to analyze the environmental impact of its products.

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

- collaborations with players involved in the Group strategic supply chains aimed at employing agricultural practices that are more sustainable and have a lower impact, for example in terms of $CO_{2eq}$ emissions, water consumption, the use of fertilizers and phytopharmaceuticals or using practices that favor the safeguarding of the soil and biodiversity. Examples of such tools include: the Handbook for Sustainable Durum Wheat Farming and the decision-making support system Granoduro.net® and the GranoScan® app that monitors wheat diseases aimed at making wheat farming more sustainable. The two important projects aimed at developing a more sustainable soft wheat supply chain have demonstrated their effectiveness and have achieved the first step in implementing their respective charters. The Mulino Charter, for the soft wheats used in the production of Mulino Bianco brands, now covers 96% of purchases and in addition to the focus on biodiversity has now launched a precision farming project to reduce the environmental impact of farming and create a decision-making support system called Barilla Farming. In France also, the Harrys Charter for the soft wheat supply used in the production of the Harrys brand products covered 100% of all purchases. Finally, the Basil Charter for the procurement of Italian basil from sustainable farming, which safeguards the biodiversity and places value on the farming community along the Pesto supply chain.
- 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 aims to renew the natural ability of soil to absorb $CO_{2eq}$ emissions: 14 farmers in Germany and Sweden are involved who will apply agronomic principles such as cover-crop, minimal tillage, crop rotation, reduced use of fertilizers with the aim of having 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.

Moreover, the Barilla Group is heavily committed to the fight against climate change; in 2019 it joined the SBTi (Science Based Targets Initiative), which was set up to assist companies in defining targets to reduce their greenhouse gas (GHG) emissions "based on science", to be in line with the level of decarbonization required to keep the increase in global temperature below 2°C compared to preindustrial levels 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.

The Group is preparing to present new targets aligned with a 1.5 °C rise scenario.

Moreover, Wasa became the Group's first Carbon Neutral brand in 2018.

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).

### Health and safety

There was a 62% fall in the number of accidents in 2022 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 47% compared to 2010.

Moreover, the plants in Ames (USA), Gauchy (France) and Ascoli (Italy) registered no accidents in 2022. All the mills reached and maintained the "Zero accident" goal, including the mill in Ames (USA) for 12 years, the Volos mill in Greece for 11 years, the Galliate mill in Italy for 9 years, the Altamura mills for 4 years, Pedrignano (Parma) for 3 and Castelplanio for 2 years. The Caserta, Foggia and Melfi plants, the Rubbiano (Parma) Bakery and the Ferrara mill (all in Italy), and the plants in Valenciennes (France) and Thiva (Greece) 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, -76%, and the severity rate, -75%, 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; currently all of the 24 European plants and mills have been certified under this system.

Moreover, a project analyzing Safety Culture was initially developed and implemented in France in 2021 and is being rolled out to all of the Italian plants. The project is aimed at engaging employees as much as possible in recognizing the importance of their contribution and behavior in improving health and safety conditions at work.

Training continues to play a fundamental role: despite the difficulty to hold courses in person due to the pandemic in recent years, in person courses recommenced and as an alternative e-learning and video conference 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 2022.

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 taking place in 2022 across all of the pasta plants, bakeries, and mills together with the support of specialist enterprises. A number of these checks resulted in the issue of new ISO 45001, ISO 14001 and ISO 50001 certificates. No significant matters of non-compliance came to light during the audits.

In all of the Barilla plants over the last two years, the measures introduced to contain the Covid-19 health crisis were subject to specific checks during the audits. No fatal accidents involving Barilla Group employees or those of third parties that work in the production sites occurred in 2022.











*Product launches in Italy:*
*Mulino Bianco Scacchieri: caramel and chocolate cookies.*
*Mulino Bianco Baiocchi con crema di Pistacchio: fragrant shortcrust pastry wafers with a delicious soft pistachio cream.*
*Mulino Bianco Mini Fette Mirtilli Rossi: with wholemeal flour, cranberries, almonds and sunflower seeds.*
*Mulino Bianco Tartelle Cuor di Mela: filled tarts made with fresh eggs and 100% Italian apples.*
*Pavesi Gocciole Finger: exquisite shortcrust pastry with lots of chocolate drops, a delicious chocolate base and a whole new shape.*

*Pavesi Gocciole Caramel: exquisite shortcrust pastry and the intense taste of chocolate combined with the delightful delicacy of caramel.*
*Special Edition Ringo Fragola Frizz: with fizzy strawberry cream.*
*Mulino Bianco Piadelle Toast: square, thin and soft, perfect to be folded in four and heated in the toaster.*
*Basil and Pistachio Pesto: uniquely creamy pesto that combines fresh Italian basil with Parmigiano Reggiano DOP.*
*Mulino Bianco Tigelle: thick and soft, cooked on stone and with 100% extra virgin olive oil.*

## 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 GO certificates (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 levels of $CO_{2eq}$ emissions are certified by a third party.

In 2022 the continued focus on reducing its environmental impact and the new socio-economic situation, primarily the energy crisis and higher energy costs, led Barilla to revalue self-produced renewable energy projects in particular through the installation of photovoltaic solar plants.

A multi-year investment plan was drawn up that will involve all of Barilla's European manufacturing facilities. More specifically, a photovoltaic plant generating power in excess of IMWp will be installed at the Rubbiano (Parma) Sauces plant and will operate alongside those already installed at the Muggia, Melfi and Thiva plants.

The "ESP - Energy Saving Project" program, which was launched approximately 20 years ago and has operated uninterrupted, continued with renewed impetus. The project, 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 the energy performance of the plants.

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.

## Human capital

The number of employees at December 31, 2022 was 8,747 (8,727), of which 4,189 (4,259) are located in Italy and 4,558 (4,468) overseas.

An analysis of the composition of employees compared to the previous year is illustrated below:

| | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Manager and employees | 3,483 | 3,345 |
| Blue-collar workers | 5,264 | 5,382 |
| **Total** | **8,747** | **8,727** |

The number of Group employees is largely in line with that of the previous year.

In 2022, Barilla employees gradually returned to work in the offices located in all of the countries in which it operates.

This process, known worldwide as the 'new normal', principally took on three aspects in Barilla:

- One of a more regulatory nature, with the update of policies and procedures and the adaptation of preventative and protective measures in order to enable employees to return gradually to the workplace, safely and in compliance with local regulations. In this case local policies on the balance between physical presence and remote working reflected global guidelines recommending 50% remote and 50% in presence.

- The cultural change project Work@Barilla, which was introduced in last year's Annual Report, that involved almost 1,200 employees in 2022 who were trained on the principles of hybrid working and the message that Barilla aims to promote through this new way of working. Work@Barilla has in fact supported, and continues to promote, the evolution of ways of working in terms of performance, collaboration, and well-being, based on responsibility, flexibility and inclusion. This was initially carried out applying a bottom-up approach through the significant direct contribution of Barilla employees who took on the role of trainers and ambassadors of this message through a train the trainer program and as facilitators of concrete initiatives designed in agreement with teams that represent the operating performance of each individual work group.

- The third aspect involved the complete redesign of the physical spaces of a number of offices in order to best apply the Activity Based Working principles that form the basis of our way of interpreting hybrid working, which combines the activities performed with the choice of the best place in which to perform them.

In order to facilitate collaboration, concentration, individual and teamwork, the offices in Athens, Istanbul and Stockholm were redesigned together with work on remodeling the Research, Development and Quality department in the Parma headquarters.

The company also offered its employees new training opportunities that arose after listening to the needs of colleagues who, during the Work@Barilla sessions, identified areas that needed further investigation. Initiatives were launched to deal with feedback and meetings culture that will continue into 2023.

Another important project involved the launch of a global mentoring scheme that is open to all of those who feel the need to have a mentor within the company who acts as a reference point and also for those colleagues who would like to put their experience to good use by acting as mentors.

A further development was made in the area of global mobility with the introduction of short-term assignments that will provide more opportunities to take on roles or work on projects in the various Barilla locations, thus supporting employee growth, skills acquisition and transfer and promote employee exposure to international experiences and diversity of ideas and backgrounds.

Finally, in terms of timing but not importance, in late November an assessment involving approximately 1,800 office employees was carried out to gather feedback and evaluate the internal reputation of the company, its alignment with the Work@Barilla, a perspective on its leadership and finally an analysis on how Work@Barilla can be of support to wellbeing. 75% of those employees interested participated in the assessment, a successful result particularly when compared to the average redemption rate of corporate surveys, the results of which will be published and will represent the basis on which to develop tailored initiatives in 2023.

With regard to the areas of diversity and inclusion, 2022 represented the start of a new phase of work. While the initial objective was to lay the foundations and define all of the governance tools, the second phase focused on involving all Barilla employees through expansion of the Employee Resource Groups (ERGs) network and consolidate relations with key third party stakeholders, amongst which Catalyst, Tent, The Valuable 500 and Openly.

In 2022, now more than ever, following the global challenges arising from the pandemic and facing the risk of reversing progress made due to the introduction of hybrid working, the company pursued the conviction that diversity and inclusion result in better corporate decision making and as a consequence improved performance.


*In May 2022, working with Legambiente and AzzeroCO2, Barilla opened the doors of its agriBosco, a redeveloped area of 23 hectares (more than 30 football pitches) adjacent to the Parma pasta factory and the company headquarters. This kilometer of land showcases and narrates the Group's sustainability strategy, with fields of soft wheat, durum wheat, flowers, hives for bees and pollinating insects and sunflower fields. According to estimates, agriBosco will absorb over 13,000 kg of CO2 per year. It is also open to school visits as part of a specific educational path program.*


*Pesto Roadshow in Bonn, Germany: September 2022, Münsterplatz.*


*Pesto Event: held at the "AL FRESCO" location in Milan in March 2022 in the presence of reporters, customers and supply chain partners.*

This push towards a more diversified, fair, and inclusive workplace should therefore be reflected in the process and business units under the strategic orientation of the Global D&I Board, in particular in relation to priorities such as gender equality, disability inclusion and underrepresented groups (ethnic minorities, refugees, LGBTQ+ employees) and also placing importance on emerging trends.

The results of the global D&I survey carried out in late 2021 were reviewed and published in 2022. This required additional collection and evaluation of feedback and the definition of action plans by the process and business units. The results identified strengths such as the effectiveness in employing women at managerial level and equal pay; the inclusion index, leadership commitment and flexibility index all increased; furthermore, improvements were noted in the areas of feedback in speed of decision making.

Subsequent to analyzing the results that identified amongst the global priorities disability inclusion in the workplace, in 2022 the company continued work on the roadmap that has resulted in the advancement of several steps.

The need to adopt a Reasonable Accommodation Process (RAP) was identified as a minimum global requirement. Not all of the declarations of disability translate to a request of accommodation but when they do it is important that the company has a process in place to manage such a request.

Working with an external expert consultant in this field, the first phase of preliminary works were finalized and resulted in identification of the main internal functions of interest, recognition of the cross section of those employees who already have reasonable accommodation and the review of the current business processes in order to define the aim and objectives of the RAP; in the second phase, feedback was gathered from the relevant functions and employees in order to determine the best process and review the feasibility of the timings involved for accommodation requests. The third phase is still underway and will culminate in the planning of this process, training of the human resources professionals and communication of the new process to all employees.

A particular focus was paid to the development of inclusive leadership. This meant working closely with human resources to strengthen the content of the foundations of inclusion during the Work@Barilla training sessions.

The activities carried out form part of a wider starting point in the development of a principle of accessibility within the organization.

### Research and development activities

The Group's commitment to its employees and the environment continued in 2022 through a new business objective, uniting people through the joy of good food for a better life both individually and for the planet. In order to achieve this commitment in 2022 the Group invested euro 42 million on research and development activities starting with the constant reformulation of products to offer consumers products that are better, safer and with an improved nutritional content. From 2010 to date these activities have resulted in the improvement of 491 existing products through a reduction in the sugar, salt and saturated fat content. More specifically, in 2022 this involved the reduction of the sugar content of one snack (Merenda Pan di Stelle), the salt in a crisp bread for the Nordic market (Wasa Ideal Flatbröd) and the saturated fats in a meat sauce developed for the Chinese market (Barilla Bolognese).

Alongside the nutritional reformulation activities, significant research and development efforts were also carried out to create new products that are able to combine nutritional quality with taste. With this aim in mind, in order to encourage customers to consume the quantity of fiber recommended by international dietary standards, a number of products were launched on the market: three new bakery products that provide a source of fiber (amongst which Mulino Bianco Scacchieri) and five fiber rich products (including Harrys Brioche Tranchée Chocolat au lait & noix de coco). Furthermore, nine new fiber rich products made with 100% wholewheat flour were launched (of particular note Mulino Bianco Minifette con Mirtilli Rossi e Mandorle).

Particular focus was paid in 2022 on widening the range of products that contain a greater number of ingredients with distinctive nutritional properties (e.g. different types of cereals, pulses and dried fruit) and encouraging consumers to follow a more varied and balanced diet. The new products launched comprised: eight products containing dried fruit and seeds (including Harrys Beau & Bon Seigle Tournesol et Lin and Barilla Pesto Basilico and Pistacchio), eight with different cereals, bulgur or rye (e.g. Wasa Sandwich Taco) and 2 products whose main ingredients are pulses (Barilla Chickpea Penne; Tolerant Chickpea Spaghetti).

Moreover, in 2022 there was an increase in the number of products containing high quality products, such as fresh milk (Pan Di Stelle Merenda), fresh eggs (Mulino Bianco Tartelle Cuor di mela), extra virgin olive oil (Mulino Bianco Tigelle) and 100% Italian basil from sustainable farming (Barilla Pesto Basilico and Pistacchio). Barilla's commitment to satisfy consumers who favor organic products continued with the launch of a chickpea-based pasta for the US market (Tolerant Chickpea Spaghetti).

In order to help customers, select the appropriate portion size and to consume the ideal calorie intake, two new single portion bakery products under 150 kcal were launched (Mulino Bianco Baiocchi Pistacchio; Wasa Sandwich Taco) and four ready-made pasta shapes for the US market were relaunched on the US market with a single dose format (Barilla Ready Pasta Penne, Rotini, Elbows and Gemelli). The product offer was widened to include more ready meals with the launch of two new meal solutions for the Chinese market (Barilla Meal Kit Basilico; Barilla Meal Kit Bolognese).

Alongside the nutritional aspects, significant importance was placed on taste and fine food reflected in the launch of 11 different formats of Barilla bronze dry pasta.

In the field of scientific research, independent scientific studies continued in 2022 in Europe and the United States to investigate the impact of low glycemic index foods or the 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, 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.

2022 was a year of important progress and a push towards innovation that will culminate in several projects that will be finalized in 2023. 2021 was an extremely difficult year for the logistics supply chain and organizing the work of suppliers, however despite this those supply chains managed with sustainable protocols and supply chain agreements proved to be highly resilient and achieved results in line with 2021. The total of strategic materials purchased in line with the above-mentioned codes and principles amounted to 71% and more specifically, the purchase of strategic packaging materials in compliance with the principles remained stable at 99.9% and the purchase of raw materials also remained stable at 68% of total volumes.

The achievement of this significant result, notwithstanding the above-mentioned existing critical factors, confirms the longstanding sustainability of all of the projects along the entire supply chain. In Italy a wide area of stable, trusted suppliers are involved in adhering to tools aimed at making farming more sustainable, including the Handbook for Sustainable Durum Wheat Farming, the Granoduro.net® decision making tool and the GranoScan® App that is used to monitor wheat diseases. 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 and involve more than 7,000 farms producing approximately 450,000 tons, which is largely in line with 2021.

All of the other supply chains that in 2021 had met 100% of supplies in line with the principles (eggs, cocoa, basil, sugar and tomato) once again confirmed this result. The sole exception is vegetable oils; in particular sunflower oil; Europe depends on the Ukraine area that at the beginning of the war was not able to export sunflower oil to the European Union. In order to satisfy production, the percentage of sustainably certified vegetable oils fell to 46% in 2022 with the aim being to return to normal as soon as possible.

Barilla once again in 2022 held its position of 2 out of 6 in respect of the Benchmark on Animal Welfare (BBFAW), meaning that animal welfare is fully integrated into the business strategy. 99.9% of strategic packaging materials, principally paper and cardboard, plastic materials, glass, and caps, is now recyclable and more than 99% of packaging provides recycling instructions for the final consumer. All of the paper supply chain is certified in accordance with state of the art standards such as FSC and PEFC with the exception of Russia as the current crisis does not permit the sourcing of 100% certified cardboard.

Developments in packaging are focused on the increase in the circular economy and the reduction in the use of virgin plastic. As a first step, over the course of 2022 the plastic film window was eliminated from the majority of the pasta packaging resulting in approximately 125 tons of plastic not being introduced into the environment.

### Relations with consumers

With the constant aim of placing at the core of Barilla's mission the creation and upkeep of valued relations with its customers, alongside the traditional channels greater focus is being placed on new communication instruments such as interactive chats (Chatbots) that enable waiting times to be reduced and are constantly accessible and available to provide immediate responses.

As already published in the 2021 report, Barilla implemented a new listening tool, the Chatbot, which has provided excellent results in the Italian market in respect of the 2022 "Raccolta Punti Colazione" (Breakfast Points Collection) loyalty program; this new experience can be adopted in the near future in other markets if required. 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.

Barilla works constantly to manage carefully, promptly, and skillfully all information requests or complaints while also taking advantage of this spontaneous contact to strengthen further links with customers in terms of brand trust and satisfaction thus generating positive feedback and loyalty.

## 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 mentioned below that, as noted, are monitored constantly by the relevant supervisory boards, considerable attention has been paid to digitalization processes: both those relating to new computerized business procedures and new production platforms following introduction of the new manufacturing restructuring plan.

Moreover, the relevant managers together with 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 with sufficient notice and are 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 in order 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 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 scenario comprising both geopolitical conflicts and climate factors. The Group continued the analysis of ESG (Environment, Social and Governance) risks, such as those inherent to the quality and safety of products, those related to employees and also environmental repercussions, 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 the procurement of raw materials and business continuity. Given the current situation surrounding the rise in inflation and lower forecasted economic growth, further investigations were carried out in order to assess the impact of these factors on business risk. 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. As part of this process, an annual risk assessment is performed covering all business units with 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 priority to the Group which continued to pursue projects and carry out investment in this area. The regular monitoring of events and technological defense measures were further intensified 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 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.

## 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 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 approval of the 2024 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 on approval of the 2024 financial statements.

The entity appointed to carry out the audit of the financial statements, pursuant to law, is KPMG S.p.A.; it has been engaged to audit the consolidated financial statements of the Barilla Group and those of the Group companies; this mandate will end until the approval of the 2024 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 2022 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 the approval of the 2023 financial statements. The appointed Independent Auditor is KPMG S.p.A. whose mandate will end on approval of the 2024 financial statements.

Barilla Initiative S.p.A., from 27 March 2018, has adopted an Organization, Management and Control Model pursuant to (Italian) Legislative Decree 231/2001 (the 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 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 where necessary, also takes into consideration local legislation in respect of companies located overseas.

The Governance of the Group is structured, thanks to the experience consolidated in recent 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 keen awareness of its own responsibilities.

This also applies to Barilla International Ltd, a UK company set up in 2020 with a BoD comprising three directors whose term of office will remain in place until revoked.

Corporate governance in the UK requires that the directors act in order to ensure the company's success on behalf of its shareholders. 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, in good faith and be loyal to the company. The company has secondary headquarters in Italy.

With regard to Barilla G. e R. Fratelli - Società per Azioni and its main subsidiaries, the governance structure, in general, is similar to that of Barilla Iniziative S.p.A. It should be noted that the internal control system of Barilla G. e R. Fratelli - Società per Azioni is much more specific given the nature of the business. Moreover, it has adopted an Organization, Management and Control Model pursuant to (Italian) Legislative Decree 231/2001 (the 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 which the Directors, the Statutory Auditors, employees, external collaborators, suppliers, and customers are required to comply with. The original MOG was approved by the Board of Directors of Barilla G. e R. Fratelli - Società per Azioni on 4 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-yearly basis.

Commencing 1.1.2022, the Board of Directors of Barilla G. e R. Fratelli – Società per Azioni appointed a new Remuneration Committee on 1.1.2022 that will perform a consultancy role on behalf of the BoD of the company and, given that the managerial and operational functions regarding compensation are based in Barilla G. e R. Fratelli – Società per Azioni, will also advise on behalf of the other Group companies. The Remuneration Committee is made up of four members, three of whom are company directors and one external member who is a consultant of the company.

The current mandate will end on approval of the financial statements for the year ended 12.31.2022.

Over the course of 2022 the Board of Directors of Barilla G. e R. Fratelli – Società per Azioni appointed a strategic committee to act as a consultant on Group strategy on behalf of the Board of Directors and company management. The Strategic Committee comprises four members, who are company directors. The current mandate expires on 27 October 2023.

Given the multinational context in which it operates and in line with increasing global compliance requirements, the Barilla Group set up a Compliance function in 2016 which is currently located within the Group 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 Compliance Policy and other related policy-procedures that put into place a series of checks aimed at guaranteeing compliance, at national and international level, with the rules of public law governing the areas of competition, food & advertising, privacy, anti-bribery, international sanctions and anti money laundering. In order to identify behavior that departs from the above laws, the Compliance Function set up a whistleblowing channel through which it is possible to report possible breaches of policy and which guarantees anonymity and protects the party who made the notification from any form of retaliation.

The Group Compliance Officer and the Compliance Function hold periodic meetings with several bodies including the Supervisory Body, the Board of Statutory Auditors, the Group Internal Audit and Enterprise Risk Management 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 general context of the ICS, work continued to improve the system that guarantees compliance with EU Regulation 679/2016 on data protection ("GDPR"), with updates made to, inter alia: mapping of the IT systems involved in treating personal data, the legal documentation (e.g. disclosure information), the GDPR Master Policy and reference procedures to reflect updates to the relevant regulatory framework and the Register of Personal Data Treatment. Training and initiatives to raise awareness regarding the importance of compliance with regulations were carried out and from an organizational perspective a support structure was established following appointment of the Data Protection Officer.

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 across the entire Group.

In order to support these activities, similar committees will be set up in the Group's subsidiaries; over the course of 2022 the first Local Ethics and Compliance Committee was established in Barilla Sverige AB.

Corporate governance, risk management processes (including cybersecurity) and the internal control system are all monitored by the Group Internal Audit department that operates 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.

The Tax Control Framework Committee performs a consultation and recommendation role and has the objective of supervising the upkeep of an effective system for controlling and managing fiscal risk, which is defined and implemented as part of the TCF, in addition to direction and control activities aimed at overseeing the control activities on processes as required by the TCF.

The Tax Control Framework Committee comprises the head of Group Internal Audit, the head of Enterprise Risk Management, and an external member with extensive national and international tax experience.

The three-year mandate of the committee ends on 12.31.2024.

## Signficant events after the year-end

Turkey and Syria were devasted by an earthquake in February. Fortunately, the earthquake did not affect those areas where Barilla has operations consequently no damage took place. However, understandably the commercial activities were affected in the area hit by the quake.
An agreement was signed in January 2023 with the American company B&G Food Inc. for the acquisition of the Back to Nature business: the business, founded in 1960, is mainly distributed in America and offers a portfolio of plant based, non-GM, products that largely comprise biscuits, crackers, dried fruit and granola. As a consequence, the Group has strengthened its long-term strategy aimed at building a platform of multi-brand bakery products in the United States where it is already the leader in the crispbreads market through the Wasa brand.
As in the previous year, 2023 will also be affected by significant uncertainty due to the continued conflict between Russia and Ukraine.
The situation is constantly monitored by the company directors and those of the subsidiaries in order to be able to face potential specific risks that currently are not fully preventable in the short/medium-term. Our primary goal is to guarantee the continuity of the normal production cycle and the maximum safety in procuring raw materials.

## Management outlook

Given the matters outlined above, in 2023 revenue is expected to increase 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, considering market conditions and in compliance with Group transfer pricing policies. As such these are not considered 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.


*A 70 m2 mural entitled "Pesto is the new green" at Corso Garibaldi 62, the heart of the Moscova district of Milan, designed in June 2022 by the Milanese illustrator Marianna Tomaselli, an artist chosen by Barilla to represent the themes and values behind the renewed Pesto with Basil from sustainable agriculture.*



*Event presenting the new Mulino Bianco logo, September 2022: "The Exhibeetion, I Fiori del Mulino".*
*On the stage, Agricola Fiandrini, which won the "I Fiori del Mulino" photo contest, with Julia Schwoerer, Vice President Marketing for Mulino Bianco & Pan di Stelle.*
*Event Hall, held at the Meet Digital Culture Center in Milan (Italy).*

*Competition winning photo.*
*New Mulino Bianco logo.*

# Consolidated financial statements for the year ended 31 December 2022

## Statement of financial position

(euro thousands)

| Assets | Note | 2022 | 2021 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 6.1 | 520,079 | 417,753 |
| Trade receivables | 6.2 | 533,976 | 459,893 |
| Tax credits | 6.3 | 94,726 | 51,533 |
| Other assets | 6.4 | 158,597 | 133,197 |
| Inventories | 6.5 | 507,743 | 409,337 |
| Derivative financial instruments | 6.21 | 27,270 | 8,193 |
| Other assets at fair value | 6.6 | 240,361 | 254,272 |
| **Total current assets** | | **2,082,752** | **1,734,178** |
| | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6.7 | 1,370,384 | 1,318,494 |
| Right of use tangible fixed assets | 6.8 | 46,887 | 34,810 |
| Goodwill | 6.9 | 515,070 | 537,369 |
| Other intangible assets | 6.10 | 97,946 | 94,376 |
| Trade and other receivables | 6.11 | 3,397 | 4,203 |
| Deferred income tax assets | 6.12 | 231,654 | 247,269 |
| Equity instruments | 6.13 | 3,388 | 1,245 |
| Financial recivables | 6.14 | 652 | 806 |
| Derivative financial instruments | 6.21 | 25,575 | 56,519 |
| **Total non-current assets** | | **2,294,953** | **2,295,091** |
| **Total assets** | | **4,377,705** | **4,029,268** |

(euro thousands)

| Liabilities and equity | Note | 2022 | 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade payables | 6.15 | 1,000,816 | 863,043 |
| Borrowings | 6.16 | 369,404 | 163,535 |
| Derivative financial instruments | 6.21 | 1,927 | 814 |
| Retirement benefit obligations | 6.17 | 12,287 | 13,392 |
| Current income tax liabilities | 6.18 | 23,548 | 31,219 |
| Other liabilities | 6.19 | 231,456 | 223,624 |
| Provisions for other liabilities and charges | 6.20 | 67,866 | 56,098 |
| **Total current liabilities** | | **1,707,304** | **1,351,725** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 6.16 | 45,700 | 596,813 |
| Derivative financial instruments | 6.21 | 6,521 | - |
| Retirement benefit obligations | 6.17 | 96,931 | 133,871 |
| Deferred income tax liabilities | 6.12 | 4,959 | 3,274 |
| Other payables | 6.22 | 4,309 | 10,459 |
| Provisions for other liabilities and charges | 6.20 | 37,479 | 37,988 |
| **Total non-current liabilities** | | **600,899** | **782,405** |
| | | | |
| **Equity** | **6.23** | | |
| Share capital | | 112,720 | 112,720 |
| Reserves: | | | |
| - Currency translation reserve | | 34,674 | 22,087 |
| - Other reserves | | 1,399,735 | 1,229,794 |
| Profit/(loss) for the year | | 192,162 | 228,978 |
| **Capital and reserves attributable to group equity holders** | | **1,739,291** | **1,593,579** |
| Non-controlling interests | | 291,425 | 256,993 |
| Profit/(loss) attributable to non-controlling interests | | 38,786 | 44,566 |
| **Total non-controlling interests** | **6.24** | **330,211** | **301,559** |
| **Total equity** | | **2,069,502** | **1,895,138** |
| **Total liabilities and equity** | | **4,377,705** | **4,029,268** |

## Consolidated income statement

(euro thousands)

| | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 6.25 | 4,663,288 | 3,936,380 |
| Cost of sales | 6.26 | (3,069,897) | (2,421,688) |
| **Gross Profit** | | **1,593,391** | **1,514,692** |
| Logistic Costs | 6.26 | (460,918) | (381,522) |
| Selling Costs | 6.26 | (174,256) | (157,897) |
| Marketing Costs | 6.26 | (343,432) | (361,213) |
| Reaserch and Development Costs | 6.26 | (42,252) | (39,943) |
| General & Amministrative expenses | 6.26 | (258,726) | (207,586) |
| Other income and (expenses) | 6.27 | (5,340) | 299 |
| **Operating Profit** | | **308,467** | **366,830** |
| Finance income and (costs) | 6.28 | (12,985) | (5,858) |
| **Profit before income tax** | | **295,482** | **360,972** |
| Income tax expenses | 6.29 | (64,534) | (87,428) |
| **Profit for the year from continuing operations** | | **230,948** | **273,544** |
| **Profit /(Loss) attributable to non controlling interests** | | **38,786** | **44,566** |
| **Profit /(Loss) attributable to Group equity holder** | | **192,162** | **228,978** |

## Statement of comprehensive income

(euro thousands)

| | Note | 2022 | 2021 |
|---|---|---|---|
| **Profit/(loss) for the year** | **(a)** | **230,948** | **273,544** |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial gains/(losses) on future employee benefits | 6.17 | 29,671 | 8,196 |
| Fiscal effect | 6.12 | (7,473) | (2,169) |
| **Total items that will not be reclassified to profit or loss** | **(b)** | **22,198** | **6,027** |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Cost of hedging reserve – effective portion in changes in fair value | 6.21 | 4,816 | 2,312 |
| Fiscal effect | 6.12 | (839) | (420) |
| Currency translation adjustment | | 14,405 | 38,277 |
| **Total items that may be subsequently reclassified to profit or loss** | **(c)** | **18,382** | **40,169** |
| **Other comprehensive income for the year** | **(b+c)** | **40,580** | **46,196** |
| **Total comprehensive income/(loss) for the year** | **(a+b+c)** | **271,528** | **319,740** |
| **Total profit/(loss) for the year attributable to:** | | | |
| **- Non-controlling interest** | | **38,786** | **44,566** |
| **- Group equity holders** | | **192,162** | **228,978** |
| **Total** | | **230,948** | **273,544** |
| **Total comprehensive income/(loss) attributable to:** | | | |
| **- Non-controlling interest** | | **47,634** | **53,002** |
| **- Group equity holders** | | **223,894** | **266,737** |
| **Total** | | **271,528** | **319,740** |

## 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 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** |
| Profit and Loss comprehensive: | | | | | | | | | | |
| - 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** |

| | 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 2021** | **112,720** | **22,087** | **(43,960)** | **4,917** | **9,568** | **1,259,270** | **228,978** | **1,593,579** | **301,559** | **1,895,138** |
| Hyperinflation IAS 29 as at 1.1.2022 | - | 3,878 | - | - | - | - | - | **3,878** | 684 | 4,562 |
| Destination of the profit | - | - | - | - | - | 228,978 | (228,978) | **-** | - | - |
| Dividends and reserves distribution | - | - | - | - | - | (82,060) | - | **(82,060)** | (19,666) | (101,726) |
| Comprehensive income: | | | | | | | | | | |
| - Profit | - | - | - | - | - | - | 192,162 | 192,162 | 38,786 | 230,948 |
| - Other comprehensive income | - | 8,709 | 24,773 | 4,094 | (5,844) | - | - | 31,732 | 8,848 | 40,580 |
| **Total comprehensive income** | **-** | **8,709** | **24,773** | **4,094** | **(5,844)** | **-** | **192,162** | **223,894** | **47,634** | **271,528** |
| **Balance at 31 December 2022** | **112,720** | **34,674** | **(19,187)** | **9,011** | **3,724** | **1,406,188** | **192,162** | **1,739,291** | **330,211** | **2,069,502** |

## Statement of cash flow

(euro thousands)

| | Note | 2022 | 2021 |
|---|---|---|---|
| Profit/(loss) before income tax | | 295,482 | 360,972 |
| Monetary correction (IAS 29) of the period | | 2,250 | - |
| Finance costs – net, excluding gains on disposals of equity investments | | 7,439 | 5,858 |
| Amortization and depreciation | | 179,313 | 163,154 |
| (Profit)/loss on disposal of property, plant and equipment, intangible assets | | 4,141 | 2,040 |
| Change in trade receivables/payables | | 63,661 | (9,892) |
| Change in inventories | | (97,582) | (48,049) |
| Change in provisions (including employee provisions) | | 2,671 | (8,546) |
| Changes in other assets and liabilities | | (39,200) | (3,258) |
| Net Variation derivatives on commodities | | (8,446) | (7,575) |
| Income taxes paid | | (86,749) | (131,296) |
| Foreign exchange gains/(losses), translation and other minor differences | | (316) | (2,094) |
| **Net cash generated from/(used in) operating activities** | **(a)** | **322,663** | **321,315** |
| Purchases of property, plant and equipment | | (186,658) | (185,597) |
| Purchases of software | | (21,491) | (22,512) |
| Increase due to Leasing (IFRS 16) | | (22,017) | (21,256) |
| Purchases of other fixed assets | | (7,596) | (3,353) |
| Cash in for companies sold/(cash out) for business combination | | 18,295 | (133,925) |
| Proceeds from capital grants | | 8,190 | 8,728 |
| **Net cash generated from/(used in) investing activities** | **(b)** | **(211,277)** | **(357,915)** |
| Net change in borrowings and other financial investments | | (41,590) | (1,977) |
| Dividends paid and reserve distribution | | (82,060) | (126,021) |
| Dividends paid and reserve distribution third parties | | (19,666) | (23,599) |
| Interest cashed/(paid) | | (2,133) | (2,190) |
| **Net cash generated from/(used in) financing activities** | **(c)** | **(145,449)** | **(153,787)** |
| **Net (decrease)/increase in cash and cash equivalents net of bank overdrafts** | **(a+b+c)** | **(34,063)** | **(190,387)** |
| Cash and cash equivalents net of bank overdrafts at beginning of the year | | 327,609 | 497,066 |
| Cash and cash equivalents net of bank overdrafts at end of the year | | 299,113 | 327,609 |
| Exchange differences on cash and bank overdrafts | | (5,567) | (20,930) |
| **Net (decrease)/increase in cash and cash equivalents net of bank overdrafts** | | **(34,063)** | **(190,387)** |
| Bank balances | | 520,079 | 417,753 |
| Bank overdrafts | | (220,966) | (90,145) |
| **Total cash and cash equivalents net of bank overdrafts** | | **299,113** | **327,609** |



*July 2022: donation of a new ambulance by the people of the Barilla plant in Cremona (Italy) to the local Italian Red Cross, in the presence of Luca Barilla, Group Vice-Chairman.*

# 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 at 12/31/2022, separately to its own Statutory financial statements, that has been already approved and filed. The aforementioned Consolidated financial statements will be also filed with the Directors' and Auditors' Reports 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

Turkey and Syria suffered a devastating earthquake in February. Fortunately, the earthquake did not affect those areas where Barilla has operations consequently no damage took place. However, understandably the commercial activities were affected in the area hit by the quake.
An agreement was signed in January 2023 with the American company B&G Food Inc. for the acquisition of the Back to Nature business: the business, founded in 1960, is mainly distributed in America and offers a portfolio of plant based, non GM, products that largely comprise biscuits, crackers, dried fruit and granola.
As a consequence, the Group has strengthened its long-term strategy aimed at building a platform of multi-brand bakery products in the United States where it is already the market leader in the crispbreads market through the Wasa brand.
As in the previous year, 2023 will also be affected by significant uncertainty due to the continued conflict between Russia and Ukraine.
The situation is constantly monitored by the company directors and those of the subsidiaries in order to be able to face potential specific risks that currently are not fully preventable in the short/medium-term. Our primary goal is to guarantee continuity of the normal production cycle and the maximum safety in procuring 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 December 31, 2022.

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 December 31, 2022 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 consolidation principles, the criteria applied in the conversion of the financial statements expressed in foreign currency, the accounting principles, the valuation criterias and estimates adopted are the same used in preparing the consolidated financial statements as at December 31, 2021 except for the accounting standard IAS 29 - 'Financial reporting in hyperinflationary economies' as the scope of consolidation includes an entity that operates, as of the financial statements closing on December 31, 2022, in a currency of a hyperinflationary economy. However the comparative data in these financial statements have not been restated in the consolidated statement of financial position, cash flows and income statement because the Group prepares the consolidated financial statements with a non-hyperinflationary presentation currency. This approach is in line with paragraph 42(b) of International Accounting Standard IAS 21 – 'The Effects of Changes in Foreign Exchange Rates'.

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 2022, disbursement equal to euro 2,084. A list of disbursements is provided in appendix 4.

### Accounting standard for the countries with high inflation applied by the Group in 2022

**IAS 29 - 'Financial reporting in hyperinflationary economies'**
The standard provides that the financial statements of an entity, that its functional currency is of a hyperinflationary economy, must be presented in the unit of measurement current at the balance sheet date. Group companies operating in hyperinflationary countries evaluate the non-monetary assets and liabilities present in their respective original financial statements to eliminate the distorting effects due to the loss of purchasing power of the currency with an offset account in "Finance income and (costs)". In particular, the balance sheet values not expressed yet in the unit of measurement current at the balance sheet date are restated in order to reflect the general price index (CPI) at the reference date. All items in the income statement must be expressed in the unit of measurement current at the reporting date, applying the change in the general price index that has occurred since the date on which revenues and costs were initially recorded in the financial statements.
Gains or losses on the net monetary position are charged to the consolidated income statement.

In relation to the Group's companies that operate in hyperinflationary countries, their financial statements prepared in currencies other than euro are converted into euro by applying the period-end exchange rate for both, balance sheet and income statement items.

Starting from current year, this principle finds concrete application with reference to the operations held by the Group in Turkey, whose economy has been declared hyperinflationary since April 2022. In the light of this, and in application of the standard IAS 29, the Group recognized the effects of its adoption from the start date of this financial year (January 1, 2022).
In particular, the macroeconomic and political situation in Turkey has been and will continue to be highly volatile; the change in the general consumer price index (CPI) exceeded the threshold of 80% compared to 2021, leading the cumulative inflation rate for the three-year period 2020-2022 to even exceed the quantitative threshold of 100% taken as a reference for the application of the aforementioned principle. These situations led the Group to adopt, starting from 1 January 2022 with reference to the Turkish subsidiary Barilla Gida A.S., the accounting standard IAS 29 - 'Accounting reporting in hyperinflationary economies'.
The inflation rate used for the purpose of adopting inflation accounting is the consumer price index (CPI). At the reference date of these financial statements, this index was equal to 1,128.45, compared to the last three-year period in which the same index stood at 100, (686.95 as at 31 December 2021) with a change compared to the previous year equal to 64% (36% change in 2021 versus 2020).

In accordance with standard IAS 21, since the presentation currency of the Group is the euro (thus, a non-hyperinflationary currency), the comparative data have not been restated and the profits and losses on the net monetary position relating to previous years are reflected directly in the conversion reserve of consolidated equity as at 31 December 2022.

### Accounting standards, amendments and interpretations effective from 2022

The following accounting standards, interpretations and amendments approved by the European Commission came into force starting from the financial year 2022:

**Amendments to IFRS 3 - Business Combination**
The amendment updates, without significantly altering the content, a reference of to the accounting standard, which now no longer refers to the 1989 Framework, but the 2018 Conceptual Framework instead; in addition, the amendment provides for two new requirements respect compared to the previous standard. The first former refers to transactions or other events within the scope of IAS 37 or IFRIC 21, where an acquirer will need to apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) in order to recognize a liability assumed in a Business Combination; the second one, adds to IFRS 3 a specific declaration for which an acquirer does not recognize a potential asset acquired purchased by a Business Combination.

**Amendment to IAS 16 - Property, plant and equipment**
The amendment provides that the cost of an asset classified under the item "Property, plant and equipment", recorded in the financial statements, includes the revenues and costs incurred for testing the same before its use and the consequent application of IAS 2 "Inventories" to identify these production costs.

**Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets**
The amendment provides that the evaluation for the cost assessment for a contract in force from January 1, 2022, the cost for the execution of the same includes all costs directly related to the contract itself. These costs include both incremental costs of the contract and the allocation of other costs, which directly relate to the execution of the contract, and must be accounted for as a cumulative effect on the reopening balances and not involving a restatement of the comparative data.

**Annual improvements to IFRS Standards 2018-2020:**
The following amendments enter into force:

- IFRS 1: the amendment is aimed at simplifying the application of IFRS 1 for subsidiaries that become first-time adopters of the IFRS standards after their adoption by the parent company;
- IFRS 9: clarifies that, for the purpose of preparing the '10% test' for the derecognition of financial liabilities, to determine fees paid net of fees received, a borrower includes only the fees paid or received by the borrower, or by the lender on behalf of the counterparty;
- IFRS 16: the amendment eliminates the illustration of payments by the lessor relating to improvements to the lease contract;
- IAS 41: the amendment eliminates the requirement of exclusion of cash flows for tax purposes in the measurement of fair value, thus aligning the provisions on the measurement of fair value pursuant to IAS 41 with those of IFRS 13 'Valuation of fair value'.

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

### Accounting standards, amendments and interpretations effective from January 1, 2023

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

- IFRS 17 – 'Insurance Contracts' the standard will provide comprehensive guidance for insurance contracts under IFRS standards with the aim of increasing transparency and reducing diversity in the accounting of insurance contracts;
- Changes to amendments to IFRS 17 – 'Insurance Contracts' and amendments to IFRS 9 – 'Comparative information (mandatory application starting from January 1, 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 1, 2023);
- Changes to amendments to IAS 1 – 'Presentation of Financial Statements' and IFRS 2 'Guide line' (mandatory application starting from January 1, 2023);
- Changes to amendments to IAS 8 – 'Accounting rules, changes in accounting evaluations and errors' definition of accounting evaluations (mandatory application starting from January 1, 2023).

### Accounting standards, amendments and interpretations not yet approved by the European Union on 31 December 2022

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 IFRS 16 – 'Leasing': Lease liability in an operation of Sale and Leaseback (mandatory application starting from January 1, 2024);
- Changes to amendments to IAS 1 - Classification of current and non-current liabilities and non-current liabilities as covenants (mandatory application starting from January 1, 2024);

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.

*g. Hyperinflation index and conversion exchange rate in Turkey*

In the Turkish subsidiary, balance sheet items not expressed in current units as of the reporting date and all income statement items have been restated by applying an inflationary index published by the Turkish Central Bank. The consumer price index (CPI) as of 12.31.2022 is equal to 1,128.45 (686.95 as of 12.31.2021).

### 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.


*Parma, Palazzo Marchi, January 25, 2022: launch of the New Al Bronzo Pasta, made with the special Raw Processing method and fine 100% Italian durum wheat, in more sustainable packaging*

## 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 to 20 years |
| Software | 3 to 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 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 $CO_2$ 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.

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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 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. These financial liabilities are valued at net present value or at amortized cost, using the effective interest method. At the end of each period, the corresponding adjustment is recognized in the consolidated income statement, respectively for the difference in fair value and for the difference between the amortized cost and the expected repayment value, over the life of the liability.

### Accounting standards for high inflation countries

Group companies operating in high-inflation countries restate the values of their respective original financial statements to eliminate the distorting effects due to the loss of purchasing power of the currency. The inflation rate used for the purpose of adopting inflation accounting corresponds to the consumer price index (CPI). Companies operating in countries where the cumulative rate of inflation over a three-year period approaches or exceeds 100% adopt inflation accounting and interrupt it if the cumulative rate of inflation over a three-year period falls below 100%.
Gains and losses on the net monetary position are reconglized to the consolidated income statement.

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

### Change in the scope of consolidation:

On December 29, 2022, the Group sold the subsidiary Harry's Restauration SAS, which produces and distributes bakery products in France, with revenues to third parties amounted to 5.9 million euros in 2022 and where were employed 37 people. The French subsidiary was sold to the company Project France SAS, belonging to the Morato group.

In addition to the transaction above described, a new company was established in the USA in October named BA Brussels LLC with headquarters in Illinois. The company was established with the aim of acquiring the new 'Back to Nature' business.

Finally, in 2022, effective from January 1, the Canadian company Catelli Canada Inc was merged into Barilla Canada Inc and, on March 31 (effective date January 1), the Italian company BLU1877 S.r.l. merged into Barilla G. e R. Fratelli S.p.A. These mergers have had no effect on this consolidated financial statement.

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 520,079 (euro 417,753), include bank and postal deposit accounts held in primary financial institutions, cheques and other cash on hand.
The balance includes secured deposits, for euro 2,130, linked to the Mark-to-Market performance of some hedging derivatives; the deposit is payable in short term.
The change in cash and cash equivalents recorded during the year is reported in the statement of cash flow.

#### 6.2 Trade receivables

| | 2022 | 2021 |
|---|---|---|
| Trade Receivable | 566,828 | 495,502 |
| Allowance for doubtful accounts | (32,852) | (35,609) |
| **Total** | **533,976** | **459,893** |

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:

| | 2022 | 2021 |
|---|---|---|
| Not yet overdue | 518,104 | 452,454 |
| Less than 3 months | 12,922 | 7,353 |
| Beetween 3 and 6 months | 2,133 | 27 |
| Beetween 6 and 12 months | 817 | 59 |
| **Total** | **533,976** | **459,893** |

On December 31, 2022 all trade receivables, past due or not, are subject to certain analyses for the identification of possible risks of customer insolvency. Receivables past due for more than 12 months have been totally written down.

Movements in the allowance for doubtful accounts are as follows:

| | 2022 | 2021 |
|---|---|---|
| **Opening Balance** | **35,609** | **35,196** |
| Charges | 942 | 4,140 |
| Utilization and release | (4,010) | (4,086) |
| Foreign exchange differences | 311 | 359 |
| **Closing Balance** | **32,852** | **35,609** |

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 94,726 (euro 51,533) represent the amounts due from tax authorities in the various countries where the Group operates. The item includes the receivable from the Italian tax authorities following the Group's participation in the national tax consolidation, of which Barilla Holding S.r.l. is the Parent Company. The fair value of tax credits substantially approximates their nominal and carrying value.

#### 6.4 Other assets

The balance is detailed as follow:

| | 2022 | 2021 |
|---|---|---|
| VAT receivables | 84,255 | 68,028 |
| Amounts due from factoring entities | 41,549 | 36,853 |
| Other receivables | 13,665 | 4,693 |
| Accrued income and prepayments | 5,433 | 7,385 |
| Amounts due from social security authorities | 3,721 | 3,781 |
| Supplier advances | 5,211 | 8,015 |
| Amounts due from employees | 3,855 | 3,634 |
| Guarantee deposits | 908 | 808 |
| **Total** | **158,597** | **133,197** |

During the year, VAT receivables were collected in Italy for euro 84.1 million.
The difference in item 'Other receivables', compared to the previous period, refers to the residual tax credits as at 12.31.2022, for euro 6,229, linked to Decrees Law, issued by the Italian government, in order to introduce urgent measures aimed at to face the increase in the prices of energy raw materials (gas and electricity).
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:

| | 2022 | 2021 |
|---|---|---|
| Raw materials and semi-finished goods | 220,808 | 185,408 |
| Finished goods | 279,074 | 214,104 |
| Advances | 7,861 | 9,825 |
| **Total** | **507,743** | **409,337** |

The item ‘Advances’ mainly refers to advance payments given to raw material suppliers in Italy and America.

Movements in the inventory obsolescence provision are detailed as follows:

| | 2022 | 2021 |
|---|---|---|
| **Opening Balance** | **7,554** | **5,871** |
| Charges | 4,616 | 4,034 |
| Utilization | (3,729) | (2,484) |
| Monetary correction | 8 | - |
| Foreign exchange differences | (1) | 77 |
| Variation in scope | (379) | 56 |
| **Closing Balance** | **8,069** | **7,554** |

In 2022, the decrease of item 'Variation in scope' refers to the sale of company Harry's Restauration SAS. The previous period the same item recorded an increase linked to Catelli’s business combination, which took place at the beginning of 2021.

#### 6.6 Other asset at Fair Value

Other assets at fair value, as at 31 December 2022, for euro 240,361 (euro 254,272), 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 2 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.


*Auditorium Paganini, Parma, December 14, 2022, B Together event. On stage: the Global Leadership Team, Chairman Guido Barilla, Vice-Chairmen Luca and Paolo Barilla, CEO Claudio Colzani.*

## 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 2021** | | | | | | | |
| **Net book amounts at 1/1** | **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 Accumulated 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** | **55,444** | **344,222** | **752,452** | **23,809** | **36,494** | **107,075** | **1,318,494** |
| **Of which:** | | | | | | | |
| Historical cost | 54,444 | 770,617 | 2,712,707 | 123,873 | 98,172 | 107,075 | 3,866,888 |
| Depreciation and accumulated impaimrments losses | - | (426,395) | (1,960,255) | (100,064) | (61,679) | - | (2,548,393) |
| **Movements 2022** | | | | | | | |
| **Net book amounts at 1/1** | **55,444** | **344,222** | **752,452** | **23,809** | **36,494** | **107,075** | **1,318,494** |
| Hyperinflation 1/1 | 65 | 2,103 | 2,130 | 1 | 120 | - | 4,419 |
| Capital expenditure | - | - | - | - | - | 186,658 | 186,658 |
| Capitalization | 1,462 | 22,552 | 130,119 | 4,677 | 6,269 | (165,079) | - |
| Grants cashed | - | (104) | (8,086) | - | - | - | (8,190) |
| Disposal Cost | (834) | (10,506) | (25,074) | (3,641) | (30,564) | (648) | (71,267) |
| Disposal Accumulated Depreciation | - | 8,806 | 48,786 | 3,720 | 7,680 | - | 68,992 |
| Depreciation and impairment losses | - | (22,891) | (106,937) | (8,416) | (5,978) | - | (144,222) |
| Foreing exchange differences | 609 | 2,418 | 5,809 | 75 | 47 | 5,768 | 14,728 |
| Monetary correction | 51 | 1,472 | 2,359 | 1 | 28 | - | 3,911 |
| Variation in scope | (13) | (1,164) | (1,866) | - | (20) | (76) | (3,139) |
| **Net book amount at 12/31** | **55,784** | **346,908** | **799,692** | **20,226** | **14,076** | **133,698** | **1,370,384** |
| **Of which:** | | | | | | | |
| Historical cost | 55,784 | 798,641 | 2,838,454 | 125,164 | 79,740 | 133,698 | 4,031,481 |
| Depreciation and accumulated impaimrments losses | - | (451,733) | (2,038,762) | (104,938) | (66,664) | - | (2,661,097) |

The item 'Variation in scope' in 2022 refers subsidiary Harry's Restauration SAS, sold in December. The same item, in 2021, referred to the 'Business combination' took place during the year, related to Pasta Evangelists Limited and Catelli Dry Pasta Business.

The accumulated loss as on December 31, 2022 amount to euro 22,913 (euro 24,130).

## 6.8 Right-of-use Asset

Below are the movements by category of the right-of-use of fixed assets, relating to year 2022 and related comparative data:

| | Land | Buildings and Warehoouse | Plant and machinery | Cars and other trasportation | Total |
|---|---|---|---|---|---|
| **Movements 2021** | | | | | |
| **Net book amounts at 1/1** | **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** | **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 impairments losses | (77) | (14,543) | (44,220) | (4,395) | (63,235) |
| **Movements 2022** | | | | | |
| **Net book amounts at 1/1** | **273** | **23,058** | **5,029** | **6,001** | **34,810** |
| Hyperinflation 1/1 | - | 24 | 8 | 24 | 56 |
| Capital expenditure | - | 17,483 | 2,166 | 2,368 | 22,017 |
| Remeasurement | 106 | 2,484 | 455 | 211 | 3,256 |
| Derecognition | - | (19) | - | (15) | (34) |
| Depreciation and impairment losses | (19) | (7,271) | (2,715) | (3,371) | (13,376) |
| Monetary correction | - | 19 | 14 | 77 | 110 |
| Foreing exchange differences | 18 | (61) | 52 | 60 | 70 |
| Variation in scope | - | - | (22) | - | (22) |
| **Net book amount at 12/31** | **378** | **36,167** | **4,987** | **5,355** | **46,887** |
| **Of which:** | | | | | |
| Historical cost | 475 | 53,474 | 51,078 | 12,139 | 117,166 |
| Depreciation and accumulated impairments losses | (97) | (17,307) | (46,091) | (6,784) | (70,279) |

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:

| | 2022 | 2021 |
|---|---|---|
| Not later than one year | 13,815 | 11,592 |
| Later than 1 year and not later than 5 years | 26,095 | 20,569 |
| Later than 5 years | 11,979 | 6,317 |
| **Total value of future minimum lease payments** | **51,889** | **38,478** |

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

| | 2022 | 2021 |
|---|---|---|
| Total future minimum lease payments | 51,889 | 38,478 |
| Interest | (3,832) | (2,801) |
| **Present value of lease payments** | **48,057** | **35,677** |

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 December 31, 2022, amounts to euro 22,615 (euro 21,275).

Please, refer to note 6.26 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 2021** | |
| **Opening balance at 1/1** | **481,346** |
| Foreign exchange differences | 648 |
| Business Combination | 55,375 |
| **Total at 12/31** | **537,369** |
| **Movements 2022** | |
| Variation in scope | (9,333) |
| Foreign exchange differences | (12,966) |
| **Total at 12/31** | **515,070** |
| - of wihch gross value | 708,810 |
| - of which accumulated impairments | (193,740) |

In 2022, the item 'Variation in scope', is attributable to a portion of the goodwill of the Europa bakery business, linked to the sale of the company Harry's Restauration SAS, which took place in December. In 2021, the increase of item 'Business Combination' equals to 55,375, referred to the acquisition of Pasta Evangelists Limited, for euro 40,728, and Catelli Dry Pasta Business, for euro 14,647.

An analysis of goodwill by groups of Cash Generating Unit - CGU for impairment test purposes at 31 December 2022 is summarized in the table below:

| CGU Groups identified | Amount |
|---|---|
| Europe - Bakery | 436,157 |
| Europe - Pasta | 20,442 |
| Europe - Pasta fresca | 40,843 |
| Canada - Pasta | 15,743 |
| Other minor | 1,885 |
| **Total** | **515,070** |

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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| CGU identified groups – average values | 5.5% | 4.3% | 2.3% | 2.1% |

The value test exercise of the carrying amount with reference to 31 December 2022 did not entail the need for further write-downs for any CGU.

Specifically, for the 'Categoria Bakery Europa' 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 Kroners, Great Britain Pounds and Canadian Dollars, has undergone a change in value due to the exchange rate effect. At 31 December 2022, the conversion effect shows an accumulated negative net balance of euro 28,530.

**6.10 Intangible Assets**

The Intangible Assets are composed as follows:

| | Licenses and software | Trademarks | Other | Assets under construction | Total |
|---|---|---|---|---|---|
| **Movements 2021** | | | | | |
| **Opening balance at 1/1** | **29,017** | **2,338** | **46** | **12.385** | **43.786** |
| 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** | **42,498** | **41,603** | **271** | **10,004** | **94,376** |
| **Of which:** | | | | | |
| Historical cost | 171,262 | 312,243 | 613 | 10,004 | 494,122 |
| Amortization and accumalete impairment losses | (128,762) | (270,639) | (342) | - | (399,743) |
| **Movements 2022** | | | | | |
| **Opening balance at 1/1** | **42,498** | **41,603** | **271** | **10,004** | **94,376** |
| Hyerinflation 1/1 | 7 | 8 | 11 | - | 26 |
| Acquisitions and capitalizations | 24,387 | 1,874 | 782 | (2,027) | 25,016 |
| Foreign exchange differences | 39 | 35 | (8) | 119 | 185 |
| Amortization | (16,271) | (5,169) | (275) | - | (21,715) |
| Monetary correction | 9 | 12 | 37 | - | 58 |
| **Total at 12/31** | **50,669** | **38,363** | **818** | **8,096** | **97,946** |
| **Of which:** | | | | | |
| Historical cost | 196,112 | 311,256 | 1,511 | 8,096 | 516,975 |
| Amortization and accumulated impairment losses | (145,443) | (272,893) | (693) | - | (419,029) |


*September 2022: new blood bank donated by the people of the Barilla plant in Marcianise (Caserta, Italy) to the local AVIS (Association of Italian Blood Volunteers), in the presence of Luca Barilla, Group Vice-Chairman.*



*October 2022: Party for the 40th anniversary of the Barilla Plant in Ascoli Piceno (Italy). Event attended by Luca Barilla.*

The item 'Trademarks' includes Catelli, Splendor and Lancia brands acquired in 2021, due to the business combination Catelli, brands strongly rooted in Canada. 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.

The increase in "Licences and software" and "Assets under construction", for euro 21,491, mainly refers to SAP BW integration process of two Russian subsidiaries and of Catelli business, acquired during the previous year, and to the integration 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:

| | 2022 | 2021 |
|---|---|---|
| Guarantee deposits | 714 | 963 |
| Other non-current receivables | 2,683 | 3,240 |
| **Total** | **3,397** | **4,203** |

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:

| | Opening Balance 1.1.2022 | Reversals/charges through income statement | Impact on equity | Foreign exchange impact | Monetary correction | Variation in scope | Closing Balance 12.31.2022 |
|---|---|---|---|---|---|---|---|
| **Deferred Taxes** | | | | | | | |
| Property, plant and equipment | (31,073) | 3,523 | - | (523) | (1,666) | 443 | (29,296) |
| *Leasing* | (252) | (128) | - | (61) | (33) | - | (474) |
| Intangible assets | 207,835 | (10,618) | - | (65) | (17) | - | 197,135 |
| Financial liabilities and derivatives | (826) | 1,963 | 669 | (34) | - | - | 1,772 |
| Inventories | (4,012) | (9,293) | - | 123 | (191) | (28) | (13,401) |
| Spare Parts | 7,309 | 704 | - | 96 | - | 71 | 8,180 |
| Provision for other liabilities and charges | 31,916 | 3,007 | | 40 | | (208) | 34,755 |
| Pension funds | 16,489 | (632) | (8,981) | (229) | - | (34) | 6,613 |
| Tax losses carried forward | 3,779 | 4,896 | - | 156 | - | - | 8,831 |
| Other | 12,830 | (850) | - | 602 | (2) | - | 12,580 |
| **Total** | **243,995** | **(7,428)** | **(8,312)** | **105** | **(1,909)** | **244** | **226,695** |
| Deferred income tax assets | 247,269 | | | | | | 231.654 |
| Deferred income tax liabilities | (3,274) | | | | | | (4.959) |
| **Total** | **243,995** | | | | | | **226,695** |



| | Opening Balance 1.1.2021 | Reversals/charges through income statement | Impact on equity | Foreign exchange impact | Closing Balance 12.31.2021 |
|---|---|---|---|---|---|
| **Deferred 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 |
| Provision 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** |

In 2022, the 'Variation in scope' is attributable to French subsidiary Harry's Restauration SAS sold during the year.
The item of deferred tax assets, calculated on intangible fixed assets mainly refer to deferred tax asset recognized following the statutory revaluation of the trademarks, which took place in the subsidiary Barilla G. & R. Fratelli S.p.A. in 2020.
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" for euro 7,499 (euro 14,998 in 2021 divided equally between "Other current liabilities" and "Other non current liabilities").
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 euro 3,388 (euro 1,245). The increase, compared to the previous period, is linked to investments in the year in innovative US start-ups, the largest being attributable to Whole and Free LLC, for euro 1,970.

**6.14 Financial Receivables**
The item represents the financial receivables due from the minority shareholders of the English subsidiary Pasta Evangelists Ltd, for euro 652 (euro 806). Financial receivables are valued using the amortized cost criterion at an effective interest rate.

**6.15 Trade payables**
Trade payables, which amounted to euro 1,000,816 (euro 863,043), 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 1,442 (euro 3,106) 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.

**6.16 Borrowings**
The item Borrowings, included among current and non-current liabilities, is represented by financial payables for which repayment is expected, respectively, within and beyond twelve months. Details of the item are provided below:

| | 2022 | 2021 |
|---|---|---|
| Short-term portion of bank overdrafts and leasing obligations | 321,956 | 163,535 |
| Bonds | 47,448 | - |
| **Total Short Term Borrowings** | **369,404** | **163,535** |
| Bonds | 299,241 | 363,429 |
| Long term portion of bank overdrafts and leasing obligations | 133,869 | 204,487 |
| Put option held of minority shareholders | 17,590 | 28,897 |
| **Total Long Term Borrowings** | **450,700** | **596,813** |
| **Total Borrowings** | **820,104** | **760,348** |

The 'short-term portion of banks overdrafts and lease obligations' mainly includes the portion, due within 12 months, of the loans subscribed with the Intesa Sanpaolo, for euro 50,000 (euro 50,000), and with Mediobanca, for euro 30,000 (euro 0), lease payables, due within 12 months, for euro 14,216 (euro 11,305), and loans maturing within one year, for euro 224,740 (euro 102,085). The last item mainly changed for the hot money lines, for euro 55,000, and for the revolving credit line drawn down, for euro 75,000.

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 12.31.2022 has a residual amount of euro 100,000 (euro 150,000), in addition to the short term portion equal to euro 50.000.

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 33,841 (euro 24,372).

The financial cash flow for the year 2022, relating to leasing contracts subject to the Standard IFRS 16-Leases, amounted to euro 21.1 million (euro 11.1 million).

The "Put option held of minority shareholders" is attributable to the agreements with the minority shareholders of Barilla Rus LLC that, signed by the Group in June 2020, foresees the recognition of a put option exercisable in the year 2025 and a call option exercisable in the year 2029. By virtue of these agreements in place as of December 31, 2022, a non-current liability is recognized in the consolidated balance sheet, it is evalueted at the present value of its assumed extinguishment value and converted into euro currency at the current exchange rate, amounting to euro 8,332 (19,473 euro). The variation in term of fair value of this liability was booked in the consolidated income statement as 'Financial expenses and income'.
The same item, 'Put option held to minority shareholders,' also includes the valuation of the agreements signed by the Group, in January 2021, with the minority shareholders of the acquired company 'Pasta Evangelists Ltd.,' amounting to euro 9,258 (euro 9,424). These agreements foresee the recognition of a put option, valued at net present value and classified under non-current liabilities in the consolidated balance sheet, as it can be exercised in 2026.
The total amount of revolving credit facility is 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., Barilla G. e R. Società per Azioni and Barilla International Ltd remain co-borrowers and co-guarantors, with the option for the group to designate other subsidiaries as additional borrower.
This revolving credit facility results drawn down for euro 75,000 on 31 December 2022, and partially reimbursed during the first months of 2023, for euro 55 million. While, at the end of previous year, tThe same revolving credit facility resulted unused at the end of previous year.

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 | 47,448 | 33,718 | 1.25% | 1.35% |
| | 150,000 | 4.43% | 13 Dec. 2025 | 135,915 | 115,050 | 1.13% | 1.17% |
| | 185,000 | 4.03% | 28 Oct. 2027 | 163,326 | 169,867 | 1.09% | 1.16% |
| **Total Notes** | **385,000** | | | **346,689** | **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 | 135,915 | 163,326 | 299,241 |
| Bank borrowings and leasing obligations | 124,018 | 9,851 | 133,869 |
| Put option held of minority shareholders | 9,258 | 8,332 | 17,590 |
| **Total borrowings medium/long term** | **269,191** | **181,509** | **450,700** |


*July 2022: new Group Instragram profile @barillapeople created. A virtual place to talk about the daily work, projects, passion and values of people who share a love for good food: Barilla People.*

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 12/31/2022 | Maturity |
|---|---|---|---|---|
| Barilla France | Bonds (including cross currency and interest rate swaps) | floating | 33,755 | 2023 |
| Barilla Iniziative | Bonds (including cross currency and interest rate swaps) | floating | 282,665 | 2025 - 2027 |
| Barilla Iniziative | Intesa Sanpaolo loan | fixed | 150,000 | 2023 - 2025 |
| Barilla Iniziative | Mediobanca loan | fixed | 30,000 | 2023 |
| Barilla International | Banks | floating | 17,590 | 2026 - 2029 |
| Various counterparts | Banks | floating | 227,768 | 2023 - 2025 |
| Various counterparts | Leasing | fixed | 48,057 | 2023 - 2049 |
| **Total bank borrowings (either due within or after one year)*** | | | **789,835** | |

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 2022 | Carrying value 2021 |
|---|---|---|
| Euro | 422,945 | 340,099 |
| USD (American Dollar) | 320,207 | 318,647 |
| GBP (British Pound) | 25,151 | 17,274 |
| TRY (Turkish Lira) | 3,565 | 12,226 |
| RUB (Ruble - Russia) | 9,553 | 21,172 |
| SEK (Krone - Sverige) | 1,392 | 350 |
| Other | 7,022 | 1,722 |
| **Total borrowings due within one year and after more than one year *** | **789,835** | **711,490** |

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, 2020 * (a)** | 635,870 | 822 |
| Total derivatives (assets)/liab at December 31, 2020 | (50,719) | |
| Total Debt at December 31, 2020 | 686,589 | 0 |
| **Movements in 2021:** | | |
| Monetary changes of the period: | | |
| Borrowing disbursement/reimbursement, including those due to parent company | 127,186 | 90,144 |
| **Total monetary changes of the period** | **127,186** | **90,144** |
| Non-monetary changes of the period 2021: | | |
| Foreign exchange effect on foreign currency debt | (937) | 3,619 |
| Fair value changes through income statement | (49,824) | |
| Fair value changes through OCI | (805) | |
| **Total non-monetary changes of the period** | **(51,567)** | **3,619** |
| **Total changes (b)** | **75,620** | **93,763** |
| **Total net financial liabilities at December 31, 2021 * (a+b=c)** | **711,490** | **93,763** |
| Total derivatives (assets)/liab at December 31, 2021 | (48,858) | |
| Total Debt at December 31, 2021 | 760,348 | |
| **Movements in 2022** | | |
| Monetary changes of the period: | | |
| Borrowing disbursement/reimbursement, including those due to parent company | 79,375 | 130,000 |
| **Total monetary changes of the period** | **79,375** | **130,000** |
| Non-monetary changes of the period 2022: | | |
| Foreign exchange effect on foreign currency debt | (2,880) | 5 |
| Fair value changes through income statement | 4,636 | |
| Fair value changes through OCI | (2,786) | |
| **Total non-monetary changes of the period** | **(1,030)** | **5** |
| **Total changes (d)** | **78,345** | **130,005** |
| **Total net financial liabilities at December 31, 2022 * (c+d)** | **789,835** | **220,966** |
| Total derivatives (assets)/liab at December 31, 2022 regulate to bonds | (30,268) | |
| Total Debt at December 31, 2022 | 820,103 | |

**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 6.21 "Derivate financial instruments".*



The effective interest rates on borrowings amount to 1.4% (1.1% in 2021). 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.

**6.17 Retirement benefit obligations**

The "Retirement benefits obligation" includes provisions for defined benefit plans relating to the employment relationship such as severance pay, equivalent plans and pension funds. Total obligations relating to future benefits payable to employees amounts to euro 109,218 (euro 147,263), of which amount due within one year is euro 12,287 (euro 13,392) and amount due longer than one year is equal to euro 96,931 (euro 133,871), net of plan assets for euro 3,988 (euro 4,105).

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 December 31, 2022 using the projected unit credit method, on the basis of which the present value of the obligation for the company is determined relating to benefits to be paid to employees after termination of employment.

'Variation in scope' in 2022, refers to employee pension plans in France due to the sale of the company Harrys Restauration SAS. In the previous period, the same item referred to the employee pension plans in Canada acquired through the Catelli business combination, which took place at the beginning of 2021.

| | 2022 | 2021 |
|---|---|---|
| **Opening balance** | 147,263 | 161,116 |
| Services costs | 2,880 | 2,099 |
| Finance costs | 1,700 | 1,093 |
| Actuarial (gains) / losses | (29,671) | (8,196) |
| Exchange differences for the year | (1,578) | (900) |
| Benefits paid | (11,125) | (9,080) |
| Variation in scope | (251) | 1,131 |
| **Closing Balance** | 109,218 | 147,263 |
| Of which: | | |
| - Due within one year | 12,287 | 13,392 |
| - Due after one year | 96,931 | 133,871 |

The item "Services costs" comprehends the provision for the year.

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

| 2022 | Discount rate | Expected rate of return on plan assets | Estimated salary growth | Inflation rate |
|---|---|---|---|---|
| Italy | 3.80% | n.a. | n.a. | 2.50% |
| Germany | 3.80% | 1.08% | 3.00% | 2.50% |
| France | 3.80% | 0.99% | 2.25% | 2.50% |
| Greece | 3.75% | n.a. | 3.00% | 2.50% |
| Mexico | 9.25% | 8.25% | 4.75% | 3.50% |
| Norway | 3.00% | 1.50% | 3.50% | 2.00% |
| Sweden | 3.90% | n.a. | 3.00% | 2,00. |
| Turkey | 11.00% | n.a. | 13.50% | 12.00% |
| Canada | 5.10% | n.a. | 3.00% | n.a. |
| Switzerland | 2.20% | 0.25% | 2.50% | 1.25% |

| 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 | 1,00% | 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. |

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

| | 2022 | 2021 |
|---|---|---|
| Cost of sales | 1,151 | 534 |
| Logistics costs | 268 | 31 |
| Selling costs | 749 | 410 |
| Marketing costs | 122 | 50 |
| General and administrative expenses, technical and development costs | 590 | 1,074 |
| **Total** | **2,880** | **2,099** |

The plan assets composition is as follows:

| | 2022 | 2021 |
|---|---|---|
| Listed shares and bonds | 10 | 10 |
| Cash and cash equivalents | 6 | 6 |
| **Total listed assets** | **16** | **16** |
| Insurance contracts | 3,870 | 3,975 |
| No listed – other | 102 | 114 |
| **Total asset** | **3,955** | **4,105** |

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** | **11.8** | **9.4** |
| Italy | 8.56 | 9.31 |
| Germany | 11.78 | 5.31 |
| France | 10.06 | 14.22 |
| Sweden | 19.09 | 10.50 |
| Greece | 11.42 | 12.36 |
| Turkey | 12.36 | 14.81 |

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) | 4.46% | 3.46% |
| Rate of salary increase (0.5% movement) | 3.99% | 3.03% |
| Inflation rate (0.25% movement) | 2.24% | 1.75% |
| Life expectancy (1 year variation) | 2.32% | n.a. |

### 6.18 Current income tax liabilities

Current income tax liabilities amount to euro 23,548 (euro 31,219) and comprise provision for current taxes on profit for the year.

### 6.19 Other liabilities

Other liabilities consist of the following:

| | 2022 | 2021 |
|---|---|---|
| Amounts due to employees | 153,056 | 144,042 |
| Amounts due to social security authorities | 27,342 | 29,412 |
| Withholding taxes from employees, consultants and freelance workers | 11,455 | 12,091 |
| Amounts due to customers | 11,286 | 7,521 |
| Other liabilities | 2,639 | 2,432 |
| Other taxes | 11,154 | 11,617 |
| VAT payable | 2,459 | 10,084 |
| Accruals and deferred income | 12,065 | 6,425 |
| **Total** | **231,456** | **223,624** |

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

### 6.20 Provisions for other liabilities and charges

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

| | 12/31/2021 | Charges | Used / reversed / reclassification | Foreign exchange impact | 12/31/2022 |
|---|---|---|---|---|---|
| Employee risk provision | 12,152 | 8,493 | (6,171) | (14) | 14,460 |
| Restructuring provision | 40,543 | 12,829 | (103) | (11) | 53,258 |
| Price contest risk provision | 576 | 1,182 | (325) | 27 | 1,460 |
| Returns and unsold goods provision | 2,620 | 6 | - | (15) | 2,611 |
| Revocatory risk provision | 11,186 | 3,000 | (1,642) | - | 12,544 |
| Litigation provision | 1,998 | 666 | (77) | (22) | 2,565 |
| Other provisions | 25,006 | 502 | (7,149) | 88 | 18,447 |
| Provision for Rent IFRS 16 | 5 | - | (5) | - | - |
| **Total** | **94,086** | **26,678** | **(15,472)** | **53** | **105,345** |
| Of which: | | | | | |
| Provisions for other liabilities and charges | 56,098 | | | | 67,866 |
| Provisions for other liabilities and charges | 37.988 | | | | 37,479 |

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*1 - World Autism Awareness Day, Foggia Plant, April 2, 2022, ERG Thisability, Italy*
*2 - Alliance during ERG Summit, USA*
*3 - Pride Month Activity, Voce ERG, USA*
*4 - Harmony Event, USA*
*5 - Hispanic Heritage Month Alliance, October, USA*
*6 - Harmony Asian American Heritage Month, USA*
*7 - Parma Pride, June 18, Voce ERG, Italy*
*ERG= Employee Resource Group

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.

### 6.21 Derivative financial instruments

| | 12/31/2022 | | 12/31/2021 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| - Fair value hedge - interest rate derivatives | 21,645 | 5,069 | 48,858 | - |
| - Held for trading - forward exchange contracts | - | 1,452 | 7,434 | - |
| - Cash flow hedge - commodities | 3,930 | - | 226 | - |
| **Total non-current portion** | **25,575** | **6,521** | **56,519** | **-** |
| -Fair value hedge - interest rate derivatives | 13,692 | - | - | - |
| - Cash flow hedge - commodities | 6,503 | - | 2,845 | - |
| - Held for trading - forward exchange contracts | 1,155 | 1,927 | 512 | 814 |
| - Held for trading - commodities | 5,920 | - | 4,836 | - |
| **Total current portion** | **27,270** | **1,927** | **8,193** | **814** |
| **Total derivative financial instruments** | **52,845** | **8,448** | **64,712** | **814** |

As of 12.31.2022, 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, which expire on 15 July 2023. The positive fair value at 31 December 2022 amounted to euro 13,692. The positive impact on the consolidated income statement amounted to euro 324 and the negative impact on comprehensive income OCI for euro 4;
- contracts for the tranche, with a nominal value of USD 150 million, expiring on 13 December 2025. The positive fair value at 31 December 2022 amounted to euro 21,645. The negative impact on the consolidated income statement amounted to euro 5,362 and the negative impact on comprehensive income to euro 1,148;
- 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 2022 amounted to euro 5,069. The negative impact on the consolidated income statement amounted to euro 10,766 and the negative impact on comprehensive income to euro 1,634.

“Derivative contracts on commodities” mainly includes hedging of the electricity costs, the price of wheat and the $CO_2$ certificates.

The movements of hedging reserve is the following:

| | Gross reserve | Tax effect |
|---|---|---|
| **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)** |
| **Movements in 2022** | | |
| **Opening balance at 1/1/2022** | **5,784** | **(1,317)** |
| Change in basis | (1,065) | 418 |
| Change in fair value | 5,881 | (1,316) |
| **Total at 12/31/2022** | **10,600** | **(2,215)** |
| of which Non controlling interests | (1,590) | 332 |

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, 2022, 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 346,688; and derivatives on commodities for energy in Sweden for euro 10,433.

The financial risk management policy is disclosed in note 7.

### 6.22 Other payables

Other payables, that amounted to euro 4,309 (euro 10,459), includes, among other things, payables for social security contributionsIn the previous period, the value included the substitute tax calculated on the statutory revaluation, carried out in 2020, of the trademarks owned by the subsidiary Barilla G. e R. Fratelli Società per Azioni, for euro 7,499

### 6.23 Equity

Fully paid share capital as of 31 December 2022, as in the prior year, is divided n. 112,720,000 ordinary shares with a nominal value of euro 1 each.

In 2022, as a result of the international accounting standard application’s IAS 29 'Financial Reporting in hyperinflationary economies', for the Group's subsidiary operating in Turkey, in order to express the values of non-monetary balance sheet items at their real purchasing power, as of January 1st 2022, the equity of the consolidated financial statements was revalued by euro 4,562; this amount refers to the revaluation of property, plant and equipments, for 4.4 million of euro, to inventories, for 1.2 million of euro, and, for the remaining part, mainly to deferred tax liabilities net of assets.

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, 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.

During 2022, the shareholders’ meeting decided for a dividend distribution for euro 82,060, 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.

### 6.24 Non-controlling interests

As at December 31, 2022, the Group has not recognized the minority interest but the recognition of put options exercisable by them under the agreements signed with the minority shareholders of the Business Combination, which took place in 2021, of Pasta Evangelists Limited, as well as for the agreements signed in 2020 with Perspective Industrial and Infrastructural Technologies-15 LLC (formerly RDIF Investment Management-19 LLC), for participation in the equity of the subsidiary Barilla Rus LLC.

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%** |
| | **12/31/2022** | **12/31/2022** | **12/31/2021** | **12/31/2021** |
| Revenue | 125,670 | 4,663,289 | 93,191 | 3,936,380 |
| Result of the period | 10,254 | 191,874 | 8,001 | 228,419 |
| **Profit/(Loss) attributable to non-controlling interests** | **5,127** | **33,659** | **4,092** | **40,474** |
| Total comprehensive income/(loss) | 2,596 | 35,685 | 1,156 | 48,538 |
| **Total comprehensive income/(loss) attributable to non-controlling interests, without result** | **2,596** | **5,353** | **1,156** | **7,281** |
| **Total comprehensive income/(loss) attributable to non-controlling interests** | **7,723** | **39,012** | **5,247** | **47,755** |
| Current assets | 56,772 | 2,048,119 | 46,493 | 1,715,219 |
| Non-current assets | 23,289 | 1,588,472 | 15,549 | 1,587,421 |
| Current liabilities | (33,076) | (1,676,251) | (20,952) | (1,333,123) |
| Non-current liabilities | (1,656) | (600,900) | (1,035) | (782,406) |
| **Net assets** | **45,329** | **1,359,440** | **40,054** | **1,187,111** |
| **Net assets attributable to non-controlling interest** | **22,664** | **203,916** | **20,027** | **178,067** |
| Net cash generated from/(used in) operating activities | 869 | 47,593 | (955) | 48,518 |
| Net cash generated from/(used in) investing activities | (3,319) | (31,370) | (2,863) | (53,687) |
| Net cash generated from/(used in) financing activities | (2,162) | (21,817) | (1,249) | (23,389) |
| **Net (decrease)/increase in cash and cash equivalents and bank overdrafts** | (4,612) | (5,594) | (5,066) | (28,557) |
| **Total dividends paid to non-controlling interests (included in cash flow from financing activities)** | **5,086** | **14,580** | **1,249** | **22,350** |

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*Chicago (USA) October 2022: colleagues from the Barilla Chicago office celebrate the Group's 145th anniversary during World Pasta Month.*



## Commitments and guarantees

Contractual commitments at the year-end that are not recognized in the statement of financial position amount to euro 1,359,138 (euro 1,004,109) and comprise:

- commitments for the purchase of finished goods, wheat, other raw materials and packaging for euro 1,153,192 (euro 875,371);
- commitments for capital expenditure for euro 59,448 (euro 67,250);
- commitments for energy purchase for euro 146,498 (euro 61,488).

## Group obligations guaranteed by third parties

The guarantees are mainly composed by the amounts issued by credit institutions to Barilla G. e R. Fratelli Società per Azioni and First S.p.A. to guarantee operations/prize contests and the quality of imported wheat equal to euro 3,954 (euro 2,703).

## 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

### 6.25 Revenue

The Group revenue, including the hyperinflationary effect described in paragraph IAS 29 - 'Accounting reporting in hyperinflationary economies', amounted to euro 4,663,288. While, the value of the Group revenue without considering the hyperinflationary effect above mentioned, stands to euro 4,646,639.

Below is the composition of revenues for the period, without considering the hyperinflationary effect, compared with those of the previous period:

| | 2022 | 2021 |
|---|---|---|
| Total sales of finished goods | 4,553,044 | 3,867,140 |
| Sales of by-products | 84,551 | 61,933 |
| Sales of raw materials and others | 9,044 | 7,307 |
| **Total** | **4,646,639** | **3,936,380** |

### 6.26 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:

| | 2022 | 2021 |
|---|---|---|
| Purchase of raw materials, semi-finished goods, finished goods, materials and change in inventories | 2,177,602 | 1,629,645 |
| Employee costs | 600,596 | 567,124 |
| Promotional and advertising services | 271,386 | 293,355 |
| Transport and warehousing services | 440,023 | 352,322 |
| Depreciation, amortization and impairment | 180,503 | 163,154 |
| Purchase of energy sources | 166,602 | 90,981 |
| Services | 145,476 | 144,626 |
| Third party manufacturing costs | 96,418 | 85,776 |
| Sales commissions | 64,903 | 55,041 |
| Maintenance costs | 50,918 | 42,594 |
| Purchase of other materials | 27,783 | 28,455 |
| Consultancy costs | 24,119 | 19,694 |
| Property leases, rentals and leases | 22,615 | 21,275 |
| Insurances | 12,930 | 11,278 |
| Travel and expenses | 12,909 | 8,299 |
| Customs duties | 10,479 | 11,484 |
| Green dot | 10,367 | 13,283 |
| Other taxes | 8,046 | 7,154 |
| Postage and telephone expenses | 6,786 | 6,840 |
| Directors' and statutory auditors' emoluments | 5,251 | 5,313 |
| Employee training costs | 4,270 | 3,591 |
| Canteen's costs | 3,472 | 3,132 |
| Demolition cost | 2,618 | 3,894 |
| Guest expenses | 1,513 | 556 |
| Others | 1,896 | 983 |
| **Total** | **4,349,481** | **3,569,849** |

The significant increase of the item 'Purchase of energy sources' is strictly linked to the exceptional increase in energy prices (gas and electricity), recorded in 2022 by the main food industrial groups, despite, during the year, the Group mitigated these costs benefiting of extraordinary tax credits as a result of Decree Laws issued by the Italian government, for euro 18,818. The same item includes the purchase in 2022 of emission rights (called $CO_2$ certificates), in relation to the Foggia and Pedrignano (PR) plants in Italy.

The item 'Purchases of raw materials, semi-finished products, finished products, materials and changes in inventories' was affected by the extraordinary increase in prices compared to those of the previous year; the cost item is also indirectly affected by the significant increase in energy prices in 2022, which contributed to increase in the inflation rate a cascade, including agricultural prices.

The detail of "Property leases, rentals and leases", for 22.6 million of euro, is as follows:

| | *Value in euro million* |
|---|---|
| **Agreements in scope IFRS16 adoption** | |
| Services costs | 5.0 |
| **Agreements not in scope IFRS16 adoption** | |
| Contracts Exented: | |
| - short term | 3.9 |
| - low value of underline asset | 12.1 |
| Excleuded contracts | 1.6 |

The agreements with low value of underline assets mainly refer to rent of pallets for euro 10.31 million (9.4 million of euro in 2021). It should also be noted that no variable lease payments were paid during the year.

The cost for depreciation and amortization charged to the consolidated income statement, including the hyperinflationary effect for the year 2022, as described in paragraph IAS 29 - 'Accounting reporting in hyperinflationary economies', is recognized in the following items:

| | 2022 | 2021 |
|---|---|---|
| Cost of sales | 134,226 | 123,337 |
| Logistic Costs | 8,937 | 9,763 |
| Selling Costs | 3,883 | 6,195 |
| Marketing Costs | 305 | 434 |
| General and administrative expenses, technical and development costs | 33,152 | 23,425 |
| **Total** | **180.,503** | **163154** |

**6.27 Other income and expenses**

Other income and expenses comprise:

| | 2022 | 2021 |
|---|---|---|
| **Income and expenses from continuing operations:** | | |
| Income/(expenses) relating to other accounting periods | 22,901 | 17,963 |
| Net (utilization of)/charges to provisions | (7,613) | (121) |
| Income/(Services) rendered and other minor amounts | 17,384 | 12,247 |
| Insurance repayments | 474 | 540 |
| Net gains/(losses) on disposals of property, plant and equipment | (4,141) | (2,040) |
| Membership fees | (1,899) | (1,717) |
| Employee leaving incentives | (12,930) | (1,548) |
| Bank commission and factoring services | (2,486) | (2,324) |
| Allowance and losses on trade receivables | (812) | (4,323) |
| Property and other taxes | (7,609) | (7,755) |
| Donations to employees and third parties | (8,609) | (10,623) |
| **Total income/(expenses) from continuing operations** | **(5,340)** | **299** |

The net utilization of charges to provisions is attributable to the Group's restructuring programs.

**6.28 Finance costs - net**

Finance costs - net consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| **Net costs relating to the net financial position:** | | |
| Interest income on bank accounts | 2,639 | 567 |
| Net income/(expense) on financial assets | (15,878) | 2,419 |
| Net income/(expense) on put options due to non-controlling interests | 13,634 | (2,244) |
| Interest expense on short-term bank borrowings | (1,228) | (462) |
| Interest expense on medium/long-term bank borrowings | (4,564) | (3,720) |
| Interest expense on bonds | (3,632) | (1,977) |
| Positive/(negative) change in fair value of bonds and hedging instruments | 963 | 873 |
| Interest expense on leases | (910) | (651) |
| **Total net finance costs relating to the net financial position** | **(8,976)** | **(5,195)** |
| **Other finance income/(costs):** | | |
| Net realized exchange gains/(losses) | (5,540) | 20,630 |
| Net unrealized exchange gains/(losses) | 2,464 | (19,487) |
| Commissions on undrawn amounts | (781) | (796) |
| Interest costs on pension liabilities | (1,775) | (1,093) |
| Gain/(loss) of Monetary correction | (1,539) | - |
| Gain of disposal subsidiary company | 3,211 | - |
| Other income/(costs) | (49) | 83 |
| **Total other finance income/(costs)** | **(4,009)** | **(663)** |
| **Total finance costs - net** | **(12,985)** | **(5,858)** |



The item 'Net income/(charges) on financial assets' represents the net value of the negative valuation at fair value of Investment Grade bonds, shown net of income deriving from coupons accrued during the year. The aforementioned securities were purchased by the subsidiaries Barilla Sverige AB and Barilla Netherlands BV starting from 2019 and at the end of 2022 they have an average duration of 2 years.

In the Consolidated income statement in 2022, the Group recognized income, equal to 13,634 euros, deriving from the valuation at net present value of the put options by virtue of the agreements signed with the minority shareholders of the subsidiaries Barilla Rus Ltd and Pasta Evangelists Limited, described in the note 6.16. In the previous period, the same item had a negative balance equal to 2,244 euro.

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.

Considering the area variation includes an entity operating in Turkey which, as of 31 December 2022, has a hyperinflationary local currency, the item 'Profit/(loss) on the net monetary position' represents the related year adjustment of the non-monetary balance sheet items and income statement items. The value is the result of applying the general consumer price index (CPI) in order to express the real purchasing power of the period.

The amount shown in the line 'Gain of disposal subsiadiary company', equal to euro 3,211, refers to the profit realized by the Group following the sale of Harry's Restauration SAS to a company belonging to Morato group, which took place on 29 December 2022.

Commissions on undrawn amounts relate to the committed Revolving Credit Facility - RCF, cost incurred during the period of non-use.

**6.29 Income tax expense**

The current and deferred taxes for the year amount to euro 64,534 (euro 87,428).

The percentage impact on the result before taxes (ETR) is 22% (24% in 2021). The change in the ETR compared to the previous year is mainly due to the increase in benefits deriving from certain concessions, such as: Industry 4.0 (Super and Hyper depreciation) and the tax credit to support energy and gas costs, accrued in Italy by the subsidiary Barilla G. e R. Fratelli Società per Azioni.

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

| | Year ended 31 December 2022 |
|---|---|
| Profit before income tax | 295,481 |
| Theoretical tax charge | 81,968 |
| Net non-deductible expenses/ (income not subject to tax) | (21,847) |
| Use of deferred tax assets not recognized in prior periods and re-measurement of deferred taxes | 4,412 |
| **Effective tax charge** | **6,533** |

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 | 25.77% |
| Austria | 25.00% |
| Turkey | 23.00% |
| 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 Singapore Pte Ltd | 809 | Unlimited | 17% | - | 137 |
| Barilla Do Brazil Ltda | 24,270 | Unlimited | 34% | - | 8,252 |
| Barilla America Inc. * | 23,418 | various | 8.85% | 2,072 | - |
| Barilla Canada Inc. | 24,181 | 20 years | 26.5% | - | 6,408 |
| Barilla Belgium S.A. | 1,464 | Unlimited | 25% | - | 366 |
| Barilla Netherlands BV | 5,606 | Unlimited | 25.8% | 1,446 | - |
| Pasta Evangelists Ltd | 6,380 | Unlimited | 25% | - | 1,595 |
| Barilla International Ltd | 243 | Unlimited | 25% | - | 61 |
| Catelli Montreal Inc | 19,990 | 20 years | 26.5% | 5,313 | - |
| Barilla Central Europe Service GmbH ** | 81,909 | Unlimited | various | - | 22,655 |
| **Total** | **188,270** | | | **8,831** | **39,474** |

** fiscal losses refer to State Tax related to several American states*
*** for Trade Tax purpose the amount of tax losses is 61,483 euro*





*Working with the historical archives of the largest Italian companies, the Mondadori publishing group launched a special initiative called "Posters, great Italian companies", dedicated to fans of the timeless treasures of advertising art. Barilla was included with 2 posters: "Notte di Stelline" (starry night) and "Vera Pasta all'Uovo" (real egg pasta), with the Pavesi poster "Bambino con i Pavesini" (boy with Pavesini) and the "Voiello" poster. On the Group's 145th anniversary, all Barilla Italia People were presented with a copy of the "Notte di Stelline" poster.*








*International product launches:*
*Nordics: Thin and crispy Wasa Crunchy Twist*
*USA: New Wasa Crispbreads*
*Canada: Hero Group with several Pasta Catelli formats*
*USA: New Al Bronzo Pasta*
*Western Europe: New Harrys soft loaves, with thicker slices, free of additives and palm oil*
*USA: Tolerant Organic gluten-free pasta with organic chickpea flour*
*USA: Barilla Penne made only with chickpea flour, a source of vegetable proteins, free of additives*

## 7. Financial instruments and net financial position

### Risk management policieshi

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 2022 approximately 33% (45% in 2021) 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) | 2022 | | 2021 | |
|---|---|---|---|---|
| | +0,5% | -0,5% | +0,5% | -0,5% |
| Effect on Net Result | 2,672 | (2,694) | 3,559 | (3,563) |
| Effect on Other Comprehensive Income | (8) | 8 | (30) | 31 |

The tax effects were calculated applying the Group's effective tax rates at 31 December 2022 and 2021.

**(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 2022 and 2021 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) | 2022 | | 2021 | |
|---|---|---|---|---|
| | +10% | -10% | +10% | -10% |
| Effect on Net Result | 24,655 | (25,365) | 12,702 | (11,557) |
| Effect on Other Comprehensive Income | - | - | - | - |

**(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 and CO2. 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 2022 and 2021 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) | 2022 | | 2021 | |
|---|---|---|---|---|
| | +5% | -5% | +5% | -5% |
| Effect on Net Result | (4,724) | 4,724 | (3,859) | 3,859 |
| Effect on Other Comprehensive Income | (8,325) | 8,325 | (2,451) | 2,451 |

### (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.

### (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 2022, the Group held 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 520,079.
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 2022 | Less than 1 year | From 2 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Borrowings with banks, other lenders and finance leases | 443,621 | 435,051 | 9,851 | 888,523 |
| Derivative financial instruments through consolidated profit or loss | 772 | 1,452 | - | 2,224 |
| Put option held of minority shareholders | - | 9,258 | 8,332 | 17,590 |
| Trade and other payables | 1,255,820 | 4,309 | - | 1,260,129 |
| **Totale** | **1,700,213** | **450,070** | **18,183** | **2,168.,466** |

| At 31 December 2021 | Less than 1 year | From 2 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 | - | 1,128,345 |
| **Totale** | **1,239,080** | **426,186** | **200,354** | **1,865,620** |

### 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 | Hedging derivatives liabilities | Fair value | Fair value evaluation Level |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | |
| Equity instruments | - | - | 3,388 | - | - | - | - | **3,388** | Level 3 |
| Derivatives (assets) | 7,075 | - | - | - | - | 45,770 | - | **52,845** | Level 2 |
| Other activities at Fair value | 240,361 | 652 | - | - | - | - | - | **241,013** | Level 1 |
| Trade and other receivables | - | 790,697 | - | - | - | - | - | **790,697** | |
| Cash and cash equivalents and financial assets | - | 520,079 | - | - | - | - | - | **520,079** | |
| Borrowings with banks and other lenders | - | - | - | 39,526 | 464,158 | - | - | **442,427** | |
| Trade payables | - | - | - | - | 1,000,816 | - | - | **1,000,816** | |
| Other payables | - | - | - | - | 259,313 | - | - | **259,313** | |
| Derivatives (liabilities) | - | - | - | 3,378 | - | - | 5,070 | **8,448** | Level 2 |
| **Total** | **247,436** | **1,311,428** | **3,388** | **42,904** | **1,724,287** | **45,770** | **5,070** | | |
| **31 December 2021** | | | | | | | | | |
| Equity instruments | - | - | 1,295 | - | - | - | - | **1,295** | Level 3 |
| Derivatives (assets) | 13,227 | - | - | - | - | 51,485 | - | **64,712** | Level 2 |
| Other activities 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** | | | |

During the year, 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 or net present value 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 2022 is negative for an amount of euro 14,615. In the previous year, the net financial position was positive for euro 23,620.
Derivatives relating to commodities used in the production process, included in the above total, have a positive mark-to-market of euro 16,353 (positive for euro 7,907 as of December 31, 2021).

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

| | 12/31/2022 | 12/31/2022 |
|---|---|---|
| Bank accounts | 519,951 | 417,606 |
| Cash on hand | 128 | 96 |
| Current financial assets at fair value | 240,361 | 254,272 |
| Banks and other borrowings (including derivatives) - current | (344,061) | (156,156) |
| **Short-term net financial position** | **416,379** | **515,818** |
| Non-current financial assets at fair value | 25,575 | 56,519 |
| Other financial receivable due after one year | 652 | 806 |
| Put option held of minority non current | (17,590) | (28,897) |
| Borrowings - non current | (433,110) | (567,866) |
| Derivatives financial instruments (liabilities) | (6,521) | - |
| **Medium/long-term net financial position** | **(430,994)** | **(539,438)** |
| **Total net financial position** | **(14,615)** | **(23,620)** |

## 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):

| | 2022 | | 2021 |
|---|---|---|---|
| | with hyperinflation IAS 29 effect | with-out hyperinflation IAS 29 effect | |
| **Operating profit from continuing operations (EBIT)** | **308,467** | **308,467** | **366,830** |
| Monetary correction IAS 29 of the period | - | (84) | - |
| **Operating profit from continuing operations restated (EBIT)** | **308,467** | **308,383** | **366,830** |
| Amortization and impariment losses of intangible fixed assets (continuing operations) | 21,742 | 21,716 | 16,955 |
| Depreciation and impairment losses of tangible fixed assets (continuing operations) | 158,761 | 157,597 | 146,199 |
| **Operating profit from continuing operations before depreciation, amortization and impairment losses on fixed assets (EBITDA)** | **488,970** | **487,696** | **529,984** |

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

| | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Net financial position | (14,615) | (23,620) |
| EBITDA* | 487,696 | 529,984 |
| **EBITDA/net financial position** | **0.03** | **0.04** |

**without hyperinflationary effect as to paragraph IAS 29 - 'Accounting reporting in hyperinflationary economies'*

# 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:

| | 2022 | 2021 |
|---|---|---|
| Short-term benefits | 19,017 | 17,967 |
| Post-employment benefits | 1,012 | 2,373 |
| Other long-term benefits | 8,343 | 5,848 |
| **Total** | **28,372** | **26,188** |

### 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 2022 to 2024, to perform the audit of the Consolidated financial statements, as required by the Italian law (Article n. 14 Legislative Decree 39/ 2010 and articles n. 2409-bis et seq. of the Italian Civil Code).
The 2022 fees in respect of the legal activities for the statutory audit of the annual accounts, the other audit services and the other assistance services amounted to euro 1,726.

### 8.4 Relationships with company bodies

The emoluments of the directors of Barilla Holding S.r.l. for the year 2022 amounted to euro 4,070.
The remuneration of the Board of Statutory Auditors of Barilla Holding S.r.l. related to Group appointments amounted to a total euro 354 in 2022.




*Images taken at the Barilla stand at Cibus, held at Fiere di Parma (Italy) on May 3-6, 2022.*

# 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.<br>Via Mantova 166 – Parma (Italy)<br>Financial services | EURO | 2,000,000 | 85.00 | Barilla Holding S.r.l. | 85.00 |
| Barilla International Limited<br>Harella House 90-98, Goswell Road - London (United Kingdom)<br>Holding Company | GBP | 100 | 85.00 | Barilla Holding S.r.l. | 85.00 |
| 3D Food S.r.l.<br>Via Madre Teresa di Calcutta 3/A – Parma (Italy)<br>Production and trade | EURO | 25,000 | 85.00 | BLU1877 S.r.l. | 100.00 |
| IKRG – Midtown West LLC<br>c/o Tarter Krinsky & Drogin LLP, 1350 Broadway - New York NY (USA)<br>Restauration not active | USD | 10,000 | 85.00 | Barilla America, Inc | 100.00 |
| IKRG – OC1 LLC<br>c/o CSC-Lawyers Incorporation Service – Sacramento California (USA)<br>Restauration not active | USD | 10,000 | 85.00 | Barilla America, Inc | 100.00 |
| Barilla Central Europe Service GmbH<br>Fritz-Vomfelde-Strasse 14-20 – Dusseldorf (Germany)<br>Financial services | EURO | 25,000 | 85.00 | Barilla Iniziative S.p.A. | 100.00 |
| Barilla G. e R. Fratelli Società per Azioni - Socio Unico<br>Via Mantova 166 – Parma (Italy)<br>Production and trade | EURO | 180,639,990 | 85.00 | Barilla Iniziative S.p.A. | 100.00 |
| Barilla Servizi Finanziari S.p.A. - Socio Unico<br>Via Mantova 166 – Parma (Italy)<br>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<br>Via Mantova 166 – Parma (Italy)<br>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<br>Via Mantova 166 – Parma (Italy)<br>Selling company | EURO | 10,000 | 85.00 | FIRST S.p.A. - Socio Unico | 100.00 |
| Barilla Hellas S.A.<br>2, Paradeisou Str. – Marousi (Greece)<br>Production and trade | EURO | 7,611,840 | 85.00 | Barilla International Limited | 100.00 |
| Barilla America Inc.<br>191 North Wacker Drive – Chicago, IL (USA)<br>Production and trade | USD | 1,000 | 85.00 | Barilla International Limited | 100.00 |
| Catelli Montreal Inc.<br>151 Yonge Street, Suite 1500 c/o Torkin Manes LLP – Toronto (Canada)<br>Production and trade | CAD | 79,000,300 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Japan K.K.<br>9F, 2-7-3 Hirakawacho Chiyoda-ku -Tokyo (Japan)<br>Trade | JPY | 400,050,000 | 85.00 | Barilla Singapore Pte Ltd | 100.00 |
| Barilla Do Brasil LTDA<br>Avenida Brigadeiro Faria Lima 1336 block 121, 12° Andar - San Paolo (Brasil) Trade | BRL | 127,937,135 | 85.00 | Barilla International Limited | 99.99 |
| | | | | Barilla Servizi Finanziari S.p.A. - Socio Unico | 0.01 |
| Barilla Austria GmbH<br>Grabenweg 64 - Innsbruck (Austria)<br>Trade | EURO | 436,000 | 85.00 | Barilla Central Europe Service GmbH | 100.00 |
| Barilla Mexico S.A. de C.V.<br>Calzada San Bartolo Naucalpan<br>360 Col. Argentina Ponente Deleg. M. Hildalgo – Mexico City (Mexico)<br>Production and trade | MXN | 227,348,096 | 42.50 | Barilla International Limited | 50.00 |



| Company, headquarter and activity | | Share Capital (nominal value) | % Group ownership | Through | % |
|---|---|---|---|---|---|
| Barilla Acceleration Limited<br>Goswell Road, Harella House, 90-98 – Londra (United Kingdom)<br>Services | GBP | 100 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Singapore Pte Ltd<br>27 Kreta Ayer Road - Singapore (Singapore)<br>Holding and Trade | SGD<br>USD | 1,000,000<br>38,000,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla (SHANGHAI) Trading Company Limited<br>Unit 1902, Floor 19, Hongyi Plaza, No. 288 Jiujiang Road, Huangpu District- Shanghai (China)<br>Trade | USD | 15,120,000 | 85.00 | Barilla Singapore Pte Ltd | 100.00 |
| Barilla Middle East FZE<br>Office No. LB191803, Jebel Ali – Dubai (United Arab Emirates)<br>Trade | AED | 1,000,000 | 85.00 | Barilla Singapore Pte Ltd | 100.00 |
| Barilla Espana S.L.<br>Zurbano 43 – Madrid (Spain)<br>Trade | EURO | 3,100 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Gida A.S.<br>Askent sokak n.3A Kosifler Plaza D.11 Ataşehir – Istanbul (Turkey)<br>Production and trade | TRY | 409,550,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Switzerland AG<br>Zugerstrasse 76B – Baar (Switzerland)<br>Trade | CHF | 1,000,000 | 85.00 | Barilla Central Europe Service GmbH | 100.00 |
| Barilla Sverige AB<br>PO BOX 6722, 113 85 - Stockholm (Sweden)<br>Production and trade | SEK | 5,000,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Norge AS<br>Sandvikavegen 55 - Ottestad (Norway)<br>Trade | NOK | 1,952,000 | 85.00 | Barilla Sverige AB | 100.00 |
| Barilla Poland Sp. Z.o.o.<br>ul. Bobrowiecka 8,00-728 – Warsaw (Poland)<br>Trade | PLN | 14,050,000 | 85.00 | Barilla Central Europe Service GmbH | 100.00 |
| | | | | Barilla Central Europe Service GmbH | 89.9002 |
| Barilla Deutschland GmbH<br>Gustav-Heinemann-Ufer 72 c - Cologne (Germany)<br>Production and trade | EURO | 51,100 | 85.00 | Barilla Sverige AB | 10.0998 |
| Barilla Australia PTY Limited<br>c\o Deloitte Private PtyLtd Level 1, Grosvenor Place, 225 George Street– Sydney (Australia)<br>Trade | AUD | 30,050,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Netherlands B.V.<br>Orteliuslaan 1000 – Utrecht (The Netherlands)<br>Trade | EURO | 18,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Adriatik d.o.o.<br>Bravničarjeva ulica, 13 – Ljubljiana (Slovenia)<br>Trade | EURO | 50,000 | 85.00 | Barilla International Limited | 100.00 |
| Barilla Hrvatska d.o.o.<br>Radnička cesta 39 - Zagreb (Croatia)<br>Trade | EURO | 9,981 | 85.00 | Barilla International Limited | 100.00 |
| Barilla America N.Y. Inc.<br>Livington County - New York NY (USA)<br>Production and trade | USD | 1,000 | 85.00 | Barilla International Limited | 100.00 |
| | | | | Barilla International Limited | 87.0425 |
| Barilla Rus LLC<br>1 Butyrski Tupik 1 Solnečnogorsk - Moscow (Russia)<br>Production and trade | RUB | 661,401,820 | 74.628725 | Barilla Servizi Finanziari S.p.A. - Socio Unico | 0.7560 |
| Barilla Rus Production LLC<br>Shmatovo rural area, Stupino urban district – Moscow (Russia)<br>Production and trade | RUB | 10,000,000 | 74.628725 | Barilla Rus LLC | 100.00 |
| Barilla Romania S.r.l.<br>48 Nicolae Titulescu Road, Bucharest (Romania)<br>Trade | RON | 45,000 | 85.00 | Barilla Hellas | 100.00 |
| Barilla France SAS<br>30 Cours de l'île Seguin – Boulogne Billancourt (France)<br>Production, trade and finacial services | EURO | 126,683.296 | 85.00 | Barilla International Limited | 100.00 |

| Company, headquarter and activity | | Share Capital (nominal value) | % Group ownership | Through | % |
|---|---|---|---|---|---|
| | | | | Barilla Netherlands B.V. | 71.20 |
| Barilla Belgium S.A.<br>Chaussée de la Hulpe 166 - Bruxelles (Belgium)<br>Trade | EURO | 693,882 | 85.00 | Barilla France SAS | 28.80 |
| Barilla Canada Inc.<br>26 Yonge Street - Toronto (Canada)<br>Trade | CAD | 36,010,000 | 85.00 | Barilla International Limited | 100.00 |
| Back to Nature Food, LLC (formerly BA Brussels LLC)<br>191 North Wacker Drive - Chicago, IL (USA)<br>Trade | USD | 65,010,000* | 85.00 | Barilla America Inc | 100.00 |
| Pasta Evangelists LTD<br>1st floor, 14 Blundell St, London (United Kingdom)<br>Production and trade | GBP | 9,461 | 63.104 | Barilla International Limited | 74.24 |

*it includes Capital Contribution for USD 65 million, made as of January 3, 2023

# Appendix 2.

## List of investments in associated and other companies

| Company, headquarter and activity | | Share Capital (nominal value) | % Group ownership | Through | % |
|---|---|---|---|---|---|
| BRW S.p.A.<br>Via Savona 16 - Milan (Italy)<br>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.<br>Strada ponte Caprazucca 6/A - Parma (Italy)<br>Environmental development | EURO | 58,000 | 12.59275 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 13.79 |
| Fiere di Parma S.p.A.<br>Via delle Esposizioni 393A, Baganzola - Parma (Italy)<br>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.<br>Piazza Europa 1, Fontevivo – Parma (Italy)<br>Warehousing | EURO | 6,642,928 | 0.323 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 0.380 |
| Immobiliare Caprazucca S.p.A.<br>Strada al Ponte Caprazucca 6 - Parma (Italy)<br>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<br>Società per la gestione S.p.A.<br>Via Ferretti Licinio 50/A - Parma (Italy)<br>Other -airport related activities | EURO | 110,280 | 0.527 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 0.620 |
| Pallino Pastaria Company<br>1207 208th Avenue S.E. – Sammamish WA (USA)<br>Production and trade | USD | 501,500 | 9.401 | Barilla America Inc. | 11.060 |
| Italia del Gusto – Consorzio Export<br>La gastronomia di marca<br>Via delle Esposizioni 393/A, Baganzola - Parma (Italy)<br>Trade | EURO | 157,500 | 2.431 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 2.860 |
| COMIECO<br>Via Litta Pompeo 5 - Milan (Italy)<br>Other | EURO | 1,161,900 | 0.000102 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 0.00012 |
| CO.NA.I.<br>Via Tomacelli 132 – Rome (Italy)<br>Other | EURO | 15,159,873 | 0.119 | Barilla G. e R. Fratelli Società per Azioni - Socio Unico | 0.140 |
| FASTIGHETSAKTIEBOLAGET TAREDOM<br>Pumpgatan 5 - Karlstad (Sweden)<br>Other | SEK | 796,700 | 0.17 | Barilla Sverige AB | 0.200 |
| STOREBRAND ABA<br>Professor Kohts vei 9 - Lysaker (Norway)<br>Other | NOK | 2,250,000,000 | 0.000255 | Barilla Norge AS | 0.0003 |
| TÅGÅKERIET I BERGSLAGEN AB<br>Bangardsgatan 2, Kristinehamn (Sweden)<br>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 2022 | Year end 12/31/2022 |
|---|---|---|---|
| AED | Arab Emirates Dirham | 3.8673 | 3.9171 |
| AUD | Australian Dollar | 1.5167 | 1.5693 |
| BRL | Brazilian Real | 5.4399 | 5.6386 |
| CAD | Canandian Dollar | 1.3695 | 1.4440 |
| CHF | Swiss Franc | 1.0047 | 0.9847 |
| CNY | Chinese Yuan | 7.0788 | 7.3582 |
| DKK | Danish Krone | 7.4396 | 7.4365 |
| GBP | British Pound | 0.8528 | 0.8869 |
| HRK | Croatian Kuna | 7.5349 | 7.5365 |
| JPY | Japanese Yen | 138.0274 | 140.6600 |
| MXN | Mexican Pesos | 21.1869 | 20.8560 |
| NOK | Norwegian Krone | 10.1026 | 10.5138 |
| PLN | Polish Zloty | 4.6861 | 4.6808 |
| RON | Romanian Leu | 4.9313 | 4.9495 |
| RUB | Russian Ruble | 71.8459 | 77.2993 |
| SEK | Swedish Krone | 10.6296 | 11.1218 |
| TRY* | Turkish Lira | 19.9649 | 19.9649 |
| USD | United States Dollar | 1.0531 | 1.0666 |

**The average exchange rate of the Turkish Lira is equal to the final reference exchange rate for the application of IAS 29 - 'Accounting reporting in hyperinflationary economies'*

# Appendix 4.

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

| Receiving subject name | Receiving subject fiscal mame | Lending subject name | Reeceived amount (in Euro unit) | Receiving Date | Purpose |
|---|---|---|---|---|---|
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | Development of BASILI-CATA Region (Italy) | 78,500 | 01/17/2022 | Melfi photovoltaic |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | EUROPEAN COMMUNITY | 4,756 | 01/24/2022 | Smart protein |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | INVITALIA | 1,500,000 | 02/11/2022 | In Italy, Line 5 puff pastry production substitution Caserta, short pasta silos old side I step Caserta, Line 10 long pasta production substitution Caserta, Line 4 short pasta production substitution Foggia, IMU Pack Solutions box EU I step substitution Caserta-Foggia-Pedrignano (Parma), Heath exchanger pumps substitution Foggia |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | INVITALIA | 305,000≤ | 02/14/2022 | In Italy, Line 5 puff pastry production substitution Caserta, short pasta silos old side I step Caserta, Line 10 long pasta production substitution Caserta, Line 4 short pasta production substitution Foggia, IMU Pack Solutions box EU I step substitution Caserta-Foggia-Pedrignano (Parma), Heath exchanger pumps substitution Foggia |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | EUROPEAN COMMUNITY | 16,366 | 02/18/2022 | Strenght2food |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | EUROPEAN COMMUNITY | 7,521 | 09/02/2022 | Plotus |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | EUROPEAN COMMUNITY | 132,569 | 10/25/2022 | Food Safer |
| Barilla G. e R. Fratelli Società per Azioni | 01654010345 | EUROPEAN COMMUNITY | 38,934 | 12/19/2022 | CircHive |
| | | **TOTAL** | **2,083,645** | | |

# Report of Indipendent Auditors

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

# Barilla Holding Group

**Consolidated financial statements as at 31 December 2022**

(with independent auditors' report thereon)



KPMG S.p.A.
Revisione e organizzazione contabile
Viale Giovanni Falcone, 30/A
43121 PARMA PR
Telefono +39 0521 236211
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

**(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 2022, 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 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

#### *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.

# Report of Indipendent Auditors

**Barilla Holding Group**
*Independent auditors' report*
*31 December 2022*

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.



**Barilla Holding Group**
*Independent auditors' report*
*31 December 2022*

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 2022 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 2022 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 2022 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, 3 April 2023

KPMG S.p.A.

(signed on the original)

Gianluca Tagliavini
Director of Audit

# Corporate information and contacts

**Barilla Holding S.r.l.**

Registered office and headquarters
Via Mantova, 166 - 43122 Parma, Italy

Share capital: euro 112,720,000.00 fully paid-in
Parma Company Register, Tax ID
and VAT no. 00489540344
R.E.A Parma no. 134585

**Contacts**
Tel. +39 0521 2621
Fax +39 0521 270621
ufficiorelazioniesterne@barilla.com
mediarelations@barilla.com
www.barillagroup.com
barillagroup
Barilla_group
@barillapeople

**Photo**
Barilla historical archive
www.archiviostoricobarilla.com

Giampaolo Ricò
www.ricofotostudio.com

**Design e layout**
The Brand Company (Parma - Italia)

**Graphic design map "Barilla nel mondo"**
Visualmade (Milano - Italia)

**Printing**
Pazzini Stampatore Editore SRL

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