

CONSOLIDATED
FINANCIAL
STATEMENT

2020

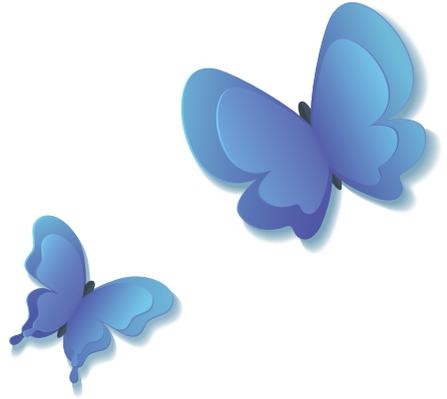


*Innovating the future
to make it increasingly
sustainable*

**SAMMONTANA
ITALIA**







| INSPIRATION |

THIS IS WHAT WE ARE MADE OF.
OF HEART AND REASON.
OF HISTORY AND PROJECTS.
OF TRADITION AND DEVELOPMENT.
WHAT WE INTEND TO PURSUE
IN OUR DAILY BUSINESS OF DOING
BUSINESS.

Bagnoli Family





| THE VISION |

We bring a smile into the lives of all the people of the world by offering them satisfying and good products because they are created with authentically Italian care and passion and with respect for our origins.

We are intimately Italian and worthy representatives of the culture, style and product of our territory. We started out as craftsmen, only to become industrialists without ever denying our roots and origins.

We are a big family and a big business: our way of doing business is centred on mutual respect and correct behaviour towards employees, stakeholders and competitors.

The direction we have set ourselves is to become a point of reference at international level for Italian food in pleasure and self-gratification, always protecting our origins.

| MISSION |

To navigate towards and reach our Vision, we have promised to create high quality food products, recipes designed to offer everyone a pleasurable experience by interpreting new food styles. Doing business while respecting our Italian roots, our identity, our people, our communities and our territories, seeking the continuous improvement of our actions and efficiency without compromise. Being bearers of Italian culture and Authentic Products also abroad, protagonists of the evolutions of styles, shapes and ways of enjoying taste in the world today and tomorrow.



| OUR HISTORY |

OVER 70 YEARS OF ITALIAN QUALITY BETWEEN FAMILY, PASSION AND INNOVATION.



40S

Start of the Sammontana story.

Romeo Bagnoli, father of six children, to provide for his large family, bought the Sammontana dairy, in Via del Giglio in Empoli.

The dairy was named after the farm he got his milk from.

1955

From café-ice cream shop to artisan workshop.

Ice cream sales increased.

Renzo and his brother *Sergio* began to market it outside Empoli and designed a 6-litre tin container to transport it.

The production of single-dose ice cream was started.

1959

Sammontana launched the classic Barattolino ice cream container on the market,

still today an iconic product of Sammontana: traditional pre-packaged ice cream in the ideal quantity for family consumption.

1980

The “slurp” cone.

Milton Glaser, author of world-renowned cult images - such as **I LOVE NY** - created the new Sammontana logo: the slurp cone, still today the recognizable emblem of the company.

1946

Sammontana ice cream was created.

Renzo, the eldest son of *Romeo*, turned the dairy into a café - ice cream shop.

He learned the first notions of ice cream and became a true artist of the palate.

Thus, the production of Sammontana ice cream began.

1957

Renzo chooses the brilliant claim “Gelati all’Italiana”,

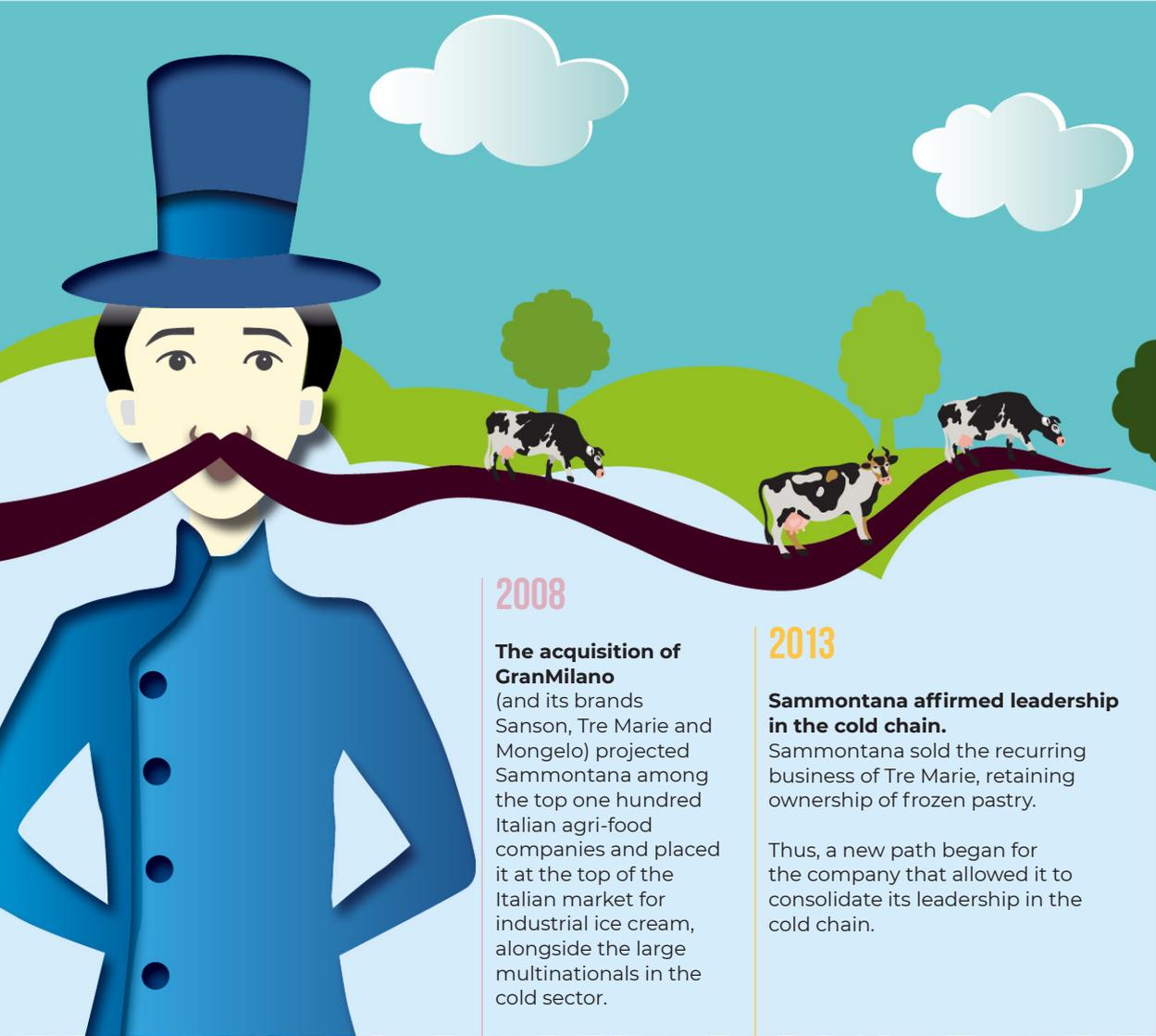
to distinguish his ice cream from the ice cream spread in Italy by American soldiers during and after the Second World War.

1960

From laboratory to company.

Demands continued to grow beyond the Tuscan borders.

These were the years of the great entrepreneurial leap; *Renzo* and his brothers, *Sergio* and *Loriano*, inaugurated the company's production plant in Empoli, still today the headquarters of the Sammontana company.



2008

The acquisition of GranMilano
(and its brands Sanson, Tre Marie and Mongelo) projected Sammontana among the top one hundred Italian agri-food companies and placed it at the top of the Italian market for industrial ice cream, alongside the large multinationals in the cold sector.

2013

Sammontana affirmed leadership in the cold chain.
Sammontana sold the recurring business of Tre Marie, retaining ownership of frozen pastry.

Thus, a new path began for the company that allowed it to consolidate its leadership in the cold chain.

1988

Il Pasticcere (pastry chef) was created. Start of the café breakfast ritual.
From the purchase of a laboratory of frozen baked products began the adventure of Il Pasticcere, the leavening of which is based on "mother dough".

This new beginning was also marked by innovation: the croissant has already risen and the café attendant simply has to bake it.

2009

The strategic importance of Tre Marie.
The Tre Marie brand allowed Sammontana to establish itself as a leader in the frozen pastry sector with the first and second brands in terms of share: Tre Marie and Il Pasticcere.

2016

A new milestone in the company's environmental commitment.
Sammontana consolidated its path towards environmental sustainability by signing a Voluntary Agreement with the Ministry of the Environment to know, measure and compensate, first in Italy in the ice cream sector, the carbon footprint of Barattolino.

2018

Family business. Italy World.
Growth of the drive towards internationalization, in full respect of Italian roots.
Bagnoli continued with identical passion, pride and determination to produce the best quality and taste of "Italian style products", which are now and increasingly sold all over the world from the company's plants.

| VALUES |

The Bagnoli family and Sammontana

share the same principles
and values.

But more importantly they
exercise them with the same
codes of conduct.

**We do not know
a different way
of being a business.**



| PASSION |

**We have the will
to Do it and do it
right.**

We have always
taken care of our
product driven
by the greatest of
technologies: love
for our trade.
Curiosity and
experimentation
stimulate our
creativity and drive

us to Do better and
better in continuous
action that shuns
any compromise
on quality in the
name of passion
for superior quality
products.

| PRIDE |

We are proud **to
be ambassadors
of the identity,
culture and values
of a great Italian
company** made
up of real people,
skill, passion and
intelligence.
People who speak
and act with the
strength of Noi
Sammontana.

| MEASURE |

Measure for us is
**the relationship
between
sustainability and
sustainable growth,**
the dimension of
decisions focused
on people, their
work and the
environment in
which they operate.



| RESPECT |

We have great respect for work and people. We are aware of the responsibility of our business as expressed by our social and environmental tension. We believe in our talents and the continuous improvement that they are able to bring to the

organization every day, each with their own skills and responsibilities. With respect and integrity, we win the trust of our customers and our consumers, with loyalty and transparency, we make agreements with our suppliers and our partners.

| LISTENING |

For us listening means **reducing distances** between people. It means **learning** every day from our Doing. It means **understanding** the demands of the Market. It means **progressing**, respecting our origins, with a clear vision of tomorrow.

| SUSTAINABILITY | | INNOVATION |

Sammontana Italia has long been committed to the continuous improvement of its products and business processes, also in terms of sustainability. In order to pursue continuous improvement objectives, the Group creates increasingly innovative products that meet high quality and nutritional standards, while at the same time striving to reduce waste and environmental impact.



| THE FOCUS ON SUSTAINABILITY |

The commitment is to pursue a certified and transparent approach that is increasingly attentive to sustainability in all its forms. The Sammontana Group has undertaken to study aspects related to environmental sustainability and has calculated a Carbon Foot Print in order to offset and reduce the emissions of greenhouse gases from the production of its products.



| INNOVATION FOR THE FUTURE |

In continuity with recent years, the Sarmontana Group's R&D activities are constantly oriented towards product innovation, with research, development and continuous experimentation of innovative and original recipes and formulations for the company's main core businesses of "gelato" and "bakery", with a high level of attention to the performance and environmental impact of the various product lines.

In addition to product innovation, the Group has also invested its energies in process and IT/digital innovations.

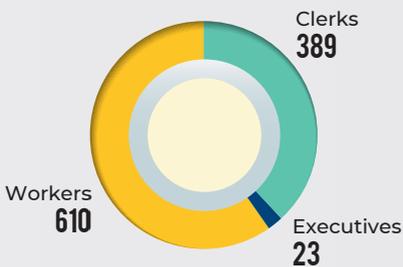


| 2020 HIGHLIGHTS |

NET TURNOVER (MLN/EURO)

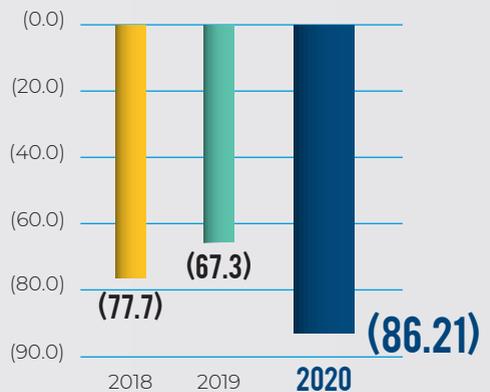


PERSONNEL BY CLASSIFICATION



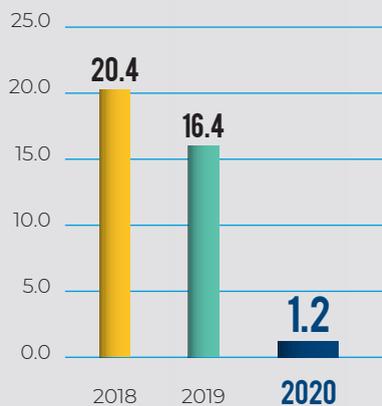
TOTAL 2020: 1,022

NET FINANCIAL POSITION PERFORMANCE (MLN/EURO)

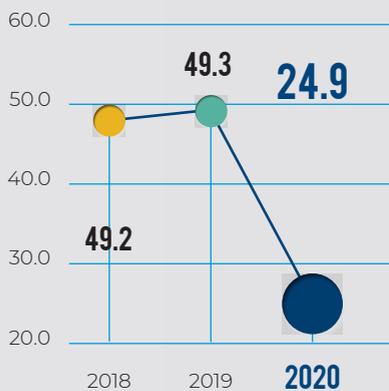




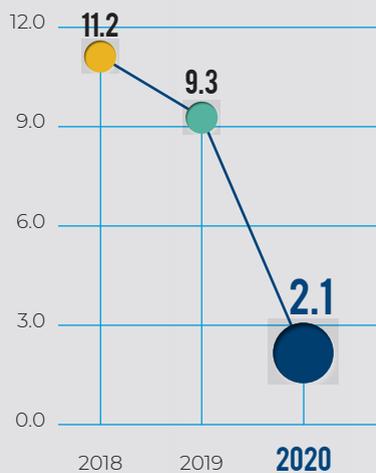
PRE-TAX PROFIT (MLN/EURO)



E.B.I.T.D.A. (MLN/EURO)



ROI PERFORMANCE (%)



| CONTENTS |

	1. REPORT ON OPERATIONS	15
	THE SAMMONTANA GROUP	17
	Group Structure	19
	Overview of company activities	20
	Our brands	20
	Territorial presence and distribution network	23
	Business and news 2020	24
	Research and development activities	30
	Communication and key events of 2020	32
	OUR PEOPLE	43
	Personnel composition and characteristics	44
	Personnel management	46
	Occupational health and safety	47
	The Covid-19 challenge: our answers	51
	OUR ATTENTION TO SUSTAINABILITY	53
	Our attention to sustainability	54
	The three pillars of Sammontana Sustainability	56
	Greenhouse gas reduction	63
	Energy supply and renewable energy	71
	Reducing water use	73
	Reducing the impact of waste and packaging	74
	INNOVATION AND QUALITY FOR THE FUTURE	77
	Innovation and quality for the future	78
	OPERATING PERFORMANCE	87
	Economic performance	88
	Key income statement figures	89
	Key balance sheet figures	91
	Key productivity, profitability and financial indicators	92
	Investments	93
	Portions sold and revenues	96
	Costs	98
	Taxes	100

	Financial situation	101
	Information on risks and uncertainties	103
	Relations with non-consolidated subsidiaries, associated companies, parent companies and companies subject to the control of the latter	106
	Shares in parent companies and treasury shares	107
	Statutory audit	107
	Other information	107
	Key events after year-end	108
	Outlook	109
		
	2. CONSOLIDATED FINANCIAL STATEMENTS	111
		
	FINANCIAL STATEMENTS	113
	Balance Sheet assets	114
	Balance Sheet liabilities	116
	Income Statement	118
	Cash Flow Statement	120
		
	NOTES	123
	Criteria for the preparation of the financial statements	124
	Scope of consolidation	125
	Principles of consolidation	126
	Valuation criteria	127
	Balance Sheet	139
	Income Statement	161
	Other information	170
	Final considerations	173
		
	3. ANNEXES	175
	Annex 1	176
	Annex 2	176
		
	REPORT OF THE INDEPENDENT AUDITORS	177





REPORT ON OPERATIONS





THE SAMMONTANA GROUP



Shareholders,

The Board of Directors of the Parent Company met on 09 April 2021 and approved the draft financial statements for the financial year 2020 and decided to call the Annual Shareholders' Meeting, in compliance with the term set out in article 2364, second paragraph of the Italian Civil Code, for 28 May.

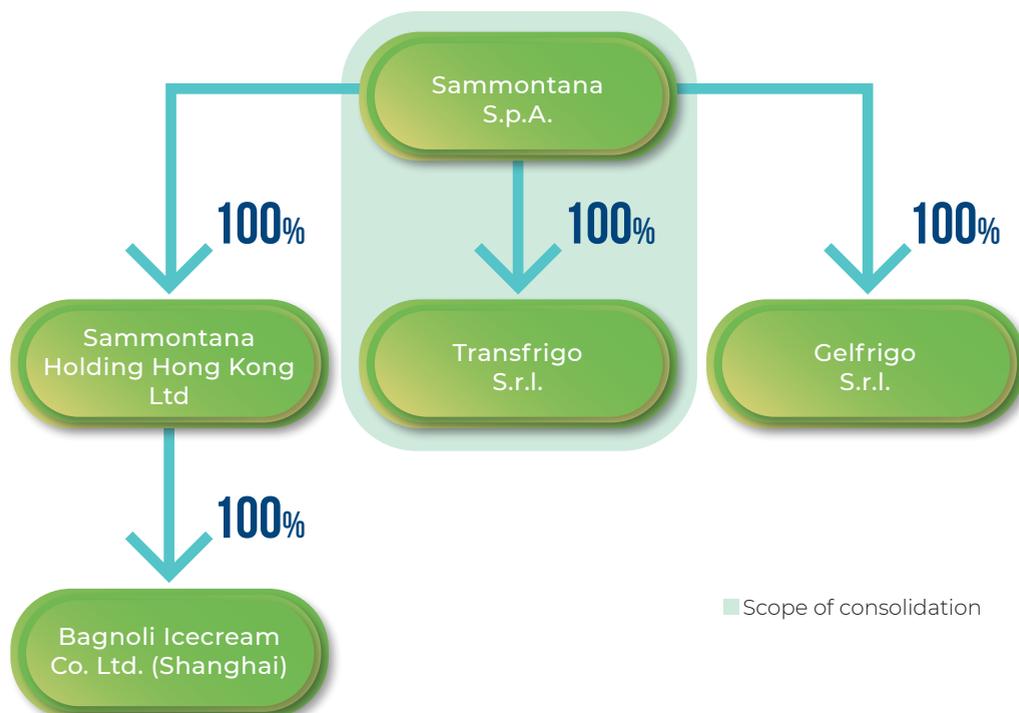
The Financial Statements for approval (Balance Sheet, Income Statement, Cash Flow Statement and Notes) have been drafted and prepared in strict compliance with the regulations in force, with particular reference to their content and valuation criteria; moreover, as required by article 2423-ter, fifth paragraph of the Civil Code, the reading and appreciation of the results, both balance sheet and income statement, are favoured by comparison with the results at the end of the previous financial year.

We therefore provide you with an overview of the Group's situation and performance, also with reference to key events after year-end and the outlook.



GROUP STRUCTURE

The consolidated financial statements of the Sammontana Group for the year 2020 have been prepared as follows:



Compared to 2019, there were no changes in the scope of consolidation.

Gelfrigo S.r.l., a wholly-owned subsidiary of the Parent Company Sammontana S.p.A., has not yet started its operations and, in accordance with the provisions of article 28 of Legislative Decree 127/1991, was excluded from the scope of consolidation because its inclusion would have been irrelevant for the purposes of clarity and a true and fair view of the Group's economic, equity and financial position.

The company Sammontana Holding Hong Kong Ltd, incorporated in the previous financial year, has a 100% stake in Bagnoli Icecream (Shanghai) Co. Ltd (also incorporated at the end of 2019) and was excluded from the scope of consolidation in accordance with the provisions of article 28 of the Legislative Decree 127/1991 because its inclusion would have been irrelevant for the purposes of clarity and a true and fair view of the Group's economic, equity and financial position.

OVERVIEW OF COMPANY ACTIVITIES

The Sammontana Group is the **second largest national operator** in the ice cream production and distribution sector, it also has **national leadership** in the production and marketing of frozen pastries. The range of frozen goods is completed by the marketing of savoury products (bread, focaccia, ready meals).

In the ice cream sector, the Group operates with its own Sammontana brand and with licensed brands (Ringo, Pan di Stelle, etc.), and makes products under the brand names of large-scale retail chains (private label).

In the frozen pastry sector, it operates under the Tre Marie and Il Pasticcere brands, while in the lunch-snack sector, it operates under the Bonchef brand.

OUR BRANDS

The Brands with which the Company operates and through which it is traditionally recognized at national and international level, are essentially: **Sammontana, Tre Marie, Il Pasticcere, Bonchef and Mongelo.**



Bonchef, is a brand through which the Group sells first and second courses that are ready to heat and eat, while Mongelo and Il Pasticcere are brands that are also owned by the Group but through which part of the frozen pastries it produces are marketed. Together, they offer a range of quality products, refined both in the rising of the mother dough and in the selection of raw materials.

The **Tre Marie** and **Sammontana** brands deserve a special mention.

In particular, **Tre Marie** is a historic brand, symbol of the Milanese.

confectionery tradition, which at the same time cultivates a strong link with the contemporary. Tre Marie has a fascinating history, of authenticity and taste, values and emotions. This brand has a very particular history, which links the first modern pastry shops of nineteenth century Milan, which were the meeting places of intellectuals at the time, to the very recent production of high quality frozen pastry, passing through more than two centuries of improvements and product innovations with particular attention to the selection of raw materials.

The **Sammontana** brand is the historical brand of the Group under which ice creams are marketed. The history of the Brand is very fascinating and blends directly with the origins of the Sammontana Company, which was founded in 1946 by Renzo Bagnoli with the transformation of the family dairy into an café-ice cream shop in Empoli.

In **1952**, the first brand was created, a red logotype with the typical calligraphic style of the time from whose final letter was a long underlining.



In **1959**, the Empoli-born painter Sineo Geminiani was entrusted with the creation of a character for visual communication. Thus was the creation of the nice corsair licking an ice cream winking; this icon coexisted with the yellow calligraphic logotype.

In **1961** a new logotype was created, this time with an elongated underlining and inscribed in a red oval. At that time, ice cream was delivered to cafés and dairies in a metal container designed by Sammontana containing six litres of ice cream; in those years of economic growth, refrigerators spread in the

homes of Italian families and, with the Barattolino container, ice cream could be eaten at home at any time of the day.



Starting **1964**, the icon of the corsair was used in advertising communication but portrayed in full length showing the slogan *“un tesoro di gelato”* (an ice cream treasure).



SAMMONTANA

Then in **1968** was the creation of the brand of the humanized cone with eyes, mouth, red tongue and the slogan *“gelati all’italiana”* (Italian-style ice cream); this brand was accompanied by the logotype in capitals stick.



In **1981**, a restyling of the company brand was made by the American graphic designer Milton Glaser, author of images known all over the world; he revisited the cone stylizing it and placing it in the centre of a horizontal crescent. Sammontana has always paid attention to communication conveying a cheerful, direct, sunny and Italian-style image; therefore, the slogan *“gelati all’italiana”* (Italian-style ice cream) was confirmed.



In **2015**, the company started a new phase of its renewal process by presenting the restyling of the brand: the symbol of the “conetto” (small cone) became more central and contemporary while maintaining the values of the brand that, despite the idea of Milton Glaser, was modernized by lightening and leaving only “Sammontana” and “Gelati all’italiana” (Italian-style ice cream) the task of creating the typical semicircle of the brand.



TERRITORIAL PRESENCE AND DISTRIBUTION NETWORK

The Group produces directly through **three factories** located in **Empoli, Vinci and Colognola ai Colli** and distributes its products through a network of more than 200 dealers, distributors and **15 branches** located throughout Italy.



BUSINESS AND NEWS 2020

A. ICE CREAM LINE

With regard to the ice cream business, 2020 proved to be a challenging year: on the one hand, we witnessed a decrease in walk-in sales, as a consequence of the lockdown that affected the closure of the horeca channel in the first months of the year. On the other hand, despite the reopening, previously agreed activities have slowed down significantly, dictated by compliance with and enforcement of pandemic restrictive measures.

On the product front, one of the most significant novelties concerns the launch of **Gruvi**, the new line of Sammontana sticks with a rough character and a soft heart, in the following variants: **Pistachio**, **Croccantino** and **Gianduja**. A triumph of different tastes and textures, capable of surprising bite after bite.

Another new development in 2020 that is part of Sammontana's path to sustainability was the intervention on the **Barattolino Le Delizie** line, which saw the changeover to paper packaging. For the first time, we witnessed the creation and launch on the GDO channel (and impulse) of a limited edition, called **Ricordi dalla Costiera**, composed by **Barattolino**, **Cono Cinque Stelle** and **Torta gelato (Ice cream cake)** with the aim of celebrating the artistic, cultural and gastronomic richness of the Bel Paese and in particular, to be conquered by the scents and flavours of the Amalfi Coast.



The take-away segment in the large-scale retail trade has also seen the creation of a co-branding activity with two Italian excellences: **Amarena Fabbri** and **Domori Chocolate**, which have contributed to making the iconic **Coppa Oro** even more delicious. In addition to these novelties, there are new launches that have increased the Wellness assortment: the stick **Amando with Vanilla and Cocoa Coating** and the two new products **Yogurt & Red Fruits** and **Yogurt & Mango**, under the Fruttiamo brand. Also in the Wellness area was the launch of the **UAU Protein Bar**, expanding the range of ice cream rich in protein.

The company's offer in the impulse channel was strengthened with the launch of the new **Gruvi** sticks line, in the **Pistachio, Croccantino and Cocco** references and the limited edition **Cono Cinque Stelle Ricordi dalla Costiera**, ice cream with biscuit crumble and hints of lemon, and with the creation of the new co-branding of **Coppa Oro Amarena Fabbri and Coppa Oro Cioccolato Domori**.

The growth also continued in the HoReCa channel of **Amando** "*the good gelato without milk*", which registered the launch of an additional product: **Stecco Cacao** and the Fruttiamo range which, as in the large-scale retail trade, expanded its line with the two new products **Yogurt & Red Fruits** and **Yogurt & Mango**.

The wellness line was then expanded thanks to the launch of the **UAU Protein Bar**, vanilla ice cream with a high protein content, covered with milk chocolate and biscuit crumble.

As far as the range dedicated to children is concerned, we would like to point out the new **Coppa Sorpresa Gormiti** (Surprise Cup), the cocoa and vanilla flavoured ice cream with the protagonists of the cartoon as a gift, all to be collected, and **Frozen II** - vanilla, circular shape, dedicated to the Frozen sequel, which was a hit with little girls worldwide.

In 2020 the commitment of **Sammontana** also continued in the Green Project, based on the agreement made by the Company with the Ministry of the Environment and Protection of Land and Sea





for the measurement, reduction and compensation of CO₂ equivalent emissions produced during the life cycle of Barattolino, Fruttiamo and Amando.

During the season, the project was also communicated through the launch of **GreenGo**, the popsicle with spirulina and lime, which helps the glaciers thanks to an important project in collaboration with **Legambiente**, thanks to which Sammontana contributed to the planting of about 3 hectares of the **Natural Park Paneveggio - Pale di San Martino, in Trentino** that were destroyed following cyclone Vaia in 2018.

With a view to safeguarding the environment and respecting nature, **the Company** has inaugurated a new itinerant format and, on board a **camper van**, has toured the boot of Italy visiting beach establishments rigorously *branded Sammontana* and green to recount

the anomalous summer of the post lock-down period. In addition to this, it participated as main sponsor in **UNA FESTIVAL**, the event of physical and spiritual regeneration of Monviso, aimed at safeguarding the mountains. Finally, Sammontana was among the protagonists of the **Future Vintage Festival in Padua**, the three-day event with the aim of identifying the inspirations and influences of contemporary trends.

Confirming its desire to maintain a high level of advertising pressure at national level, the Company continued to allocate a considerable amount of resources to the communication sector, continuing the **television campaign for the Barattolino brand**, which for the first time was animated by the creativity of Virgilio Villoresi, the starting point for the **#solouncucchiainodidistanzaChallenge**, and launching for the first time a significant campaign via Out Of Home to promote the latest product, the **Gruvi stick**.





B. FROZEN PASTRY LINE

The **Corona Virus Emergency** has affected in different and opposite ways the performance of **Pastry** in the two channels **Horeca** and **large-scale retail trade (GDO)**.

During the lockdown period:

- the closure of cafés had a significant negative impact on the trend of the **Horeca Channel (-29%)**, which at the beginning of the year (pre-Covid) recorded a positive trend (+2%);
- breakfast at cafés has moved into the home: it was the Tre Marie “six-packs” range that benefited from this change, the sales of which were decisive for the growth of the **Retail Channel (+12%)**.

Despite the **2020 Launch Plan** has necessarily undergone some changes, the following **new features** introduced in the first months of the year and at the beginning of the second half of the year were positively received by the market:

- › Hotellerie line for both Il Pasticcere and Tre Marie (February)
- › Gran Maestro Il Pasticcere Range (March)
- › Ghiotto Tre Marie/Bombolo Ciocco Coconut Il Pasticcere (September)
- › Tre Marie packs: Cereal Berries + Cream Pastry (September).

To support the restart of the Horeca Channel, a series of initiatives have been implemented on both brands:

- development of different **communication materials** to support the activities related to the re-opening, Take Away and Delivery;
- consulting project via Webinar “**Sammontana AT YOUR SIDE**” dedicated to all Professional Customers, held by Marco Ranocchia, founder of Planet One and expert connoisseur of the Horeca channel;



- activities **Free Voucher - First Baking** dedicated to the Points of Sale present in the Database.

During the year, Tre Marie and Il Pasticcere were the protagonists of important communication initiatives:

- graphic restyling of websites;
- launch of the social pages Facebook and Instagram of Il Pasticcere; radio campaign Tre Marie on the most important radio stations (Radio DeeJay, RDS, M2O, Radio Italia) and participation in the 11th edition of the Future Vintage Festival.



RESEARCH AND DEVELOPMENT ACTIVITIES

GENERAL INTRODUCTION

In continuity with recent years, the R&D activities of the Parent Company Sammontana S.p.A. are constantly oriented towards product and packaging innovation, the overall improvement of the organoleptic and qualitative properties of the product (existing and new) and the validating experimentation of new production technologies, to be understood as an investment in process innovation. Not secondary are the activities of study, research and sampling of new raw materials and new materials for flexible packaging, with regard to

the increase in the index of aesthetic appeal and functional standards, also in terms of the related environmental impact.

Unchanged is the operational and integrated model of the internal Research & Development division, which operates jointly with the General Strategy, the Sales and Marketing department and the heads of the production and Quality Assurance departments of all the establishments on the national territory.

The continuous application of specific methodologies, from market research to product concepts, from product tests to panel tests on consumer samples, allow the Parent Company to intercept new consumer trends and related opportunities to develop new products and adequate extension lines.

This introduction applies to both of the company's main core businesses: ice cream and frozen pastry products.

Research activities will continue during the year 2021, the management of the Parent Company Sammontana S.p.A. is confident that the positive outcome of these innovations will generate good results in terms of turnover with favourable effects on the Group's economy.



R&D ACTIVITY CARRIED OUT IN 2020

During the 2020 financial year, the Parent Company Sammontana S.p.A. carried out activities of an innovative nature, directing its efforts in particular on projects that will, for the most part, have development that will affect the next few years and not only 2020 and 2021. This factor also suggested capitalizing the development expenses incurred and allocating them over several years. These are the main projects:

Activity 1: R&D aimed at the continuous experimentation of innovative and original recipes and formulations for the company's main core businesses, "ice cream" and "frozen pastries", with a high attention to performance wellness and new smart and responsive consumption trends;

Activity 2: Technological product innovation for the company's main core businesses, "ice cream" and "frozen pastries", thanks to different recipes, performance, nutritional components and production process phases, as well as technological innovation for the introduction of new or significantly improved processes in the production and logistics departments, with rationalized supply management and less waste generation;

Activity 3: Study and critical analysis of production, distribution and logistics processes, aimed at the transformation, optimization and automation of the same, through interconnections, integrations and digitalization of specific process phases;

Activity 4: Analysis of CO_{2eq} emissions, LCA studies, critical surveys on circularity indices and process

optimization, aimed at technological innovation with ecological transition objectives and at improving the environmental performance of products related to the company's main core businesses, "ice cream" and "frozen pastries".

For the implementation of the Research & Development projects, the Company incurred costs for a total value of Euro 2,476,356 for which it intends to access the benefits provided by the Tax Credit for research, development, technological innovation, design and aesthetic ideation activities pursuant to art. 1, paragraphs 198 - 209 of Law no. 160 of 27 December 2019.



COMMUNICATION AND KEY EVENTS OF 2020

Communication activities in the territory were aimed both at supporting and promoting the Sammontana Italia brand and its brands (*Sammontana Gelati*, *Tre Marie* and, to a lesser extent, *Il Pasticcere*) and at emphasizing the values of the various brands, setting targeted and measurable communication objectives.

The initiatives developed have given further value and content to the Company's major projects: first and foremost the green commitment, which is one of Sammontana's main themes. The activities in support of new product launches are always aimed at enhancing them in an original, contemporary and memorable way with the aim of building loyalty and consolidating the relationship with the end consumer.



SIGNIFICANT EVENTS

● UNA FESTIVAL THE BREATH OF THE PARKS

Sammontana was the main sponsor of the first edition of the **UNA Festival, Il respiro dei Parchi!** UNA is the acronym for Man, Nature and Art: the three key elements of the first edition of the Festival, held in Ostana (Cuneo), in the heart of Monviso Park. The event was conceived as a moment of spiritual and physical regeneration after the lockdown, and an exceptional place like Monviso - which has always been a point of balance between man and nature - was chosen as the location. The singer-songwriter Brunori Sas closed the event with an evocative live concert. A combination of art

music, poetry and environment. Sammontana was present with its **GreenGO** popsicle and presented the project created with Legambiente “*Save the glaciers of the Pale di San Martino*” to renew its commitment to environmental protection.



CHALLENGE #SOLOUNCUCCHIAINODIDISTANZA

With the totally unexpected advent of a pandemic and the resulting national lockdown, we all found ourselves caught off guard fighting an aggressive and invisible enemy. Consequently, in order not to think too much about the spread of Covid 19, we have tried to travel with our imagination while trying to stay safe, protected by the domestic walls. We read books, cooked, and listened endlessly to our favourite song. We video chatted and phoned each other. Always at a distance. And we even ate ice cream *together!* Far away, but as if we were close. Convinced that we could feel close even in this moment, “*just a teaspoon away.*” Sammontana launched, for lovers of the “*ice cream with a smile inside*”, a fun and delicious challenge: to make a video in which each person virtually passed Barattolino to their loved one, publishing it on their Instagram profile. The lucky winners of the *Challenge* received a supply of ice cream for the summer of 2020 directly at home. What made the challenge even more special was Sammontana’s decision to dedicate a section of the contest to its employees who have continued to work with responsibility and dedication, despite the difficulties: for them too, a delicious prize awarded by an internal jury.

● GREENGO: THE GOOD POPSICLE THAT HELPS GLACIERS

Can a popsicle warm hearts and contribute to a more sustainable future? Yes! From this great idea with a green soul stemmed **GreenGO**, the popsicle that is refreshing for people and helps nature, protecting glaciers from rising temperatures. Thanks to its long-standing collaboration with Legambiente, Sammontana donated the proceeds from the sales of **GreenGO** to replant, restore and safeguard about three hectares of forest in the “*Parco naturale*

Paneveggio Pale di San Martino”, in Trentino, an area hard hit in 2018 by the cyclone “*Vaia*”. Believing in and actively participating in the protection of the environment and the future is a mission that Sammontana has set itself for some time. Choosing quality ingredients while respecting everything around us is a commitment that allows the company to contribute not only to people’s pleasure, but also to the preservation of nature.



● CAROVANA DEI GHIACCIAI (GLACIER CARAVAN)

To contribute to a sustainable summer, Sammontana took part in the **Carovana dei Ghiacciai**, the new campaign promoted by Legambiente with the scientific partnership of the Italian Glaciological Committee (CGI), of which Sammontana is a proud main partner. The journey took place in six stages, across the Alps, to share the effects that climate change has on glaciers and to promote the protection of mountains. Many monitoring activities were carried out during the Caravan, as well as excursions and cultural moments to reflect together on the future of our mountains and on what we can do to protect our planet.

SAMMONTANA CAMPER TOUR “THE STRANGE SUMMER 2020”

Sammontana has not been discouraged by the anomalous situation in which the summer of 2020 was presented due to Covid 19, considering it equally as a summer to remember, a summer of snapshots able to share the most significant moments of each of us. Summer is about sharing and being together at the same time, immortalized in a smile. That smile we find in all Sammontana ice creams. To share the story of the “strange” summer of 2020, Sammontana organized a photographic tour with photographer Nicola Ughi who, in total safety, travelled in a camper van along the coast of our peninsula, producing a unique reportage. In fact, from 6 July, leaving from Pisa, the Sammontana Camper - shot after shot - shared the story of the Italian summer for 30 days of travel: 14 stops at campsites that are friends of Sammontana and appropriately “*sammontanizzati*” (Sammontana-branded). These are the numbers of an adventure that was also recounted on social media and on the Sammontana website. At the end of the trip, the most beautiful and significant images were collected in a photographic book, an extraordinary collector’s edition to relive the most significant moments.



● LA VERSILIANA

Sammontana was the main sponsor of the 41st edition of the Festival La Versiliana, a summer festival of over 120 events organized in the park of the same name in Marina di Pietrasanta (LU). A much awaited edition that offered theatrical

performances, activities for children, dinners with show and cinema. A famous event, a symbol of the Tuscan summer that in 2020 more than ever helped to provide a positive signal and rapprochement to the culture.

● RED VALLEY SEE PARTY 2020

Sammontana took part in a unique and evocative experience, capable of promoting both the beauty of our land and the historical values of the Italian summer: the sea, friendship and passion for music. Sammontana was the protagonist with its customized inflatable boat of the Red Valley Sea Party 2020, the first “Boat Party” organized off the evocative

bay of Porto Frailis in Arbatax, on the coast of Sardinia. The crystal clear sea of the island, the characteristic red rocks and the typical Mediterranean vegetation were the background to the performance of some of the most acclaimed artists of the Italian scene: Salmo, Ghali and the DJ set of Max Brigante, frontman of the radio show Mamacita on Radio 105.



● FUTURE VINTAGE FESTIVAL

Sammontana was among the protagonists of Future Vintage, the Lifestyle and Communication Festival with the aim of identifying the inspirations and contaminations of contemporary Trends. A back-to-the-future event held in Padua from 11 to 13 September with a schedule full of guests, culture, music and entertainment. The theme was Made in Italy, between fashion, culture, art and communication: the ideal place for Sammontana, which has always been *Italian ice cream!* In the splendid setting of the Roman

Arena Gardens near the Scrovegni Chapel, the Sammontana area was set up where, between tasting slices and cakes, it was possible to take a selfie in the “*Sammontana Photo Booth*” with cute ice-cream shapes. Inside the Market Place - Centro San Gaetano - the iconic Barattolino story was shared through a video sculpture installed ad hoc for the event, and finally, at the Gardens of the same Market Place, a photo exhibition “*Le linee del mare*” was set up with the most beautiful photos taken by Nicola Ughi during the Camper Tour.



● FUTURE VINTAGE FESTIVAL BREAKFAST AND SNACK

Also at the Future Vintage Festival in Padua, two special events were held on 12 September, dedicated to 10 special guests, influencers from the lifestyle and food world. During the morning, a special outdoor breakfast - branded Tre Marie Croissanterie- entertained guests with a sweet breakfast and a floral workshop.

During the afternoon, a tasty snack was offered with Sammontana's ice cream cakes and slices as protagonists. Influencers gave space to both moments on their social channels with stories and Instagram posts.



● TRAM WITH THE FLAVOUR OF GRUVI

For the launch of the new Stecco gelato **Gruvi**, Sammontana created a new “*Out Of Home*” campaign. Several Italian cities are involved, including: Milan, Turin, Brescia, Bergamo, Verona, Florence, Siena, Ancona, Naples, Salerno, Bari, Cagliari and many others, which have

seen the customization of street furniture of *side banners* and the total branding of trams with ad hoc graphics dedicated to Gruvi. A campaign with a strong impact that has been able to surprise, just like the new stick.





● PAOLO STELLA - PER CASO (TANTO IL CASO NON ESISTE) (BY CHANCE - CHANCE DOESN'T EXIST ANYWAY) EVENTS MILAN AND FASANO

For the launch of the new book Per Caso (Tanto il caso non esiste) by Paolo Stella, digital creator and web star, two events were organized with Sammontana as the main partner. The events took place in June and August, respectively in Milan in the evocative location of Bagni Misteriosi and in Fasano (Brindisi) in a very elegant typical Apulian Masseria. Many special guests attended the two

events, influencers and celebrities, entertained by musical and artistic performances accompanied by the new Sammontana ice cream of the season. On both occasions, Paolo Stella and Sammontana supported with a donation Fondazione Ant Italia Onlus, which offers free medical-specialist home care to young cancer patients and adults.

● #AOGNIMORSOUNARIVELAZIONE

To accompany the launch of Gruvi, an influencer activation was also carried out involving four leading names on the national social scene: Giulia Valentina, Chiara Carcano, Martina Pinto and Federicola. The #aognimorsounarivelazione activation gave the four influencers and their followers the chance to share their own personal revelation.

From all the comments, the 10 most beautiful were then selected and won an illustration by @Benespiz - Benedetta Spizzichino. The same illustrator also worked on the four photos of the influencers making each shot more pop and colourful, in line with the Gruvi pack.

● MEMORIES FROM THE COAST

For the launch of the limited edition Ricordi dalla Costiera, 6 local influencers were selected to share the story of the Amalfi Coast and the Cono Cinque Stelle through their

shots. A succession of emotional shots that best interpreted the Sammontana novelty and the atmospheres that inspired it.

CHRISTMAS SPIRIT

For the launch of the new limited-edition Spirito Natalizio line with panettone flavour, distributed on the market to celebrate the most eagerly awaited holiday of the year, 9 delicious and original recipes were created that featured both Barattolino and Torta Gelato (ice cream cake).

Among the food bloggers involved, the pastry chef Luca Perego @Lucake and Martina Romito @Unafiabaincucina. With this launch, Sammontana wanted to continue its journey into Italian flavours and excellence, celebrating our country through the scents, tastes and emotions that make it unique.





**OUR
PEOPLE**



PERSONNEL COMPOSITION AND CHARACTERISTICS

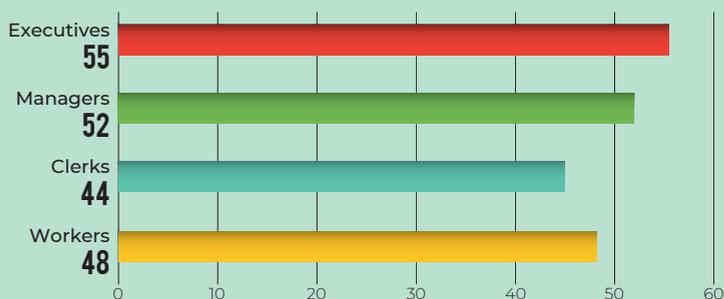
PERSONNEL BY CLASSIFICATION



AVERAGE NUMBER OF EMPLOYEES



AVERAGE AGE BY PROFESSIONAL FIGURE





NUMBER OF WORKERS BY GENDER



NUMBER OF EMPLOYEES BY PROFESSIONAL FIGURE AND GENDER

	Men	Women	Total at 31.12.2020
Executives	22	1	23
Managers	34	1	35
Clerks	207	147	354
Workers	443	167	610
Totale	706	316	1,022

BREAKDOWN BY SENIORITY



WORKING SENIORITY BY ROLE

	< 2 years	2 < 5 years	6 < 12 years	> 12 years
Executives	2	2	6	13
Managers	1	-	3	31
Clerks	68	57	71	158
Workers	56	47	92	415



PERSONNEL MANAGEMENT



DISTRIBUTION OF OPERATING UNITS



1,022 TOTAL OPERATING UNITS

HIRES



233 UNITS WITH SEASONAL FIXED-TERM CONTRACTS (MAINLY WORKERS)

4 INTERNS TO SUPPLEMENT EMPLOYEES

TYPE OF CONTRACT

For the Parent Company Sammontana, the national employment contract applied is that of the food industry sector and that of industry managers; while for the subsidiary Transfrigo, the national employment contract applied is that of the CCNL 151 Freight Forwarding.

OCCUPATIONAL HEALTH AND SAFETY

For some time now, the Group has dedicated significant attention to workers' health and safety policies, both in terms of human and financial resources.

In fact, to further improve this aspect, several activities were carried out in 2020 to achieve excellent standards at both organizational and operational levels. Many activities were carried out with the aim of safeguarding the health of workers against the spread of the Covid-19 health emergency.



GENERAL SITUATION

The general situation of the Sammontana plants remains certainly positive. At the Empoli plant, the main attention for health and safety aspects is dedicated to managing the complexity of the plant, especially in the March-August period (season), with a large number of production lines operating simultaneously, the presence of many workers on the lines, and problems related to the road network to be managed (areas for mixed use: pedestrians, forklifts, pallet means) and the many external companies present.

Then the new installations: new machines, new lines with the need to train personnel.

At the Vinci plant, the main attention is paid to manual processing, therefore, to the management of manual handling of loads and

repetitive movements. The cultural and training growth of workers continues, both in terms of safety aspects and aspects related to knowledge of the activities at the various work stations.

This will allow a better possibility of personnel rotation on the production lines.

The Verona plant started with a poor safety record compared to other plants. In the last two years, particularly in 2020, many activities have been carried out and many of them already completed.

These concern documentary, training and structural activities as well as risk assessments and procedures.

In recent years, the plant has experienced an important increase in production volumes, and therefore an increase in the complexities present: more employees on the lines, more active lines, etc.

ACTIVITIES CARRIED OUT AT SAMMONTANA SITES

As a result of the Covid emergency situation, activities involving scheduled Health and Safety have slowed in the period March-June 2020, due to the need to manage the early stages of the emergency. Subsequently, activities were resumed and the last months of 2020 were characterized by intensive work with the completion of many activities started in 2019 or others executed entirely just in the closing months of 2020.

The main activities completed are described below.

EMPOLI ESTABLISHMENT

- E-learning training general safety plus specific risks for administrative clerks;
- DVR (Risk Assessment Document) noise;
- DVR Trigerenerator;
- DVR and Emergency Plan for new automated warehouse;

- Integration DVR repetitive movements for new or modified lines (Barattolino line R78, dome line E77, tray line 1 L tunnel 6 Q72);
- DVR of new areas for recharging forklifts and lifting platforms;
- Project review and structural modification of the smoke detection system in the Information Systems area;
- Specific training on topics such as: updating chemical risk, noise, repetitive movements, injuries-accidents-near misses analysis.

VINCI ESTABLISHMENT

- DVR Manual Handling of Loads (MMC);
- Ground signs in the production room;
- DVR (Risk Assessment Document) noise;
- "B2 line" certification;
- Specific training on topics such as: noise, manual handling of loads, injuries-accidents-near misses analysis, procedure for maintenance work on moving mechanical parts;
- Training on law 231/2001 and the environment for supervisors;



VERONA ESTABLISHMENT

- DVR Atex;
- Ground signs in the production room;
- Specific training on topics such as: road conditions, manual handling of loads, emergency plan, injuries-accidents-near misses analysis, procedure for maintenance work on moving mechanical parts;
- Training on law 231/2001 and the environment for supervisors;
- Survey and report on aldehyde (provision of PPE to workers);
- Changes on Barattolino Line for Certification;
- DVR confined areas.

BRANCHES AND DEPOTS

- E-learning training general safety + specific risks for administrative clerks;
- General DVR and Emergency Plan for the Cesena, Jesolo, Baranzate, Moncalieri, Genoa sites
- Definition of specific operating procedures: rules for pedestrians;
- Ground signs for Moncalieri and Castrolibero sites (under completion);
- Implementation of specific interventions (shelving, access at height, forklift recharging area, etc.).

ENVIRONMENT AND SAFETY INTEGRATED MANAGEMENT SYSTEM

The revision of the Integrated Safety and Environment Management System portal is being completed.



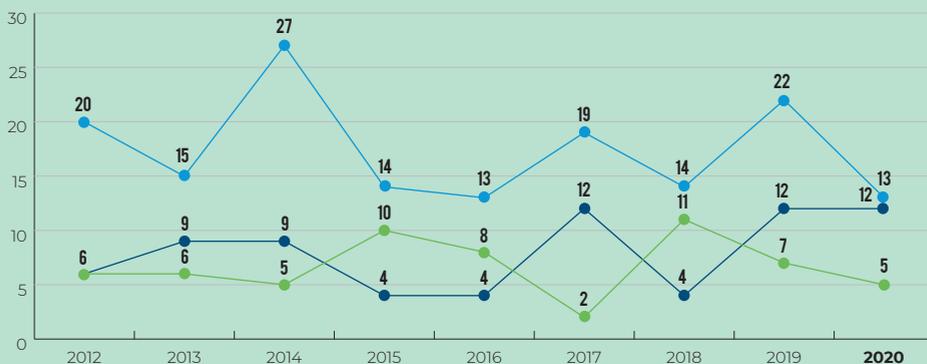
HEALTH AND SAFETY INDICATORS

Below is a brief summary of the main Health and Safety indicators for the last years.

As can be seen from the analysis of the overall data, there has been an increase in the number of injuries at the Verona plant, mainly due to an increase in production volumes and complexity. Fluctuating performance at the Vinci

plant with figures that are in any case not critical. Appreciable result for the Empoli plant in view of the important complexity of the plant, particularly in 2020, considering all the difficulties caused by the Covid emergency. There have been no cases in Sammontana's branches and depots in recent years.

ACCIDENTS



DAYS LOST



THE COVID-19 CHALLENGE: OUR RESPONSES

The Covid emergency has certainly had a major influence on the Company's Health and Safety activities from 2020 onwards. In order to adopt measures to prevent the risk of spreading the Covid epidemic and in general to protect the health of workers, Sammontana has been active since the end of February 2020 with various organizational activities:

- **Smart Working;**
- **Internal distancing;**
- **Use of FFP2 masks;**
- **Regulation of access to common areas;**
- **Reorganization of access to the canteen;**
- **Reorganization of the workers' locker rooms;**
- **Definition of sanitation models that are even more intensive than the current ones;**
- **Redefinition of work shifts (work divided into three shifts) for greater distancing;**
- **Continuous checks on workers' compliance with the defined rules.**

With regard to the above, all decisions were always shared with the company's Workers' Safety Representatives (RLS): in fact, it was important to collect their reports and convey peace of mind to the workers that the company would do everything possible to make the workplace safe.

Even before the definition of the Prime Ministerial Decree (DPCM) on a national scale and the subsequent



regional ordinances, Sammontana had already drawn up and applied its own anti-contagion protocol.

In the following months, the protocol was revised according to the developments of the Covid emergency and the updates and innovations established in the DPCM.

At times of peak virus spread, swabs were administered to all personnel in production departments and this, in terms of prevention, was very effective and appreciated by workers.

Audits have been carried out at various Group sites throughout Italy by control bodies, all of which have had a positive outcome, without any prescription for Sammontana.



OUR ATTENTION TO SUSTAINABILITY



OUR ATTENTION TO SUSTAINABILITY

FOUNDING DOCUMENTS OF SAMMONTANA SUSTAINABILITY

In order to outline the main directions of work in 2020, established within the Company was the *Sustainability Group*, made up of resources from across the Company's organizational structure. This group turned its attention to four key aspects:

A) Sammontana's Vision, Mission and Values. The desire to bring a smile to others, through quality products that enhance the company's roots and sense of belonging in accordance with the following founding values:

- love expressed as **passion**;
- **the pride** of Sammontana's origins;
- **respect** for work and people;
- **listening**, in the sense of closeness;
- **measure** as the relationship between sustainability and sustainable growth

B) In September 2015, the U.N., issued a series of "postulates" that translated into actual "targets" (17 to be precise) to be achieved in the medium term. These "sustainable development" goals aim to address a wide range of economic and social development issues, including poverty, hunger, the right to health and education, access to water and energy, employment, inclusive and sustainable economic growth, climate change and environmental protection, urbanization, production and consumption patterns, social and gender equality, justice and world peace.

The 17 Sustainable Development Goals (SDGs), or 2030 Agenda, as mentioned above, are based on the integration of the three dimensions of sustainable development: environmental, social and economic.



C) Climate change and environmental degradation pose a huge threat to Europe and the world. To overcome these challenges, Europe is developing a new strategy for growth that will transform the European Union into a modern, resource-efficient economy, among other things. In particular, there are three main points of this strategy:

- a. No greenhouse gas emissions are generated in 2050;
- b. Economic growth is not associated with resource use;
- c. Ensure no person or place is neglected.

To follow up on this strategy, the **European GREEN DEAL** was developed as a roadmap for making the economy sustainable. In essence, therefore, the **GREEN DEAL** is the document issued by the FDE (FoodDrinkEurope) in Paris, which establishes a “climate pact” between the Member States of the Union, with the aim of zero emissions by 2050 and reducing them up to 55% by 2030. FoodDrinkEurope is also committed to the achievement of more sustainable “food systems” and the development of the *United Nations’ Sustainable Developments Goals* (SDGs). The food industry is committed to giving its full support to the Paris Agreement so that Europe can become the first zero-emission continent by 2050.



The objectives will be pursued through:

- Work with supply chain partners especially from the agricultural sector to reduce the carbon footprint;
- Increased efforts to reduce food waste and litter through increased consumer awareness;
- Reduction in the use of pesticides, fertilizers and antibiotics;
- Farm to Fork Strategy¹.

D) **FARM TO FORK**. In pursuing the objectives of the **EUROPEAN GREEN DEAL** Sammontana has adopted the **Farm to Fork strategy** for a fair, healthy and environmentally friendly food system:

- ensure sustainable food production;
- ensure access to food by promoting equity in the procurement chain;
- stimulate sustainable food processing and distribution;
- promote healthier and more sustainable nutrition, reduce food wastage and waste, combat fraud along the food chain.

¹ Literally: “from farm to fork”. Its main characteristic is that it is based on the close links between all the operators in the chain and on the crucial importance of the relationship between farmer and consumer, albeit mediated by intermediate steps.

THE THREE PILLARS OF SAMMONTANA SUSTAINABILITY

From the careful analysis carried out by the Sustainability Group on the aforementioned issues, the main work guidelines have emerged, which have taken shape in the **three Pillars of Sammontana Sustainability**.

The symbol chosen (the three intersecting circles) represents the harmonious connection between the three spheres of "*Sammontana Sustainability*".

In this panorama, the company's activities aimed at pursuing sustainability objectives are within the three pillars.



PILLAR 1 / HEALTH AND WELL-BEING

Sammontana has chosen to take on new challenges in the area of its products, turning its attention to the most demanding and sensitive consumer categories, focusing not only on the various aspects required by the founding documents recommended by the European Community, but also on the intrinsic nature of the products themselves.

This pillar includes the commitment to food safety, which is increasingly linked to the food chain and animal welfare.

Finally, in synergy with the Farm to Fork Strategy, the Company wants to encourage access to food by promoting equity in the procurement chain.

The main *focuses* on which the activities relating to this Pillar are directed are summarized below:

- 1. Nutrition, special diet and attention to well-being / satisfaction**
- 2. Animal Welfare**
- 3. Fighting Food Waste**
- 4. Nutrition, special diet and attention to well-being / satisfaction**



ICE CREAM DIVISION

The Company's objective is to pursue a qualitative and nutritional improvement of the new products and a progressive improvement of the existing ones without compromising the pleasure associated with the consumption of ice cream.

The actions carried out to date have made it possible to create and consolidate product lines that can be ascribed to the wellness range and to adopt guidelines for all products that pursue the objectives of clean labelling and nutritional improvement by reducing sugar and fat.

The references of the wellness range are:

Amando milk-free and gluten-free product line certified "Vegetal OK"

To date, the Amando line with almond milk has 11 references in the categories of sticks, cones, sandwiches and trays for take-away and bulk.

The line, created to satisfy people with particular nutritional choices or needs, milk and gluten intolerances or veganism, is meeting the approval of a wider public.



Fruttiamo line

It is a line of products with fruit or fruit and vegetables, 100% vegetable; the 2020 experience with 2 references containing yogurt, now eliminated, was the exception that confirmed the vocation of this brand to privilege 100% vegetable products. Today the line has 16 references, 8 of which are drops for drinks and granita, with no added sugar.

Levia

It is a line of sugar-free popsicles with Stevia sweetener of vegetable origin. The product is rich in fiber, fat-free and gluten-free. This line is now sold in large retailers. The brand lends itself to a potential expansion of the range.

Product line designed for children

At the end of 2020, Unione Italiana Food, in agreement with the associated ice cream companies, established the nutritional constraints to be respected in order to dedicate products to children: values per portion lower than 110 kcal and 12 g of sugar.

To date, Sammontana has 6 references in the café channel that meet the new requirements and intends to create others in the near future.

Uau line

Line of ice cream products with high protein content. In recent years, 2 ice cream containers and a protein bar have been produced, the latter of which is still available in the café and large-scale retail trade channels.



FROZEN PASTRY DIVISION

The main objective of the Company is to improve the nutritional and ingredient profile of pastry products compared to the category standard, while maintaining the same level of indulgence, in an inseparable combination of the first two focuses.

The actions carried out to date and that have found an acceleration and new renewed conviction during 2020 within the scope of sustainability are described by the following projects:

Recipe sugar reduction

To date, 63,000 kg of sucrose and 7,500 kg of glucose syrup have been eliminated.

Expansion of the wellness range

A series of references in the wellness area have been launched on the market, such as products certified with the "Vegan OK".



TRANSVERSAL GUIDELINES

Guidelines across the Sammontana product range to be adopted for new developments and for possible improvements to existing products have been developed both for new ingredient formulations and for the gradual improvement of existing formulations.

For example, since 2016, all Sammontana gelato products do not contain palm oil, a raw material eliminated from all semi-finished products that contained it.

From 2020, only "utz mass balance" cocoa will be used, and Horizon cocoa will be used in Pan di stelle biscuits.

Starting from 2021, the reduction in fat (0.4%) and sugar (0.3%) will become operative on a group of blends that make up 20% of the total volumes produced and involve 46 continuous Sammontana references.

ANIMAL WELFARE

The safety of the food chain is directly linked to the welfare of animals, especially in the case of animals bred for food production. Sources of stress and poor welfare conditions can lead to an increased susceptibility of animals to transmissible diseases, which can represent a risk for consumers (so-called Zoonosis, e.g.: BSE (cattle) - Avian influenza (poultry) - Swine fever).

In this context, during 2020, the Company converted all egg products in the recipes and semi-finished products purchased to eggs from free-range hens and, on request, purchases and uses eggs certified Kat².

In the area of milk and dairy products, as part of the second pillar of sustainable supply chains, the Group began to monitor its suppliers with regard to their animal welfare policies.

FIGHTING FOOD WASTE

In synergy with the Farm to Fork Strategy, to ensure access to food by promoting fairness in the supply chain, pursuing Food Security, the Company is looking for solutions to use products derived from the processing waste of other supply chains among the raw materials in the recipe.

Other activities aimed at promoting the fight against food waste concern technical-technological improvements on production lines and a more rational management of finished products.

Sammontana also promotes initiatives such as the delivery to the Food Bank of products close to their minimum shelf life.

² <https://www.was-steht-auf-dem-ei.de/it/kat.php>



PILLAR 2 / SUSTAINABLE SUPPLY CHAINS

In synergy with the requirements of Farm to Fork, Sammontana believes it is important to pursue procurement from certified sustainable supply chains.

In this sense, the main activities, technologies, resources and organizations that contribute to the creation, transformation, distribution, marketing and supply of a finished product, must be pursued through sustainable development, connecting environmental impact and economic and social implications throughout the supply chain.

During 2020, the *Sustainability Group* initiated in-depth studies with suppliers of raw materials and packaging, in order to verify and pursue sustainability principles in the three directions: social, economic and environmental.

The supply chains on which more attention has been paid are those underlying the products, as well as the characterizing ingredients and packaging materials, such as:

- Cow and almond milk for the ice cream sector;
- Soft wheat flour for pastry;
- Packaging entering and leaving our plants.

In this context, the Sustainability Group has forged closer relations with certification bodies and universities in order to scientifically validate and promote with greater visibility the projects that fall under this pillar.

PILLAR 3 / ENVIRONMENT

In line with as already achieved in previous years, Sammontana has further developed initiatives aimed at reducing the global environmental impact of its activities on the planet. On the strength of the creation of the Sustainability working group, which has generated new synergies in this area, the Company has implemented new activities and projects in the following directions:

- Greenhouse gas reduction³
- Energy supply and renewable energy
- Reducing water use
- Reducing the impact of waste and packaging

These directions have been outlined with the aim of meeting the one key numerical target set out in the Green Deal “climate pact”: zero emissions by 2050 and a reduction of up to 55% by 2030.

³ Ongoing climate change is transforming our planet. In the last two decades, we have experienced 18 of the hottest years on record, extreme weather events such as forest fires, heat waves and floods are becoming increasingly frequent both in Europe and worldwide.

Scientists warn that, unless urgent action is taken, global warming is likely to exceed pre-industrial levels by more than 2°C by 2060 and could even push up to 5°C by the end of the century.

This increase in global temperatures will have a devastating impact on nature, causing irreversible changes in many ecosystems with consequent loss of biodiversity. Higher temperatures and more intense weather events will also impose huge costs on the EU economy, and hinder the food production capacity of countries. Source: <https://www.consilium.europa.eu/it/policies/climate-change/#>.

GREENHOUSE GAS REDUCTION

APPLIED CIRCULAR ECONOMY

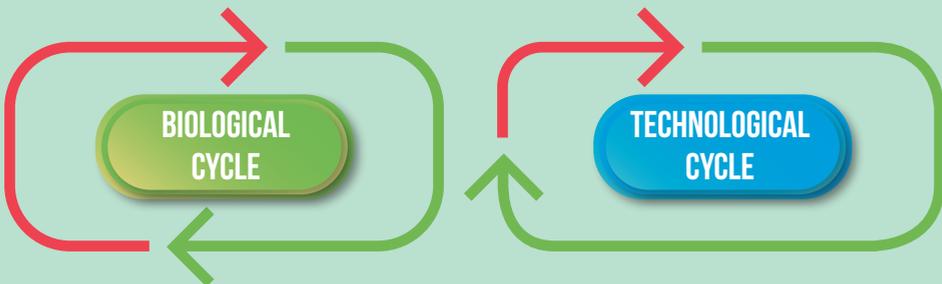
The Sarmontana Group has understood that, in order to pursue sustainable development, it is also necessary to adopt models for the circular economy according to a rigorous and scientific approach.

Sarmontana measured itself in terms of circularity for the ice cream division by adopting the model developed by the Ellen MacArthur Foundation for the technological cycle (circularity of packaging), and the model studied by Spinlife⁴ for the biological cycle (circularity of

raw materials used in production). The results achieved in particular for its technology cycle are very high: around 80% as circularity index, as already assessed at the beginning of 2019.

During 2020, Sarmontana updated its studies, confirming excellent results in terms of circularity. The study was adopted as an ecodesign tool to assess the potential improvements Sarmontana could have from using innovative packaging and more sustainable raw materials in the coming years.

SUSTAINABILITY ASSESSMENT OF THE SUPPLY CHAIN TO KNOW AND STRENGTHEN SUPPLIERS' COMMITMENT TO ENVIRONMENTAL ASPECTS



Objective

- achieve increasingly sustainable materials to improve environmental performance

Objective

- obtain 100% recyclable primary packaging
- regulatory limit on primary packaging with recycled material
- improve waste sorting

⁴ Spin Life is a spin-off of the University of Padua



The high index achieved is the result of years of commitment to the use:

- of recyclable primary packaging (target 100%, achievable by the end of 2021);
- 100% of secondary and tertiary packaging made of recycled and recyclable materials;
- the eco-design tool, used to create more sustainable and increasingly less heavy primary packaging with a consequent reduction of waste and environmental impacts.

Although current food safety constraints significantly limit the increase in the circularity indexes, the Group has decided to invest resources in 2020 to attack the 0.2 that kept it away from the full circularity of its non-edible materials.

MADE GREEN IN ITALY

In 2019, the parent company Sammontana proudly started a project in collaboration with *UIF Unione Italiana Food*⁵, for the possibility to affix a brand to some of its products, bearing the logo of the Ministry of the Environment called **MADE GREEN IN ITALY**.

The rationale behind this label is the creation of a labelling system which, as in the case of energy classes of household appliances, qualifies in

class A products that have reduced environmental impacts compared to those of an average market product taken as reference (benchmark).

Since 2019, through participation in a European call for tenders (called *Life Magis*), the purpose of which is to expand and strengthen the technical basis of the **MADE GREEN IN ITALY** scheme and to support its communication and dissemination, the Parent Company Sammontana has contributed to the drafting of the specifications and regulations inherent to the Italian ice cream market, which the company ERGO, a spin-off of the Scuola Superiore Sant'Anna in Pisa, will present to the Ministry of the Environment and Protection of Land and Sea (MATTM) at the beginning of 2021.

In the approach of the Ministry, after the definition of the rules, the Parent Company Sammontana will be able to aspire as of 2021 to obtain the **MADE GREEN IN ITALY** brand, if the product is in line with the defined targets. The operation of Made Green in Italy, which is based on the PEF- Product Environmental Footprint methodology, in fact provides for a first phase of elaboration of specific PCR specifications containing the methodological indications that define the mandatory and optional requirements necessary to conduct environmental footprint studies for

⁵ <https://www.unioneitalianafood.it/>. Unione Italiana Food was created from the union of two of the most representative Italian food industry associations, AIDEPI (Associazione delle Industrie del Dolce e della Pasta Italiane) and AIIPA (Associazione Italiana Industrie Prodotti Alimentari). A new associative "home" to enhance and protect companies, products and sectors that are among the excellence of our industry and that today are called to new challenges in markets around the world.

specific product categories. Therefore, a company can join the scheme with one or more of its products only in the presence of valid PCR.

These general rules will then be addressed not only within the Italian market, but will also be valid for products to be exported to foreign markets.

Thanks to these methodological indications enclosed in the **MADE GREEN IN ITALY** brand, consumers will have greater awareness of the environmental sustainability of their purchases.

In 2020, the Parent Company submitted a request to the Ministry of the Environment expressing its interest in proceeding with the drafting of the category rules also for the Frozen Pastry sector with the final objective of affixing the **MADE GREEN IN ITALY** trademark to this category of products where they have a reduced environmental impact compared to a national benchmark.



CERTIFIED LCA STUDIES OF PRODUCT LINES

Also in 2020, as every year, starting in 2016, periodic evaluations were carried out on some of the Sammontana Group's most representative products with the aim of fully understanding the potential environmental impacts of its choices. Over the years, all the products belonging to the Barattolino lines in all its types, Fruttiamo, Amando, Gran Croissant (first study of 2020), have been studied and investigated with the scientific approach of the life cycle, conducting, also thanks to the support of Spinlife researchers, Life Cycle Assessment studies in relation to environmental aspects that are very important for the agro-food sector such as land use, the emission of greenhouse gases responsible for climate change and the use of water resources.

The environmental impact assessment methods used by Sammontana are in line with the European PEF (Product Environmental Footprint) methodology and Made Green in Italy. The **Climate Change** indicator quantifies the impact that atmospheric emissions of greenhouse gases have on climate change.

For **Water Scarcity** the *Relative Available Water REMaining (AWARE)* indicator was adopted, i.e., a measure of the amount of water remaining in a basin after the demand for water resources for human and ecosystem activities has been met (Boulay et al. 2018). This indicator assesses the potential for water deprivation, both

for humans and ecosystems, based on the assumption that the less water remains available, the more likely it is that an additional user, be it a human or an ecosystem, will be deprived (Boulay et al., 2016). The unit of measurement is the m³ water equivalent deprived.

For the **Land Use** category, the characterization factors defined by the JRC based on the *LANCA*[®] v 2.2 model were used (Bos et al., 2016). The studies carried out by the Parent Company Sammontana on the Barattolino, Amando and Fruttiamo lines are subject to third-party verification conducted by CSQA Certifications.



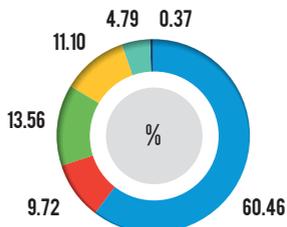
Below are the outcomes of the studies for each line:

THE 2020 BARATTOLINO LINE

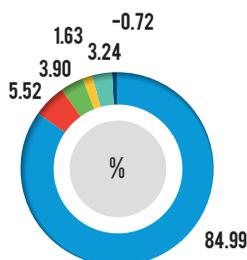
It has an average impact at the level of greenhouse gas emissions equal to 3.830 kg of CO_{2eq.} per kilogram of ice cream, an average impact at the level of water scarcity equal to 3.61 m³ world eq. per kilogram of ice cream and an average impact at the level of land use equal to 530.51 Pt per kilogram of ice cream.

Life cycle phases

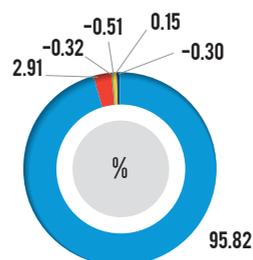
CARBON FOOTPRINT



WATER SCARCITY



LAND USE



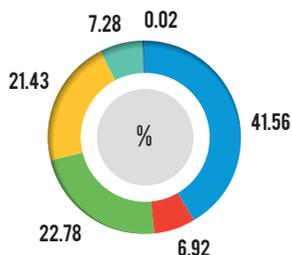
■ Raw materials ■ Packaging ■ Production ■ Distribution ■ Iso phase ■ End of life

THE FRUTTIAMO LINE

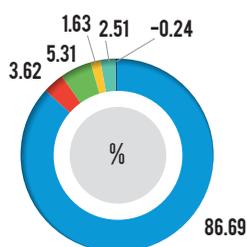
It has an average impact at the level of greenhouse gas emissions equal to 2.819 kg of CO_{2eq.} per kilogram of ice cream, an average impact at the level of water scarcity equal to 4.582 m³ world eq. per kilogram of ice cream and at the level of land use equal to 159.882 Pt per kilogram of ice cream.

Life cycle phases

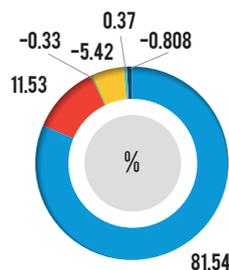
CARBON FOOTPRINT



WATER SCARCITY



LAND USE



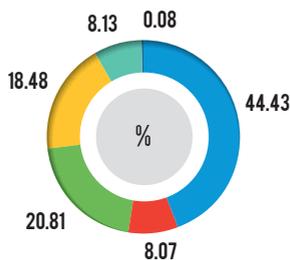
■ Raw materials ■ Packaging ■ Production ■ Distribution ■ Iso phase ■ End of life

THE AMANDO LINE

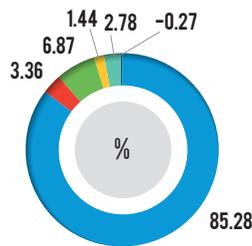
It has an average impact in terms of greenhouse gas emissions equal to 3.368 kg of CO_{2eq.} per kilogram of ice cream, in terms of total water scarcity equal to 5.249 m³ world eq. per kilogram of ice cream and in terms of land use equal to 129.194 Pt per kilogram of ice cream.

Life cycle phases

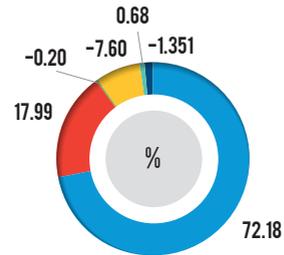
CARBON FOOTPRINT



WATER SCARCITY



LAND USE



■ Raw materials ■ Packaging ■ Production ■ Distribution ■ Iso phase ■ End of life

Sammontana, having completed the LCA (Life Cycle Assessment) study of the Barattolino, Amando and Fruttiamo ice cream product lines for which it was possible to quantify the total CO_{2eq.} emissions, can easily neutralize the residual emissions that cannot be avoided, adding value to its product and achieving the highest level of Corporate Climate Responsibility.

To neutralize the residual emissions, Sammontana has already taken part in two important projects

such as the construction of a wind farm in Rajasthan (India) and the reforestation in Uruguay.

During 2020, the first LCA study was carried out for the frozen pastry segment, in particular, for the products of the Gran Croissant line.

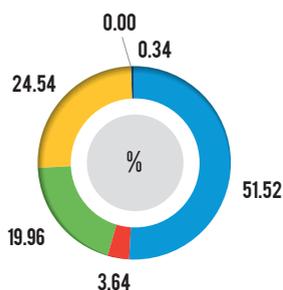
LCA studies of the pastry sector have been adopted as an eco-design tool with the aim of achieving continuous improvement in environmental performance.

THE GRAN CROISSANT LINE

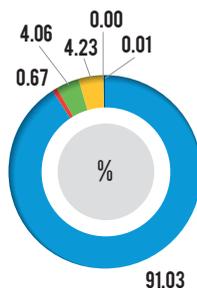
It has an average impact in terms of greenhouse gas emissions equal to about 2.6 kg of CO_{2eq.} per kilogram of product, in terms of total water scarcity equal to about 5.8 m³ world eq. per kilogram of product and in terms of land use equal to 340 Pt per kilogram of product.

Life cycle phases

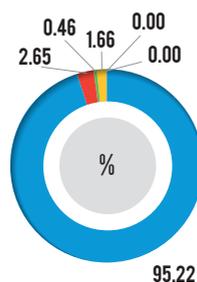
CARBON FOOTPRINT



WATER SCARCITY



LAND USE



■ Raw materials ■ Packaging ■ Production ■ Distribution ■ Iso phase ■ End of life

GREENGO PROJECT

The production of Greengo, a lime-flavoured popsicle, is linked to Sammontana's desire to **protect Italian glaciers from melting due to climate change**. Thanks to its long-standing collaboration with Legambiente, Sammontana will donate the proceeds from the sales of GREENGO to the "Paneveggio Pale di San Martino Natural Park" in Trentino. In October 2018, this area was hit by cyclone VAIA: these forests need restoration interventions by means of log and stump removal operations and renaturalization with tree planting.

The project that Sammontana will finance thanks to GREENGO involves the **restoration of about 3 hectares of woodland**. This work will be carried out in the framework of the **Trentino Tree Agreement**, a project aimed at forest recovery with the double purpose of repairing the damage of the cyclone and absorbing the excess CO₂ present in the atmosphere, the only way we have to protect glaciers from melting due to climate change.

PACKAGING, PLASTIC REPLACEMENT WITH PAPER AND COMPOSTABLE PACKAGING

The Group's commitment to the packaging area is increasingly important. The Group's intention is to study new solutions every year to increasingly reduce the impact of its product packaging by working in two directions:

- 1) Reduce the impact of packaging materials to promote recycling or possibly compostability at end of life;
- 2) Communicate the commitment made more effectively to consumers.

In 2020, the main analyses conducted concerned paper-based packaging with polythene protection, which is becoming increasingly popular. With reference to paper-based packaging, the study of the Parent Company Sammontana has highlighted how the move to this solution can be a winning choice. The analyses conducted so far have evaluated three product lines:

- **Barattolino Line:** for some references that involve current packaging with polypropylene small bucket and lid in polystyrene, small bucket and lid have been developed in paper (with FSC certification) polyethylene 100% recyclable in the paper fraction. In order to make this important change, the packaging lines were adapted.
- **Fruttiamo line:** for all the large-scale retail trade references, which used to be packaged in polypropylene, a 100% compostable paper/mater-bi wrapper was developed.

Trays line for large-scale retail trade: for some references, trays in polythene paper have been developed compared to the previous packaging in injected polypropylene.

In addition, the reduction of the thickness of some flexible films used on various ice cream products continued.

We have carried out an in-depth study on the use of paper-based primary packaging and its potential environmental impacts: this study has shown the importance of the correct disposal of packaging waste by the final consumer.

For example, with reference to the Barattolino, in a life cycle perspective, the polythene paper packaging allows to achieve a potential reduction of environmental impacts, from the Carbon Footprint point of view, between 79% (best case where the final disposal is 100% in the paper fraction) and 71% (worst case where the disposal is 100% in the undifferentiated collection) compared to the classic packaging made of plastic. This improvement focuses in particular on the product life-cycle phases, referred to as "raw materials" and "end-of-life management".

In the year 2020, the index value (KPI) of the reduction of plastic-based packaging was 0.259⁶, an improvement of 1.56% compared to 2019.

⁶ The indicator is calculated as the sum of the weights of primary and secondary packaging purchased from 01/01/2020 to 31/12/2020, which enter the direct production cycle, subject to CO.NA.I. contribution for the plastic material band / Sum of the weights of primary and secondary packaging purchased from 01/01/2020 to 31/12/2020, which enter the direct production cycle, subject to CO.NA.I. contribution for all the bands of material used (Plastic + Paper + Wood + Aluminium).

ENERGY SUPPLY AND RENEWABLE ENERGY

The Group, in order to improve its products and production processes to increase its competitiveness on the markets, has always made considerable efforts with regard to technical and technological investments. Moreover, it tries year after year to find innovative solutions to make the best use of its human and industrial resources, while also pursuing environmental sustainability objectives. In terms of resources in particular, the focus was on Energy, Water and production line performance.

REDUCTION OF ENERGY REQUIREMENT

The Parent Company Sammontana, both in the ice cream division and in the frozen pastry division, pays particular attention to energy processes where, in a predominant position, there is the energy necessary for the functionality of the refrigeration system, which absorbs about 50% of the total energy used. (as per the graph below).

Important technological investments have therefore been dedicated to refrigeration processes also in 2020: in particular, at the Vinci and Verona establishments, high efficiency motors have been installed which, together with dedicated drives, allow to obtain the condition of maximum cooling performance.

At the Empoli plant, between 2015 and 2020, we have progressively reduced the electrical power dedicated to lighting, achieving an annual reduction of about 130 kW

and about 500,000 kWh of electricity, through the installation of latest-generation LED lamps. We have thus achieved an impact reduction of about 300 tons CO_{2eq}.

Also with regard to the photovoltaic park installed by Sammontana during the year 2020, we increased the installed power by about 50 kW peak.

To reduce the dependence of Sammontana on the purchase of electricity, as early as 2016, the Group built a 2 MW *Cogeneration Plant* at the Empoli establishment.

In 2019, the *Co-Generator* was combined with an *Absorber*, thus obtaining a *Tri-Generation* process:

in addition to the production of electricity, as mentioned, which covers more than half of the annual requirements of the Empoli establishment, thermal energy is

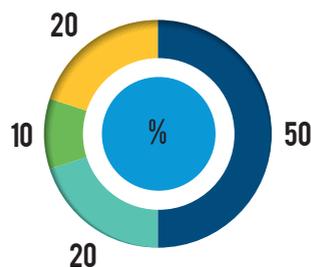
also produced, a part of which (in the summer period) is used through an absorption process⁷ to produce **water chilled to 7°C**, suitable for use in the air-conditioning process⁸.

Given the excellent results obtained by the Trigeneration plant at the Empoli establishment in 2019, it was decided to replicate the investment with the purchase of a plant capable of operating at its best at the Verona establishment. Since 20 July 2020, despite the problems due to Covid-19, the new *Tri-generation* plant, also with a capacity of 2MW, has been

in operation. This plant was also designed to cover more than half of the annual electricity needs of the Verona plant and was already equipped with an Absorber: thermal energy is produced, part of which is used, through an absorption process⁹, to produce **Chilled Water (T<0°C)** throughout the year and is used for both air conditioning and industrial processes¹⁰.

Sammontana's TRIGENERATOR plants **are concrete examples of targeted actions to meet climate objectives**.

ENERGY BREAKDOWN OF ESTABLISHMENTS



- Refrigeration
- Production process
- Air conditioning + compressed air
- Other plants

⁷ The heat produced by thermal energy, instead of being dispersed, is "stored" by the absorber and released into the company's energy processes, thus saving electricity.

⁸ In 2020, the Trigeneration plant at the Empoli establishment made it possible to reduce the purchase of 13,300,000 kWh of electricity and 760,000 standard cubic metres of methane and avoided the emission of 3,529 tons of CO_{2eq} into the atmosphere. This reduction was calculated according to the SimaPro program (used in LCA studies) and corresponds to the emissions generated by a medium-sized vehicle that travels 11,274,700 km.

⁹ The heat produced by thermal energy, instead of being dispersed, is "stored" by the absorber and released into the company's energy processes, thus saving electricity.

¹⁰ The plant has generated about 60% of the plant's energy needs by reducing the purchase of 5,800,000 kWh of electricity and 290,000 cubic meters of natural gas and has avoided the emission of 1,323 tons CO_{2eq}. This reduction in CO_{2eq} emission was calculated according to the SimaPro program (used in LCA studies) and corresponds to the emissions generated by a medium-sized vehicle that travels 4,226,800 km.

REDUCING WATER USE

Fresh water and its use is a topic on which the Group focuses much of its attention, being a fundamental and exhaustible resource of our planet.

For this reason, some targeted investments have been decided, both in technologies and in efficiencies, of processes involving this resource.

In fact, since 2019, the excess hot water from the pasteurization phases of the Empoli factory has been collected in a special tank and then reused in intermediate rinses during the washing phases of the production lines, thus avoiding the use of new water.

Overall, the amount of water in the production plants in 2020 was approximately 70,000 m³ less than in the previous year.

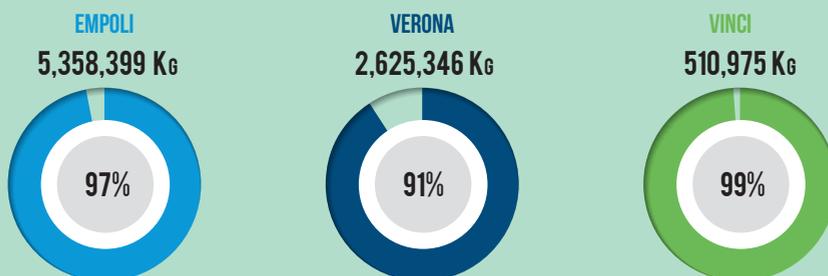


REDUCING THE IMPACT OF WASTE AND PACKAGING

The “Waste” activities carried out in 2020 focused on the environmental sustainability of processes, the recovery of materials and energy, and the efficient management of the various types of waste.

In the year 2020, Sammontana managed waste totalling 8,494,720 kg at the three production sites as detailed below:

WASTE MANAGED AND PERCENTAGE OF RECOVERY



In addition, the Group “pushed” on three main lines:

Increased use of production waste

Sammontana’s most significant wastes are sewage sludge, production waste and mixed packaging.

For each type of waste, Sammontana has managed to find a type of recovery that is similar to its characteristics, minimizes environmental impact and maximizes recovery.

The sludge produced in our sewage treatment plants is sent for material

recovery at final plants, which through composting processes produce biogas and convert the incoming material into a secondary raw material, which acquires a market value in the soil improvers sector¹¹.

Improving waste sorting

This year, one of the greatest efforts has been to have greater and more precise differentiation in the selection of waste; the management of codes in recent years has been increasing more and more for an increasingly careful definition of the same.

¹¹ 3,000 tons of sludge were sent for energy recovery. Considering that the average yield of sewage sludge is 250-350 m³/ton potentially about 900,000 m³ of Biogas has been produced.

The best system to adopt is the one expressed through the “four R’s” strategy:

/ Reduction / Reuse
/ Recycling / Recovery

This is why Sammontana’s plan is to move upwards more and more in the pyramid of waste management. The objective is to reduce to zero the amount of waste for disposal.

The percentage of waste recoverability of the various production sites varies from 91% to 99%.

Wooden pallets and paper and cardboard packaging

Among the various waste management, the one related to the management of wooden pallets is certainly interesting.

For this waste, Sammontana has managed to achieve full circularity. After the pallets have been used to optimize storage in the automated warehouses of our establishments and depots, they are sent back to the supplier, which then upgrades them. By doing this, Sammontana is basically implementing a true Circular Economy as far as wood is concerned. This is made possible by the supplier’s regenerative cycle, which allows the same recycled pallets to be fed back into new production processes. This kind of virtuous conduct allows both to have a saving in economic terms and to pursue a process in environmental terms, avoiding the destruction of thousands of trees.

With regard to paper and cardboard waste, the concept of recovery is based on the use of packaging as a secondary raw material in the paper mill chain for the production of 100% recycled cardboard¹².

PRIORITY CRITERIA FOR WASTE MANAGEMENT



¹² Approximately one and a half million kilograms of wood have been recovered and reused to produce new pallets. In total, more than 80,000 used pallets were reconditioned and returned to the market.

*Good
for you,
good for the
environment*



INNOVATION AND QUALITY FOR THE FUTURE





INNOVATION AND QUALITY FOR THE FUTURE

The **Research, Development, Innovation and Quality Department** aims to create and offer high quality products, intercepting new trends and interpreting new lifestyles, and responds to the Sammontana Group's commitment to offer people satisfying and good products in full respect of food safety and the environment, overseeing the entire value chain, from raw materials to marketing.

The Group has invested significant resources in product and process research and innovation (technical equipment, structural interventions, investments in industrial testing, development of the research team) and is continuing with conviction on this strategy.

With its Research & Development activities, the Sammontana Group continues its mission to improve its competitive edge over its competitors, reducing development times and industrialization and market launch risks as much as possible, as well as pursuing the path of medium and long-term innovation.

The primary objective is to respond to consumer needs, with products that truly satisfy the new trends, both in terms of quality and price.

The **Research and Development Centres** are staffed daily by teams of researchers who are attentive to signals and trends coming from the external environment

and from scientific evolution and who are ready to innovate, think, design, develop new products and continuously improve existing ones in line with market trends, consumers' needs in respect of know-how, nutritional and environmental requirements also through the experimentation of new production technologies, the identification of new raw materials and new packaging that are more suitable from the point of view of aesthetics and functionality for the consumer and that take into account the relative environmental impact.

Our commitment, in fact, is to develop new products within the three pillars of **Taste & Pleasure, Health & Wellness** and **Environment & Sustainability**, respecting and taking care of environmental parameters, with the aim of developing new products with a lower LCA than the average of the existing product portfolio.

Moreover, the Group's primary objective is to protect and ensure the safety of consumers, offering them safe products of high controlled and standardized quality; for this reason, the **Food Safety and Quality Team** supervises the entire value chain, from raw materials to marketing, and is committed daily to ensuring compliance with the stringent parameters and rules of the Sammontana Quality System, which regulates a complex system of procedures, indicators and audits to identify, analyze and

prevent possible risks with a view to prevention, fully implementing all GMP (*good manufacturing practices*) and HACCP (*Hazard Analysis Critical Control Points*) standards and validated by third-party auditors according to the IFS and BRC schemes. In addition, the Sammontana group has a system of internal cross-establishment audits, adding the continuous and periodic monitoring of a series of quality indicators with a view to continuous improvement: in 2020 alone, more

than 100 internal audits were carried out and we received 30 audits from third parties and customers, always obtaining the highest scores.

In order to meet the needs of specific diets, we have certification to produce gluten-free foods verified by the Italian Celiac Association, RSPO certification for the use of sustainable palm oil, and Rain Forest certification for the use of sustainable cocoa.

In order to ensure the safety of our products, in 2020, we carried out more than 220,000 analyses on raw materials and packaging materials and more than 250,000 analyses on finished products. Also in 2020, we set up a professional in-house panel for the organoleptic evaluation of our products.



PRODUCT INNOVATION

For the Sammontana group, **Innovation** has always been strategic in order to continue to offer people the best product and service solutions. Passion, competence, curiosity to look beyond accompany the daily work of our people.

In order to be more and more ready, we have been collaborating since 2017 with one of the most important companies dealing with Innovation in Italy, learning and applying new methodologies to approach the needs of people and the market. In recent years, we have involved more than 70 professionals in multidisciplinary projects,

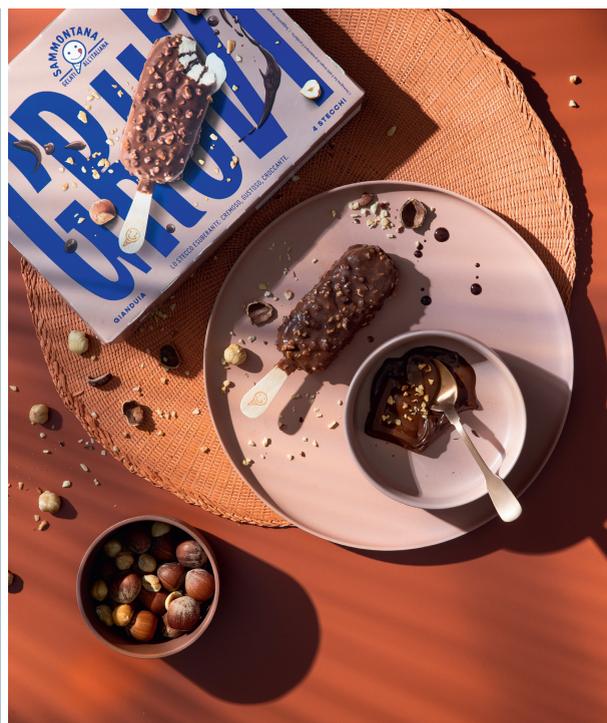
which have led to the launch of new products such as the 100% vegetable meatballs for the Lunch & Snack offer and the patented machine that produces both high quality granita and drinks for the Fruit & Vegetable project.

We also collaborate with important scientific bodies for the study and application of new innovative raw materials or increasingly sustainable packaging solutions.

INNOVATIVE PRODUCTS:

● Ice cream

The **Gelato Research and Development** team, located in Empoli at the group's historical



headquarters, over the last few years, has focused its attention in the areas of pleasure, nutrition and sustainability, developing new ranges of indulgent products (Gruvi, Barattolino 3 strati), leveraging new technologies and different structures to offer a new organoleptic experience and innovative, local ingredients while respecting Italian tradition and typicality, with care and attention to nutritional needs. To this end, colourings, preservatives and palm oil have been removed from all ice creams, the salt and sugar content has been progressively reduced from the existing product range and the range of fruit-based or fruit-only products under the Fruttiamo brand or sugar-free products under the Levia brand have been expanded; the range of gluten-free and dairy-free Amando brand products has been launched and expanded annually; and protein-rich, naturally calcium-rich, fibre-rich and low-fat UAU brand ice creams have been developed.

● **Frozen pastry products**

Over the last three years, the **Pastry Research and Development** team has launched more than 30 new products and new references, expanded the range of existing products with new varieties, increased the presence of products suitable for special diets, including the range of vegan croissants, which also includes stone-ground wholemeal flour and teff flour (first on the market); expanded the range of wholemeal products with stone-ground flour and a source of fibre.

Furthermore, the use of palm oil has been progressively reduced, except where strictly necessary to guarantee the best organoleptic quality of the product, using in any case RSPO certified palm oil; the entire vegan range is palm free. At the same time, the “clean label” project for the elimination of colourings and preservatives was activated and completed: we are the only ones in our sector that do not use preservatives in moisturized creams.

The **Pastry Industrialization** team, located in Colognola ai Colli, has as its main task and objective the testing and launch of new products and work on improving existing ones, through reformulation and refinement of production processes. The team also includes a Flour Committee that aims to bring to the attention of the Group all the technical and technological skills of this strategic raw material for Sammontana. Thanks to the work carried out, in the last three years, important projects have been completed to improve the product range of butter with an increase in product shelf life, a gradual reduction in the sugar content of some product ranges (Extra, Rodrigo and Supreme) and the elimination of additives from sfoglia (puff pastry).

● **Café/Lunch Snack**

During 2020, the **Lunch&Snack** team was activated with the main objective of finding the best products on the market that meet the needs of people who eat their meals at the café.



PROCESS INNOVATION

The Parent Company Sammontana has always aimed at obtaining high quality production at competitive costs compared to the market. This objective, among other things, is also pursued with significant investments in the purchase of new production lines, which make it possible to achieve greater productivity and a reduction in waste of primary resources (edible raw materials and packaging).

The demand for the finished product supply of the various distribution chains, which increasingly follows the logic of just in time, and the consequent need for great responsiveness to demand, requires major investments in innovative processes and industrial technologies.

To this end, several production lines have been purchased in recent years. It should be noted that even during the Covid period, the Parent Company continued to invest continuously, trying not to reduce the level of investments. Specifically, the following were purchased:

- 1) a new frozen pastry production line at the Verona plant and another one at the Vinci plant. These lines, which are highly automated, have allowed the Parent Company to increase hourly production with less production waste and a better quality of the finished product. It should also be noted that the same lines are among the most
- 2) a new production line of Barattolino ice cream at the Empoli establishment, which allowed already in 2020 to produce the Barattolino package in paper, with the same performance of the one currently on the market in plastic. The introduction of this new line at the Empoli establishment has also made it possible to create a back-up of the production process of the same product, already present at the Verona establishment. The line was conceived with an Industry 4.0 approach, i.e. with a high level of automation and connection to the most advanced company systems;
- 3) a new line for the production of high quality cones at the Empoli plant also for the additional formats that were missing from the Sammontana range. The production process carried out with this line guarantees the crispness of the wafer over time. Like the others, this line is highly automated and will involve further specific training approaches for the various departments in the factory in 2021;
- 4) new truffle packaging line at the Empoli plant. This line has been purchased to guarantee a more innovative process in the packaging of even small formats for the large-scale distribution of truffle products;

- 5) new line to make 5-litre trays in the Empoli plant, equipped with a robotic dosing system, which can guarantee a very innovative and different decoration for each ice cream flavour;
- 6) new packaging line for “Gocce di Frutta”, designed internally with great success to produce a semi-finished product based on fruit, an essential component of the Fruttiamo project for cafés.

In addition to the aforementioned investments, there have also been other, slightly smaller investments in the production plants, aimed at

seeking greater production flexibility in order to guarantee customers an increasingly better product and a safe and reliable service.

Finally, it should be noted that, for the correct management of these new lines with high industrial automation content, Sammontana carried out specific training for production and maintenance personnel (in the logic of Training 4.0). These training sessions were carried out either by personnel from the manufacturing companies or by more experienced Sammontana technicians.



INNOVATIVE PROCESSES

SLIM Project

The SLIM (Sammontana Lavorando Insieme Migliora) initiative is a *Lean Manufacturing* approach that Sammontana began to implement at the Verona establishment as of 2019.



This is an initiative of efficiency and continuous improvement, aimed at increasing the quality of finished products and the efficiency of production lines, through a strict fight against any kind of waste in the company's production processes.

The initiative is based on the involvement of personnel at all levels in order to eliminate all forms of inefficiency from production processes. The first pillars on which the work was based were *focused learning, quality, autonomous maintenance and personal skills development*.

This initiative includes, in addition to the clear definition of key indicators at the various performance review meetings, the setting of increasingly ambitious targets and the generation of corrective actions needed to eliminate waste.

It is underlined that the part of the training of personnel in the classroom and in the workplace at various levels is an important part of this methodological approach.

During the year 2020, Sammontana had to reduce the activities of this initiative because of the need for social distancing due to the spread of the so-called "Coronavirus". However, the Parent Company has sought to maintain a number of core activities in Verona with remote support from the consulting firm, in order to address specific projects through a problem solving approach. Also in Vinci, Sammontana has begun a series of auxiliary activities to prepare for the start of the project, which will take place during 2021.

Trigenerator - Verona plant

Following the environmental and economic success of the trigenerator installed at the Empoli plant, in early summer 2020, Sammontana successfully launched an even more complete trigenerator for the Verona plant. In order to maximize the thermal efficiency of the system, the Verona plant, in addition to producing electricity and heat, also produces cooling energy used in the cooling circuits. The plant has required efforts from the team of maintenance workers and technicians in Verona, who have welcomed this new energy challenge with great professionalism and commitment.

Renewal of the purification plant - Verona establishment

Another innovative intervention was the purification plant at the Verona establishment. After years of continuous growth in production volumes and, consequently, in the production of industrial wastewater, Sammontana has decided to modernize its purification system by installing automation and control systems to guarantee more correct management and supervision of the plant. A further step towards environmental sustainability.

DIGITAL INNOVATIONS

PROJECT DIGITALIZATION OF FROZEN PASTRY VERONA ESTABLISHMENT

Among the various projects started in 2020, Sammontana is also developing a plan to digitalize its frozen pastry lines in Verona. The project consists in the implementation of hardware and software to collect the most significant data of the production and maintenance activities through

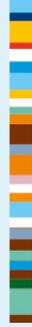
human/machine interfaces facilitated for the operators. This will allow both to have more reliable and complete data available for a subsequent analysis (necessary for continuous improvement), and the continuous availability of the same data on the line to better govern the production logics. In order to better plan this project, Sammontana is also revising and simplifying the mapping of the lines and the reasons for stops, so as to support the operators in their daily work.

RATIONALIZATION OF PRODUCTION INDICATORS PROJECT

The industrial department, with the full support of the Information Systems department, is also developing a project to have a “set of standardized indicators” that can be easily extracted from the Microsoft Dynamics AX system. These indicators will create a simplified dashboard of indices in order to monitor the daily and periodic results of the plants in terms of production logic and related aspects.







OPERATING PERFORMANCE





ECONOMIC PERFORMANCE

The financial statements that we are submitting to your attention are heavily influenced by the effects of the restrictions adopted by the Italian Government to contain the pandemic generated by the COVID-19 virus.

The generalized closures in March and April and other more or less stringent restrictions (depending on the incidence of the spread of the Coronavirus in the individual regions) led to a very sharp drop in sales in the Café-Horeca channel.

As we know, our Group derives over 70% of its margins from this channel.

The slowdown in sales in the traditional channel shows very negative numbers in all product lines: Ice Cream (-38%), Frozen Pastries (-33%) Lunch Snack (-37%).

In terms of profitability, higher sales in the modern channel did little to compensate for the increase in both branded (+17%) and private label (+15%) products.

It is with this necessary premise that we comment on the 2020 results.

Production value decreased by Euro 57 million (-15%) to just over Euro 330 million.

EBITDA was also down sharply (-48%) compared to 2019 and stood at just under Euro 25 million.

As a result, Pre-tax profit of approximately 1.2 million also shows a sharp decrease (approximately -15 million) compared to 2019.

The net profit of about Euro 2 million was positively influenced by the tax burden, thanks above all to the carry-forward of the tax loss for IRES purposes that the parent company Sammontana S.p.A. transferred to the parent company Sammontana Finanziaria S.r.l. by virtue of the existing "National Tax Consolidation" contract and the suspension, by the Parent Company Sammontana S.p.A., of the depreciation of certain asset classes relating to tangible assets as provided for by the derogation in art. 60 of Law 126/2020 and interpretative document no. 9 - OIC.

This report will illustrate, in addition to as required by article 2428 of the Civil Code, the context in which your Group has operated and the main strategic choices that have guided its management.

MAIN ECONOMIC DATA

The 2020 income statement reclassified to Added Value and Added Value “Net Net” is shown below, highlighting certain performance margins. It should be noted that the Group presents, in the context of the report on operations, in addition to the financial measures provided for by the OIC, some measures derived from the latter, although not provided for by the OIC (“Non GAAP measures”). These measures are presented in order to allow a better assessment of the operations of the Company and shall not be considered alternatives to those required by OIC. The table also shows the 2019 figures and the respective changes.

ADDED VALUE INCOME STATEMENT (Figures in thousands of Euro)

	2020	2019	Change
PRODUCTION VALUE ⁽¹⁾	337,490	397,861	(60,371)
Total external costs ⁽²⁾	246,972	275,224	(28,253)
ADDED VALUE	90,518	122,637	(32,119)
Total personnel	65,594	73,297	(7,704)
M.O.L. (Gross operating margin) / E.B.I.T.D.A.	24,924	49,340	(24,415)
Total amortization, depreciation and allocations ⁽³⁾	19,810	31,508	(11,698)
M.O.N. (Net operating margin)	5,115	17,832	(12,717)
Total financial income	271	340	(69)
E.B.I.T.	5,386	18,172	(12,786)
Total financial expenses	1,178	1,434	(256)
ORDINARY RESULT	4,208	16,738	(12,530)
Total non-recurring income and expenses ⁽⁴⁾	(2,991)	(292)	(2,700)
PRE-TAX RESULT	1,216	16,446	(15,230)
Total income taxes	811	4,337	3,526
RESULT OF THE YEAR	2,027	20,784	(18,756)

Note 1: The Production Value in this table differs from the Production Value in the statutory financial statements due to the reclassification (of approximately Euro 1.6 million) of the non-recurring assets area under Total non-recurring income and expenses. For details of the latter aggregate, please refer to paragraph 3.1 of this Report on Operations.

Note 2: This item includes B 6) - Costs for raw and ancillary materials, consumables and goods, B 7) - Costs for services, B 8) - Costs for rents and leases (with the exception of financial lease fees), B 11) - Change in inventories of raw and ancillary materials and goods, B 14) - Other operating expenses.

Note 3: This item includes B 10) Amortization, depreciation and write-downs, B 12) Provisions for risks, B 13) Other allocations together with financial lease instalments accrued during the year and accounted for using the equity method.

Note 4: For details of the items included in this aggregate, please refer to paragraph 3.1 of this Report on Operations.

ADDED VALUE INCOME STATEMENT WITH PRODUCTION VALUE "NET NET"

(Figures in thousands of Euro)

	2020	2019	Change
Revenues from typical sales "NET NET" ⁽¹⁾	287,004	340,649	(53,645)
	2,955	6,425	(3,470)
Change in inventories of products in progress, semi-finished, finished			
Other revenues and income ⁽²⁾	5,448	6,229	(780)
PRODUCTION VALUE	295,407	353,303	(57,896)
Total external costs ⁽³⁾	204,889	230,666	(25,777)
ADDED VALUE	90,518	122,637	(32,119)
Total personnel	65,594	73,297	(7,704)
M.O.L. (Gross operating margin) / E.B.I.T.D.A.	24,924	49,340	(24,415)
Total amortization, depreciation and allocations ⁽⁴⁾	19,810	31,508	(11,698)
M.O.N. (Net operating margin)	5,115	17,832	(12,717)
Total financial income	271	340	(69)
E.B.I.T.	5,386	18,172	(12,786)
Total financial expenses	1,178	1,434	(256)
ORDINARY RESULT	4,208	16,738	(12,530)
Total non-recurring income and expenses ⁽⁵⁾	(2,991)	(292)	(2,700)
PRE-TAX RESULT	1,216	16,446	(15,230)
Total income taxes	811	4,337	3,526
RESULT OF THE YEAR	2,027	20,784	(18,756)

Note 1: The item includes only Revenues from the sale of products, net of discounts and commercial contributions, the latter classified in a statutory income statement under B7) as costs for services.

Note 2: This item also includes revenues from the sale of advertising material and revenues for goods held for resale for a total of 2.2 million, which in the statutory financial statements are included under A1 Revenues from sales and services. In addition, this aggregate was adjusted by approximately Euro 1.6 million relating to the non-recurring asset area. This value was included in the aggregate "Total non-recurring income and expenses". For details of the latter aggregate, please refer to paragraph 3.1 of this Report on Operations.

Note 3: This item includes B 6) - Costs for raw and ancillary materials, consumables and goods, B 7) - Costs for services, except for commercial costs reclassified net of Sales Revenues in A1) as per note 1, B 8) - Costs for rents and leases (with the exception of financial lease fees), B 11) - Changes in inventories of raw and ancillary materials and goods, B 14) - Other operating expenses.

Note 4: This item includes B 10) Amortization, depreciation and write-downs, B 12) Provisions for risks, B 13) Other allocations together with financial lease instalments accrued during the year and accounted for using the equity method.

Note 5: For details of the items included in this aggregate, please refer to paragraph 3.1 of this Report on Operations.

KEY BALANCE SHEET FIGURES

Below is a balance sheet reclassified using the “financial” criterion. The Net Working Capital is shown in detail below.

BALANCE SHEET RECLASSIFIED “FINANCIAL” (Figures in thousands of Euro)

Commitments	2020	2019	Change
Non-current assets	205,983	174,508	31,475
Net Operating Working Capital	31,076	23,556	7,520
Non-current liabilities	(14,754)	(17,811)	3,057
NET INVESTED CAPITAL	222,305	180,253	42,052
Sources			
Shareholders' equity	139,938	115,320	24,618
Net Financial Debt	82,367	64,933	17,434
FINANCING SOURCES	222,305	180,253	42,052

NET WORKING CAPITAL (Figures in thousands of Euro)

	2020	2019	Change
Inventories	45,307	39,295	6,013
Trade receivables ⁽¹⁾	48,371	58,746	(10,376)
Other current assets	22,383	14,642	7,742
Tax receivables	21,512	13,635	7,878
Other receivables (non-trade part)	871	1,007	(136)
Trade payables ⁽²⁾	(64,155)	(69,879)	5,724
Other current liabilities	(20,831)	(19,248)	(1,583)
Tax payables ⁽³⁾	(8,407)	(10,585)	2,178
Other payables (non-trade part)	(12,424)	(8,663)	(3,760)
NET OPERATING WORKING CAPITAL	31,076	23,556	7,520

Note 1: The item includes receivables from customers as per the statutory financial statements, plus receivables from the factor and Inter-company trade receivables.

Note 2: The item includes payables to suppliers as per the statutory financial statements, plus payables to customers and Inter-company trade payables.

Note 3: This item includes payables to personnel for wages and salaries accruing in December 2020 and paid in January 2021 and the related accruals for 13th and 14th salary, as well as “non-recurring” payables to personnel for restructuring agreements relating to employees of the Pomezia plant.

KEY PRODUCTIVITY, PROFITABILITY AND FINANCIAL INDICATORS

Pursuant to article 2428 of the Italian Civil Code, the main productivity, profitability and financial indicators of the Group at 31 December 2020 are provided below, compared with those of the previous year, in order to facilitate understanding of the Group's situation and performance.

Profitability indicators	2020	2019
ROE	1.46%	18.02%
ROI	2.11%	9.36%
ROS	1.55%	4.60%
ROD	1.01%	1.82%
Duration indices		2019
Average supplier extension	66.68	67.86
Average customer extension	51.17	55.18
Ability to Repay the Financial Debt		2019
NFP (net P.O.)/EBITDA	3.16	1.06
NFP (gross P.O.)/EBITDA	3.46	1.36
Liquidity indices		2019
Availability index	1.18	1.05
Treasury index	0.83	0.74

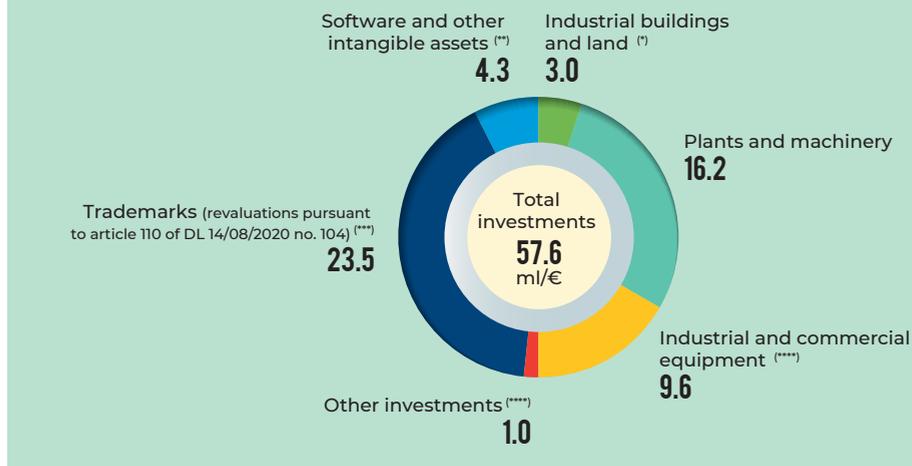
INVESTMENTS

During the 2020 financial year, investments of approximately Euro 34.3 million were made, in addition to the non-monetary revaluation of the Sammontana Trademark (carried out pursuant to article 110 of Legislative Decree no. 104 of 14/08/2020) of Euro 23.5 million for a total of Euro 57.3 million.

Investments (excluding the revaluation mentioned above) were in line (about Euro -2 million) with the previous year.

The Parent Company Sammontana S.p.A. continued to invest in cutting-edge technical plants and machinery both to keep up with the times and to take advantage of the tax advantages linked to investments in Industry 4.0. The level of investment was maintained despite the severe pandemic crisis that hit the industry in the year 2020. One of the main reasons for this was to end in 2020 investments in “industry 4.0” that were already in place in 2019.

INVESTMENT CATEGORIES (Figures in millions of Euro)



(*) of which approximately Euro 2 million related to the Automatic Warehouse in Via Giuntini, Empoli, a project started in 2018/2019 and completed in 2020. The remainder is to be considered mainly improvements to third -party assets (Deposits and External Cells).

(**) The total amount is made up of Euro 1.4 million for the capitalization of development costs, Euro 1.2 million for the recognition of Goodwill relating to acquisitions of Business Units and the remainder deriving from increases in “Software” and “Other intangible assets”.

(***) A 3% substitute tax of Euro 705,000 thousand was applied to the revaluation of the Trademark and included under tax payables.

(****) of which Euro 0.2 million relating to Commercial equipment and Euro 0.2 million relating to Vehicles deriving from Business Unit acquisitions made during the year.



The technical investments in Industry 4.0 consist of assets the operation of which is controlled by computerized systems or managed through appropriate sensors and drives. In particular, the asset must be characterized by some technical-functional specifications, including the following:

- It is controlled by means of a programmable logic controller (PLC);
- It is designed to be interconnected to the factory computer systems;
- It is prepared to be integrated in an automated way with the logistics system or with the supply network and/or with other machines of the production cycle;
- It includes a simple and intuitive man-machine interface;
- It meets the most recent occupational safety, health and hygiene standards;
- It is equipped with remote maintenance and/or remote diagnosis and/or remote control systems;
- It is able to monitor working conditions and process parameters by means of appropriate sets of sensors.

In general, Industry 4.0 investments have been made ensuring to obtain technical improvement of the machine or line in its design, operation and subsequent operating diagnostics.

The intangible component of investments (excluding the revaluation) mainly concerns the continuous updating of the software

necessary to keep pace with the company's development with the technological evolution in progress. Investments continued in the new Microsoft Dynamics AX information system, which has been in operation now since 1 January 2019 for all Group companies.

It should also be noted that in 2020, the Parent Company Sammontana S.p.A. capitalized development costs of Euro 1.4 million. These capitalizations (wages, salaries and various materials) refer to specific products that will provide future economic benefits over time.

New acquisitions of tangible assets mainly refer to production machinery/plants (some of which will come into operation in 2021).

Investments in equipment are also confirmed in line with 2019, including those relating to the purchase of refrigerated conservators and ovens to be loaned to customers. Part of these investments in equipment are related to development projects implemented in 2020 (Fruit & Vegetables, etc.).

“Other investments” include Euro 0.3 million for the purchase of trucks for the activities carried out by the subsidiary Transfrigo S.r.l. .

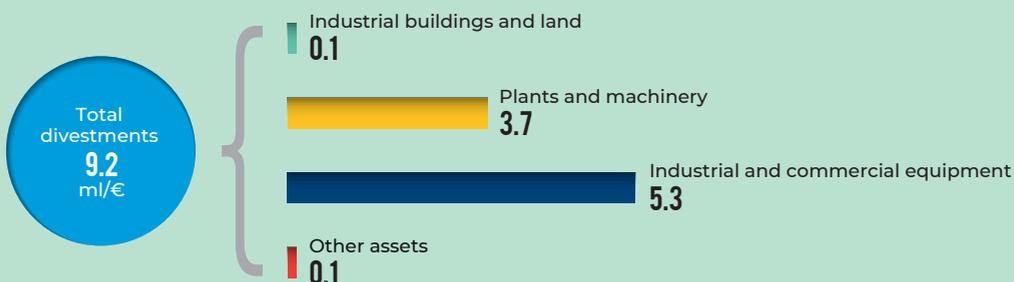
“Divestments of technical assets” amounted to Euro 9.2 million, valued at historical cost. This amount is made up of 5.3 million (value always at historical cost) from the disposal of obsolete refrigeration equipment for the

most part completely depreciated and belonging to Sammontana S.p.A. The Plant and Machinery category also recorded disposals of Euro 3.7 million at historical cost. Said decommissioned Plant and Machinery, replaced by

investments for the year, were depreciated at 100%.

From the disposal of the technical fixed assets, there was a positive balance between gains and losses of approximately Euro 155 thousand.

DIVESTMENTS OF TECHNICAL ASSETS (Figures in millions of Euro)



Already in this Report on Operations, it is noted that at 31 December 2020, the Parent Company Sammontana S.p.A., due to the Covid-19 pandemic, used the derogation provided for in article 60 of Law 126/2020 to suspend

depreciation of certain classes of tangible assets. For details and compulsory information, reference should be made to the paragraph "Depreciation of Fixed Assets" in the Notes.

PORTIONS SOLD AND REVENUES

In terms of portions, 2020 saw a decrease in the quantity of products sold compared to the previous year (-9%).

In Italy, the spread of the Coronavirus epidemic compromised ice cream sales even though the warm season meant that total sales recorded an overall +3%.

Foreign sales show a more marked increase of 8% compared to the previous year.

Frozen pastry is unfortunately down 28% in terms of portion sales.

Sales in the **lunch-snack** category were also negative (-35%).

SALES 2020 (Figures in millions of portions)

Products	2020	2019	Diff.%
Total Ice cream Italy	709	693	2%
of which CAFÉ-HORECA brand	65	120	(46%)
of which LARGE-SCALE RETAIL TRADE brand	331	301	10%
of which Private labels (LARGE-SCALE RETAIL TRADE)	313	271	16%
Total Ice cream foreign	80	74	8%
Total Ice cream	789	766	3%
Total Croissants Italy	343	474	(28%)
of which CAFÉ-HORECA	275	419	(34%)
of which LARGE-SCALE RETAIL TRADE	62	51	22%
of which Private labels (LARGE-SCALE RETAIL TRADE)	5	3	70%
Total Croissants foreign	4	5	(26%)
Total Croissants	346	478	(28%)
Total snack lunch	22	34	(35%)
Total portions	1,158	1,279	(9%)

Gross turnover (which differs from the item Revenues from sales and services in the Income Statement because it is gross of the discounts applied on invoices and credit notes issued by us) amounted to Euro 611 million, a decrease of about 9%.

GROSS SALES 2020 (Figures in millions of Euro)

Products	2020	2019	Diff.%
Total Ice cream Italy	416	405	3%
of which CAFÉ-HORECA brand	65	105	(38%)
of which LARGE-SCALE RETAIL TRADE brand	301	256	17%
of which Private label (LARGE-SCALE RETAIL TRADE)	51	44	15%
Total Ice cream foreign	12	15	(15%)
Total Ice cream	428	420	2%
Total Croissants Italy	169	230	(27%)
of which CAFÉ-HORECA	139	206	(33%)
of which LARGE-SCALE RETAIL TRADE	29	24	23%
of which Private labels (LARGE-SCALE RETAIL TRADE)	1	1	68%
Total Croissants foreign	1	3	(42%)
Total Croissants	170	232	(27%)
Total snack lunch	12	19	(37%)
Total company	611	671	(9%)

Sales were also affected by the economic slowdown caused by the Coronavirus contagion.

However, there was a positive trend in sales of branded and PL **ice cream** in the large-scale retail trade, both in terms of quantity and turnover.

Sales of **frozen pastries** also grew in the large-scale retail trade channel.

As far as the detailed results for the Café-Horeca channel are concerned,

the considerations are similar to those described for the quantities, even if the negative variations show slightly lower percentages.

From Gross Turnover, represented in detail in the table above, after deducting invoice discounts and credit notes, we arrive at **Revenues from sales and services**, which in the year reached Euro 330.7 million, down by Euro 57 million compared to 2019 (-15%).

COSTS

The table below shows the main items of operating expenses in millions of Euro.

Description	2020	2019	Change
Cost for raw materials and goods	130	144	(14)
Cost for services	109	122	(13)
Rents and leases	10	9	1
Personnel cost	69	75	(6)
Amortization, depreciation and write-downs	19	30	(11)
Changes in raw materials	(3)	(1)	(2)
Allocations	0	1	(1)
Other operating expenses	3	3	0
Total	337	383	(46)

The performance of some expense items is directly related to the operating performance of sales revenues (in particular, the costs for raw materials and services). As shown in the table above, it should be noted that the decrease in this item compared to the previous year was affected by the decrease in sales revenues described in previous paragraphs of this Report.

The reduction in personnel costs is essentially due to the closure of the Pomezia production site and the use of the wage guarantee fund for reduced production.

For comments on the changes in depreciation and amortization, reference should be made to the previous section on investments in this Report and to the section "Amortization/Depreciation of fixed assets" in the Notes.

Allocations, other operating expenses and other cost items were substantially in line with the previous year.

Further considerations regarding the dynamics of the main corporate costs are referred to the Notes for more specific details.

NON-RECURRING COSTS AND INCOME

The following tables show the main non-recurring assets and liabilities.

The classification in the financial statements of the items shown below is indicated in the section next to the numerical amounts, shown in millions of Euro.

NON-RECURRING EXPENSES 2020

Description	Amount	Classification in the financial statements
Costs for documents not pertaining to the year	0.70	IS B7) - Costs for services
Costs for settlement deeds	0.11	IS B14) - Other operating expenses
Extraordinary personnel costs	3.84	IS B9e) - Other personnel costs
	4.65	

The most significant amount is represented by "Extraordinary personnel costs" for a value of slightly less than Euro 4 million. As mentioned in the introductory paragraphs of this Report, the vast majority of these costs relate to retirement incentives paid to employees during the year and relating to the closure of the Pomezia

plant. There were also documents for items pertaining to previous years but not disclosed in previous financial statements (approximately Euro 700 thousand) and transactions payable for Euro 110 thousand. The expenses listed above are attributable almost entirely to the Parent Company Sammontana S.p.A.

NON-RECURRING INCOME 2020

Description	Amount	Classification in the financial statements
Contingencies for items not pertaining to the year	0.50	IS A5) - Other revenues
Contingencies for closure Accruals previous years	0.61	IS A5) - Other revenues
Other extraordinary income	0.02	IS A5) - Other revenues
Contingencies for closure of risk provisions	0.49	IS A5) - Other revenues
	1.62	

In non-recurring income, the most significant amount is represented by the contingencies deriving from the closure of previous year allocations of approximately Euro 0.6 million. We also note the registration of

document assets pertaining to 2019 for about Euro 500 thousand.

The income listed above is attributable almost entirely to the Parent Company Sammontana S.p.A.

TAXES

The tax burden for 2020 is broken down as follows:

Description	Amount in millions of Euro
IRES	1.35
IRAP	(0.60)
Deferred tax liabilities/assets	0.00
IMU	(0.59)
Advertising tax	(0.28)
Total	(0.12)

With regard to taxes, there was a “negative” IRAP tax charge in 2020 of approximately Euro 0.6 million; IRES, on the other hand, was positive as both Sammontana S.p.A. and Transfrigo S.r.l. adhered to the “National Tax Consolidation” (as per articles 117 et seq. of the Consolidated Income Tax Act), contributing a negative tax base to the tax consolidating company Sammontana Finanziaria S.r.l., generating total “consolidation income” of Euro 1,360,887.

Substantial break-even for deferred/prepaid taxes.

Overall, IMU expenditure was in line with last year.

Finally, there was a lower expenditure for the Advertising Tax, from about Euro 350 thousand in 2019 to about Euro 280 thousand in 2020.

FINANCIAL SITUATION

In 2020, financial expenses amounted to approximately Euro 1.35 million, down approximately Euro 100 thousand compared to the previous year. This change is due to the composition of the debt, which has seen the incidence of the Bond reduced, due to the repayment of the instalment of Euro 12 million at the end of 2019 and on which interest accrues at a fixed rate of 3.5% gross. At the same time, due to Covid, net debts to the banking system increased, on which, however, interest was paid at an average rate of less than one percentage point.

Income, on the other hand, amounted to a total of Euro 442 thousand, an increase of approximately Euro 90 thousand compared to the previous year, mainly due to positive exchange rate differences on Pound “hedging” transactions implemented by the company in 2020.

Total NFP was around Euro 86.2 million compared to around Euro 67.3 million in 2019, presenting a deterioration of around Euro 19 million.

This negative change is mainly attributable to:

- the lower liquidity produced from operations (it is recalled that Ebitda has halved) in the presence of investments still sustained and in line with previous years;
- an increase in Net Working Capital attributable to two main elements: the increase in VAT credit (which at

the end of the year reached Euro 17.5 million compared to a value that in previous years had been between Euro 10 and 13 million) and a slight increase in inventories of finished products.

The cost of money from the banking system and bonds is 1.03%, while the cost of money from the banking system alone is 0.6%.

The ratio of net financial expenses (net of income) and sales revenues was 0.27%, substantially in line with the previous year (about 0.28% in 2019).

Average monthly gross debt to the banking system in 2020 amounted to approximately Euro 101.9 million compared to 72.5 the previous year. This increase, which is higher than the differentials reported at the end of the year, is due to the fact that in the first part of the year, the Group “supported” its distribution network in an important way, despite the lack of significant revenues that were realized in the second part of the year.

It is recalled that the financial side is impacted by the monetary weight of the technological investments that the Group has made “significantly” also this year, despite the lower cash flows deriving from a reduction in EBITDA (which fell from 49.3 million in the previous year to 24.7 million in 2020). However, these investments in industrial innovation and information technology, above all, aim both to

keep the Group in step with its main competitors in the sectors where it is engaged and to make the most of

the benefits deriving from the tax benefits of Industry 4.0.

The table below details the composition of the sources of debt.

Financing sources	2020	2019	Diff.
Short-term bank payables	(24,823,797)	(22,324,181)	(2,499,616)
Medium/long-term bank payables	(80,283,614)	(39,649,021)	(40,634,594)
Cash and accounts receivable	29,139,379	12,023,138	17,116,240
Total NFP net banking	(75,968,033)	(49,950,064)	(26,017,969)
Inter-company financial payables ⁽²⁾	(3,904,434)	(1,818,981)	(2,085,452)
Lease payables ⁽¹⁾	0	(547,468)	547,468
Inter-company financial receivables ⁽²⁾	1,170,549	6,152	1,164,397
Total NFP (excluding P.O.)	(78,701,917)	(52,310,361)	(26,391,556)
Bond	(7,500,000)	(15,000,000)	7,500,000
Total NFP	(86,201,917)	(67,310,361)	(18,891,556)

Note 1: These are financial payables for leases belonging to the Parent Company Sammontana S.p.A., represented in the financial statements according to the equity method. For details, please refer to the Notes (paragraph on tangible assets).

Note 2: These mainly relate to balances at 31/12/2020 for intercompany cash pooling and, residually, (Euro 70 thousand) a loan granted by the Parent Company Sammontana S.p.A. to the unconsolidated subsidiary Sammontana Holding Hong Kong.

Therefore, also the monetary cycle of the Parent Company's operations, leads to a higher level of debt in the first half of the year, which is covered using the commercial self-liquidating portfolio and resorting for the remaining part to short-term financing. The composition of the Group's debt has always guaranteed balance and solidity.

It should also be taken into account that the Parent Company Sammontana S.p.A. has a VAT receivable totalling approximately Euro 17.5 million, which will be gradually reabsorbed by the VAT payable during 2021, and partly requested for reimbursement to the Revenue Agency.

INFORMATION ON RISKS AND UNCERTAINTIES

As required by the first paragraph of article 2428 of the Civil Code, the main risks and uncertainties to which the Group is exposed are set out below.

With reference to the company's uncertainties, given the type of activity carried out, the main criticalities identified are essentially related to the significant seasonality of ice cream, which weighs about 60% of sales and contributes more than 50% to the formation of the gross operating margin.

In fact, it should be considered that nearly 70% of ice cream sales (over 40% of total annual sales) are achieved in the three summer months (June, July and August). The climate factor can therefore have a decisive influence on company performance.

In addition, a new risk factor that could compromise the availability of the Group's IT systems is linked to potential cyber attacks, which could cause the possible interruption of production and sales support activities or compromise the confidentiality, integrity and availability of personal data managed by the Group. In order to mitigate the occurrence of such risks, the Group has implemented a centralized control system aimed at improving IT security.

With regard to financial risks, the following positions are active, which were created with medium-term maturities:

- bond, fully subscribed by the members of the Bagnoli family, for a residual nominal value of Euro 7.5 million; full repayment is expected at the end of 2021;
- Mediobanca unsecured loan with a residual value of Euro 25 million maturing in 2025. It has been restructured into existing loans; repayments will start in 2022;
- Banca Intesa unsecured loan of Euro 25 million, of which Euro 15 million already disbursed and Euro 10 million to be drawn down in January 2021 with maturity in 2025; repayment will take place from 2023;
- unsecured Unicredit loan of 13 million maturing in 2024; repayment will take place from 2022;
- BNL unsecured loan of Euro 10 million maturing in 2025; repayment will be in six-monthly instalments starting in 2021;
- BPM unsecured loan of 10 million maturing in 2024 and repayable in half-yearly instalments starting next year;
- Credit Agricole unsecured loan, residual value Euro 2.5 million, which will be repaid in full in 2021;
- unsecured loan from Banca MPS of Euro 10 million maturing in December 2025 and repayable in semi-annual instalments;
- unsecured loan from Banca MPS, residual value Euro 4.44 million, maturing in December 2022, repayable in semi-annual instalments.



The analysis of future cash flows shows that the activities of the Parent Company Sammontana S.p.A. will be able to generate sufficient liquidity to repay the portions of the expected amortization plans.

The loans were taken out at a variable rate based on a parameter (Euribor 1, 3 or 6 months) plus a spread. In some cases, a hedge was chosen to obtain a fixed rate. In the current economic situation, the chosen parameter (Euribor 1 or 3 months in the various cases) is at an all-time low on 3 months and is expected to remain at very low levels for some years to come.

With regard to general credit risk, it should be noted that the Group is exposed to potential losses arising from the failure of customers to meet obligations.

This risk is constantly analyzed both with reference to the current situation and to its foreseeable evolution and significant risks are appropriately addressed and prudentially quantified for the purpose of recognizing specific write-downs in the financial statements.

The Parent Company, Sammontana S.p.A., selects its customers also on the basis of solvency criteria and has internal procedures for assessing their exposure. In addition, allocations are made in its financial statements that are deemed adequate. It is not expected that the terms on which customers will fulfil their payment obligations will deteriorate.

With regard to exchange rate risks, the Parent Company Sammontana S.p.A., as part of its international operations, uses the domestic currency (Euro) as the contractual currency for the majority of its sales, significantly reducing the exchange rate risk deriving from the currencies of the various countries in which it operates.

Nevertheless, also in light of the expansion strategy, it cannot be excluded that possible fluctuations in currencies other than the Euro, with respect to the latter, may have negative effects on the Parent Company's operating margins and, consequently, on its economic, equity and financial situation.

Finally, as regards risks associated with the prices of production factors, production costs are exposed to the risk of fluctuations in energy and raw material prices.

The Parent Company Sammontana S.p.A. has chosen to manage this risk by implementing plans to reduce energy consumption and specific training activities on energy saving. Should the Parent Company be unable to pass on any increase in sales prices, its economic and financial situation could be affected. As explained in the "impacts from Covid-19" section of the notes, the Covid-19 pandemic and the subsequent measures taken by various governments to contain the spread of the virus continue to affect the Company's operations. In addition to the effects already known, macroeconomic uncertainty

has caused disruption in business activities and to date (unknown) as explained in the “Impacts from Covid-19” section of the notes, the Covid-19 pandemic and the subsequent measures taken by various governments to contain the spread of the virus continue to affect business activities. In addition to the effects already known, macroeconomic uncertainty has caused disruption in economic activities and to date, the potential long-term impacts on business are unknown. The main risks arising from the current uncertainty surrounding COVID-19 are:

- a) Revenues and profitability: the Group believes that, following the continuation of the pandemic and the consequent restrictive measures, in 2021, it will not be possible to return to 2019 levels but, more likely, intermediate results will be achieved between 2019 and 2020. Much will depend on how quickly the vaccination campaign is carried out.
- b) Financial position and liquidity: the Group is financially solid. During 2020, it strengthened itself by entering into additional medium-term loans with credit institutions with repayment instalments appropriate to the liquidity generated. It also has robust short-term lines of credit (no more than 40% of the credit facility is expected to be used during the “maximum peak” period).
- c) State measures in support of companies: in order to mitigate the effects of the pandemic, the Group has sought, where available, the possibility of obtaining government support; in particular, the wage guarantee fund for the Sammontana production plants was requested and obtained in order to contain the negative effects of the pandemic.
- d) Production chain: In order to mitigate the risk of contagion and achieve greater distancing between people in the production areas within the various plants, reference should be made to as described in the paragraph “The Covid-19 Challenge: Our Responses” in this Report on Operations.

RELATIONS WITH NON-CONSOLIDATED SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL OF THE LATTER

As early as 2005, the Parent Company Sammontana Finanziaria S.r.l. started its activity as operating holding company, providing qualified services to the Group.

In particular, the following are recalled:

- the cash pooling contract open to all Group companies except for Sammontana Holding Hong Kong and its subsidiary, which has enabled significant improvements in the integrated liquidity management of the participating companies;
- the framework contract with a leading national insurance broker for risk management from a Group perspective;
- the contract of adhesion to the national tax consolidation pursuant to articles 117 et seq. of the Consolidated Income Tax Act and which, by providing special rules for determining

the consolidated tax base, allows the overall optimization of the income tax payments of the Companies involved.

With its sister company Immobiliare Industriale S.r.l., the Group has contracts for the lease of properties used for logistics and corporate activities.

There were no significant relations with the non-consolidated subsidiary Gelfrigo S.r.l. with the subsidiary Sammontana Holding Hong Kong and with the indirect subsidiary Bagnoli Ice-Cream.

All relations with these companies are regulated at market conditions.

Below is a summary of intragroup economic and financial transactions 2020:

	Receivables	Payables	Revenues	Costs
Sammontana Finanziaria S.r.l.	1,234,603 (***)	6,539,578(*)(**)	388,271	7,809
Gelfrigo S.r.l.	-	-	732	-
Immobiliare Industriale S.r.l.	-	430,807	85,346	1,396,278
Fattoria La Leccia S.agr. a r.l.	-	118,458	4,824	100,054
Bagnoli Ice Cream Ltd. (Shanghai) (****)	-	-	-	-
Sammontana Holding Hong Kong (****)	70,000	-	-	-
Total	1,304,603	7,088,843	479,173	1,504,141

(*) of which Euro 3,904,434 cash pooling Sammontana v/Sam Fin.

(**) of which Euro 1,300,236 IRES payable for tax cons.

(***) of which Euro 1,100,638 cash pooling Transfrigo v/Sam Fin.

(****) for the reasons for exclusion from the scope of consolidation, see the section "Scope of consolidation" in these notes.

SHARES IN PARENT COMPANIES AND TREASURY

Group companies do not hold and have not held treasury shares or shares in the parent company (not even through trust companies or third parties), nor were there any transactions on them during the year.

STATUTORY AUDIT

These financial statements have been audited by PricewaterhouseCoopers S.p.A.

OTHER INFORMATION

Pursuant to article 2427 point 22 bis and point 22 ter of the Civil Code, it should be noted that there are no transactions carried out with related parties of significant value that have not been concluded at current market values and there are no off-balance sheet agreements that have equity or economic effects.

It should also be taken into consideration that the Parent Company Sammontana S.p.A. has a VAT credit of approximately Euro 17.5 million. It will be progressively reabsorbed by the VAT payable during the year 2021 with a possible partial request for reimbursement to the Revenue Agency.





KEY EVENTS AFTER YEAR-END

In addition to the continuing negative effects caused by the “Coronavirus” and already described in previous paragraphs, there is another factor that is affecting the world economy in general: the resurgence of inflation and the tension on the prices of some raw materials and commodities used also by our Group.

The Group is carefully monitoring this development, trying not to “offload” onto sales prices the higher costs it will have to incur for the procurement of certain raw materials and materials.

However, it is believed that the “hedges” put in place and certain measures aimed at improving production efficiency can offset the diseconomies caused by these increases.

The Group will continue to constantly monitor the risks arising from these price hikes.

As already mentioned in the Investments section of this Report, the Parent Company also decided to adhere to the opportunity arising from the 2020 Budget Law to revalue, from both a statutory and a fiscal point of view, the company’s intangible assets, specifically by appointing an independent party to prepare an appraisal report on the Sammontana Trademark.

Assessments of the possibility of redeeming this revaluation of the Sammontana Trademark and of the residual amounts of the Tre Marie Trademark and of the goodwill resulting from the merger by absorption of the former Granmilano S.p.A. in 2010, with the payment of a substitute tax, are also being examined.

OUTLOOK

The first half of 2021 will still be heavily impacted by the effects of the ongoing pandemic.

Leading economic observers expect that as the vaccination campaign progresses, we may see a vigorous recovery in the second half of 2021.

It will be crucial for the business to achieve an easing of restrictions throughout the summer season in order to reach the set targets in the horeca channel as well.

During the first two months of the year, sales were up sharply in the modern channel, both for brand-name products and private labels. In particular, sales of frozen croissants in packages for home consumption increased by almost 300% compared to the first two months of 2020.

The slowdown in the horeca channel was very significant for ice cream (but the quantities “concerned” are still very small), while for frozen pastry, it was less negative than the restrictions in place could have caused.

Early data for March indicate a slight slowdown due in part to the extension of the “red” and “orange” zones.

However, a possible gradual easing of restrictions in the post-Easter period could allow the expected year-end results to be achieved.

Ordinary investments will be about 15% lower than last year as in previous years, particularly intense action was taken to improve the efficiency of the plants also in light of the “Industry 4.0” facilities. Moreover, the lower cash flows suggest not to “force” on interventions that do not have an objective and rapid return on the investment.

Empoli, 9 April 2021

The Chair of the Board of
Directors of the
Parent Company Sammontana S.p.A.

Loriano BAGNOLI



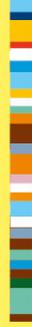


2



CONSOLIDATED FINANCIAL STATEMENTS





FINANCIAL STATEMENTS



BALANCE SHEET ASSETS

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
<i>I. Intangible assets</i>			
2) Development costs	1,148,313	0	1,148,313
3) Industrial patent rights	3,280,800	3,756,119	(475,319)
4) Concessions, licenses and trademarks	39,960,152	18,875,405	21,084,747
5) Goodwill	8,051,264	7,839,798	211,466
7) Others	614,015	785,516	(171,501)
	53,054,544	31,256,838	21,797,706
<i>II. Tangible assets</i>			
1) Land and buildings	60,980,515	60,467,631	512,884
2) Plants and machinery	47,826,833	40,766,140	7,060,694
3) Industrial and commercial equipment	27,808,575	19,600,705	8,207,870
4) Other assets	2,501,403	2,171,889	329,514
5) Assets in progress and advances	1,501,461	6,478,952	(4,977,490)
	140,618,787	129,485,316	11,133,471
<i>III. Financial assets</i>			
1) Investments in:			
a) subsidiaries	103,609	100,609	3,000
d-bis) other companies	41,195	41,195	0
	144,804	141,804	3,000
2) Receivables			
a) subsidiaries			
- beyond one year	70,000	0	70,000
	70,000	0	70,000
d-bis) others			
- beyond one year	1,742,632	1,603,960	138,672
	1,742,632	1,603,960	138,672
	1,812,632	1,603,960	208,672
4) Derivative financial instruments receivable	7,625	0	7,625
	7,625	0	7,625
	1,965,060	1,745,764	219,296
Total fixed assets		162,487,918	33,150,473
C) Current assets			
<i>I. Inventories</i>			
1) Raw and ancillary materials and consumables	18,284,953	15,867,842	2,417,112
2) Work in progress	210,252	212,798	(2,547)
4) Finished products and goods	26,812,224	23,214,224	3,598,000
	45,307,428	39,294,864	6,012,565

>> BALANCE SHEET ASSETS

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
<i>II. Receivables</i>			
1) Customers			
- within one year	44,557,887	55,819,372	(11,261,485)
- beyond one year	2,992,169	4,181,993	(1,189,824)
	47,550,057	60,001,365	(12,451,309)
4) Parent companies			
- within one year	119,126	512,753	(393,627)
	119,126	512,753	(393,627)
5) Companies subject to the control of the parent companies			
- within one year	0	5,538	(5,538)
	0	5,538	(5,538)
5-bis) Tax receivables			
- within one year	20,365,035	13,634,792	6,730,243
	20,365,035	13,634,792	6,730,243
5-ter) Deferred tax assets			
- within one year	7,202,798	7,789,035	(586,238)
	7,202,798	7,789,035	(586,238)
5-quer) Others			
- within one year	5,429,859	2,914,911	2,514,948
	5,429,859	2,914,911	2,514,948
	80,666,875	84,748,415	(4,081,541)
<i>III. Current financial assets</i>			
5) Derivative financial instruments receivable	0	11,067	(11,067)
7) Financial assets for centralized treasury management	1,100,549	6,152	1,094,397
	1,100,549	17,219	1,083,330
<i>IV. Cash and cash equivalents</i>			
1) Bank and postal deposit accounts	29,022,202	11,852,125	17,170,077
3) Cash and equivalents on hand	117,177	171,013	(53,836)
	29,139,379	12,023,138	17,116,240
Total current assets	156,214,231	136,193,616	20,020,615
D) Accruals and deferrals			
- others	431,826	549,630	(117,804)
	431,826	549,630	(117,804)
Total accruals and deferrals	431,826	549,630	(117,804)
Total assets	352,284,448	299,231,164	53,053,283

BALANCE SHEET LIABILITIES

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
A) Shareholders' equity			
I. Capital	21,600,003	21,600,003	0
III. Revaluation reserves	48,954,647	26,159,647	22,795,000
IV. Legal reserve	4,320,003	4,320,003	0
VI. Other reserves	63,200,708	42,445,569	20,755,138
- Extraordinary reserve	60,630,708	39,731,255	20,899,452
- Merger surplus reserve	2,570,000	2,714,314	(144,314)
VII. Reserve for expected cash flow hedging transactions	(164,951)	11,067	(176,018)
IX. Profit for the year	2,027,296	20,783,754	(18,756,458)
Total shareholders' equity	139,937,706	115,320,044	24,617,662
B) Provisions for risks and charges			
1) Provisions for pensions	2,197,607	2,014,005	183,602
2) Provisions for taxes, including deferred	4,663,045	5,368,881	(705,836)
3) for derivative financial instruments payable	227,074	0	227,074
4) Others	898,778	2,099,915	(1,201,137)
Total provisions for risks and charges	7,986,504	9,482,801	(1,496,297)
C) Employee severance indemnity (TFR)	6,767,426	8,328,028	(1,560,602)
D) Payables			
1) Bonds			
- within one year	7,500,000	12,000,000	(4,500,000)
- beyond one year	0	3,000,000	(3,000,000)
	7,500,000	15,000,000	(7,500,000)
4) Payables to banks			
- within one year	24,823,797	22,324,181	2,499,616
- beyond one year	80,283,614	39,649,021	40,634,594
	105,107,411	61,973,202	43,134,210
7) Payables to suppliers			
- within one year	43,975,045	49,932,350	(5,957,305)
	43,975,045	49,932,350	(5,957,305)

>>

>> BALANCE SHEET LIABILITIES

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
11) Payables to parent companies			
- within one year	6,525,610	4,442,313	2,083,297
	6,525,610	4,442,313	2,083,297
11-Bis) Payables to companies subject to the control of the parent company			
- within one year	548,332	552,885	(4,554)
	548,332	552,885	(4,554)
12) Tax payables			
- within one year	3,139,914	3,966,063	(826,149)
	3,139,914	3,966,063	(826,149)
13) Payables to social security institutions			
- within one year	3,952,875	3,938,778	14,097
	3,952,875	3,938,778	14,097
14) Other payables			
- within one year	26,815,962	26,265,440	550,522
	26,815,962	26,265,440	550,522
Total payables	197,565,149	166,071,031	31,494,118
E) Accrued and deferred liabilities			
- others	27,662	29,260	(1,598)
	27,662	29,260	(1,598)
Total accrued and deferred liabilities	27,662	29,260	(1,598)
Total liabilities	352,284,448	299,231,164	53,053,284

INCOME STATEMENT

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
A) Production value			
1) Revenues from sales and services	330,574,756	387,693,775	(57,119,019)
2) Change in inventories of FP and goods	2,954,718	6,425,206	(3,470,487)
5) Other revenues and income:			
- others	5,502,535	5,317,575	184,960
- contributions in the year	120,783	163,944	(43,161)
	5,623,318	5,481,519	141,799
Total production value	339,152,792	399,600,500	(60,447,707)
B) Production costs			
6) Raw and ancillary materials, and goods	(129,940,413)	(143,693,776)	13,753,363
7) Services	(108,353,911)	(121,679,299)	13,325,388
8) Rents and leases	(9,584,532)	(9,432,638)	(151,894)
9) Personnel			
a) Wages and salaries	(43,080,128)	(47,431,516)	4,351,388
b) Social security contributions	(14,338,512)	(15,946,659)	1,608,147
c) Employee severance indemnity (TFR)	(3,191,797)	(3,640,533)	448,736
e) Other costs	(8,761,386)	(7,813,017)	(948,369)
	(69,371,823)	(74,831,725)	5,459,902
10) Amortization, depreciation and write-downs			
a) Amortization of intangible assets	(6,037,489)	(5,403,139)	(634,350)
b) Depreciation of tangible assets	(12,717,154)	(21,201,745)	8,484,591
d) Write-downs of receivables	(500,000)	(2,901,577)	2,401,577
	(19,254,643)	(29,506,461)	10,251,818
11) Changes in inventories of RM and goods	2,417,112	1,153,155	1,263,956
12) Provisions for risks	0	(1,256,880)	1,256,880
14) Other operating expenses	(2,941,426)	(2,813,050)	(128,376)
Total production costs	(337,029,636)	(382,060,672)	45,031,036
Difference between production value and costs (A - B)	2,123,156	17,539,827	(15,416,671)

>>

>> INCOME STATEMENT

(Figures in Euro)	31.12.2020 Consolidated	31.12.2019 Consolidated	Change 2020/2019
C) Financial income and expenses			
16) Other financial income:			
d) income other than the above:			
i) third parties	34,075	34,996	(921)
iv) parent companies	237,236	305,389	(68,153)
	271,311	340,384	(69,074)
17) Interest and other financial expenses:			
i) third parties	(1,341,568)	(1,442,549)	100,981
iv) parent companies	(6,609)	(3,628)	(2,981)
	(1,348,177)	(1,446,177)	98,000
17-bis) Exchange rate gains and losses			
- gains	242,011	83,278	158,732
- losses	(71,803)	(70,825)	(978)
	170,208	12,454	157,754
Total financial income and expenses	(906,658)	(1,093,339)	186,680
Pre-tax result (A-B+C+D)	1,216,498	16,446,488	(15,229,990)
20) Income taxes for the year			
- current taxes	(596,884)	2,928,112	(3,524,996)
- deferred tax (liabilities) assets	65,100	1,409,154	(1,344,054)
- Income from Consolidation	1,342,582	0	1,342,582
	810,798	4,337,266	(3,526,468)
21) Profit (Loss) for the year	2,027,296	20,783,754	(18,756,458)

CASH FLOW STATEMENT

(Figures in Euro)	2020	2019
A. Cash flows from operating activities		
<i>Profit (loss) for the year</i>	2,027,296	20,783,754
Income taxes	(810,798)	(4,337,266)
Interest expenses (income)	1,076,866	(1,786,561)
(Gains) losses from disposal of assets	5,036	(95,217)
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	2,298,401	14,564,710
<i>Adjustments for non-monetary items that had no balancing entry in net working capital</i>		
Allocations to provisions	3,191,797	4,897,413
Amortization/Depreciation of fixed assets	18,754,643	26,604,884
Other adjustments for non-monetary elements	(1,502,183)	(13,254)
Value adjustments of financial assets/liabilities of derivative financial instruments that do not involve monetary changes	238,141	(22,254)
2. Cash flow before changes in net working capital	22,980,799	46,031,499
<i>Change in net working capital</i>		
Decrease/(increase) in inventories	(5,371,830)	(7,578,361)
Decrease/(increase) in receivables from customers	12,604,090	(3,270,066)
Increase/(decrease) in payables to suppliers	(5,957,305)	10,091,190
Decrease/(increase) in accrued and deferred assets	117,804	(24,595)
Increase/(decrease) in accrued and deferred liabilities	(1,598)	29,260
Other changes in net working capital	(7,159,179)	7,855,666
3. Cash flow after changes in net working capital	17,212,781	53,134,592
<i>Other adjustments</i>		
Interest collected/(paid)	(1,076,866)	1,786,561
(Income taxes paid)	(1,006,638)	(677,816)
(Use of provisions)	(5,482,696)	(4,704,501)
4. Cash flow after other adjustments	9,646,580	49,538,837
Cash flow from operating activities (A)	9,646,580	49,538,837

>>

>> CASH FLOW STATEMENT

(Figures in Euro)	2020	2019
B. Cash flows from investment activities		
<i>Tangible assets</i>		
(Investments)/Divestments	(24,406,352)	(31,801,952)
Realizable price of divestments	960,690	968,767
<i>Intangible assets</i>		
(Investments)/Divestments	(3,130,255)	(5,222,163)
Realizable price of divestments	25,060	7,747
<i>Fixed financial assets</i>		
(Investments)/Divestments	(219,296)	(1,378,650)
Realizable price of divestments	0	1,072,010
<i>Current financial assets</i>		
(Investments)/Divestments	(1,094,397)	(780)
(Acquisition) or sale of subsidiaries or business units, net of cash and cash equivalents	(300,000)	0
Cash flows from investment activities (B)	(28,164,549)	(36,355,021)



NOTES





CRITERIA FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Financial Statements for the year ended 31 December 2020 and these Notes have been prepared in accordance with the provisions of the Italian Civil Code on Consolidated Financial Statements as reformed by Legislative Decree no. 139/15 (in implementation of the European Directive 2013/34).

The Financial Statements consist of the Balance Sheet (prepared in accordance with the format of articles 2424 and 2424-bis of the Civil Code), the Income Statement (prepared in accordance with the format of articles 2425 and 2425-bis of the Civil Code), the Cash Flow Statement (the contents of which comply with article 2425-ter of the Civil Code are presented in accordance with the provisions of the OIC 10 Accounting Standard) and these Notes, as set forth in articles 2427 and 2427-bis of the Civil Code.

The following Notes analyze and integrate the figures of the financial statements with the additional information deemed necessary for a true and correct representation of the figures illustrated, taking into account that no exemptions were made pursuant to articles 2423 and 2423-bis of the Civil Code.

With regard to additional information on the Group's situation and operating performance, as a whole and in the various sectors in which it has operated, with particular regard to costs, revenues and investments, as well as a description of the main risks and uncertainties to which the Group is exposed, reference should be made to the Report on Operations of the Board of Directors.

In compliance with the provisions of article 2423 of the Civil Code, the Financial Statements were prepared in accordance with the general postulates of clarity and true and fair view of the financial position of the Company and the economic result for the year.

In compliance with article 2423-bis of the Civil Code, the following principles were observed in the preparation of the financial statements:

- the valuation of the items must be made based on prudence and on a going concern basis and taking into account the economic function of the asset or liability considered;
- recognition and presentation of the items is made taking into account the substance of the transaction or contract;
- only the results achieved at the end of the financial year have been indicated;
- income and expenses indicated are those for the year, regardless of the date of collection or payment;
- income and expenses for the year have been taken into account, regardless of the date of collection or payment;
- risks and losses pertaining to the year, even if they became known after its closure were considered;

- heterogeneous elements included in the individual items have been valued separately.

There were no exceptional circumstances that required the use of exceptions under article 2423, 4th paragraph of the Civil Code. It should be noted that the Parent Company Sammontana, as further described in the following paragraphs of these notes, in the year ended 31 December 2020:

- a) exercised the option to revalue business assets pursuant to Law no. 126 of 13 October 2020, converting with amendments Decree Law 14 August 2020, no. 104, revaluing one of the proprietary trademarks in derogation of the purchase or production cost criterion pursuant to article 2426, paragraph 1 of the Italian Civil Code.
- b) exercised the optional suspension of amortization/depreciation pursuant to the provisions of paragraphs 7-bis - 7-quinquies of article 60 of Decree-Law no. 104 of 14 August 2020 as amended upon conversion by article 1, paragraph 1, of Law no. 126 of 13 October 2020 (hereinafter also "Law no. 126").

In accordance with article 2423-ter paragraph 5 of the Civil Code, the amount of the corresponding item of the previous year is shown for each item in the Balance Sheet and Income Statement. If the items are not comparable, those of the previous year are appropriately adjusted and the non-comparability and the adaptation or impossibility thereof are reported and commented in the Notes.

SCOPE OF CONSOLIDATION

The consolidated financial statements of the Sammontana Group include the financial statements of the Parent Company and those of the companies that Sammontana S.p.A. controls directly or indirectly through the majority of the votes that can be exercised at the ordinary meeting, the companies over which it has sufficient votes to exercise a dominant influence at the ordinary meeting, the companies over which it has a dominant influence by virtue of a contract or a clause in the articles of association, where permitted by applicable law, and the companies over which it has independent control of the majority of the voting rights based on agreements with other shareholders.

The scope of consolidation at 31 December 2020 includes the companies:

Sammontana S.p.A.

Parent Company

Registered office in Empoli (FI), Via Tosco Romagnola 56

Registered at the Chamber of Commerce of Florence under no. 03957900487

Production and marketing of ice cream and pastry products.



Transfrigo S.r.l.

100.00% controlled

Consolidated on a line-by-line basis

Registered office in Vinci (FI), Via Provinciale di Mercatale 258

Registered at the Chamber of Commerce of Florence under no. 01530010485

Food transport activities.

There were no changes in the scope of consolidation compared to the previous year.

Sammontana S.p.A. also fully controls the company Gelfrigo S.r.l., with registered office in Vinci and share capital of Euro 10,000, which produces, distributes and sells fresh, preserved, refrigerated, frozen, deep-frozen food products and other ancillary activities. To date, the company has not yet started its operations.

In compliance with the provisions of article 28 of Legislative Decree 127/1991, the Company was excluded from consolidation because it is irrelevant for the purposes of clarity and a true and fair representation of the Group's economic, equity and financial position.

Sammontana S.p.A. also fully controls the company Sammontana Holding Hong Kong Ltd and the company Bagnoli Shanghai Co Ltd (indirectly controlled). To date, both companies have completed only a few insignificant transactions.

In compliance with the provisions of article 28 of Legislative Decree 127/1991, the Companies were excluded from consolidation because they are irrelevant for the purposes of clarity and a true and fair representation of the Group's economic, equity and financial position.

PRINCIPLES OF CONSOLIDATION

The financial statements used for consolidation purposes are those for 2020. These financial statements have been appropriately reclassified and adjusted in order to bring them into line with the accounting standards and valuation criteria of the Parent Company.

In preparing the consolidated financial statements, the assets and liabilities and the income and expenses of the companies included in the consolidation are included in full. Receivables and payables, income and expenses, profits and losses originating from transactions between companies included in the consolidation are instead eliminated.

The book value of investments in companies included in the consolidation is eliminated against their corresponding fractions of the shareholders' equity of the investee companies.

The difference between the book value of investments and the corresponding portion of equity is attributed to the assets and liabilities of the companies included in the consolidation based on the current values determined at the date of acquisition, i.e. the consolidation difference, in the item goodwill of the balance sheet of the Consolidated Financial Statements and charged to the Income Statement according to the criteria provided for goodwill.

The effects deriving from the procedures described above have been summarized in the reconciliation between the Parent Company's equity and result of the year and as resulting from the consolidated financial statements.

VALUATION CRITERIA

The valuation criteria adopted comply with the provisions contained in article 2426 of the Civil Code and have been supplemented, where the law has not specifically provided for, by those indicated by the Italian Accounting Body. The most significant valuation criteria adopted are the following:

INTANGIBLE ASSETS

They are recorded at historical cost, including ancillary expenses and shown net of amortization during the financial years and charged to the individual items with the prior consent, where necessary, of the Board of Statutory Auditors.

Development costs are subject to capitalization starting from the 2020 financial year, when they refer to a clearly defined product or process, are identifiable and measurable, and refer to a feasible project, i.e. technically feasible, for which the Company owns or can dispose of the necessary resources; lastly, they must be recoverable. Development costs are amortized over a period not exceeding five years. Research costs are charged to the income statement for the year in which they are incurred.

Start-up and expansion costs, recorded with the consent of the Board of Statutory Auditors, are shown under the appropriate asset item and amortized over their economic life, and in any case not exceeding five years.

Industrial patents and intellectual property rights are amortized on the basis of their presumed duration of use, in any case not greater than that established by license contracts.

Industrial patents and intellectual property rights are amortized on the basis of their presumed duration of use, in any case not greater than that established by license contracts.



Concessions, licenses, trademarks and similar rights recorded under assets are amortized on the basis of the expected duration of use, in any case no longer than that set out in the purchase contract; if the period of use cannot be determined or the contract does not exist, the duration is set at five years.

The consolidation difference emerges when preparing the consolidated financial statements when the book values of investments are eliminated against the corresponding fractions of equity of the investee companies. Any excess, not attributable to individual items of the assets of the companies included in the consolidation, is recorded as an adjustment of consolidated equity, or, if the necessary conditions are met, it is recorded under goodwill; this item is amortized over a period of time within which the economic benefits are expected to be achieved. Please refer to the specific paragraph in the notes for further details.

If, regardless of accumulated amortization, there is a permanent impairment of value, the asset is written down accordingly. If in future years the reasons for the impairment no longer apply, the original value is restored, adjusted only for depreciation, with the exception of any reversals of goodwill.

Decree-Law no. 104 of 2020 (August Decree), converted with amendments by Law no. 126 of 2020, made important and advantageous changes to the rules governing the revaluation of business assets and equity investments pursuant to Section II of Chapter I of Law no. 342 of 2000, i.e. tangible and intangible assets, excluding those for the production or exchange of which the business activity is directed, and equity investments in subsidiaries and associates constituting financial assets.

Within the framework of the provisions of article 110, paragraph 2, of the August Decree, i.e. on the basis of the provision to carry out the revaluation "separately for each asset", the Parent Company Sammontana decided to subject one brand (the Sammontana brand) to an appraisal. This was done with a view to fostering the strengthening of capital and bringing out the added value of this asset, which is considered strategic.

With regard to the adoption of the method envisaged by Ministerial Decree 162/2001 for the revaluation, the company applied the increase in historical cost only, the higher values of which were recorded under Concessions, licenses and trademarks following the revaluation as balancing entry to a specific reserve in shareholders' equity entitled Revaluation reserve pursuant to Decree Law 104/20.

The revaluation was performed not only for statutory purposes but also for tax purposes in order to obtain tax recognition of the higher values, providing for the payment of a substitute tax for IRES (corporate income tax) and

IRAP (regional business tax) at a rate of 3%, to be paid in three equal annual instalments starting from the year 2021 and in any case by the deadline for payment of the balance of income tax.

In summary, intangible assets are amortized using the rates shown in the table below:

Description	Rate
Software	33.33%
Goodwill	5%-10%
Trademarks, Patents, Licenses	5%-20%
Development costs	20%

TANGIBLE ASSETS

They are recorded at purchase cost, including ancillary expenses, and adjusted by the corresponding accumulated depreciation.

Tangible assets were revalued based on laws (special, general or sector) and there were no discretionary or voluntary revaluations, the maximum limit of the revaluations is the value in use of the same, objectively determined.

The depreciation charged to the income statement was calculated according to the use, allocation and economic-technical life of the assets, based on the criterion of remaining useful life, unchanged from the previous year and reduced by half in the year of entry into operation of the asset and is as follows:

Description	Rates in the first year	Rates in subsequent years
Buildings	1.5%-2%	3%-4%
Plants and machinery	7.5%	dal 7.5%-al 15%
Conservators	12.5%	25%
Miscellaneous and small equipment	20%	40%
Office furniture and equipment	6%	12%
Electronic machines	10%	20%
Cars	12.5%	25%
Trucks	10%	20%

The different rates used depend on the heterogeneity of the production activities carried out by the companies belonging to the Group, and therefore entail a different degree of use of the assets subject to the depreciation process based on the activity carried out.

The plants, machinery and industrial equipment used in the production process of frozen pastry have continuous operation at low speed in contrast to the production process of ice cream carried out on high speed step-by-step discontinuous motion packaging machines with much higher forces and



accelerations which therefore cause faster wear of the technological asset. In the year in which the asset is purchased, depreciation is reduced by half, as this represents a reasonable approximation of the time distribution of purchases during the year.

In the event that, regardless of the amount already recorded, there is an impairment loss, the asset is written down; in subsequent periods if the reasons for the write-down are no longer valid, it returns to its original value, net of accumulated depreciation.

At 31 December 2020, the Parent Company Sammontana S.p.A., due to the Covid-19 pandemic, made use of the derogation provided for in article 60 of Law 126/2020 by optionally suspending depreciation for the year on certain classes of tangible assets. For details on the effects deriving from the application of this derogation, reference should be made to the paragraph “Depreciation of Fixed Assets” in the Notes.

INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

Investments in subsidiaries and non-consolidated companies are valued at purchase or subscription cost because they are not material.

INVENTORIES

The assets included in the inventories are initially recognized on the date on which the risks and benefits associated with the asset purchased are transferred. The transfer of risks and benefits usually takes place when ownership title is transferred in accordance with the contractually agreed terms.

Inventories are initially recorded at purchase or production cost and subsequently carried at the lower of cost and the corresponding estimated realizable value determined by the market. [CC 2426 paragraph 9]

The purchase cost is defined as the actual purchase price plus related costs, excluding financial expenses. The purchase cost of materials includes, in addition to the price of the material, also transport and customs costs, other levies and other costs directly attributable to the material. Returns, trade discounts, rebates and premiums are deducted from costs.

Production cost refers to the purchase cost plus industrial production costs and includes all direct and indirect costs for the portion reasonably attributable to the product related to the manufacture period and up to the time from when the asset may be used, considered on the basis of normal production capacity.

The production cost does not include general and administrative costs, distribution costs and research and development costs.

The purchase or production cost is determined using the weighted average cost method.

The realizable value inferable from market trends in raw and ancillary materials, goods, finished products, semi-finished and work in progress is equal to the estimated selling price of goods and finished products in the normal course of business, taking into account information available on the market, net of estimated completion costs and direct selling costs. Obsolete or slow-moving materials are also considered inventories.

Inventories whose realizable value based on the market trend is less than its carrying value are therefore written down.

If the reasons for the write-down no longer apply, in whole or in part, as a result of the increase in the market realization value, the value adjustment made is reversed within the limits of the cost originally incurred.

RECEIVABLES (INCLUDING THOSE CLASSIFIED AS FINANCIAL ASSETS)

Receivables are recognized in the financial statements according to the amortized cost criteria, taking into consideration the time factor and the estimated realizable value. Receivables due from the parent company for cash pooling, with no collection constraints as per contract, are classified under "Financial assets for centralized treasury management at the parent company" under Financial assets not held as fixed assets, in compliance with the provisions of the new OIC 14.

Receivables originated by revenues from the sale of goods are recognized on an accrual basis when both of the following conditions are met: the production process of the goods has been completed and there has been a substantial and not formal transfer of title, taking the transfer of risks and benefits as the reference parameter for the substantial transfer.

Receivables recognized in the financial statements represent rights to demand fixed or determinable amounts of cash from customers or other third parties. The initial recognition value is represented by the nominal value of the receivable, net of all premiums, discounts and rebates, and inclusive of any costs directly attributable to the transaction that generated the receivable. Transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are included in the calculation of the amortized cost using the criterion of effective interest, which implies that they are amortized over the expected term of the receivable. Their amortization supplements or adjusts the interest income calculated at the nominal rate (following the same classification in the income statement), so that the effective interest rate can remain a constant interest rate over the life of the receivable.

The estimate of the provision for bad debts is through the analysis of individual receivables, with determination of expected losses for each anomalous situation already manifested or reasonably foreseeable, and the estimate, based on experience and any other useful element, of any additional losses which may affect receivables outstanding at the reporting date.



CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent the positive balances of bank and postal deposit accounts and cheques, as well as cash and equivalents on hand at year-end. Bank and postal deposit accounts and checks are measured at the estimated realizable value, money and duty stamps at nominal value while cash in foreign currency is measured at the exchange rate prevailing at year-end.

PAYABLES

Payables are recognized in the financial statements according to the amortized cost criterion, taking into account the time factor and the estimated payment value. In particular, the initial recognition value is represented by the nominal value of the payable, net of transaction costs and all premiums, discounts and rebates directly deriving from the transaction that generated the payable. Transaction costs, any commission income and expenses and any difference between initial value and nominal value at the due date are included in the calculation of the amortized cost using the effective interest criterion. It is specified that, as permitted by Legislative Decree 139/15, at 31 December 2019, payables already outstanding at 31 December 2015 are recognized at nominal value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges represent specific, certain or probable liabilities, with indeterminate date of occurrence or amount. In particular, provisions for risks represent liabilities with a specific nature and probable existence, the values of which are estimated, while provisions for charges represent liabilities of specific nature and certain existence, estimated in the amount or date of occurrence, related to obligations already undertaken at the reporting date, but that will be recorded in subsequent years.

Allocations to provisions for risks and charges are recorded in the income statement under the items of operating assets to which the transaction refers, with the criterion of classification by type of costs prevailing. The amount of allocations to provisions is measured with reference to the best estimate of costs, including legal fees, at each reporting date. If the measurement of allocations results in the determination of a range of variability of values, the allocation represents the best estimate feasible between the maximum and minimum limits of the range of variability of values.

The subsequent use of the provisions is carried out directly and only for expenses and liabilities for which the provisions were originally established. Any negative differences with respect to the charges actually incurred are recorded in the income statement in line with the original allocation, while if the surplus arises as a result of the positive evolution of situations that occur in a company's business, the elimination or reduction of the surplus provision is recorded among the positive components of the income of the class having the same nature.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recorded at fair value, even if embedded in other financial instruments, both at the date of initial recognition and at each subsequent reporting date, pursuant to article 2426, paragraph 1, number 11-bis, of the Civil Code and OIC 32.

Changes in fair value are recognized in the income statement or, if the instrument hedges the risk of changes in the expected cash flows of another financial instrument or a planned transaction, directly in a positive or negative reserve in equity; this reserve is recognized in the income statement to the extent and over a period of time corresponding to the occurrence or change in the cash flows of the hedged instrument or the hedged transaction. If the fair value at the reference date is positive, it is recognized under the item "derivative financial instruments receivable" under financial assets or financial assets not held as fixed assets. If the value is negative, it is recognized under the item "derivative financial instruments payable" under provisions for risks and charges.

If the transaction qualifies as a hedge, the Company recognizes the cash flow hedge instrument in the balance sheet at fair value, with a balancing entry under item A) VII "Reserve for expected cash flow hedging transactions" for the hedge component deemed effective (net of deferred tax effects), while for the ineffectiveness component, calculated for hedging relationships that do not qualify as simple, section D) of the income statement. This reserve, in accordance with article 2426, paragraph 1, number 11-bis of the Civil Code, is not considered in the calculation of equity for the purposes set out in articles 2412, 2433, 2442, 2446 and 2447.

If the transaction does not qualify (or is not designated) as a hedge, changes in fair value are recognized in the income statement in section D) Value adjustments of financial assets and liabilities; gains arising from the valuation of derivative financial instruments not designated as hedges are allocated to non-distributable equity reserves.

A transaction in derivative financial instruments is designated as hedge when:

- a) the hedging relation only consists of eligible hedging instruments and eligible hedged items under OIC 32;
- b) there is a close and documented correlation between the characteristics of the hedged instrument or transaction and the hedging instrument within the meaning of article 2426, paragraph 1, number 11-bis of the Civil Code; the documentation concerns the formalization of the hedging relation, the Company's objectives in risk management and the hedging strategy;
- c) the hedging relation meets all of the following requirements:
 - 1) there is an economic relation between the hedged item and the hedging instrument;

- 
- 2) the effect of the credit risk of the counterparty of the derivative financial instrument and the hedged item, if the credit risk is not the hedged risk, does not prevail over the changes in value resulting from the economic relation;
 - 3) the hedging ratio equal to the ratio between the amount of derivative financial instruments used and the amounts of hedged items is determined (to the extent that the ineffectiveness of the hedge is not impacted ex-ante).

The existence of eligibility criteria is verified continuously and at each closing date of the financial statements, the company assesses whether the hedging relation still meets the effectiveness requirements.

The Company prospectively ceases hedge accounting when:

- a) the hedging instrument expires, is sold or discontinued (without substitution already provided for in the original hedging strategy);
- b) the hedge no longer meets the conditions for hedge accounting.

If the change in the economic relationship between the hedged item and the hedging instrument is such that the hedging relationship is terminated and the risk management objective for the designated hedge remains the same, the company assesses the possibility of revising the hedge.

CASH FLOW HEDGES

Cash flow hedges are activated when the objective of the hedge is to limit the exposure to the risk of variability in cash flows attributable to an asset or liability recognized in the financial statements, irrevocable commitments, or highly probable planned transactions.

In a cash flow hedge related to an asset or liability recognized in the financial statements or to a highly probable planned transaction or irrevocable commitment, the amount of the reserve is recognized in the income statement in the same years in which the hedged cash flows have an effect on profit (loss) of the year and in the same item impacted by the cash flows. In a hedge of the cash flows associated with a highly probable planned transaction or irrevocable commitment that subsequently results in the recognition of a non-financial asset or liability, the Company, when recognizing the asset or liability, eliminates the amount from the reserve for expected cash flow hedging transactions and includes it directly in the book value of the asset (within the limits of the recoverable value) or liability. If, however, in the presence of a negative reserve, it is not expected that all of the loss or part of the reserve will be recovered in one or more future years, the Company immediately recognizes in the income statement of the year the reserve (or the part of reserve) that it does not expect to recover.

AMOUNTS EXPRESSED IN FOREIGN CURRENCIES NOT BELONGING TO THE EURO AREA

Monetary assets and liabilities denominated in foreign currencies are recorded at the spot exchange rate on the closing date of the financial year; the resulting exchange rate gains or losses are recorded in the income statement and any net profit is allocated to a special reserve that cannot be distributed until realization. Non-monetary foreign currency assets and liabilities are recorded at the exchange rate prevailing at the time of their purchase.

EMPLOYEE SEVERANCE INDEMNITY (TFR)

Represents the actual amount accrued due to the employees in accordance with law and labour contracts in force, considering all forms of ongoing remuneration.

The provision corresponds to the total indemnities accrued due to employees at year-end, net of advances paid, and is equal to the amount that should have been paid to employees in the event of termination of employment on that date. Following the amendments made to the TFR by Law no. 196 of 27 December 2006 ("2007 Financial Law") and subsequent implementation Decrees and Regulations, the accounting criteria applied to the TFR portions accrued up to 31 December 2006 and those accrued from 1 January 2007, have been modified as from the 2007 financial year, in accordance with the procedures provided for by current regulations. As a result of the reform of the supplementary pension scheme (Legislative Decree 252/2005) for companies with at least 50 employees, the TFR portions accrued up to 31 December 2006 remained in the company, while the portions accrued from 1 January 2007, as a result of the choices made by employees, were allocated to supplementary pension schemes or transferred by the company to the Treasury Fund managed by INPS.

ACCRUALS AND DEFERRALS

Accrued assets and liabilities represent respectively portions of income and costs for the year with financial effect in subsequent years.

Deferred assets and liabilities represent respectively portions of costs and income with financial effect during the year or in previous years but related to one or more subsequent years.

These items therefore only include portions of costs and income, common to two or more years, the amount of which varies over physical or economic time. At the end of each year, the conditions that led to initial recognition are verified and, if necessary, the necessary value adjustments are made. In particular, in addition to the passage of time, for accrued assets, it is considered the estimated realizable value while for deferred assets, it is considered the existence of the future economic benefit related to deferred costs.



LEASES

Financial lease transactions are recognized in the financial statements using the equity method, recording in the income statement the fees paid according to the principle of accrual. A specific section of these notes provides additional information on the representation of lease contracts according to the financial method.

FACTORING

Receivables assigned to factoring companies without recourse are removed from the balance sheet when:

- a) the contractual rights on cash flows deriving from the receivable terminate (partially or totally); or
- b) the ownership of the contractual rights on the cash flows deriving from the receivable is transferred and with it substantially all the risks related to the receivable are transferred.

When the receivable is derecognized from the financial statements following a disposal transaction that involves the transfer of substantially all risks, the difference between the amount and the book value of the receivable at the time of disposal is recognized in the income statement under Financial expenses.

RISKS, COMMITMENTS AND GUARANTEES

The guarantees indicated in the Notes are shown at nominal value.

REVENUE RECOGNITION

Revenues from the sale of products are recognized at the time of transfer of ownership, which is normally identified with the delivery or shipment of the goods and/or transfer of the risks of sale and related to the buyer. Financial revenues and those deriving from service provisions are recognized on an accrual basis.

INCOME TAXES

Current taxes are calculated on the basis of a realistic estimate of taxable income of the year, determined in accordance with the tax law, and applying the tax rates in effect at the reporting date.

The related tax payable is recorded in the balance sheet at nominal value, net of advances paid, withholding taxes and tax receivables to be paid and not requested for reimbursement; if the advances paid, withholding taxes and receivables exceed the taxes due, the related tax receivable is recorded.

DEFERRED TAX LIABILITIES (ASSETS)

Deferred tax liabilities and assets are determined on the temporary differences between the taxable results and the results of the financial statements.

They are calculated on the basis of the rates in force at the time the temporary differences arise and are updated to take account of the rate in use at the end of each financial year.

Deferred tax assets are recognized only when there is a reasonable expectation of future economic results that they will be recovered.

EVENTS AFTER YEAR-END

Events after year-end that change conditions existing at the reporting date and that require changes to the values of assets and liabilities, in accordance with the reference accounting standard, are recorded in the financial statements according to the postulate of competence, to reflect the effect of said events on the financial and equity position and economic results at year-end.

Events after year-end that change situations existing at the reporting date, but which do not require changes in book value, in accordance with the reference accounting standard, as of competence of the subsequent year, are not recorded in the financial statements but are outlined in the report on operations when necessary for a more complete understanding of the company situation.

The term by which the event must occur to be taken into account is the date of preparation of the draft budget by the Directors, except in cases where between said date and the date scheduled for the approval of the financial statements by the Shareholders' Meeting, events occur that require changes to the draft financial statements.

TRANSACTIONS WITH PARENT, SUBSIDIARY, AFFILIATED AND RELATED COMPANIES AND KEY EVENTS AFTER YEAR-END

Transactions with parent, subsidiary, affiliated and related companies and key events after year-end are reported in the Report on Operations, although a summary is provided for 2020:

	Receivables	Payables	Revenues	Costs
Sammontana Finanziaria S.r.l.	1,234,603(***)	6,539,578(*)(**)	388,271	7,809
Gelfrigo S.r.l.	-	-	732	-
Immobiliare Industriale S.r.l.	-	430,807	85,346	1,396,278
Fattoria La Leccia S.agr. a r.l.	-	118,458	4,824	100,054
Bagnoli Ice Cream Ltd. (Shanghai) (****)	-	-	-	-
Sammontana Holding Hong Kong (****)	70,000	-	-	-
Total	1,304,603	7,088,843	479,173	1,504,141

(*) of which Euro 3,904,434 cash pooling Sammontana v/Sam Fin;

(**) of which Euro 1,300,236 IRES payable for tax cons.;

(***) of which Euro 1,100,638 cash pooling Transfrigo v/Sam Fin;

(****) for the reasons for exclusion from the scope of consolidation, see the section "Scope of consolidation" in these notes.

BALANCE SHEET

INTANGIBLE ASSETS

Intangible assets	31.12.2020	31.12.2019	Change
Development costs	1,148,313	0	1,148,312,75
Industrial patents and intellectual property rights	3,280,800	3,756,119	(475,319)
Concessions, licenses, trademarks and similar rights	39,960,152	18,875,405	21,084,747
Goodwill	8,051,264	7,839,798	211,466
Others	614,015	785,516	(171,501)
Total	53,054,544	31,256,838	21,797,706

The changes in intangible assets and related provisions recorded during 2020 are shown in an annex to the Notes (Annex 1).

Development costs of approximately Euro 1.4 million were capitalized in this year at cost, of which approximately Euro 1.1 million remained after amortization at 31 December 2020.

These capitalizations for costs essentially concern costs for wages, salaries and various materials relating to the development of specific products that will guarantee interesting economic and financial prospects over time.

The item "Industrial patents and intellectual property rights" includes the value of the cost by way of purchase of property and by way of a licence to use the new integrated system Microsoft Dynamics AX. The increase in the year is attributable for completeness to the above.

The item "Concessions, licenses, trademarks and similar rights" contains the Tre Marie brand, amortized over 20 years and with a residual value at 31 December 2020 of Euro 18.4 million, recorded following the allocation of the deficit resulting from the merger of GranMilano S.p.A. into Sammontana S.p.A., which took place in 2010, for an initial value of Euro 43.5 million.

The annual amortization of this brand is Euro 2.7 million.

Pursuant to Law no. 126 of 13 October 2020 (art. 110 paragraphs 1-7) converting, with amendments, Decree Law no. 104 of 14 August 2020, which provides for the possibility of carrying out an optional revaluation and in derogation to the provisions of art. 2426 of the Civil Code and other provisions in force on the subject of financial statements on company assets, the Parent Company Sammontana has in fact evaluated the opportunity to recognize in the



company's assets the latent and inherent surplus value of the Sammontana brand, estimated at Euro 23.5 million.

The Sammontana brand is a historical and strategic brand of the company, already fully amortized at book value, then maintained over the years by incurring the relative registration expenses, fees and taxes.

The revaluation was performed through the historical cost (gross value) revaluation method only.

The amortization of the higher value will be carried out starting from the financial year following that in which it was recorded, over a period of 20 years.

The higher value attributed to the asset is valid not only for statutory purposes but also for tax purposes, since a 3% substitute tax for IRES and IRAP is to be paid and recorded under liabilities in the financial statements. The substitute tax will be paid in three equal annual instalments starting from the year 2021 and in any case by the deadline for payment of the balance of income taxes.

The positive balance of the revaluation is recorded as a balancing entry in a specially constituted shareholders' equity reserve "Revaluation reserve pursuant to DL 104/20" net of the substitute tax allocated precisely under Tax payables.

The revaluation was supported by an appraisal of the value of the trademark drawn up by an independent external professional and submitted to the Board of Directors; it has been recorded in these Financial Statements with the consent of the Board of Statutory Auditors.

The item "Goodwill" consists in particular of:

- Euro 6.7 million, i.e. the residual value of the deficit generated in 2010 (for a total of Euro 15.02 million) by the merger of GranMilano S.p.A. into Sammontana S.p.A.;
- Euro 265 thousand, i.e. the residual value of the deficit generated in 2010 (for a total of Euro 589 thousand) by the merger of GranMilano Distribuzione S.r.l. into Sammontana S.p.A.;
- Euro 279 thousand, i.e. the residual value of the deficit generated in 2017 (for a total of Euro 360 thousand) from the acquisition of the business unit of Bassignani S.r.l.;
- Euro 783 thousand, i.e. the residual value of the deficit generated in 2020 (for a total of Euro 830 thousand) from the acquisition of the business unit of Ogres S.r.l.;
- Euro 377 thousand, i.e. the residual value of the deficit generated in 2020 (for a total of Euro 400 thousand) from the acquisition of the business unit of Pittigel S.r.l..

The amortization of the Goodwill values shown above is spread over a period of 20 years. The period is representative of the time horizon within which the intangible asset is expected to be recovered on the basis of the result flows

from the merged companies. The period also takes into account the valuations made by the Company at the time of acquisition.

The “other” intangible assets include amounts relating to leasehold improvements.

In 2020, amortization of intangible assets amounted to Euro 6 million.

It should be noted that no monetary revaluations or derogations from the statutory valuation criteria have been made on intangible assets still recorded in the Company's financial statements at 31 December 2020.

TANGIBLE ASSETS

Tangible assets	31.12.2020	31.12.2019	Change
Land and buildings	60,980,515	60,467,631	512,884
Plants and machinery	47,826,833	40,766,140	7,060,694
Industrial and commercial equipment	27,808,575	19,600,705	8,207,870
Other assets	2,501,403	2,171,889	329,514
Assets in progress and advances	1,501,461	6,478,952	(4,977,490)
Total	140,618,787	129,485,316	11,133,471

The changes in tangible assets and related provisions recorded during 2020 are shown in an annex to these Notes (Annex 2).

Please refer to the Report on Operations for comments and details on the investments made during the year.

In 2020, depreciation of tangible assets amounted to Euro 12.7 million.

It should be noted that at 31 December 2020, the Parent Company Sammontana S.p.A., due to the Covid-19 pandemic, made use of the derogation provided for in article 60 of Law 126/2020 by optionally suspending the depreciation of certain classes of tangible assets with an overall effect on the income statement of lower costs of approximately Euro 9.4 million. For details and compulsory information, reference should be made to the paragraph “Depreciation of Fixed Assets” in these Notes.

The item Land and Buildings includes all the properties where the industrial activity is carried out.

In 2020, the values of intangible assets and related revaluations shown below coincide with those of the Parent Company Sammontana S.p.A.

It should also be noted that the Parent Company Sammontana S.p.A. has a lease contract (signed in 2013) with GE Capital Servizi Finanziari for two machines.

The Parent Company has deemed it appropriate to make the investment in leasing in order to benefit both from state-of-the-art machinery built on the basis of specific needs and the financial flexibility that this type of investment entails. As indicated in the paragraph Valuation criteria, financial leases are represented in the consolidated financial statements according to the equity method.

The following table shows the effects on the result of the year and shareholders' equity if the financial method had been adopted.

The contract also expired in the final months of the year.

We therefore report below the financial reclassification statement of the investment for the year 2020:

Effect on the Balance Sheet	31.12.20
a) contracts in progress	
Financial leased assets at the end of the previous year, net of depreciation	747,143
- <i>Financial leased assets redeemed during the year</i>	-
- <i>Depreciation portions of the year</i>	0
Financial leased assets at the end of the year, net of total depreciation	747,143
c) liabilities	
Implicit payables for financial lease transactions at year-end	0
<i>of which:</i>	
- <i>due within one year</i>	0
- <i>due from 1 to 5 years</i>	0
- <i>due beyond 5 years</i>	0
d) Total gross effect at year-end (a-c)	747,143
e) Tax effect	(208,453)
f) Effect on shareholders' equity at year-end (d-e)	538,690
Effect on the Income Statement	31.12.20
a) Reversal of fees on financial lease transactions	549,913
b) Recognition of financial expenses on financial lease transactions	11,076
d) Effect on pre-tax result (a-c)	549,913
e) Recognition of the tax effect	(153,426)
f) Effect on the result of the year of the lease with the financial method (d-e)	396,487

Revaluations of assets carried out in previous years

The following is a list of tangible assets recorded in the company's financial statements at 31 December 2020 for which monetary revaluations and derogations to statutory valuation criteria were made in previous years.

Revaluations of law	Law 576/1975	Law 72/1983	Law 413/1991	Law 2/2009
Land and buildings	15,037	347,488	2,409,940	50,277,514
Plants and machinery	25,733	891,229	0	0
Other assets	737	62,200	0	0
Total	41,507	1,300,917	2,409,940	50,277,514

FINANCIAL ASSETS

Financial assets	31.12.2020	31.12.2019	Change
Equity investments	144,804	141,804	3,000
Receivables from others	1,812,632	1,603,960	208,672
Total	1,957,435	1,745,764	211,671

Equity investments

Equity investments	31.12.2020	31.12.2019	Change
Non-consolidated subsidiaries	103,611	100,611	3,000
Gelfrigo S.r.l.	38,531	35,531	3,000
Sammontana Holding Hong Kong	65,079	65,079	0
Other companies	41,194	41,194	0
Consorzio Italia del Gusto	2,500	2500	0
Golf La Vecchia Pievaccia S.p.A.	12,395	12,395	0
Golf Club Alta Badia	10,329	10329	0
Conai	4,047	4,047	0
Consorzio 8 Gallery	519	519	0
Banco Popolare	11,404	11,404	0
Total	144,805	141,805	3,000

The aforementioned investments are held by the Parent Company Sammontana S.p.A.

Investments in non-consolidated subsidiaries

As previously reported, Gelfrigo S.r.l., under the complete control of the Parent Company Sammontana S.p.A., has not yet started its activity.

The corporate purpose includes the production, distribution and trade of fresh, preserved, refrigerated, frozen and deep-frozen food products and other ancillary activities.

In compliance with the provisions of article 28 of Legislative Decree 127/1991, the Company was excluded from consolidation because it is irrelevant for the purposes of clarity and a true and fair representation of the Group's economic, equity and financial position.

The investment has been recorded at cost.

In 2019, the Parent Company Sammontana S.p.A. set up a 100% owned subsidiary Sammontana Holding Hong Kong Ltd in Hong Kong. The corporate purpose of the company is to hold and negotiate equity investments.

In compliance with the provisions of article 28 of Legislative Decree 127/1991, the Company was excluded from consolidation because it is irrelevant for the purposes of clarity and a true and fair representation of the Group's economic, equity and financial position.

The investment has been recorded at cost.

Also in 2019 and for completeness of information, a company 100% owned by Sammontana Holding Hong Kong Ltd was incorporated in Shanghai (China). The corporate purpose of Bagnoli Icecream Ltd. is the marketing of frozen pastry and ice cream products on Chinese territory.

For the reasons for the exclusion of the Chinese companies from the scope of consolidation, reference should be made to the paragraph "Scope of consolidation" in these notes.

Company Name City	Share Capital	Shareholders' equity	Profit (Loss)	% ownership	Book value
Gelfrigo S.r.l. Empoli (FI)	10,000	11,481	(1.383)	100.00%	38,531
Sammontana Holding (Hong Kong)	52,533	23,886	(28.667)	100.00%	65,079

Investments in other companies

Investments in other companies	31.12.2020
Consorzio Italia del Gusto	2,500
Golf La Vecchia Pievaccia S.p.A.	12,395
Golf Club Alta Badia	10,329
Conai	4,047
Consorzio 8 Gallery	519
Banco Popolare	11,404
Total	41,194

These are investments of modest value recorded at cost.

Receivables from others

The amount of Other receivables from customers refers to advances paid to customers on the portion of the discount to be accrued on the volume of purchases made.

This receivable relating to branch and ho.re.ca. customers is periodically offset against the year-end discount due to the customer by contract. The amount of this item, being directly proportional to the turnover for the year, cannot be predicted precisely.

Receivables from others are represented by the receivable due from Banca Fideuram S.p.A. following the stipulation of an insurance policy in 2005 to cover the amount to be paid as indemnity at the end of the term of office in favour of the member of the Board of Directors of Sammontana S.p.A., Leonardo Bagnoli. This receivable is balanced by the accounting item Board of Directors' pensions provision included in liabilities under the item Risks and charges.

The amounts refer almost entirely to the Parent Company Sammontana S.p.A.

DERIVATIVE FINANCIAL INSTRUMENTS RECEIVABLE

Information on derivative financial instruments

The item Derivative financial instruments receivable includes the Mark to Market value of the IRS contract signed by the Parent Company in 2020 with Mediobanca:

Derivative financial instruments receivable	31.12.2019	Increases	Decreases	31.12.2020
Derivative financial instruments receivable	11,067	7,625	(11,067)	7,625
Total	11,067	7,625	(11,067)	7,625

Pursuant to article 2427-bis of the Civil Code, and in application of OIC 32, the main information on the instrument is reported in the Notes:

Information on existing hedging contracts	Mediobanca
<i>Type of contract</i>	Interest Rate Swap (IRS)
<i>Purposes</i>	Hedging against interest rate risk
<i>Original amount (Euro)</i>	25,000,000
<i>Start date</i>	11/12/2020
<i>Maturity date</i>	11/12/2025
<i>Mark to market at 31 December 2020</i>	7,625

The equity reserve was decreased during the year by Euro 11,067 in relation to the closure of the option contract on 29 July 2020.

INVENTORIES

Inventories	31.12.2020	31.12.2019	Change
Raw and ancillary materials	11,585,996	10,237,122	1,348,874
Technical material	7,598,957	6,530,720	1,068,237
Raw and ancillary materials and consumables	19,184,953	16,767,842	2,417,111
Inventory write-down provision RM	(900,000)	(900,000)	0
Finished products, goods and semi-finished products	29,972,475	26,377,022	3,595,453
Inventory write-down provision FP	(2,950,000)	(2,950,000)	0
Total	45,307,428	39,294,864	6,012,564

With regard to the valuation criteria for Raw Materials and Finished Products, please refer directly to the general valuation criteria at the beginning of these notes.

The increase in inventories is mainly due to the increase in finished goods stocks compared to the previous year. In the current year, there were no changes in the inventory write-down provision, as the value of the previous year was considered adequate for a correct valuation of final inventories. Inventories are entirely attributable to the Parent Company Sammontana S.p.A.

RECEIVABLES

Receivables	31.12.2020	31.12.2019	Change
Customers	47,550,057	60,001,365	(12,451,309)
Parent companies	119,126	512,753	(393,627)
Companies subject to the control of the parent companies	0	5,538	(5,538)
Tax receivables	20,365,035	13,634,792	6,730,243
Deferred tax assets	7,202,798	7,789,035	(586,238)
Others	5,429,859	2,914,911	2,514,948
Total	80,666,875	84,858,395	(4,191,520)

The balance is broken down by due date as follows:

Receivables	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Customers	44,557,887	2,992,169	0	47,550,057
Parent companies	119,126	0	0	119,126
Tax receivables	20,365,035	0	0	20,365,035
Deferred tax assets	7,202,798	0	0	7,202,798
Others	5,429,859	0	0	5,429,859
Total	77,674,705	2,992,169	0	80,666,875

Receivables from customers

Receivables from customers	31.12.2020	31.12.2019	Change
Customers	51,706,572	65,269,610	(13,563,038)
Provision for bad debts	(4,156,515)	(5,268,245)	1,111,730
Total	47,550,057	60,001,365	(12,451,309)

In the year, the provision for bad debts showed the following changes:

Provision for bad debts	Provision pursuant to article 2426 of the Civil Code	Provision pursuant to article 71 of Presidential Decree 917/1986	Total
Balance at 31.12.2019	4,957,521	310,724	5,268,245
Uses of the year	1,301,006	310,724	1,611,730
Allocation of the year	252,682	247,318	500,000
Balance at 31.12.2020	3,909,197	247,318	4,156,515

In particular, the provision consists of approximately Euro 3.9 million of allocations, subject to tax recovery, made in previous years and in the current year, following a prudential logic pursuant to article 2426 of the Civil Code in line with the results of the specific analyses carried out on credit quality. The remaining part (Euro 247 thousand) originates from the allocation made in accordance with article 106 of Presidential Decree 917/1986 and equal to 0.50% of the total gross amount of trade receivables recorded in the financial statements at 31 December 2020. This distinction has been maintained in order to ensure a better understanding of the calculation of advance taxation.

For a more complete assessment of the amount of trade receivables and the associated risk, account is also taken of receivables, recorded under financial assets, as other receivables from customers (Euro 1.37 million).

For the benefit of a complete understanding of the receivables area, it should be noted that Sammontana S.p.A. carried out rotary transfers of receivables to factoring companies for approximately Euro 66 million during the year.

At 31 December 2020, there were factoring receivables still to be collected for Euro 3.3 million.

Receivables from parent companies

Receivables from parent companies	31.12.2020	31.12.2019	Change
Trade receivables:			
- <i>Sammontana S.p.A.</i>	106,290	512,753	(406,463)
Other receivables			
- <i>Transfrigo S.r.l.</i>	12,836	0	12,836
Total	119,126	512,753	(393,627)

Receivables of about Euro 106 thousand deriving from normal commercial relations are reported.

Receivables from companies subject to the control of the parent companies

Companies subject to the control of the parent companies	31.12.2020	31.12.2019	Change
Immobiliare Industriale S.r.l.	0	5,514	(5,514)
Fattoria La Leccia Soc. Agr. a r.l.	0	24	(24)
Total	0	5,538	(5,538)

The 2019 balance expressed the trade receivable of the Parent Company Sammontana S.p.A. from Immobiliare Ind.le S.r.l. and Fattoria La Leccia S.agr. a r.l.

Tax receivables

Tax receivables	31.12.2020	31.12.2019	Change
VAT receivable	17,754,705	12,495,018	5,259,687
Receivables for IRAP	691,715	319,589	372,126
Other receivables	1,918,615	820,185	1,098,430
Total	20,365,035	13,634,792	6,730,243

Also in 2020, the Parent Company Sammontana S.p.A. had a significant VAT credit of approximately Euro 17.7 million. At the end of the current year, there were no VAT receivables requested for reimbursement.

The item Other receivables consists of the request for a VAT refund on vehicles pursuant to Decree Law 258 of 15/09/2006. Sammontana S.p.A. has in fact taken advantage of the possibility granted by the aforementioned decree for the right to recover the part of non-deductible VAT on the purchase of cars and vehicles and on the incurring of ancillary expenses until September 2006 (about Euro 436 thousand).

The composition of Other Receivables is also represented by Euro 700 thousand for tax credits relating to the acquisitions of tangible assets in 2020 (Super Depreciation benefit) and Euro 370 thousand for various tax credits.

Receivables for deferred tax assets

Deferred tax assets	31.12.2020	31.12.2019	Change
Deferred tax assets IRES	6,334,719	6,866,567	(531,848)
Deferred tax assets IRAP	868,078	922,468	(54,390)
Total	7,202,798	7,789,035	(586,238)

Deferred tax assets are recorded on the basis of the tax rates in force, corresponding to the rates that are expected to be applied when these differences are reversed, in compliance with the principle that they can only be recorded if there is reasonable certainty that they can be recovered in subsequent years.

For details of deferred tax assets and liabilities, reference should be made to the relevant comment in the Income Statement.

Receivables from others

Receivables from others amounted to Euro 5.4 million and the breakdown of this item is shown in the following table:

Receivables from others	31.12.2020	31.12.2019	Change
Receivables from employees	324,904	72,895	252,009
Advances to suppliers	11,080	27,220	(16,140)
Receivable from Conai for repayment FY 2019	218,227	132,929	85,298
Receivables from agents	18,696	8,317	10,379
Receivables for factoring	3,350,898	1,225,587	2,125,311
Receivables from social security institutions	1,129,976	70,748	1,059,228
Receivables for credit notes to be issued	0	655,129	(655,129)
Other receivables	376,079	722,081	(346,002)
Total	5,429,859	2,914,906	2,514,953

NON-CURRENT FINANCIAL ASSETS

There were no non-current financial assets at 31 December 2020..

CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2020	31.12.2019	Change
Bank and postal deposit accounts	29,022,202	11,852,125	17,170,077
Cash and equivalents on hand	117,177	171,013	(53,836)
Total	29,139,379	12,023,139	17,116,240

The balance represents cash and cash equivalents and the existence of cash and equivalents at the end of the year.

The item cash on hand mainly refers to payments made by Branches in continuous cash in the last days of 2019 and credited by banks in the first days of 2020.

For further analysis, please refer to the cash flow statement.

ACCRUED AND DEFERRED ASSETS

Accrued and deferred assets	31.12.2020	31.12.2019	Change
Deferred assets on commercial costs	427,441	494,382	(66,941)
Other deferred assets	623	49,232	(48,609)
Accrued assets	3,762	6,016	(2,254)
Total	431,826	549,630	(117,804)

Deferred assets on commercial costs include the portion of contributions paid in advance to customers for contracts with a duration of several years. The breakdown of the item "other deferred assets" at 31 December 2019 was mainly due to the method of accounting for the initial advance *Maxi instalment* on two lease contracts for the use of highly advanced technical plant and machinery, entered into in 2013 and which naturally ended in 2020 of the Parent Company Sammontana S.p.A. There are no accrued and deferred assets beyond 5 years.

SHAREHOLDERS' EQUITY

Changes in shareholders' equity

Description	Share Capital	Revaluation reserve	Legal reserve	Other reserves	Merger surplus reserve	Cash flow hedge reserve	Dividend Distribution	Profit (loss) for the year	Shareholders' equity
Balances at 31 December 2019 consolidated	21,600	26,160	4,320	39,731	2,715	11	1,165	20,784	115,321
Allocation of 2019 result				20,900	(146)		0	(20,784)	(30)
Result for the period								2,027	2,027
Reserve for expected cash flow hedging						(176)			(176)
Sammontana trademark revaluation		22,795							22,795
Balances at 31 December 2020 consolidated	21,600	48,955	4,320	60,631	2,569	(165)	1,165	2,027	139,937

* Amount in thousands of Euro

The Share Capital consists of 21,600,000 Ordinary Shares with a nominal value of Euro 1 each and 3 Special Shares subscribed in 2019 with nominal value of Euro 1.

Statement of reconciliation of Shareholders' Equity

Description	Shareholders' Equity at 31 December 2020	2020 Result
Shareholders' equity and profit as reported in the financial statements of the consolidating Sammontana S.p.A.	143,893	2,233
Reversal of the book value of consolidated investments	(3,845)	
Portion of equity and results of consolidated investments	2,330	82
Consolidation difference + Trademark net of amortization	(3,250)	(360)
Deferred tax liabilities on brand	810	73
Total consolidation entries	139,937	2,027
Group equity	139,937	2,027
Total shareholders' equity	139,937	2,027

* Amount in thousands of Euro

The expected cash flow hedge reserve includes changes in the fair value of derivative financial instruments generated as part of expected cash flow hedges, net of tax effects. This reserve, in accordance with article 2426, paragraph 1, number 11-bis of the Civil Code, is not considered in the calculation of equity for the purposes set out in articles 2412, 2433, 2442, 2446 and 2447.

PROVISIONS FOR RISKS AND CHARGES

The item Provisions for risks and charges can be broken down into the aggregates shown in the table below and the changes during the year are shown below.

Provisions for risks and charges	31.12.2020	31.12.2019	Change
For pension	2,197,607	2,014,005	183,602
For taxes	4,663,045	5,368,881	(705,836)
For derivative financial instruments payable	227,074	0	227,074
Others	898,778	2,099,915	(1,201,137)
Total	7,986,504	9,482,801	(1,496,297)

The supplementary customer indemnity provisions includes the payable of the Parent Company Sammontana S.p.A. in favour of agents determined in accordance with the C.C.N.L. of agents and representatives.

The post-term indemnity provision includes the Parent Company's debt to director Leonardo Bagnoli in the event of termination of office.

Provisions for taxes include deferred taxes determined on an accruals basis. Deferred taxes were determined by applying the rates in force to the portions of gains deferred for tax purposes, to advance amortization and to the amortization of the brand to which the merger deficit generated by the incorporation of the subsidiary GranMilano S.p.A. in 2010 was principally allocated.

The item "Provisions for financial instruments payable" includes the Mark to Market value of the IRS contracts signed by the company in 2020 with BNL and Unicredit:

Derivative financial instruments payable	31.12.2019	Increases	Decreases	31.12.2020
Derivative financial instruments payable	0	227,074	0	227,074
Total	0	227,074	0	227,074

Pursuant to article 2427-bis of the Civil Code, and in application of OIC 32, the main information on the instruments is reported in the Notes:

Information on existing hedging contracts	BNL	Unicredit
<i>Type of contract</i>	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
<i>Purposes</i>	Hedging against interest rate risk	Hedging against interest rate risk
<i>Original amount (Euro)</i>	10,000,000	13,000,000
<i>Start date</i>	30/04/2020	06/07/2020
<i>Maturity date</i>	30/04/2025	31/07/2024
<i>Mark to market at 31 December 2020</i>	(97,837)	(129,237)

The item "Others" in the Provisions for risks and charges changed as follows:

Others	31.12.2019	Increases	Decreases	31.12.2020
Provision for risks and charges	2,099,915	0	1,201,137	898,778
Total	2,099,915	0	1,201,137	898,778

The "Provision for risks and charges" has the function of protecting the Group from possible losses deriving from pending lawsuits, insufficient insurance coverage, and any contingent liabilities related to the Pomezia plant. The decreases for the year relate primarily to costs incurred for the Pomezia plant closed in December 2019. Almost all the amounts refer to the Parent Company Sammontana S.p.A.

EMPLOYEE SEVERANCE INDEMNITY (TFR)

Employee severance indemnity (TFR)	TOT
Amount at 1 January 2020	8,328,028
Uses of the year	(1,861,705)
Transfers F/Categ/Treasury	(3,101,833)
Allocation for the year	3,191,797
Allocations/Releases of Employee Severance Indemnity on deferred expenses	55,005
Other changes	156,134
Amount at 31 December 2020	6,767,425
Net change of the year	(1,560,603)

PAYABLES

Payables are valued at their nominal value and are the breakdown is as follows. A more detailed discussion is provided in the Report on Operations.

Payables	31.12.2020	31.12.2019	Change
Bonds	7,500,000	15,000,000	(7,500,000)
Payables to banks	105,107,411	61,973,202	43,134,210
Payables to suppliers	43,975,045	49,932,350	(5,957,305)
Payables to parent companies	6,525,610	4,442,313	2,083,297
Payables to companies subject to the control of the parent companies	548,332	552,885	(4,554)
Tax payables	3,139,914	3,966,063	(826,149)
Payables to social security institutions	3,952,875	3,938,778	14,097
Other payables	26,815,962	26,265,440	550,522
Total	197,565,149	166,071,031	31,494,118

Below is a breakdown of payables by due date:

Payables	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Bonds	7,500,000	0	0	7,500,000
Payables to banks	24,823,797	80,283,614	0	105,107,411
Payables to suppliers	43,975,045	0	0	43,975,045
Payables to parent companies	6,525,610	0	0	6,525,610
Payables to companies subject to the control of the parent companies	548,332	0	0	548,332
Tax payables	3,139,914	0	0	3,139,914
Payables to social security institutions	3,952,875	0	0	3,952,875
Other payables	26,815,962	0	0	26,815,962
Total	117,281,535	80,283,614	0	197,565,149

Bonds

Bonds	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Bond	7,500,000	0	0	7,500,000
Total	7,500,000	0	0	7,500,000

On 19 June 2008, with the meeting minutes of the notary Vincenzo Gunnella, file no. 37.205/16.733, the Shareholders' Meeting of Sammontana S.p.A. resolved to issue a Bond for a total of Euro 79.5 million divided into bonds of Euro 1,000 each, maturing 31 December 2016.

There was the issue of 159 registered bond certificates, each consisting of 500 bonds.

The bond was fully subscribed by members of the Bagnoli families and refers to the acquisition of GranMilano S.p.A.

During 2011, the company repaid Euro 3 million to bondholders, while a further Euro 13.5 million was repaid in 2015.

On 18 November 2016, this loan was repaid for a further Euro 12 million.

On 12 December 2016, with the meeting minutes of the notary Vincenzo Gunnella, file no. 47.511/23.366, the Shareholders' Meeting of Sammontana S.p.A. resolved to renegotiate the bond for a total of Euro 51 million (amount equal to the residual debt) divided into bonds of Euro 1,000 each, maturing 31 December 2021.

There was the issue of 102 registered bond certificates, each consisting of 500 bonds.

At the end of 2017 and at the end of 2018, Euro 12 million was repaid for each year; the same amount was also repaid at the end of 2019.

In December 2020, Euro 7.5 million were repaid, while the last Euro 7.5 million are scheduled to be repaid at the end of 2021.

Payables to banks

Below is information on medium/long-term loans:

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
INTESA SAN PAOLO	2020	2025	15,000,000	0	15,000,000
Total			15,000,000	0	15,000,000

The loan of Euro 15 million was taken out this year for normal company financing requirements. The repayment will be made in three instalments of 5 million in the financial years 2023, 2024 and 2025. It should also be noted that, with a view to optimizing monetary resources, obtaining this loan was preparatory to the termination in the current year of the mortgage CRF for a nominal amount of Euro 15 million maturing in 2021.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
Mediobanca	2020	2025	25,000,000	0	25,000,000
Total			25,000,000	25,000,000	25,000,000

The mortgage of Euro 25 million was taken out in the current year for normal operating requirements.

Repayment will take place in four instalments in the financial years 2022 (for Euro 7.5 million); 2023 (for Euro 7.5 million); 2024 (for Euro 5 million) and 2025 (for Euro 5 million). It should also be noted that, with a view to optimizing cash resources, obtaining this loan was preparatory to the termination in the current year of the two mortgages previously in place with Mediobanca for a nominal amount of Euro 10 million and Euro 15 million, due in 2024 and 2022 respectively.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
Credit Agricole	2017	2021	2,500,000	2,500,000	0
Total			2,500,000	2,500,000	0

The mortgage, taken out in 2017 for a total of Euro 10 million, was taken out for normal financing needs. During 2021, the remaining Euro 2.5 million will be repaid in two instalments.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
MPS	2017	2022	4,444,445	2,222,222	2,222,223
Total			4,444,445	2,222,222	2,222,223

The mortgage of Euro 10 million, taken out in 2017, was taken out both for normal financing needs and for the company's intention to balance its bank debt between the medium/long-term and short-term part of 2017.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
MPS	2020	2025	10,000,000	1,111,111	8,888,889
Total			10,000,000	1,111,111	8,888,889

The loan of Euro 10 million, taken out this year, is to support the normal balance between sources and uses of the company due to business activities. Repayments of principal are scheduled for 2021 (Euro 1.1 million); 2022 (Euro 2.2 million); 2023 (Euro 2.2 million), 2024 (Euro 2.2 million) and 2025 (for the remaining Euro 2.2 million).

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
C.D.P.	2020	2021	10,000,000	10,000,000	0
Total			10,000,000	10,000,000	0

During the year, the company obtained a loan from Cassa Depositi e Prestiti for a nominal amount of Euro 10 million. The loan, designed to support the company's operations during the Covid period, will be repaid in 2021.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
Credito Emiliano	2018	2021	291,000	291,000	0
Total			291,000	291,000	0

The mortgage taken out during this administrative period was taken out for normal company financing needs. The remainder will be repaid during the 2021 financial year.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
UBI BANCA 1)	2020	2021	2,500,000	2,500,000	0
Total			2,500,000	2,500,000	0

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
UBI BANCA 2)	2020	2021	2,500,000	2,500,000	0
Total			2,500,000	2,500,000	0

Due to funding requirements, the company obtained two loans in 2020 from Ubi banca maturing in 2021. The sum of the remainder of both at 31 December 2020 amounts to Euro 5 million.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
BPM	2020	2025	10,000,000	1,413,000	8,587,000
Total			10,000,000	1,413,000	8,587,000

During the year, the company obtained a loan from the European Investment Bank through BPM for a total of Euro 10 million. With the amount, the Company proposes to support its investment in fixed assets despite the Covid period. The repayment plan provides for the repayment of the 10 million in 4 years: 2021 (for about 1.4 million) and in 2020, 2023 and 2024 for about 2.8 million each year.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
UNICREDIT	2020	2024	13,000,000	0	13,000,000
Total			13,000,000	0	13,000,000

The loan taken out in 2020 with Unicredit was contracted to finance the normal operation of the Company. The repayment plan provides for repayment in three years: 2022 for 3.9 million, 2023 for 5.2 million and 2024 for a further 3.9 million.

	Year of disbursement	Year of maturity	Balance at 31.12.2020	Short-term part	Medium-long term part
BNL - BNPP	2020	2025	10,000,000	2,222,000	7,778,000
Total			10,000,000	2,222,000	7,778,000

The loan taken out in 2020 with BNL was also taken out to finance the normal operation of the Company. The repayment plan provides for repayment in five years: from 2021 to 2024 with a disbursement of approximately Euro 2.2 million for each year and 2025 with repayment of the remaining Euro 1.1 million.

It should be noted that the above tables show the nominal value of the loans and that for some of them, a lower amount is shown in the financial statements, due to the amortized cost criterion.

All the outstanding transactions described above refer to the Parent Company Sammontana S.p.A.

Covenants

The main loan contracts, in line with market practice for debtors of similar credit standing, provide for the observance of:

- financial covenants on the basis of which the company undertakes to comply with certain contractually defined financial indices, the most significant of which relate net financial debt to gross operating profit (EBITDA), measured on the Group's consolidated perimeter according to definitions agreed with the financing counterparties;
- negative pledge commitments under which the company cannot create real guarantee rights or other restrictions on company assets;
- pari passu clauses, according to which loans will have the same priority in repayment as other financial liabilities, and change of control clauses, which are activated in the event of loss of control of the company by the majority shareholder;
- limitations on extraordinary transactions that the company may carry out.

The measurement of financial covenants and other contractual commitments is constantly monitored by the Group. Based on the results at 31 December 2020, all the parameters were met.

Payables to suppliers

They are stated net of trade discounts; cash discounts are recognized at the time of payment. The nominal value of these payables has been adjusted, during returns or bonuses (invoicing adjustments), in the amount corresponding to the amount defined with the counterparty.

The amount decreased by approximately Euro 6 million compared to the previous year to approximately Euro 43.9 million. This increase is part of the Group's normal operations, as in the first few days of 2020, all the suppliers falling due in that period were paid.

Payables to parent companies

The payable to the Parent Company Sammontana Finanziaria S.r.l. by Sammontana S.p.A. and Transfrigo S.r.l. is broken down as follows:

Payables to parent companies	31.12.2020	31.12.2019	Change
Financial payables:			
- cash pooling Sammontana	3,904,434	1,437,677	2,466,757
- cash Pooling Transfrigo	0	324,770	(324,770)
Trade payables			
- Trade transactions Sammontana	1,311,194	123	1,311,070
Tax payables:			
- Ires Sammontana	1,300,236	2,665,775	(1,365,538)
- Ires Transfrigo	9,746	13,968	(4,222)
Total	6,525,610	4,442,313	2,083,296

The payable to the Parent Company Sammontana Finanziaria S.r.l. mainly refers to negative cash pooling balances of approximately Euro 3.9 million for Sammontana S.p.A. and Euro 1.3 thousand, Trade payables of Sammontana S.p.A. to Sammontana Finanziaria S.r.l..

Payables to companies subject to the control of the parent companies

Payables to companies subject to the control of the parent companies	31.12.2020	31.12.2019	Change
Immobiliare Ind.le	430,807	415,998	14,809
Fattoria la Leccia Arl	117,524	136,887	(19,363)
Total	548,332	552,885	(4,554)

These payables represent trade payables to Immobiliare Industriale S.r.l. and Fattoria La Leccia Soc. Agricola r.l. Both amounts refer to payables of the Parent Company Sammontana S.p.A.

Tax payables

The item includes only liabilities for certain and determined taxes, as tax liabilities are probable or uncertain in the amount or at the date of occurrence, or for deferred taxes, recorded in item B.2 of liabilities (Tax provision).

The amount, essentially represented by withholding taxes on salaries and professional fees paid in January 2019, is broken down as follows:

Tax payables	31.12.2020	31.12.2019	Change
Sammontana S.p.A.	3,096,096	3,934,494	(838,399)
Transfrigo S.r.l.	43,818	31,569	12,249
Total	3,139,914	3,966,063	(826,149)

Payables to pension and social security institutions

This item includes liabilities relating to contributions for personnel, agents and insurance against accidents at work.

Other payables

Other payables	31.12.2020	31.12.2019	Change
Customers	14,805,123	17,602,076	(2,796,953)
Personnel	9,555,426	8,378,036	1,177,390
Others	2,455,413	285,327	2,170,086
Total	26,815,962	26,265,440	550,522

The item payables to customers refers to year-end bonuses linked to the achievement of sales targets. During the year, part of them were recognized so as to reduce both the real exposure of customers and the provisions at the end of the year.

In addition, this item also includes the reclassification of customer receivables balances for Euro 3.2 million.

Payables to personnel mainly consist of the following:

- approximately Euro 3.1 million payables to employees for deferred remuneration (additional monthly salaries, holidays and leave accrued but not taken) and the related contributions;
- Euro 2.7 million from remuneration relating to December 2020 paid in January 2021;
- Euro 2.7 million relating to redundancy incentives payable in 2021 and relating to provisions for redundancy incentives in connection with the closure of the Pomezia plant.

ACCRUED AND DEFERRED LIABILITIES

Accrued and deferred liabilities	31.12.2020	31.12.2019	Change
Accrued liabilities	27,662	29,260	(1,598)
Total	27,662	29,260	(1,598)

These are accrued liabilities on bank interest, debited to the current account at the end of March 2020. There are no accrued liabilities beyond 5 years.

INCOME STATEMENT

PRODUCTION VALUE

Production value	31.12.2020	31.12.2019	Change
Revenues from sales and services	330,574,756	387,693,775	(57,119,019)
Change in product inventories	2,954,718	6,425,206	(3,470,487)
Other revenues and income	5,623,318	5,481,519	141,799
Total	339,152,792	399,600,500	(60,447,707)

Revenues from sales and services

Revenues from sales and services	31.12.2020	31.12.2019	Change
Sale of goods	328,350,025	385,207,187	(56,857,162)
Sale of accessories	2,124,332	2,386,188	(261,857)
Service provisions	100,400	100,400	0
Total	330,574,756	387,693,775	(57,119,018)

The turnover obtained in Italy represents over 97% of the total turnover. Turnover from foreign customers is mainly made up of sales in the United Kingdom for approximately Euro 3.5 million, Germany and Austria for approximately Euro 4 million and Eastern Europe for approximately Euro 5 million.

Change in inventories of work in progress, semi-finished and finished goods

At year-end, inventories increased by Euro 2.9 million.

Other revenues and income

Details of other revenues are shown in the table below:

Other revenues and income	31.12.2020	31.12.2019	Change
Leases	42,736	42,626	109
Gains from disposal of assets	148,196	98,080	50,117
Recovery of distribution and general costs	431,970	352,077	79,893
Insurance recoveries	116,661	86,804	29,856
Revenues from the sale of other materials	773,653	1,188,330	(414,678)
Contributions in the year	120,783	163,944	(43,161)
Revenues for energy adjustments	189,152	616,183	(427,031)
Contingent assets	1,652,009	1,723,013	(71,004)
Others	2,148,159	1,210,462	937,697
Total	5,623,318	5,481,519	141,799

For details of contingent assets, please refer to the paragraph in the Report on Operations relating to non-recurring income/expenses receivable. The item "Other" essentially comprises Euro 700 thousand for tax credits relating to the acquisitions of tangible assets in 2020 (Super Depreciation benefit) and Euro 370 thousand for various tax credits.

The tax credits relate to the Parent Company Sammontana S.p.A. for the entire amount.

PRODUCTION COSTS

Production costs	31.12.2020	31.12.2019	Change
Raw and ancillary materials and goods	129,940,413	143,693,776	(13,753,363)
Services	108,353,911	121,679,299	(13,325,388)
Rents and leases	9,584,532	9,432,638	151,894
Personnel	69,371,823	74,831,725	(5,459,902)
Amortization of intangible assets	6,037,489	5,403,139	634,350
Depreciation of tangible assets	12,717,154	21,201,745	(8,484,591)
Write-downs of receivables - current assets	500,000	2,901,577	(2,401,577)
Change in inventories of raw materials	(2,417,112)	(1,153,155)	(1,263,956)
Allocations for future risks and charges	0	1,256,880	(1,256,880)
Other operating expenses	2,941,426	2,813,050	128,376
Total	337,029,636	382,060,672	(45,031,036)

Costs for raw and ancillary materials, consumables and goods

Raw and ancillary materials and goods	31.12.2020	31.12.2019	Change
Raw materials	105,104,113	110,922,474	(5,818,361)
Goods	12,822,927	18,868,209	(6,045,282)
Consumables	6,158,712	6,971,557	(812,846)
Advertising materials	3,296,321	3,151,621	144,700
Other purchases	2,558,339	3,779,914	(1,221,575)
Total	129,940,413	143,693,776	(13,753,363)

These are essentially costs incurred for the purchase of raw materials for the production of ice cream and frozen pastry.

The costs for goods mainly relate to the purchase of ice cream, pastry products, savoury snacks and ready meals from third parties.

The total cost, which increased compared to the previous year for raw materials and goods, is directly related to the item sales revenues. Please refer to the Report on Operations for further details.

It should be noted that during the year, the costs for the purchase of raw materials were reduced by approximately Euro 400 thousand as a result of efficiency-boosting activities. This amount refers to the value of raw materials capitalized, by the Parent Company Sammontana, with reference to "Development" projects (see section "Intangible assets" of these Notes).

Costs for services

Services	31.12.2020	31.12.2019	Change
Utilities	8,702,179	10,397,128	(1,694,949)
Administrative services	2,032,965	2,669,770	(636,804)
Transport and storage	27,528,159	29,643,339	(2,115,180)
Commercial services and consulting	1,102,204	1,320,113	(217,909)
Agents' commissions and costs	6,867,544	7,329,508	(461,964)
Commercial costs Dealers	12,240,527	17,291,836	(5,051,309)
Advertising costs	8,020,858	11,811,114	(3,790,256)
Commercial costs other distribution channels	29,842,179	27,917,849	1,924,330
Other commercial contributions	221,096	385,860	(164,764)
Industrial services	5,517,601	6,340,822	(823,222)
Maintenance	1,910,188	2,303,754	(393,565)
Other services	4,368,413	4,268,208	100,205
Total	108,353,911	121,679,299	(13,325,388)

The item "Commercial costs Dealers" contains the contributions paid to our sales network for the distribution service.

The cost incurred for advertising represents approximately 7.3% of total expenditure for “Services” and decreased slightly compared to the previous year (9.5%).

Administrative services include Directors’ fees (about Euro 407 thousand), the Board of Statutory Auditors’ fees (Euro 40 thousand) and accounting control fees (about Euro 100 thousand).

The item “Industrial Services” includes both costs relating to technical consultancy (Euro 0.7 million) and costs for waste disposal and other environmental expenses (about Euro 1 million).

All the costs described above refer to the Parent Company Sammontana S.p.A.

Costs for rents and leases

Rents and leases	31.12.2020	31.12.2019	Change
Lease expenses	5,060,719	4,863,758	196,961
Industrial equipment leases	28,800	34,581	(5,781)
Vehicle leases	1,515,695	1,517,435	(1,740)
Other leases	1,271,691	1,042,641	229,051
Leases	555,185	744,716	(189,531)
Other costs	1,152,442	1,229,507	(77,065)
Total	9,584,532	9,432,638	151,894

The cost for rents and leases increased slightly compared to the previous year due to normal business operations.

It should be noted that the item Vehicle leases is essentially represented by the lease fees paid for the long-term rental of cars and that the other costs relate mainly to Royalties Liabilities for the exploitation of the trademarks of the property of others and software rental fees.

These expenses are almost entirely attributable to the Parent Company Sammontana S.p.A.

Personnel costs

Personnel costs	31.12.2020	31.12.2019	Change
Wages and salaries	43,080,128	47,431,516	(4,351,388)
Social security contributions	14,338,512	15,946,659	(1,608,147)
Employee severance indemnity (TFR)	3,191,797	3,640,533	(448,736)
Other personnel costs	8,761,386	7,813,017	948,369
Total	69,371,823	74,831,725	(5,459,902)

This item includes all remuneration and contribution expenses incurred for employees including bonuses, merit improvements, changes in category, cost of living increases, charges borne by the Company for the supplementary pension fund (Alifond), the cost of holidays not taken and allocations made by law and collective contracts.

Personnel costs in the items "Wages and salaries", "Social security contributions" and "Employee severance indemnity", showed a clear decrease (about Euro 6.5 million). Compared to the previous year, this decrease is mainly due to the use of the Cassa Integrazione Straordinaria - CiGs (Extraordinary Wage Guarantee Fund) linked to the closure of the same plant (Euro 4.1 million, including 1.8 million of CiGs). Another noteworthy fact that has had an impact of about Euro 1 million on the total "savings" is the use of the wage guarantee fund linked to the production and commercial drops caused by the Covid-19 pandemic that affected all the production plants.

The item "Other personnel costs" includes a provision of Euro 3 million for corporate restructuring agreements connected with the closure of the Pomezia plant mentioned above and signed by the Company, trade unions and employees after the period of wage guarantee fund.

Employment figures and personnel training

Employees	31.12.2020	31.12.2019
Executives	23	26
Clerks	389	386
Workers	610	665
Total	1,022	1,077

Average number of employees	2020	2019
Executives	22	25
Clerks	404	395
Workers	747	775
Total	1,173	1,195

The workforce at 31 December 2020 includes 37 employees operating in the branches located throughout Italy, while the remaining units operate at the offices of Empoli (534 employees), Cognola ai Colli (241 employees) and Vinci (193 employees).

The seasonality of sales and, therefore, of the production activity required, during the year, the hiring of 233 people with seasonal fixed-term contracts, mainly with worker qualification. The staff was integrated with 4 interns. 17 workers refer to the subsidiary Transfrigo.

For the parent company Sammontana, the national employment contract applied is that of the food industry sector and that of industry managers; while for the subsidiary Transfrigo, the national employment contract applied is that of the CCNL 151 Freight Forwarding.

Personnel Breakdown	Executives	Managers	Clerks	Workers
Men	22	34	207	426
Women	1	1	147	167
Average age	55	52	44	48
Seniority < 2 years	2	1	68	56
Seniority 2 < 5 years	2	0	57	47
Seniority 6 < 12 years	6	3	71	92
Seniority > 12 years	13	31	158	398

Depreciation and amortization of tangible and intangible assets

Depreciation and amortization were calculated on the basis of the useful life of the asset and its use in production and the related obsolescence process.

Depreciation and amortization of tangible and intangible fixed assets for 2020 amounted to Euro 18.7 million, a decrease of approximately Euro 7.9 million compared to 2019.

This decrease is due to the Parent Company Sammontana's use of the Derogation provided for by article 60 of Law 126/2020, which allows depreciation and amortization for the year to be suspended on an optional basis. The Company has elected to suspend the 2020 depreciation of certain tax classes classified as tangible assets (see table below). The decision to suspend the depreciation of these specific classes is due to their under-use during the year or their non-use due to the Covid-19 pandemic.

In particular, with reference above all to commercial equipment supplied on loan for use to operators, the suspension of depreciation is linked to the drastic fall in revenues that were generally developed by the Ho.re.Ca. channel. In fact, as a result of the Covid-19 pandemic and as highlighted in the Report on Operations, many merchants were closed for several months in 2020, causing lower sales and, consequently, lower cash flows for the Company (on this point, see the section "Portions Sold and Revenues" in the Report on Operations and the section "Impacts from Covid-19" in the Notes).

We report these values analytically below:

Depreciation/amortization	31.12.2019	31.12.2018	Change
Amortization Intangible Assets	5,403,139	4,151,406	634,350
Depreciation Tangible Assets	21,201,745	19,627,715	(8,484,591)
Total	26,604,884	23,779,121	(7,850,241)

The table below shows the mandatory information in terms of numbers and economic and financial impacts that the users of the Derogation mentioned above must provide:

Asset Class	Dep. 2020 - without use of Derogation art. 60 L.126/2020	Dep. 2020 - with use of Derogation art. 60 L.126/2020	Net Economic Effect (lower depreciation) and Equity Effect (higher NBV Assets)	Unavailable reserve
Other assets	480,762	409,789	70,973	70,973
Equipment	7,897,119	585,502	7,311,617	7,311,617
Plants and machinery	11,020,296	9,116,010	1,903,792	1,903,792
Land and buildings	2,591,230	2,401,480	189,750	189,750
Totals	21,989,407	12,512,781	9,476,132	9,476,132

Write-downs of receivables included in current assets and cash and cash equivalents

As mentioned in the section on receivables, 0.50% of the amount of receivables from customers recorded in the financial statements at 31 December 2020 has been set aside in accordance with the provisions of article 106 of Presidential Decree 917/1986 for a value of approximately Euro 240 thousand.

In addition, as a precautionary measure, an additional allocation of approximately Euro 260 thousand was made.

The write-down of receivables is entirely attributable to the Parent Company Sammontana S.p.A.

Change in inventories of raw and ancillary materials, and consumables

The final inventory of raw and ancillary materials at 31 December 2020 increased by approximately Euro 2.4 million.

Inventories are entirely attributable to the Parent Company.

Provisions for Risks

There are no provisions for risks in the income statement.

Other operating expenses

Other operating expenses	31.12.2020	31.12.2019	Change
Member fees	297,197	303,554	(6,357)
Donations	64,136	87,527	(23,391)
Representation expenses	203,736	298,629	(94,893)
Municipal Property Tax (IMU)	585,003	570,918	14,085
Other taxes and duties	719,205	759,009	(39,804)
Sanctions, penalties and fines	31,009	86,888	(55,879)
Other expenses	1,041,140	706,526	334,614
Total	2,941,426	2,813,049	128,376

“Member fees” contain various accounting items, most of which refer to specific tax charges and costs relating to trade associations (about Euro 250 thousand). Other taxes and duties mainly consist of advertising tax (about Euro 280 thousand) and stamp duty and registration tax (about Euro 60 thousand each). “Other expenses” essentially include reimbursements for damages that the Company has caused to third parties amounting to Euro 336 thousand and non-deductible VAT on gifts and free transfers amounting to Euro 235 thousand. The items shown above essentially refer to the Parent Company in their entirety.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses	31.12.2020	31.12.2019	Change
Other financial income	271,311	340,384	(69,074)
Interest and other financial expenses	(1,348,177)	(1,446,177)	98,000
Exchange rate gains and losses	170,208	12,454	157,754
Total	(906,658)	(1,093,339)	186,680

“Other financial income” can be broken down as follows:

Other financial income	31.12.2020	31.12.2019	Change
Bank and postal interest	34,075	34,996	(921)
Other income	237,236	305,389	(68,153)
Total	271,311	340,384	(69,074)

The item “other income” essentially includes interest income on group cash pooling management.

“Interest and other financial expenses” are detailed as follows:

Interest and other financial expenses	31.12.2020	31.12.2019	Change
Bank interest	54,743	28,367	26,376
Interest on loans	633,304	349,992	283,313
Interest on loans/bonds	523,562	939,822	(416,260)
Other expenses	136,568	127,996	8,572
Total	1,348,177	1,446,177	(98,000)

The decrease in this item is essentially due to the decrease in interest on the bond. This lower cost is due to the constant annual repayment of the same loan; in fact, it should be noted that in 2020, a further 7.5 million entirely relating to the Parent Company Sammontana S.p.A. was repaid.

At 31 December 2020, items in foreign currency generated the following exchange rate differences:

Exchange rate gains and losses	31.12.2020	31.12.2019	Change
Exchange rate gains	242,011	83,278	158,732
Exchange rate losses	(71,803)	(70,825)	(978)
Total	170,208	12,454	157,754

INCOME TAXES FOR THE YEAR

Current income taxes for the year amount to Euro +745 thousand. The change for the period is mainly due to the carry-forward of the tax loss for IRES purposes to the parent company Sammontana Finanziaria S.r.l. This generated "Consolidation Income" of approximately Euro 1.3 million, partly offset by the negative tax charge for IRAP purposes of approximately Euro 0.6 million.

It should therefore be noted that the companies of the Group adhere to the national tax consolidation promoted by the holding company of Gruppo Sammontana Finanziaria S.r.l.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes have been calculated taking into account the cumulative amount of all temporary differences, based on the effective rate of the previous year.

Deferred tax assets have been recognized because there is reasonable certainty of the existence, in the years in which the related temporary differences will be reversed, of taxable income not less than the amount of the differences that will be reversed.

The balance of deferred tax assets and liabilities shows a positive balance of about Euro 65 thousand.

OTHER INFORMATION

Commitments, guarantees provided and contingent liabilities not resulting from the Balance Sheet.

MEMORANDUM ACCOUNTS

Guarantees provided	31.12.2020	31.12.2019	Change
Sureties provided by third parties on behalf of the Company	15,200,507	18,922,491	3,721,984
Total	15,200,507	18,922,491	3,721,984

The main sureties provided by third parties on behalf of the Company were issued by banks and insurance companies.

Revenues or costs of exceptional entity or incidence

Pursuant to article 2427, point 13 of the Civil Code, it is noted that no revenues or costs of exceptional entity or incidence were recorded.

Information pursuant to article 1, paragraph 125, of the law of 4 August 2017 no. 124

In relation to the provisions of article 1, paragraph 125 of Law 124/2017, concerning the obligation to disclose in the notes any sums of money received during the year as grants, contributions, paid assignments and in any case economic benefits of any kind from public administrations and the persons referred to in paragraph 125 of the same article, the Parent Company Sammontana S.p.A. certifies that it has received Euro 24,693 for photovoltaic contributions from the Energy Services Manager, against the injection of electricity into the grid, while the remainder is to be attributed to Transfrigo S.r.l., as a contribution/refund on fuel excise duties paid during 2020.

Contributions in the year SAMMONTANA	31.12.2020
G.S.E. contributions	24,693
Total	24,693

Contributions in the year TRANSFRIGO	31.12.2020
"High oil prices" contributions	85,598
"Sanitation 2020" contributions	6,652
Tax credit on new investments 2020	3,840
Total	96,090

Relations with subsidiaries, associated companies, parent companies and companies subject to control of the latter

With regard to transactions with subsidiaries, associated companies, parent companies and companies subject to the control of the latter, please refer directly to the Report on Operations in paragraph 15.

Directors and auditors' fees

2019 Fees

Administrative Bodies	413,000
Board of Statutory Auditors	36,000
Independent Auditors	100,000

Statutory audit

<i>Company</i>	<i>Duration of assignment</i>
PricewaterhouseCoopers S.p.A.	Approval of 2021 financial statements

The fees due to the Independent Auditors referred to the fees for the statutory audit of the separate and consolidated financial statements amount to Euro 100 thousand (of which Euro 5 thousand referred to the separate financial statements of Transfrigo S.r.l.).

The Notes are completed by the annexed tables 1 and 2 relating to changes in intangible and tangible assets.

Impacts from Covid-19

The economic crisis generated by the COVID-19 pandemic has had and is still having significant impacts on the business world. For a number of economic sectors, the significant decline in revenues due not only to the blockage of economic activity but also to a reduction in the demand for goods or services produced, is having significant repercussions on the equity and financial situation and on the economic result for the year.

Focusing on the Sammontana Group and referring to paragraph 11 of the Report on Operations "The Covid-19 Challenge: Our Responses" for the part concerning the Health and Safety measures adopted, this paragraph provides information on the main financial, economic and equity impacts in 2020, both in terms of "Costs Incurred" and in terms of "Opportunities/Benefits" taken. All the information below is, however, expressed in the specific paragraphs of the Report on Operations and these Notes.

- At Equity level, the Group has opted for the application of the advantages provided by the *August Decree - DL 14/2020* - amended during conversion by Law no. 126/2020, which allowed for an extraordinary revaluation of tangible and intangible assets (article 110) and the suspension of amortization/



depreciation of fixed assets (article 60, paragraphs 7-bis to 7-quinquies). On the basis of the above, the Parent Company Sammontana S.p.A. has therefore revalued its Trademark by Euro 23.5 million (on the basis of a supporting appraisal prepared by an independent expert) and has benefited from the suspension of depreciation for some categories of assets classified as tangible assets for a total of approximately Euro 9.5 million (for further details, reference should be made to the sections “Amortization/Depreciation of Fixed Assets”, “Intangible Assets” and “Tangible Assets” in these Notes).

- At Economic level, the Parent Company Sammontana S.p.A. had various impacts during the year. First of all, the significant decrease in turnover in the Ho.Re.Ca. channel, which has always guaranteed high margins (-38% in the Ice Cream channel and -33% in the Frozen Pastry channel compared to 2019). Overall, the gross turnover of Sammontana S.p.A. fell by 15% and there was also a reduction in EBITDA/margins.

The Group also had to incur non-recurring costs for the sanitation of production and office workplaces, as well as costs associated with providing anti-contagion PPE to its employees (about Euro 650 thousand in total). We also report the generation of “savings”, which, however, do not compensate for the decrease in revenues or the increase in costs mentioned above. In particular, referring to the comment in these Notes in the paragraph “Costs”, we highlight the decrease in variable costs related to the purchase of raw materials and some types of commercial costs. In addition, it is important to point out that the income statement does not include depreciation and amortization of about Euro 9.5 million, which is detailed and described in the “Amortization/Depreciation of Fixed Assets” paragraph of these Notes. Other forms of cost recovery came from requests for tax credits and recognition of reimbursements for expenses related to the pandemic and, above all, from the wage guarantee fund for Covid regarding production plants in 2020 for approximately Euro 1 million.

- At Financial level, the Parent Company Sammontana dealt with the financial problems of its network of dealers and distributors, guaranteeing, where considered appropriate, credit extensions. In addition to this and as described in the Report on Operations under paragraph “1. Investments”, the Group maintained high levels of investment both in productive factors with long-term utility and in the acquisition of customers, acquiring two business units during the year. These factors, combined with the planned and executed repayment of Euro 7.5 million of the bond, caused the Group not only to reschedule its financial debt between the short and long term, but also to increase its indebtedness in order to “sustain” the situation of tension generated. For further details, see paragraph 5 of the Report on Operations “Financial Position”.

These actions summarized above, combined in any case with the Group’s capital solidity, guarantee a high degree of financial autonomy to support operational needs and implement all the necessary actions planned for 2021.

KEY EVENTS AFTER YEAR-END

In addition to the continuing negative effects caused by the “Coronavirus” and already described in previous paragraphs, there is another factor that is affecting the world economy in general: the resurgence of inflation and the tension on the prices of some raw materials and commodities used also by our Group.

The Group is carefully monitoring this development, trying not to “offload” onto sales prices the higher costs it will have to incur for the procurement of certain raw materials and materials.

However, it is believed that the “hedges” put in place and certain measures aimed at improving production efficiency can offset the diseconomies caused by these increases.

The Group will continue to constantly monitor the risks arising from these price hikes.

As already mentioned in the Investments section of this Report, the Parent Company also decided to adhere to the opportunity arising from the 2020 Budget Law to revalue, from both a statutory and a fiscal point of view, the company’s intangible assets, specifically by appointing an independent party to prepare an appraisal report on the Sammontana Trademark.

Assessments of the possibility of redeeming this revaluation of the Sammontana Trademark and of the residual amounts of the Tre Marie Trademark and of the goodwill resulting from the merger by absorption of the former Granmilano Spa in 2010, with the payment of a substitute tax, are also being examined.

FINAL CONSIDERATIONS

These Consolidated Financial Statements, comprising the Balance Sheet, Income Statement, Cash Flow Statement and Notes, provide a true and fair view of the financial position and results for the year and correspond to the findings of the accounting records.

Empoli, 9 April 2021

The Chair of the Board of Directors
of the Parent Company Sammontana S.p.A.

Loriano BAGNOLI





3



ANNEXES



ANNEX 1

TABLE OF CHANGES IN INTANGIBLE ASSETS

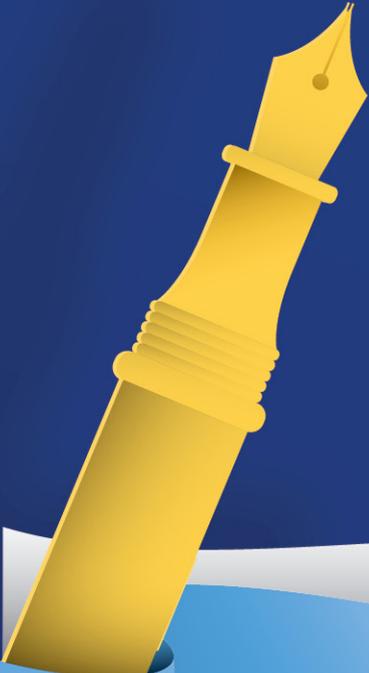
Intangible assets	31/12/2019	Increases 2020	Decreases 2020	Amortization 2020	31.12.2020
Development costs	0	1,435,391	0	(287,078)	1,148,313
Industrial patents and intellectual property rights	3,756,119	1,400,254	0	(1,875,573)	3,280,800
Concessions, licenses, trademarks and similar rights	18,875,405	23,507,670	0	(2,422,923)	39,960,152
Goodwill	7,839,798	1,230,000	0	(1,018,534)	8,051,264
Others	785,516	286,940	(27,921)	(430,520)	614,015
Total	31,256,838	27,860,255	(27,921)	(6,034,629)	53,054,543

ANNEX 2

TABLE OF CHANGES IN TANGIBLE ASSETS

Tangible assets	31/12/2019	Increases 2020	Decreases 2020	Transfers	Depreciation 2020	Uses 2020	31.12.2020
Land and buildings	60,467,631	2,947,304	(32,940)	0	(2,401,480)	0	60,980,515
Plants and machinery	40,766,140	16,223,673	(3,662,184)	0	(9,118,117)	3,617,322	47,826,833
Industrial and commercial equipment	19,600,705	9,623,566	(5,356,471)	0	(585,991)	4,526,765	27,808,575
Other tangible assets	2,171,889	999,299	(386,341)	48,800	(612,608)	280,364	2,501,403
Assets in progress and advances	6,478,952	0	(4,928,690)	(48,800)	0	0	1,501,462
Total	129,485,317	29,793,842	(14,366,627)	0	(12,718,196)	8,424,451	140,618,787

**REPORT OF THE
INDEPENDENT
AUDITORS**





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

Sammontana SpA

Financial statements as of 31 December 2020



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Sammontana SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sammontana Group (the Group), which comprise the balance sheet as of 31 December 2020, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of ABC SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

In the consolidated financial statements for the year ended 31 December 2020 the Group used the option to revalue corporate assets and not to post depreciation charges against certain tangible assets in accordance with Law No. 126 of 13 October 2020, converting with amendments Law Decree No. 104 of 14 August 2020.

The effects resulting from the exercise of such options and the reasons that led the Group to use the departure, are reflected in the financial statements and illustrated in the notes to the financial statements in the paragraphs titled "Intangible assets" and "Depreciation and amortization of tangible and intangible assets" to which reference is made.

Our opinion is not qualified for these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Sammontana SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated 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.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Sammontana SpA are responsible for preparing a report on operations of the Sammontana Group as of 31 December 2020, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Sammontana Group as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Sammontana Group as of 31 December 2020 and is prepared in compliance with the law. With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 26 May 2021

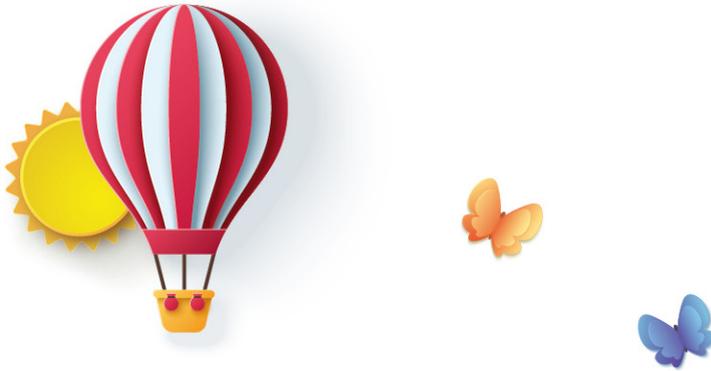
PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.





Concept, Graphic design and Realization:



MERCURIO_{GP}
www.mercuriogp.eu



Sammontana Italia S.p.A.
Via Tosco Romagnola, 56 | 50053 | Empoli (FI) | Italy

www.sammontanaitalia.it



**SAMMONTANA
ITALIA**

